

# Why Agile Teams Have Nothing to Do With Business Agility

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# INITIAL SITUATION

- company wants to **improve time to market of projects**
  - be proactive on the market and not reactive
  - exploit opportunities in the market
  - be prepared for continuous change
    - ▶ IoT, digitization, new business models, blockchain...
- solution: **GO AGILE!**
  - AGILE transition with ~600 people involved

# OVERVIEW OF THE AGILE TRANSITION

- all development teams have to be cross functional
- teams have to be organized by product
- teams can choose their favorite agile method
- minimum requirements for agile teams
  - visualization of work (board)
  - daily stand-up meetings
  - retrospectives
  - measurements: lead time, throughput

AWESOME!!

# HOW WAS THE TRANSFORMATION DONE?

1.5 year **transformation project** was set up

- all 600 employees received basic AGILE training
- reorganization was carried out (x-functional product teams)
- AGILE was implemented team by team
  - Scrum Master training and Product Owner training
  - Kanban system design workshops
- initial phase: supported by 16 external coaches
  - training and facilitation
- 11 internal Agile coaches were established

# SITUATION AFTER ~12 MONTH

~80% teams are "fully transformed" - meet requirements

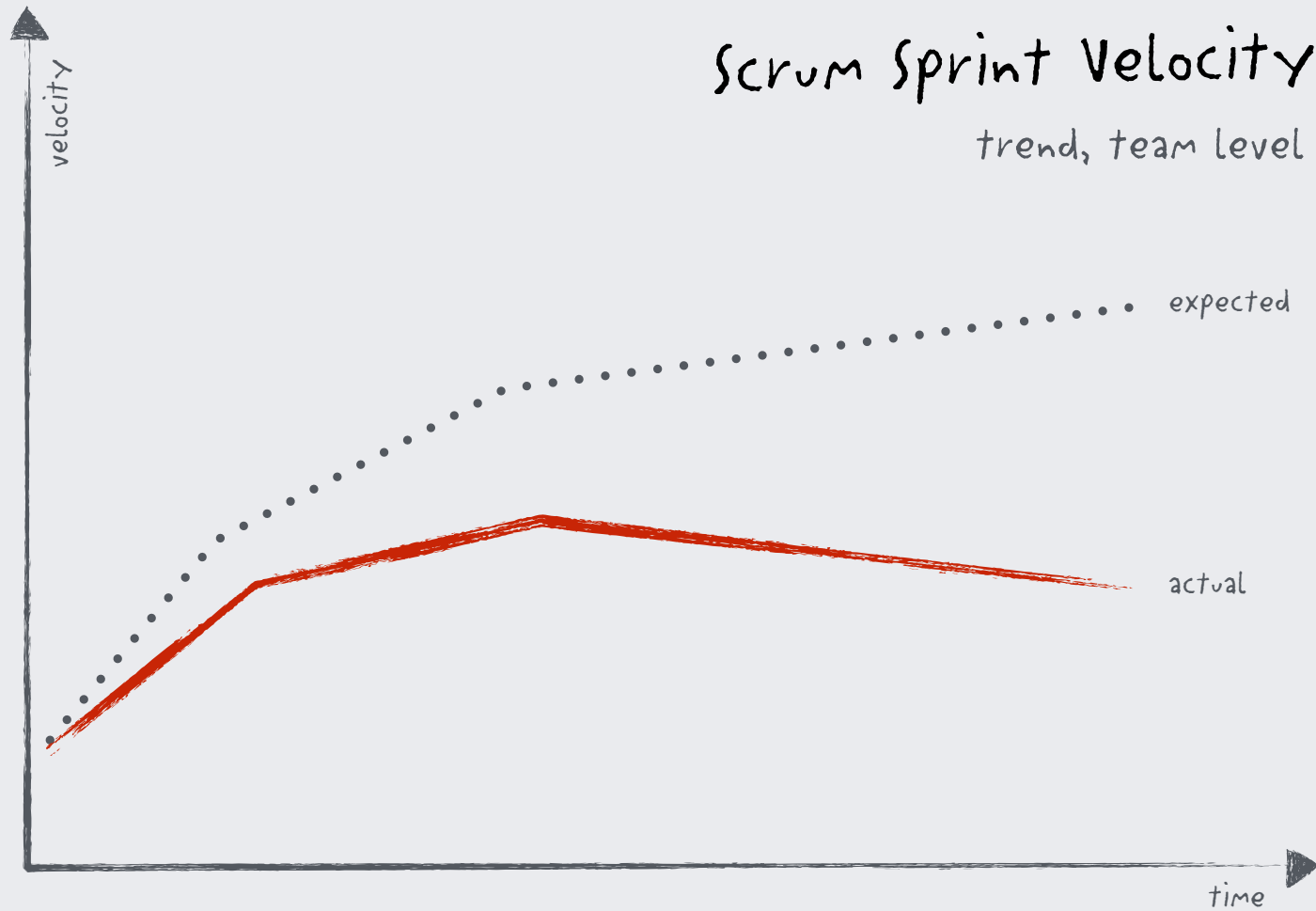
- teams are working with boards
- teams are doing stand-ups and retrospectives
- teams are capturing metrics
- communication and collaboration within teams improved

first conclusion: transformation is on track

what about **quantifiable** improvements?

