

How do I know if Agile is working for me or not? – An Executive's Dilemma

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Overview:

As Agile Coaches working with a large multinational diversified financial services company, we experienced a lack of clarity among the sponsors and the business-side stakeholders in the effectiveness of the agile transformation. We felt that a good way to articulate the benefits is to state them in terms of an adapted form of the Balanced Score Card® (BSC). This experience report starts by looking into a few team-level observations that support the need for simple and meaningful metrics. At an executive-level these translate to the four dimensions of the BSC. From an agile perspective the metaphor of the Onion (levels of planning) help us to tie the vision to the day-to-day working of the team.

This paper is dedicated to all the management teams who have battled (and continue to do so) with various stakeholders in articulating the need for a simple, comprehensive (and non-redundant), rational, credible, and unambiguous method to show the state of the project. In our experience, agile transformation efforts encounter this “fist-fight” almost as soon as the need for mindset change becomes apparent to the members who are not part of the core development and test team. A large part of this fight stems from the organizational policy – for example, the Performance Management System, Incentivizing Individual Contributions – many a time at the cost of team-performance, unwittingly pitting one function against the other, etc.

Challenges that we have had:

Frequently, in our coaching role, we were caught between the need for the teams to simplify the processes and the organizational need to “publish” project and portfolio metrics. The latter is usually perceived by the management and sponsors as too intrusive and demanding (taking the time off from their productive work) and the former is seen with skepticism by the “quality and the metrics” team. Caught in this cross-fire is the real quality of software developed, which in turn impacts business value and finally in extreme cases distrust between the funding part of the organization (the sponsors) and the producing team.

Under stress, we humans are extremely creative in skimming the system – particularly the way we capture and report metrics. Mention this in any classroom or with project team and you instantly hear “laughter of recognition”. It is quite common to encounter Senior Management that is somewhat aware of this behavior, but is frequently not in a position to pin-down a solution. One of our clients summarized this best by saying “all the project statistics are green but the customer value is red...”

In such a situation, we had to identify set of metrics which are not a burden for the team to capture but also offers meaningful insight to the management in terms of how are the projects faring with agile coming into picture. At an organizational level all the executives (IT or non-IT) were measured on 3 basic parameters – finance, delivery and people aspects. As we studied various frameworks, the BSC framework seemed most apt in this regard and we decided to go ahead with a tailored version of BSC for the IT division for agile. The metrics were also to be a combination of leading and lagging indicators. The leading indicators helped the management in taking the course corrective actions and the lagging indicators better planning for the future.

Introduction to BSC:

The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. It is a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more 'balanced' view of organizational performance. [Reference:

<http://balancedscorecard.org/Resources/AbouttheBalancedScorecard/tabid/55/Default.aspx>]

Tailoring BSC in an agile context:

We felt that the metrics must be integral to the system and not an awkward after-thought that is out-of-place in the context. For example, a simple visual indicator such as a burn-down chart – whether obtained from an agile project management tool or plotted physically on the whiteboard is very intuitive and easy to use. Its elegance lies in its simplicity – the data shown means just one thing to all the stakeholders providing no avenues for multiple interpretations.

Given this, implementing an adapted form of the Balanced Score Card ® helped in bringing an objective view of not only during the transformation but also in measuring the sustainability of the transformation. It provides a comprehensive view to all the stakeholders and serves as a “compass” in keeping all the stakeholders focused in the right direction. While most of the stakeholders place disproportionately high importance on the efficiency, this compass can tilt the effort in ensuring that the effectiveness of the transformation precedes the efficiency. The table below showcases the 4 dimensions of the BSC and agile variation that we brought in to fit the context.

