Lessons Learned From Five Years of Agile Implementation Failures

or… What NOT to Do When Becoming Agile

by Devin B. Hedge / @agiledevin

AgileDC 2013
October 8, 2013

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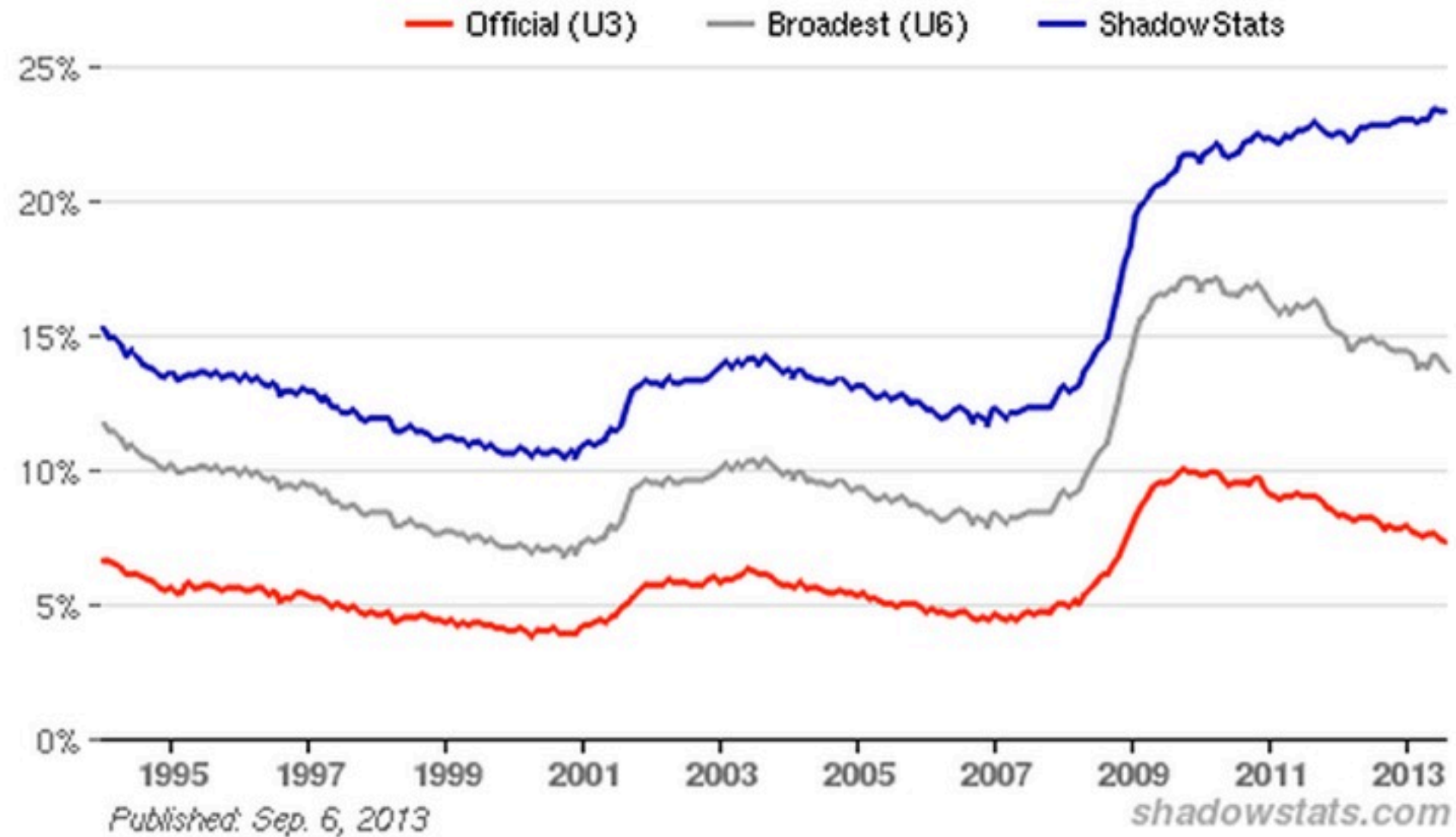Did You Know 3.0 (Officially updated for 2012) HD