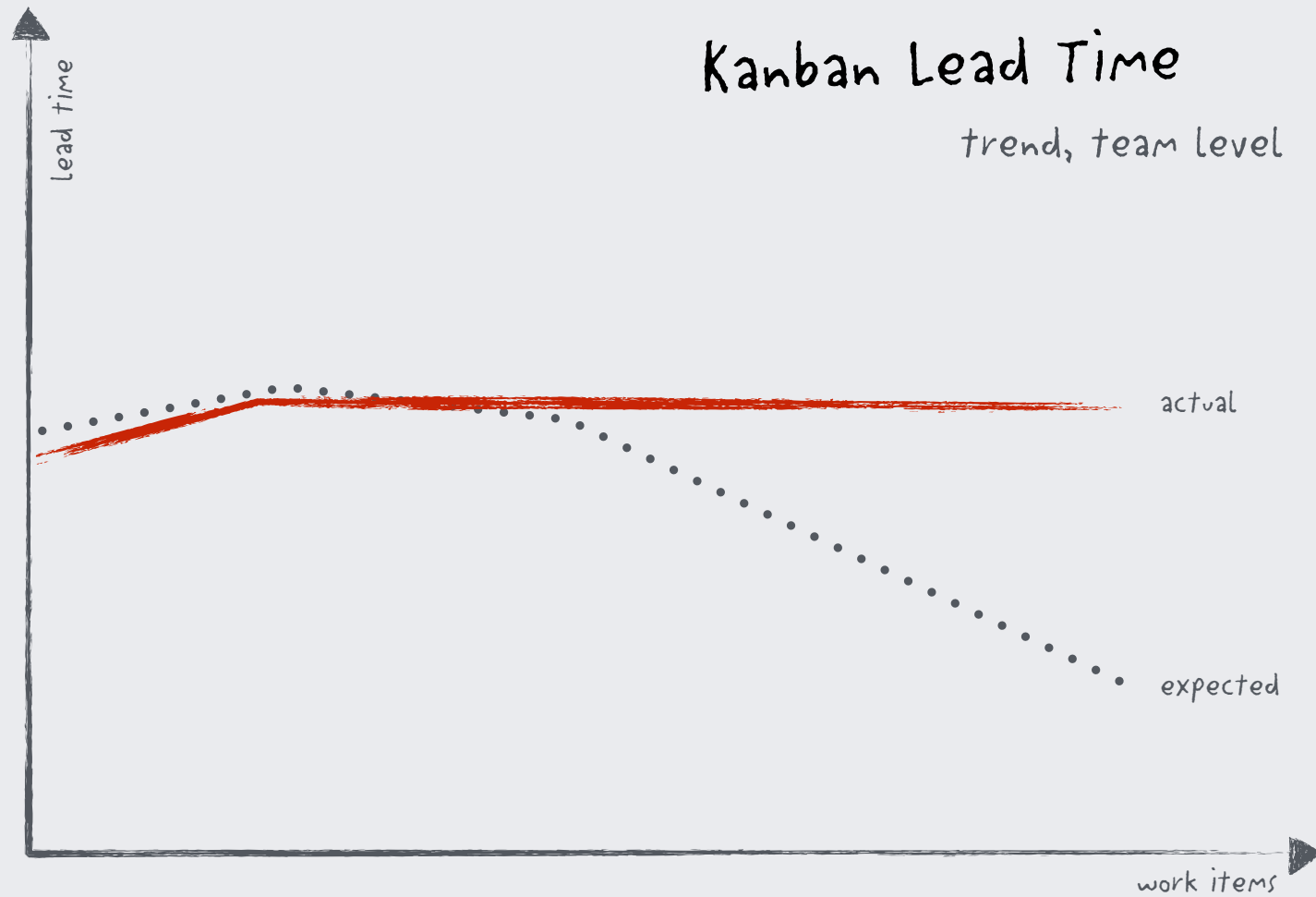
# Scrum Sprint Velocity

trend, team level



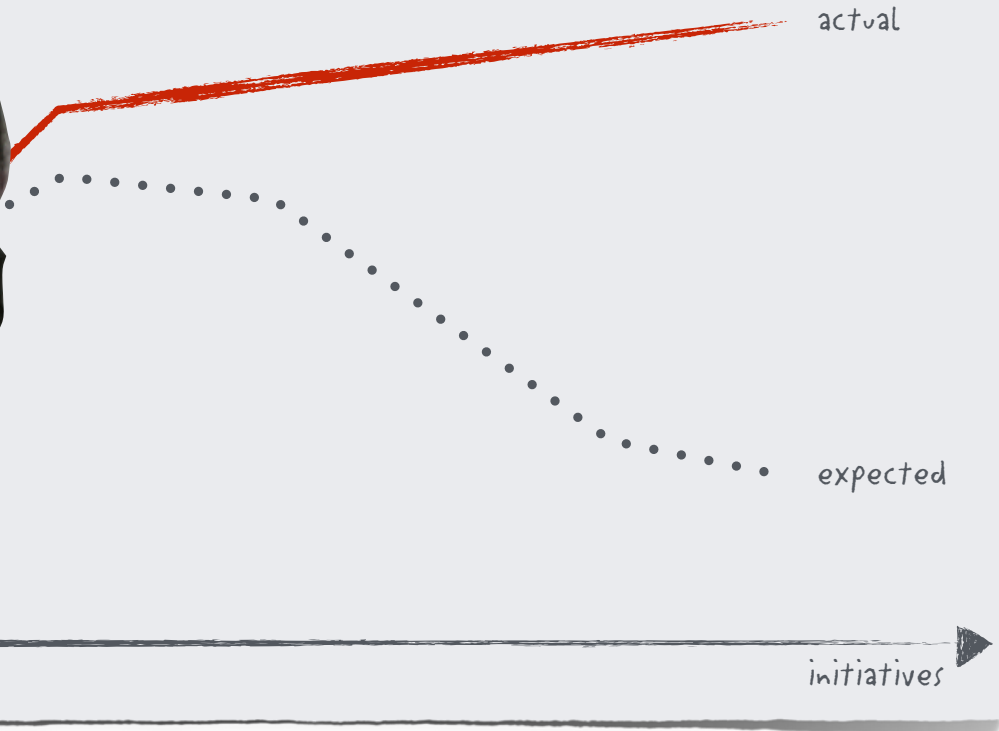
# Kanban Lead Time

trend, team level



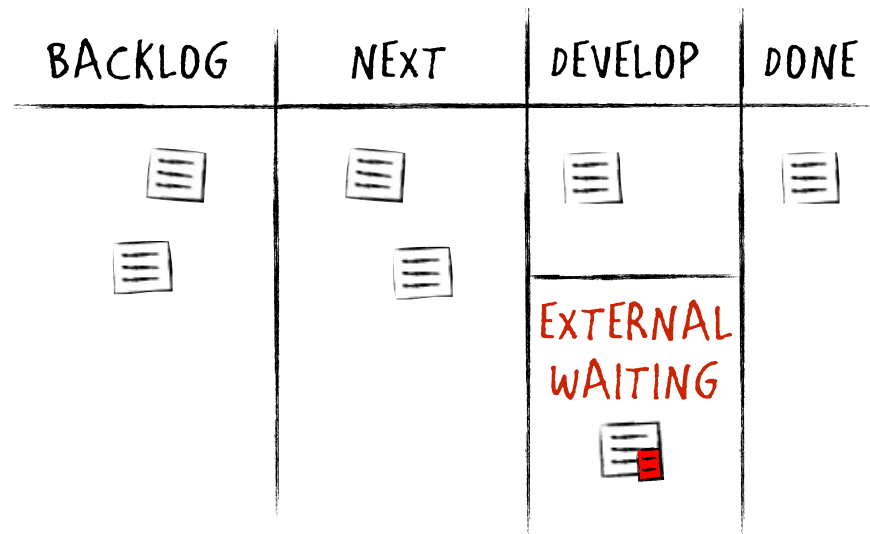


WT\*?!?

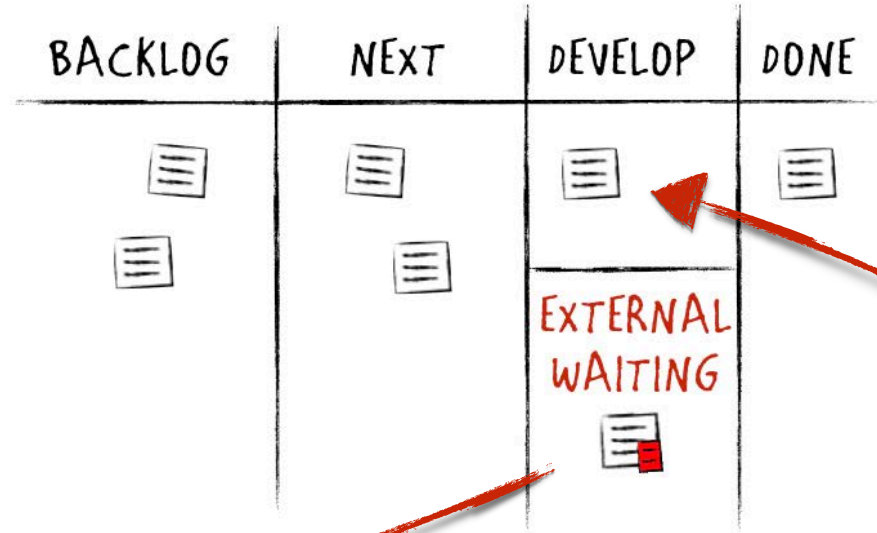




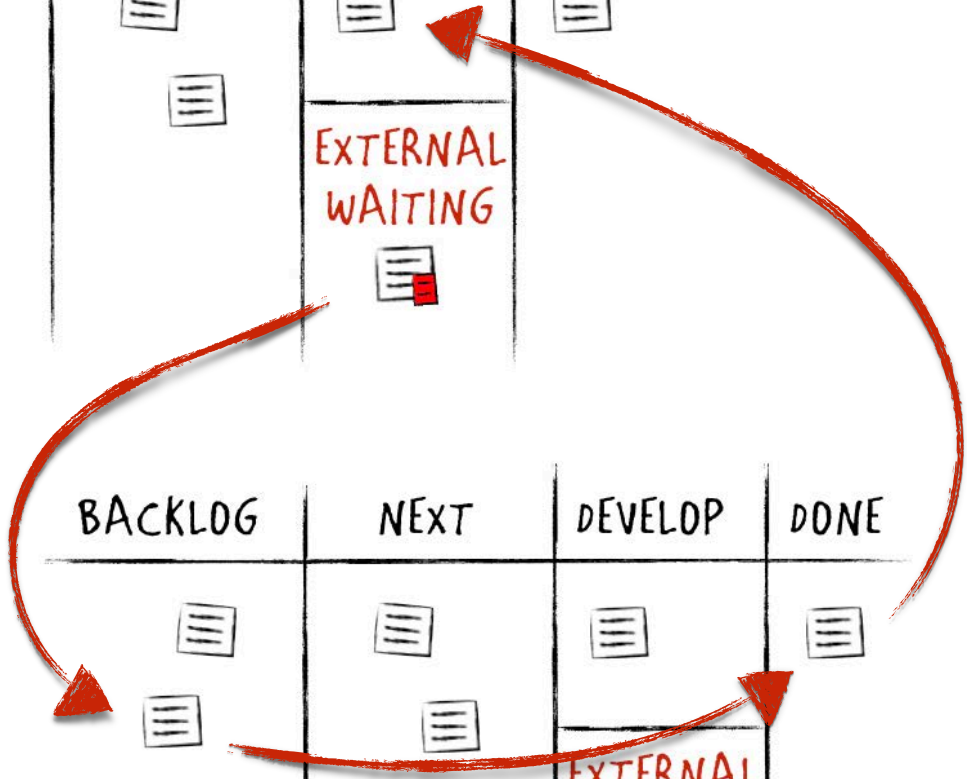
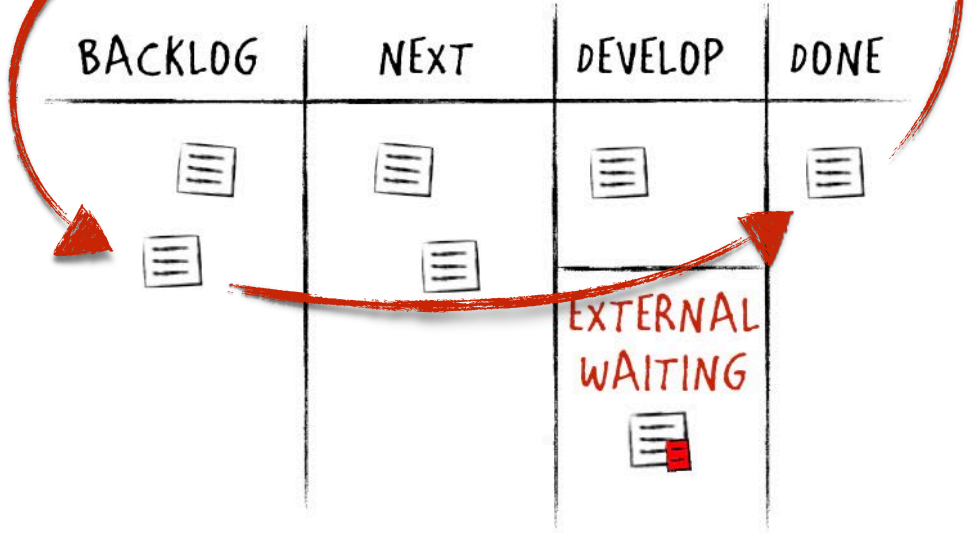
# a typical (simplified) team board



team 1



team 2



# team dependency graph

BACKLOG	NEXT	DEVELOP	DONE
☰	☰	☰	☰
☰	☰	EXTERNAL WAITING	

BACKLOG	NEXT	DEVELOP	DONE
☰	☰	☰	☰
		EXTERNAL	

BACKLOG	NEXT	DEVELOP	DONE
☰	☰	☰	☰
		EXTERNAL WAITING	

BACKLOG	NEXT	DEVELOP	DONE
☰	☰	☰	☰
		EXTERNAL WAITING	

BACKLOG	NEXT	DEVELOP	DONE
☰	☰	☰	☰
		EXTERNAL WAITING	

why are there still so many dependencies?

- > multiple teams work on one product
- > products are not completely independent
- > we are talking about 600 people

BACKLOG	NEXT	DEVELOP	DONE
☰	☰	☰	☰
☰	☰	EXTERNAL WAITING	
☰	☰	☰	☰
☰	☰	☰	☰
		EXTERNAL WAITING	

customer wish: write a love letter

team 1 →

team 2 →

team 3 →

team 4 →



customer wish: write a love letter



The performance of a system is not  
the sum of its parts.

It's the **product** of its **interactions**.

— Russell Ackoff



Agility of an organization is not  
having many agile teams.