Dimension	Focus	BSC Question	Agile Variant
Finance	Is the project a “value-add” – is the benefit/cost ratio reflective of the project	To succeed financially, how should we appear to our	How does the Enterprise Agile process ensure that the highest business value is prioritized at the highest level? While the

	risk?	shareholders?	teams may de-scope at a user-story level, the Change Advisory Board may be empowered to de-scope at the project level.
Internal Process	Is the internal process (function and line) aligned with the strategy and vision to provide stakeholder-value?	To satisfy our shareholders and customers, what business processes must we excel at?	How do we ensure that the Product Owners, the “whole-team” and the operations work with synergy to reduce the time-to-market?
Customer	Is the end-customer (the beneficiary of our product and/or service) increasingly delighted by the offering?	To achieve our vision, how should we appear to our customers?	While the teams seek constant feedback from their end-users and the product-owner, can the PO and the end-users ensure that the customer feedback is incorporated into the prioritization process?
Learning & Growth	In a constantly changing business environment how are we ensuring that a “learning environment” is created and sustained to keep us relevant?	To achieve our vision, how will we sustain our ability to change and improve?	Are the ceremonies taking the organization on a path of continuous improvement?

The figure below shows the sample of the BSC that we defined for the management

Strategy Map	Strategic Objectives	Performance Measures	Initiatives	Targets
Financial	Service Value delivered	<ol style="list-style-type: none"> Margin Contribution Earned Value/Release – Feature Burn-up 	<ul style="list-style-type: none"> Measure IT contribution to Cost Enable operations to release value every month to production 	<ol style="list-style-type: none"> 20% Monthly release
Customer Value	Trusted Partner	<ol style="list-style-type: none"> Customer Satisfaction – CSAT 	<ul style="list-style-type: none"> Implement CSAT for end users of software 	<ol style="list-style-type: none"> >4/qtr.
Internal Process	Right First Time	<ol style="list-style-type: none"> Velocity Avg. Project Request Cycle Time - Requested Avg. Project Request Cycle Time - Scheduled Sprint & Release Burndown performance trend deviation 	<ul style="list-style-type: none"> Ensure operational measures are collected and collated every sprint, by every sprint team. Scrum Masters to help teams track during the release 	<ol style="list-style-type: none"> Team sp. X days Y days <10%
	Decrease Defect in Production	<ol style="list-style-type: none"> Defects in a sprint Test Coverage Production Defects Build Success Rate 	<ul style="list-style-type: none"> Ensure consistent defect management Measure coverage every sprint Measure running tested features 	<ol style="list-style-type: none"> 0 P1,P2 >90% 0 P1, P2 >90%
	Story commitment	<ol style="list-style-type: none"> Story un-delivered 	<ul style="list-style-type: none"> IT and Business measure needed. Indication of partnership. Ensure collection and review. 	<ol style="list-style-type: none"> <10%
Learning and Growth	Enable Agile Transformation	<ol style="list-style-type: none"> Agile Adoption Index Retrospective index 	<ul style="list-style-type: none"> Transformation team proactively working the roadmap to work toward 100% (of goal) Retrospective Actions to be tracked every sprint 	<ol style="list-style-type: none"> >15 Qtr. on Qtr. > 80%
	Enable People & Culture	<ol style="list-style-type: none"> Agile Academy Compliance 	<ul style="list-style-type: none"> Define and formalize the Agile training program and participation opportunities and guidelines. 	<ol style="list-style-type: none"> >80%

Benefits seen after applying BSC:

As a consequence of incorporating the concept of Balanced Score Card in the process of generating and reporting metrics, we were able to:

- Show the business value realized at the end of every release (1-month duration)
 - Quantify the earned-value in terms of burn-up at the end of every release
 - Clearly specify the IT part of the cost
- Fine-tune the process of demonstrating Customer Satisfaction
 - Introspect on IT-team’s journey to be a “trusted-partner” of the business
 - Consciously work towards communicating in the “language of the end-user”. This required considerable “re-wiring” of the IT mindset.
- Collaborate to do the “right-thing-right”
 - The teams realized the value of “stop starting, start finishing”. The cycle-time was improved by reducing inventory and wait-time.
 - Teams were able to increase the “build-success-rate” by automating the build-deploy-test cycle.
- Foster an adaptive learning environment
 - With time, the quality of end-user participation in both the requirements process and the

demo/review improved dramatically – this actually aided the “Internal Process” part of the BSC.

- b. The teams & management taking based on retrospective findings – this made the adaptive process very effective taking the organization to the right path of continuous improvement.

Conclusions:

For any measurement framework always remember - *“Not everything that can be counted counts & Not everything that counts can be counted” – Albert Einstein.*

About the Authors:

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