https://www.youtube.com/watch?v=YmwwrGV_aiE

Unemployment Rate - Official (U-3 & U-6) vs ShadowStats Alternate
Monthly SA. Through Aug. 2013 (ShadowStats, BLS)

http://www.shadowstats.com/alternate_data/unemployment-charts

Unemployment Rate - Official (U-3 & U-6) vs ShadowStats Alternate
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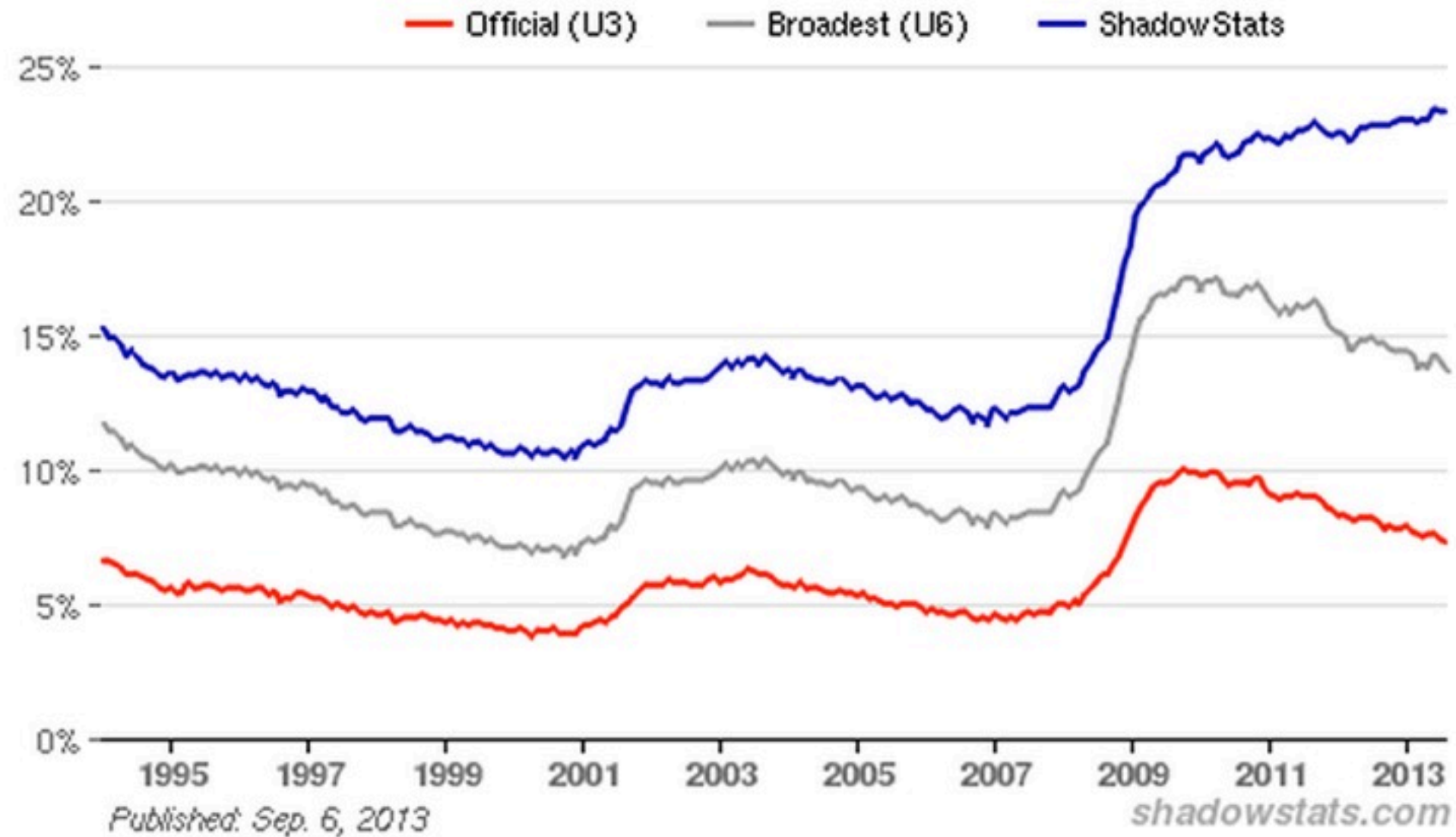