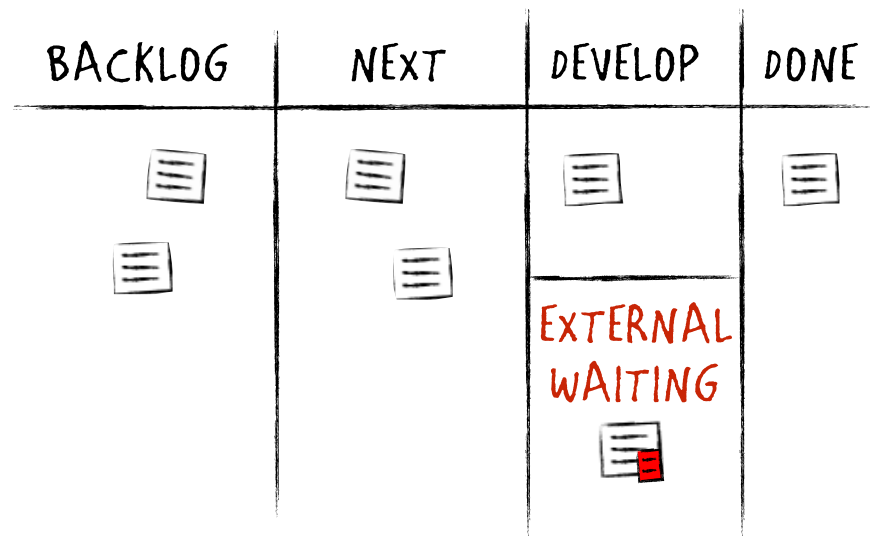
Organizational agility is about having  
agile interactions between teams.

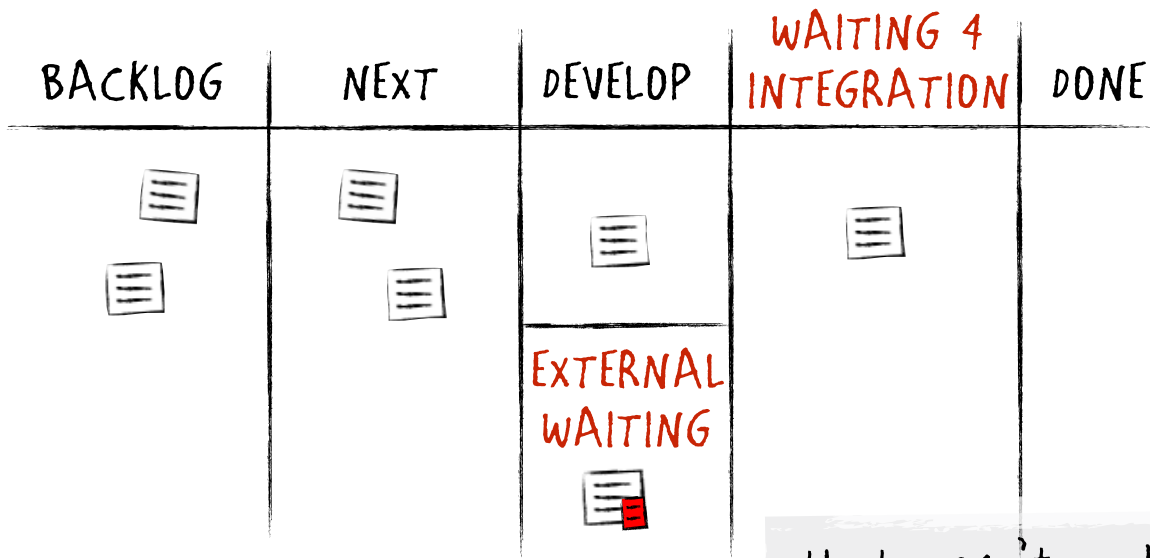
no management of  
interactions between teams



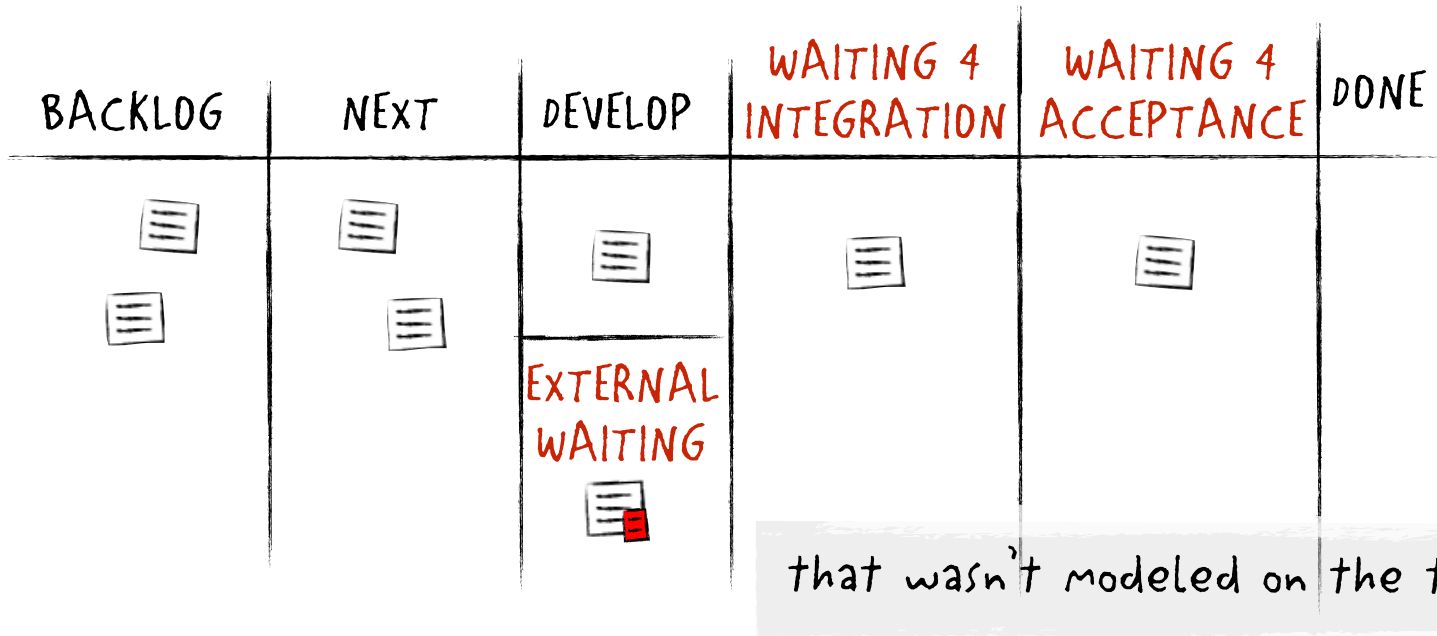


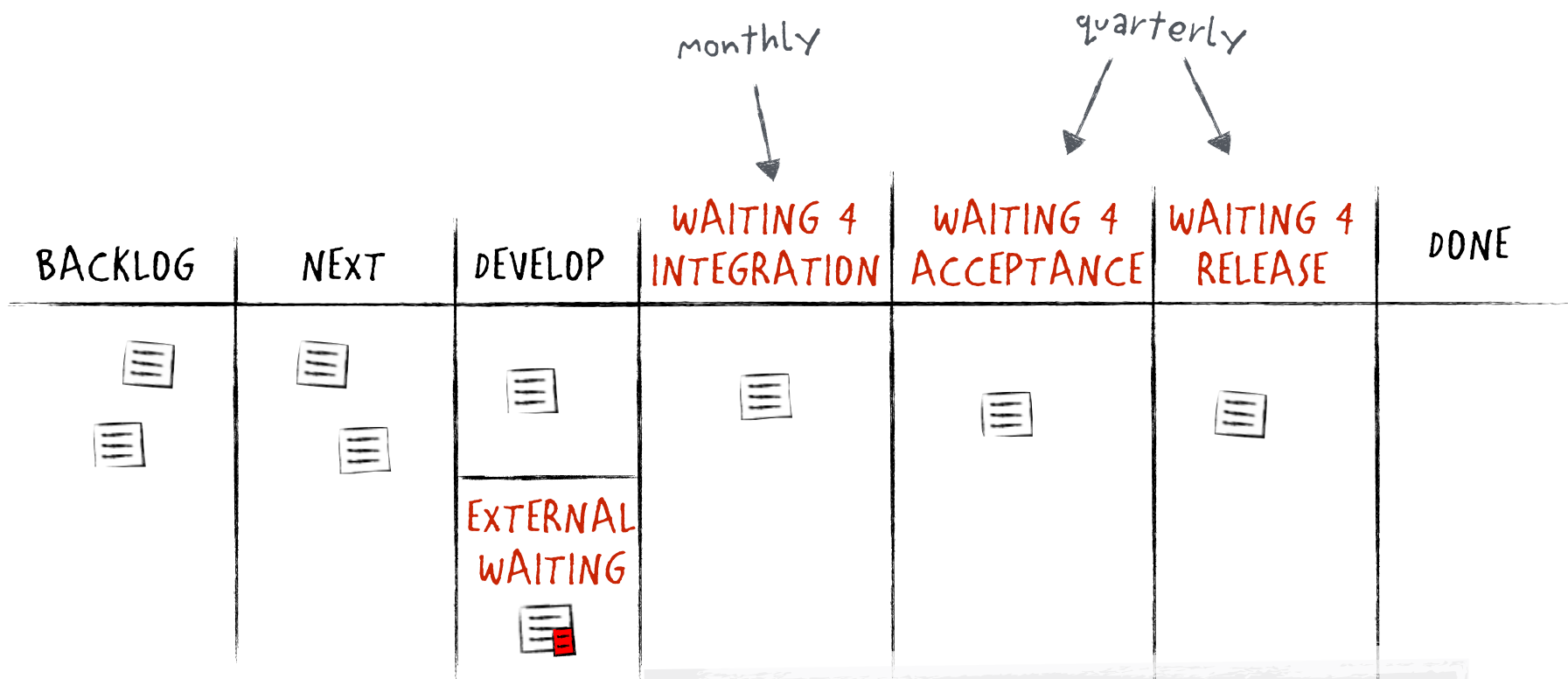
# another typical team board



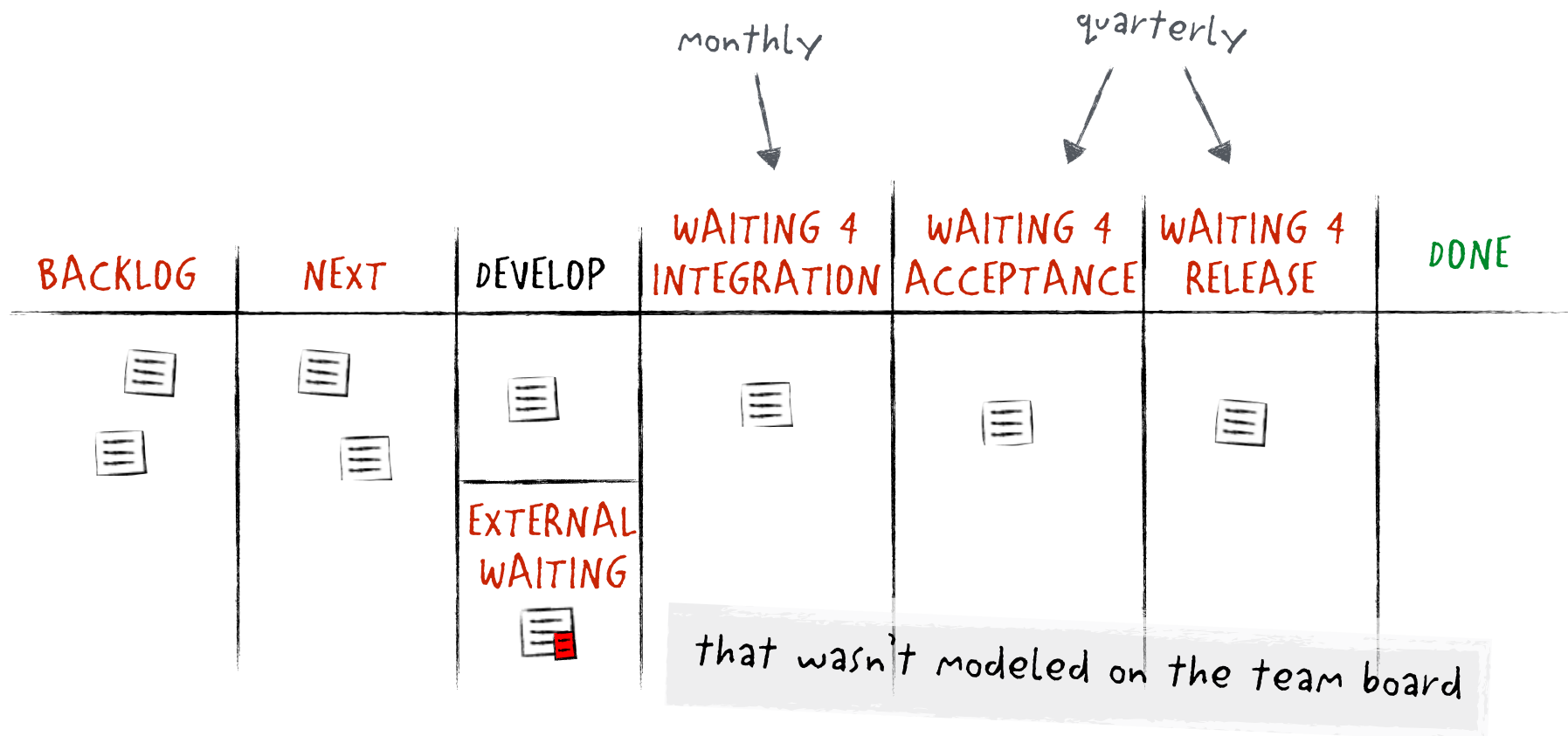


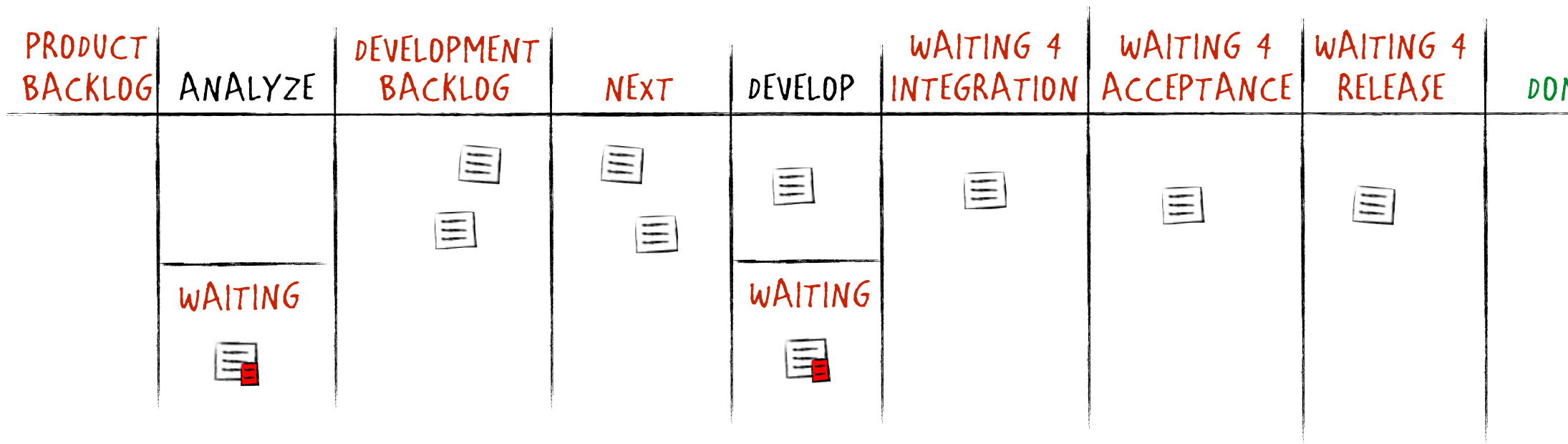
that wasn't modeled on the team board

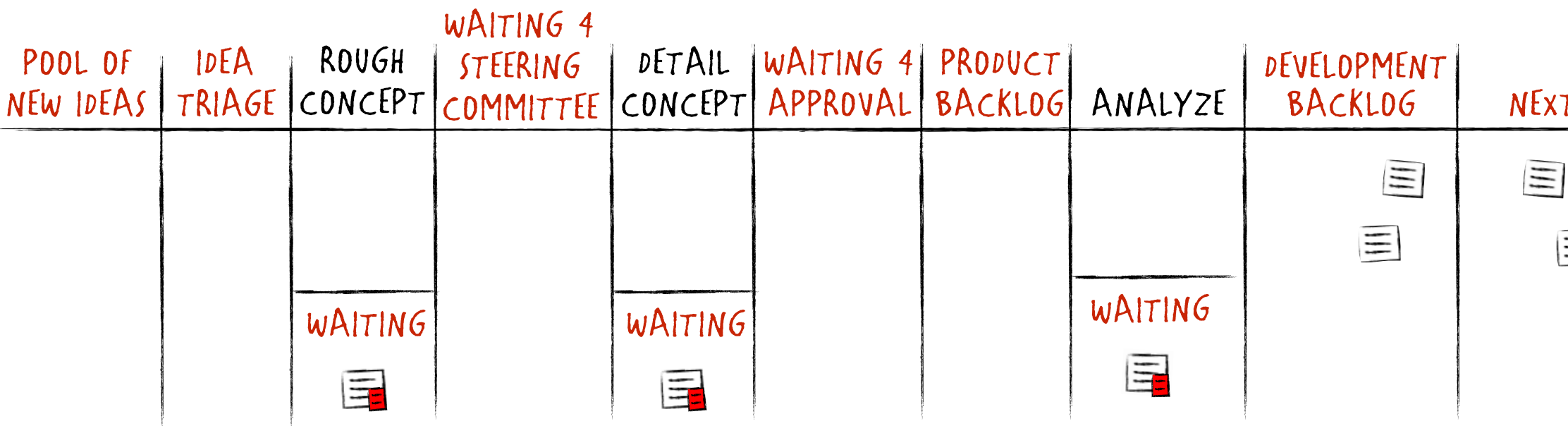




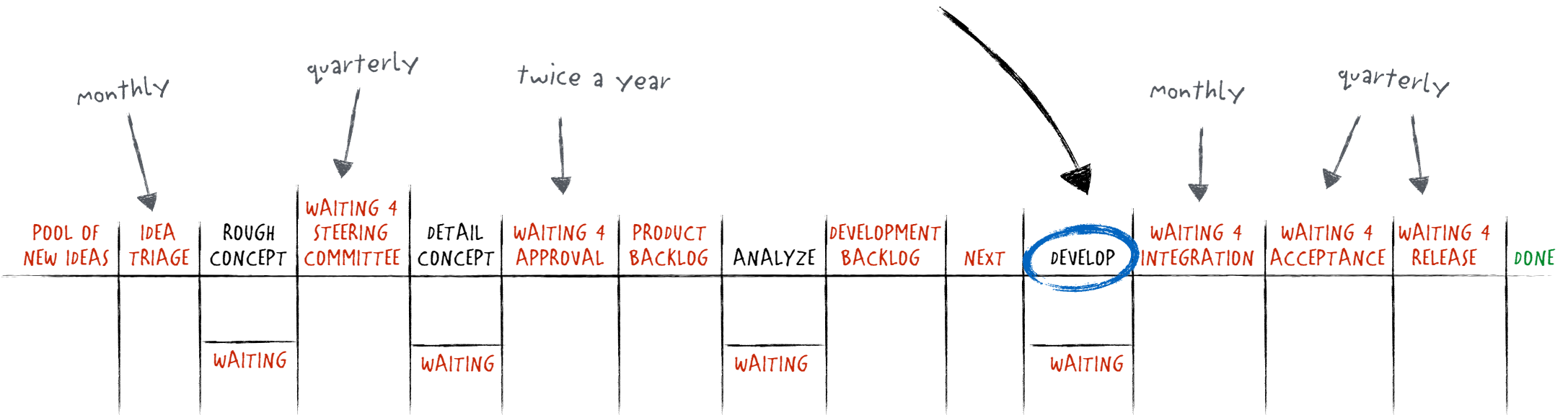
that wasn't modeled on the team board







we are so fucking AGILE, yay!!



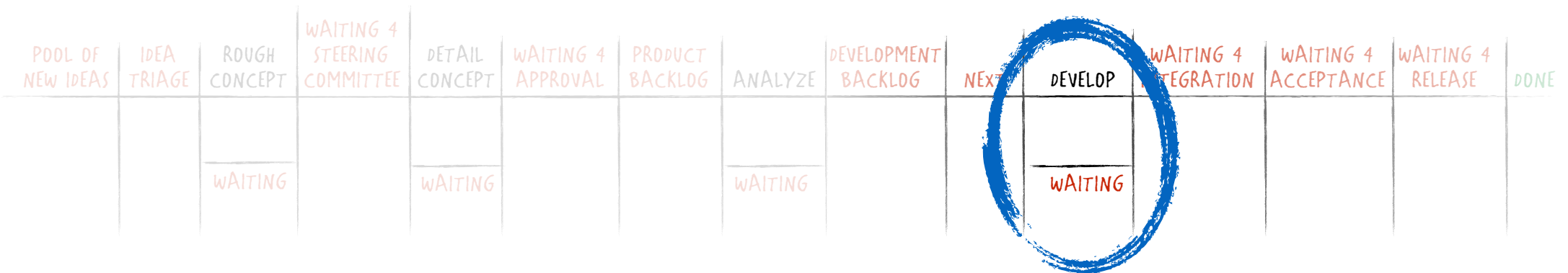
maybe not the best end-to-end performance?!



we are so fucking AGILE, yay!!

maybe this is Agile software development  
but this has NOTHING to do with  
business agility!!

this company is as lame  
on the market as before.



no end-2-end management of  
the value creation chain



# and another typical team board

Work In Progress Limits - AWESOME!!



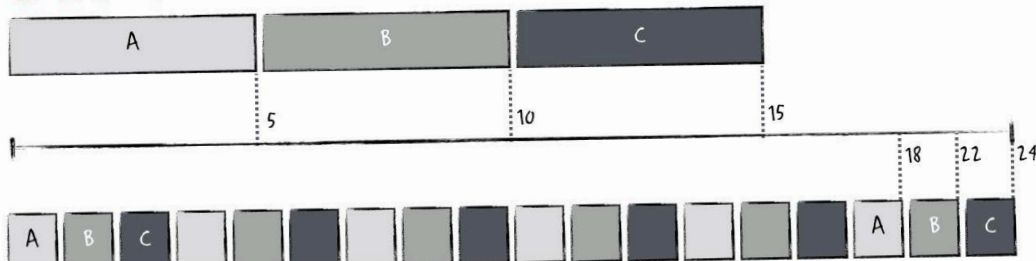
# Work In Progress Limits are AWESOME!!

- reduce *switching overhead*
- reduce *cycle time & time to market*
- reduce *cost of delay*
- reduce *delivery risk*
- increase *predictability*
- increase *system stability*
- ...

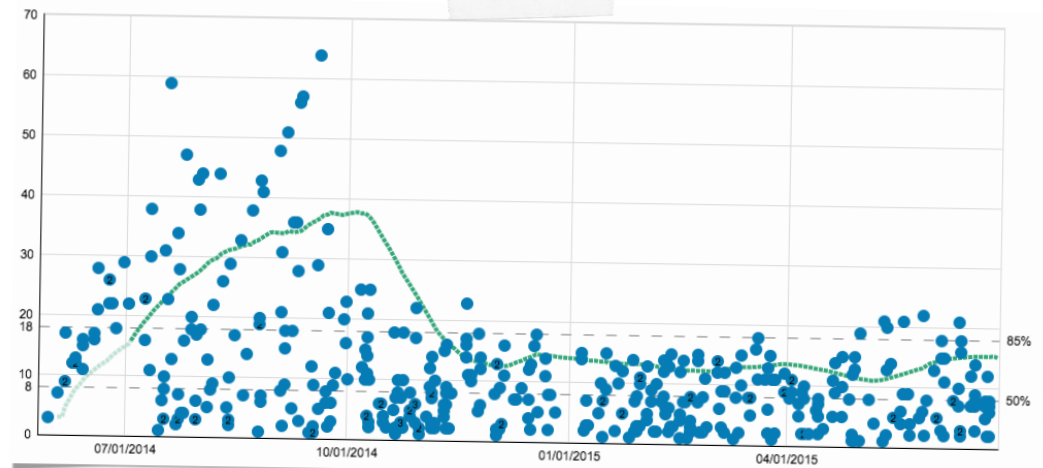
## Little's Law

$$\emptyset \text{ cycle time} = \frac{\emptyset \text{ WIP}}{\emptyset \text{ throughput}}$$

WIP limit = 1



WIP limit = 3



Work In Progress limits are AWESOME!!

- reduce switching overhead

- reduce delivery risk

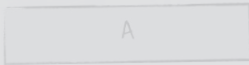
predictability  
system stability

You need to limit  
work items where  
you want to achieve  
the benefits!

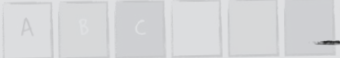
Little's

∅ cycle time =

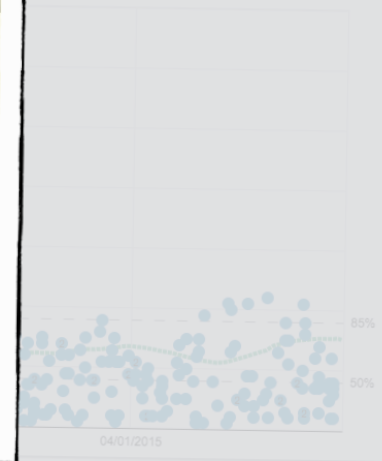
WIP Limit = 1

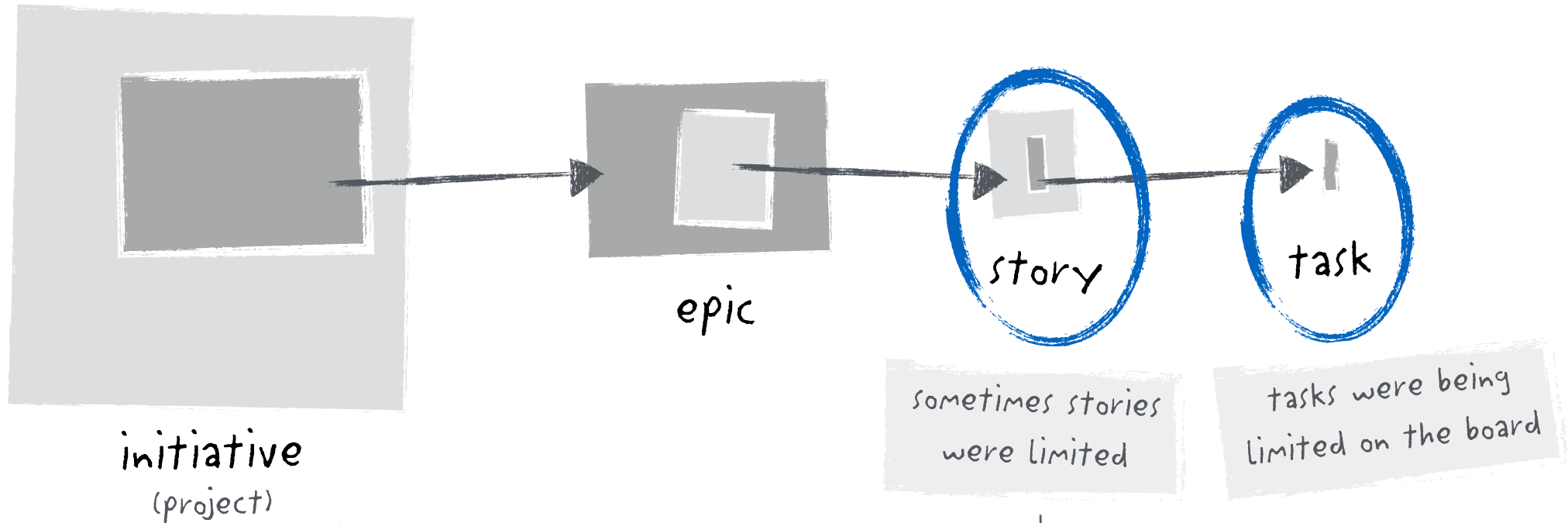


5



WIP Limit = 3





don't be surprised when you don't see any improvement in TTM if you don't limit TTM elements



no agile strategic  
portfolio management X

# THE ROAD TO NOWHERE

initial goal

- company wants to *improve time to market of projects*
  - proactive, exploit opportunities, be aware, etc.

1<sup>st</sup> derivative

- solution: *GO AGILE!*
  - agile transition with ~600 people involved

2<sup>nd</sup> derivative

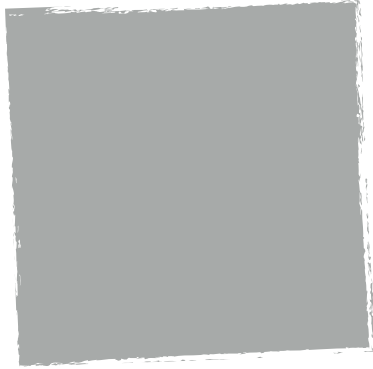
- agile teams using agile methods
  - Scrum Master, Kanban systems, etc.

result

discussions about...

- roles, standup meetings, retrospectives, sprints, etc.

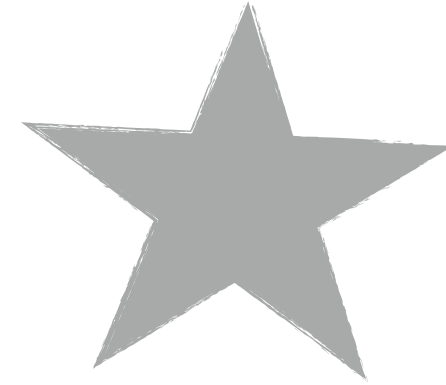




current state



transformation plan

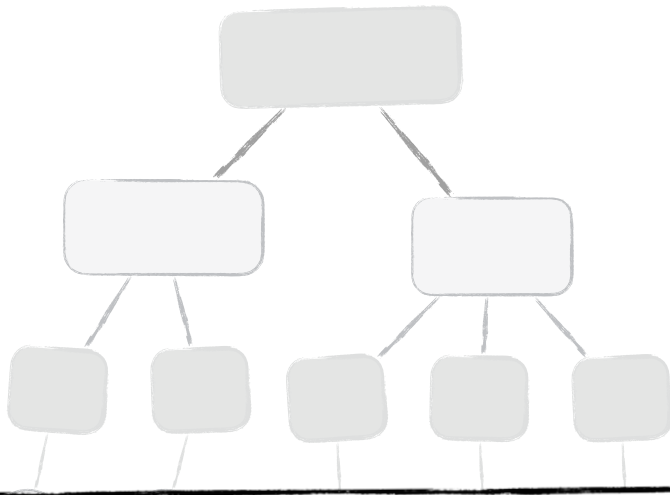


desired state

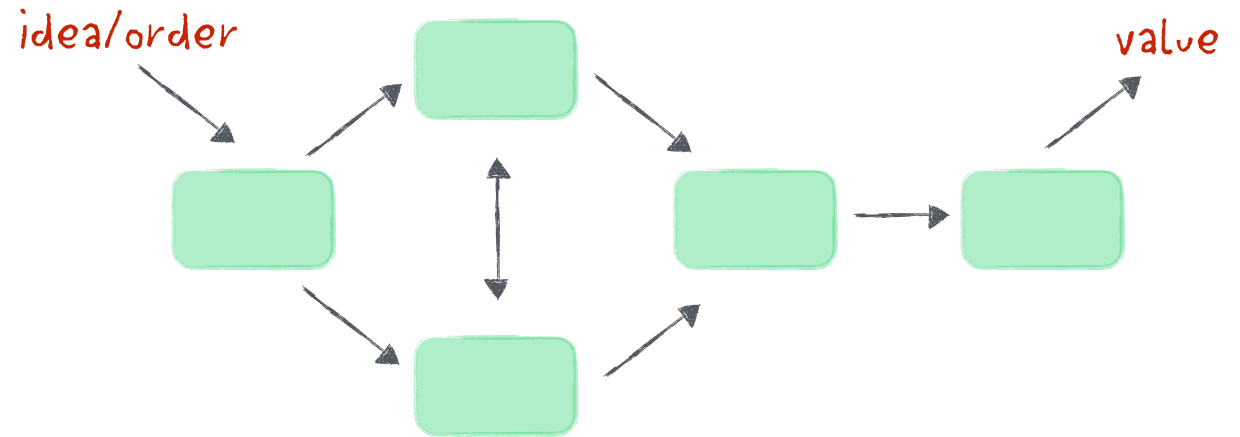
be the change that  
you wish to see

Gandhi





how do you  
make money?



operational structure

waterfall-like change process  
for an Agile transition



no management of  
interactions between teams

no end-2-end management of  
the value creation chain

no strategic  
portfolio management

waterfall-like change process  
for an Agile transition

no management of  
interactions between teams



no end-2-end management of  
the value creation chain

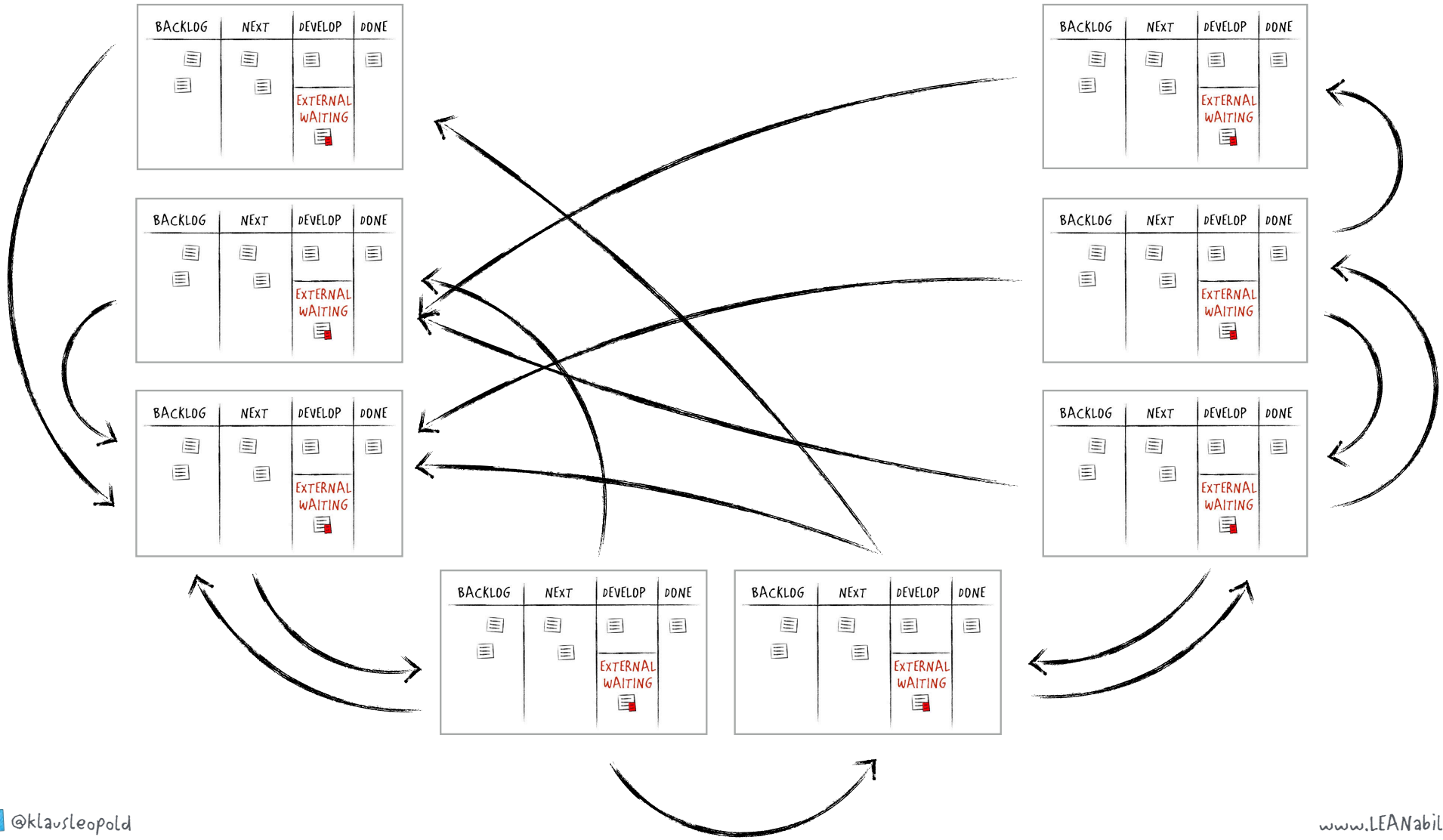


no strategic  
portfolio management



waterfall-like change process  
for an Agile transition





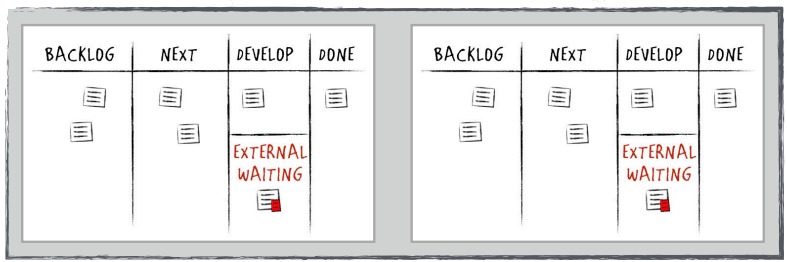
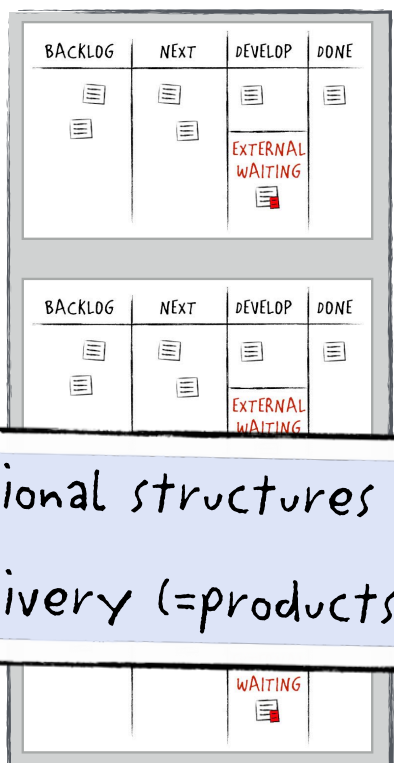
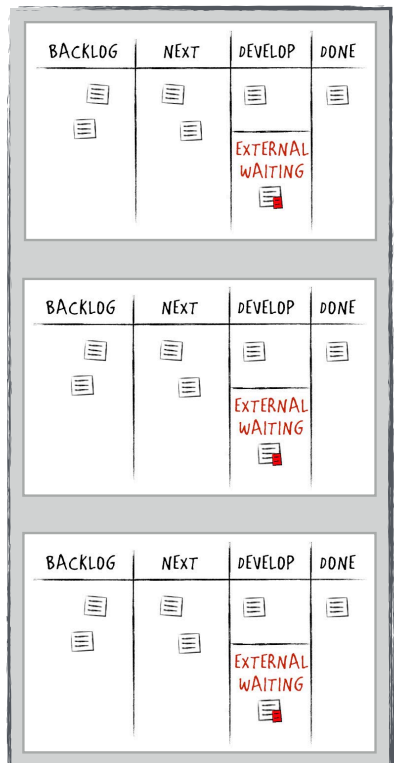
product 1

product 2

we built product boards to manage intra-product dependencies

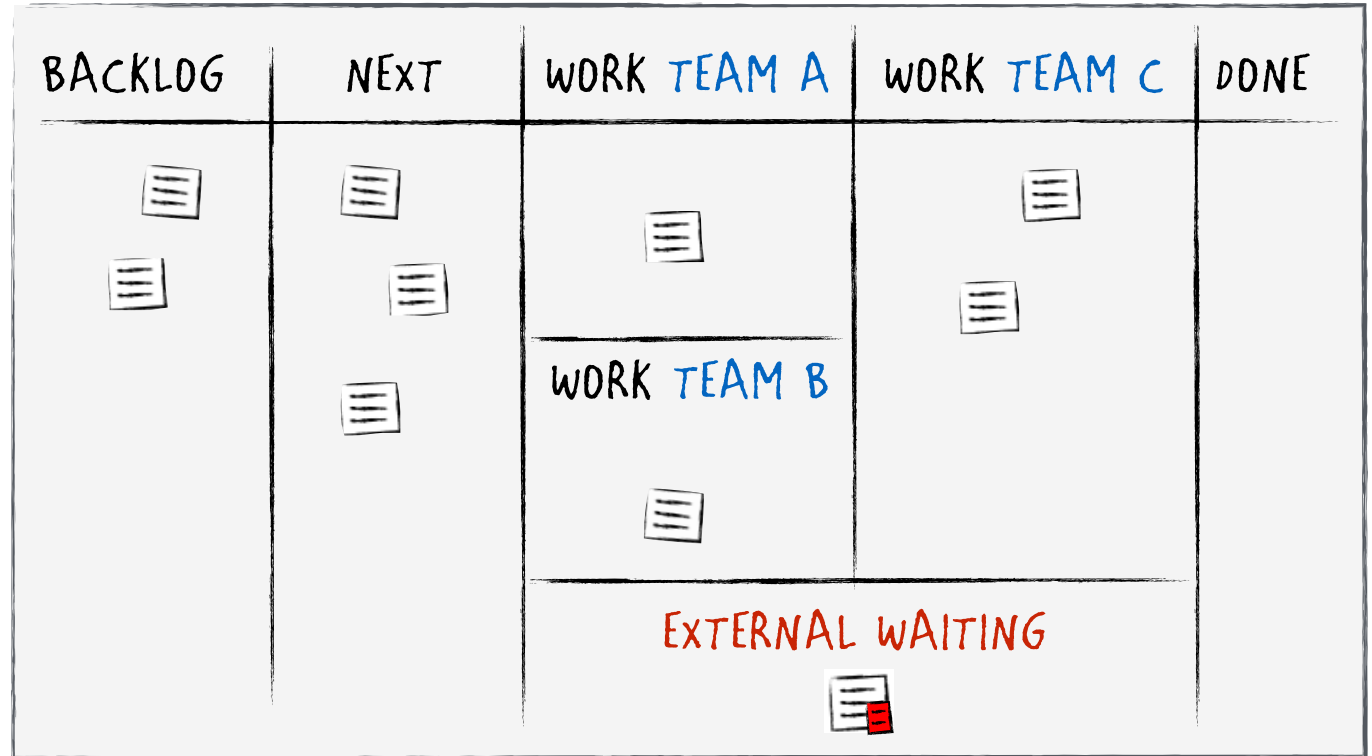
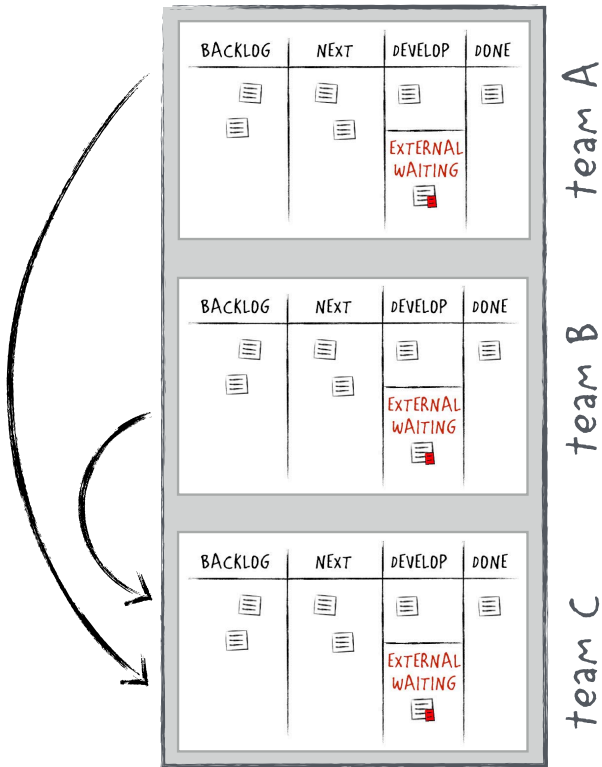


do not optimize organizational structures (=teams)!  
optimize value delivery (=products)!



product 3

an exemplary product board



teams organized their work together in front of product boards

some teams even stopped using their team boards



# Feedback Loops

product standup

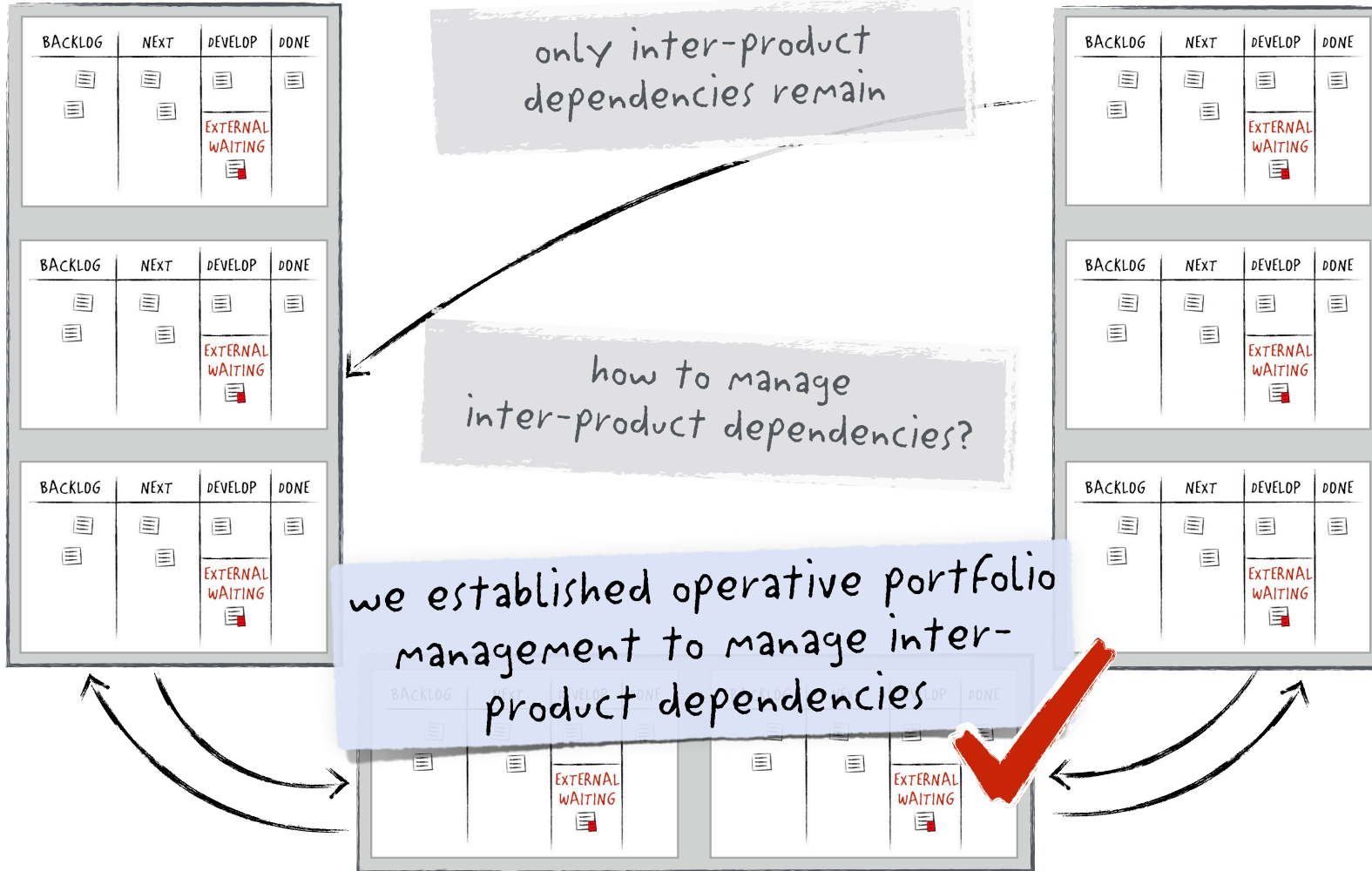
product retrospectives

product replenishment

measurements

product 1

product 2



product 3

BACKLOG	NEXT	ANALYZE	DEVELOP	UA	SHIP	DONE
		PRODUCT 1 (2)	(3)	(3)		
		PRODUCT 2 (1)	(2)	(4)		
		PRODUCT 3 (2)	(2)	(3)		
		EXTERNAL WAITING 				

we established operative portfolio management to manage inter-product dependencies

### improvements

- \* common view on all products
- \* dependencies between products are handled as INTERNAL dependencies
- \* external dependencies are only OUTSIDE of product development
- \* WIP limits on epics

# Feedback loops

portfolio standup

portfolio replenishment

portfolio retrospectives

measurements

no management of  
interactions between teams



no end-2-end management of  
the value creation chain



no strategic  
portfolio management



waterfall-like change process  
for an Agile transition



no management of interactions between teams

no end-2-end management of the value creation chain

no strategic portfolio management

waterfall-like change process for an Agile transition

we simplified the upstream



biweekly



we scaled the operative product portfolio to the upstream



BACKLOG	ROUGH CONCEPT	WAITING 4 APPROVAL	DEV READY	ANALYZE	DEVELOP	UA	SHIP	DONE
				PRODUCT 1 				
				PRODUCT 2 				
				PRODUCT 3 				

# Feedback loops

standup + business

measurements + business

retrospectives + business



no management of interactions between teams

no end-2-end management of the value creation chain

no strategic portfolio management

waterfall-like change process for an Agile transition

no management of interactions between teams X

no end-2-end management of the value creation chain X

no strategic portfolio management X

waterfall-like change process for an Agile transition X

# The Strategic Portfolio

information radiator		ideation & prioritization		development & measurement				
COMPANY STRATEGY	BIZ METRICS	POOL OF EVALUATED IDEAS	NEXT TOP 5 EVALUATED IDEAS	IN DEVELOPMENT	MEASURE SUCCESS & TWEAK	ADAPT & TWEAK	IMPACT (NOT) ACHIEVED	
		MAKE MONEY						
		INVESTMENTS	IDEAS	IIP	REALIZATION	REVIEW	DONE	

# Feedback loops

standup

retrospective

strategy review

measurements

no management of interactions between teams X

no end-2-end management of the value creation chain X

no strategic portfolio management X

waterfall-like change process for an Agile transition X

no management of interactions between teams X

no end-2-end management of the value creation chain X

no strategic portfolio management X

waterfall-like change process for an Agile transition X

be the change that  
you wish to see

Gandhi



no management of  
interactions between teams

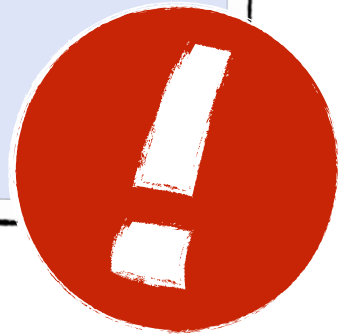
no end-2-end management of  
the value creation chain

no strategic  
portfolio management

waterfall-like change process  
for an Agile transition



business agility is  
no team sport!  
it's corporate  
sport!!



# FLIGHT LEVELS

## Level 1: operational

team 1

	analyze	develop	test	DONE
☰				
☰	☰	☰	☰	☰
☰	☰	☰		☰

team 2

	prepare	develop	review	DONE
☰				
☰	☰	☰	☰	☰
☰	☰	☰		☰

...

team N

	sprint bl	realize	review	DONE
☰				
☰	☰	☰	☰	☰
☰	☰	☰		☰

# FLIGHT LEVELS

	concept	realize	deliver	DONE
☰	☰	☰ ☰	☰	☰

	concept	realize	deliver	DONE
☰	☰	☰ ☰	☰	☰

	concept	realize	deliver	DONE
☰	☰	☰ ☰	☰	☰

Level 2: end-2-end coordination

team 1

	analyze	develop	test	DONE
☰	☰	☰	☰	☰
☰	☰	☰		☰
☰	☰			☰

team 2

	prepare	develop	review	DONE
☰	☰	☰	☰	☰
☰	☰	☰		☰
☰	☰			☰

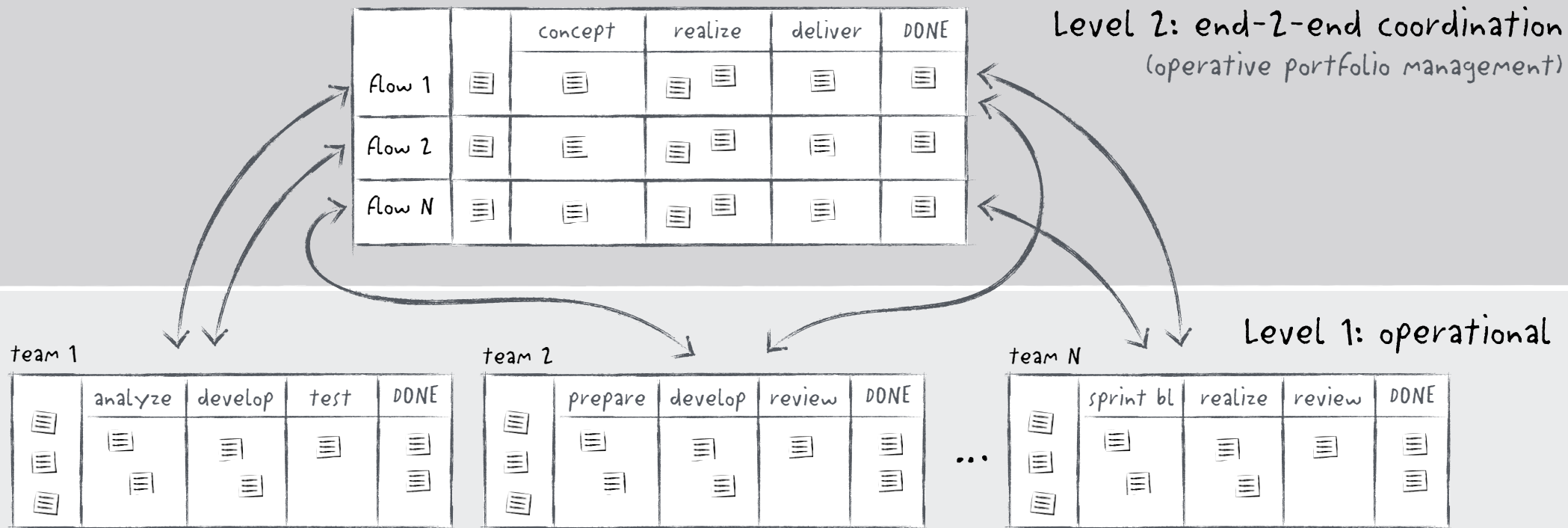
...

team N

	sprint bl	realize	review	DONE
☰	☰	☰	☰	☰
☰	☰	☰		☰
☰	☰			☰

Level 1: operational

# FLIGHT LEVELS



# FLIGHT LEVELS

Level 3: strategic portfolio

	experiment	consolidate	realize	learn
☰				
☰	☰	☰	☰	☰
☰	☰	☰		☰

Level 2: end-2-end coordination  
(operative portfolio management)

		concept	realize	deliver	DDONE
Flow 1	☰	☰	☰ ☰	☰	☰
Flow 2	☰	☰	☰ ☰	☰	☰
Flow N	☰	☰	☰ ☰	☰	☰

Level 1: operational

team 1

	analyze	develop	test	DDONE
☰				
☰	☰	☰	☰	☰
☰	☰	☰		☰

team 2

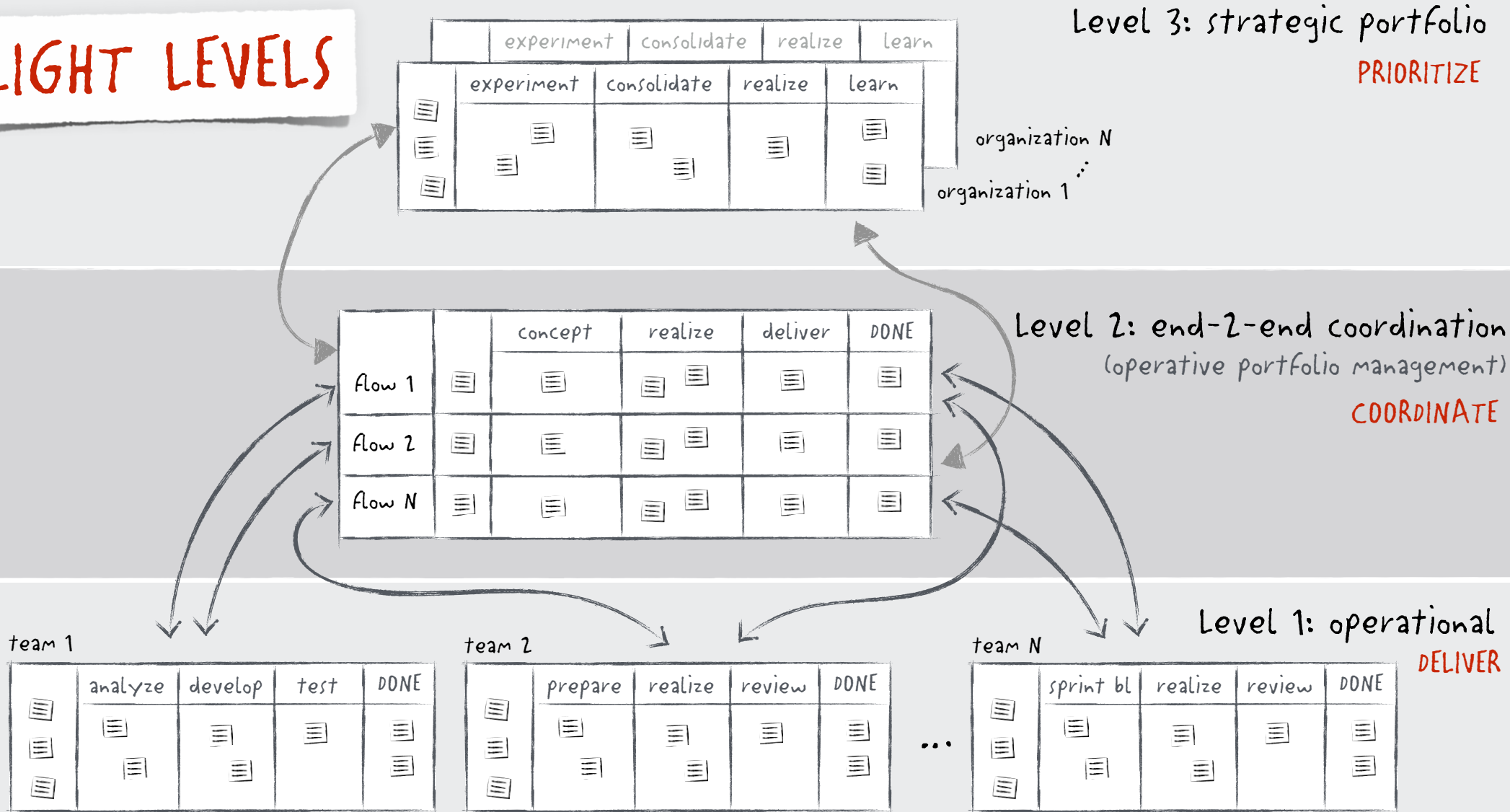
	prepare	develop	review	DDONE
☰				
☰	☰	☰	☰	☰
☰	☰	☰		☰

...

team N

	sprint bl	realize	review	DDONE
☰				
☰	☰	☰	☰	☰
☰	☰	☰		☰

# FLIGHT LEVELS



# how to start from scratch?

approach #1

for consulting companies...

- that want to maximize income
- that don't care about results

- > train the entire organization in agile methods
- > start on the team level and sub-optimize
- > keep the number of initiatives/projects in your organization high
- > follow an agile method by the book

\* that's a SAFe way to burn loads of money and have little result \*


# how to start from scratch?

approach #2

- for economically minded companies
- that don't want to waste money
  - that want to achieve business agility

in the beginning you only need one agile team: **TOP MANAGEMENT**

- > start with strategic portfolio management
- > align all work to the strategy
- > limit work in the entire organization
- > understand your system and work your way down the flight levels

  
kill (agile) methods  
and frameworks



how to start from scratch?

approach #2

for economically minded companies  
- that don't want to waste money

business agility

be the best at  
getting better

in the beginning

→ start

→ align

→ limit work in the entire organization

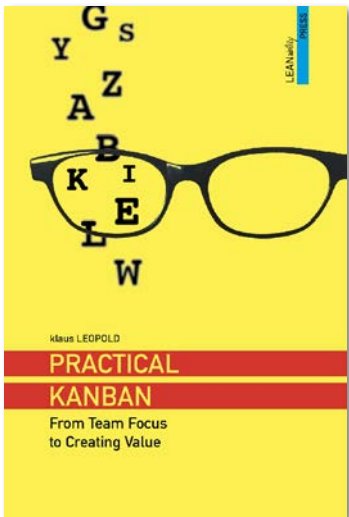
→ understand your system and work your way down the flight levels to teams

MANAGEMENT

methods

and frameworks





[www.practicalkanban.com](http://www.practicalkanban.com)

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