http://www.shadowstats.com/alternate_data/unemployment-charts
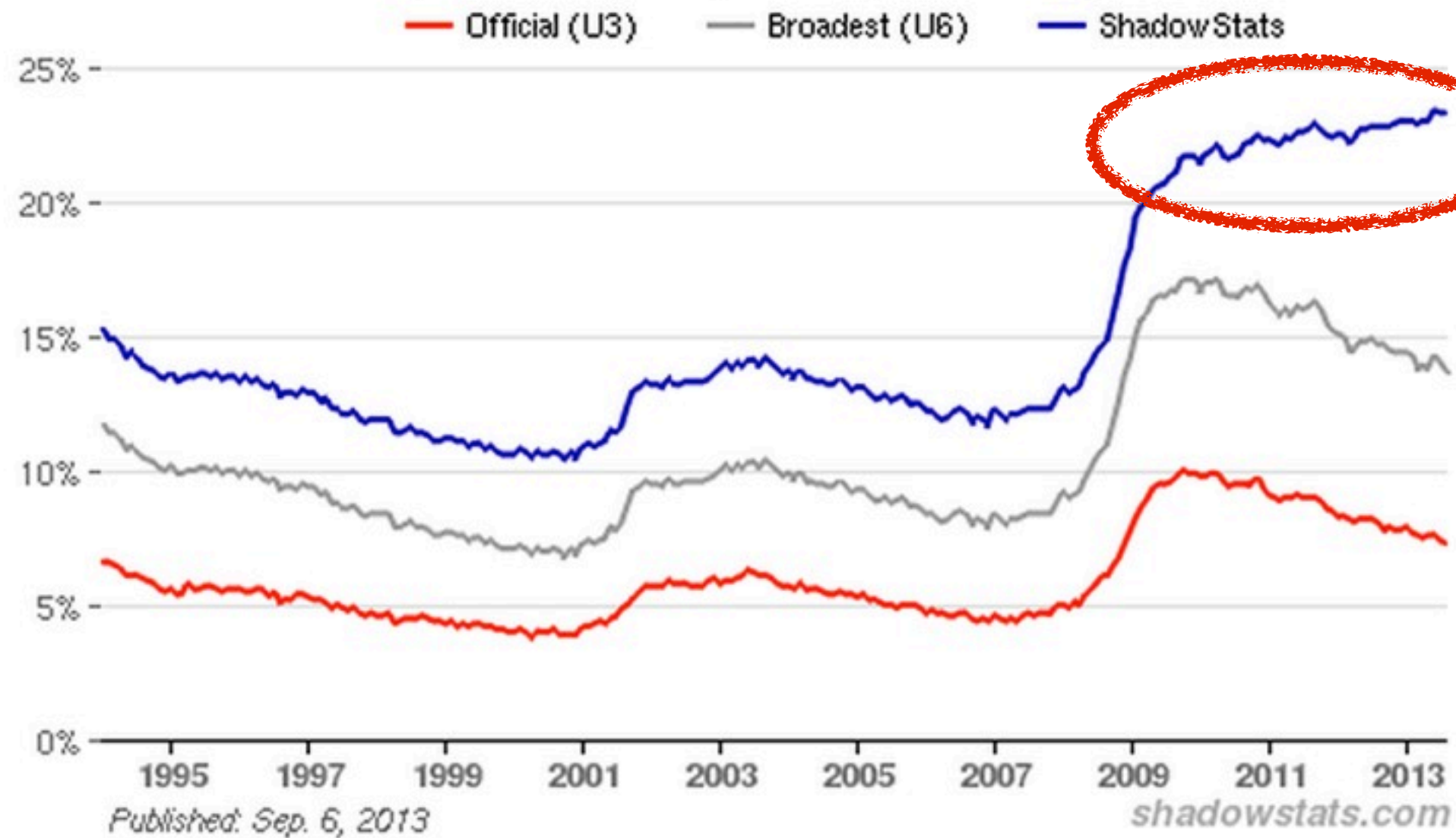
Unemployment Rate - Official (U-3 & U-6) vs ShadowStats Alternate
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http://www.shadowstats.com/alternate_data/unemployment-charts

Exhibit 6: Economy-wide Return on Invested Capital (ROIC) (1965-2009)
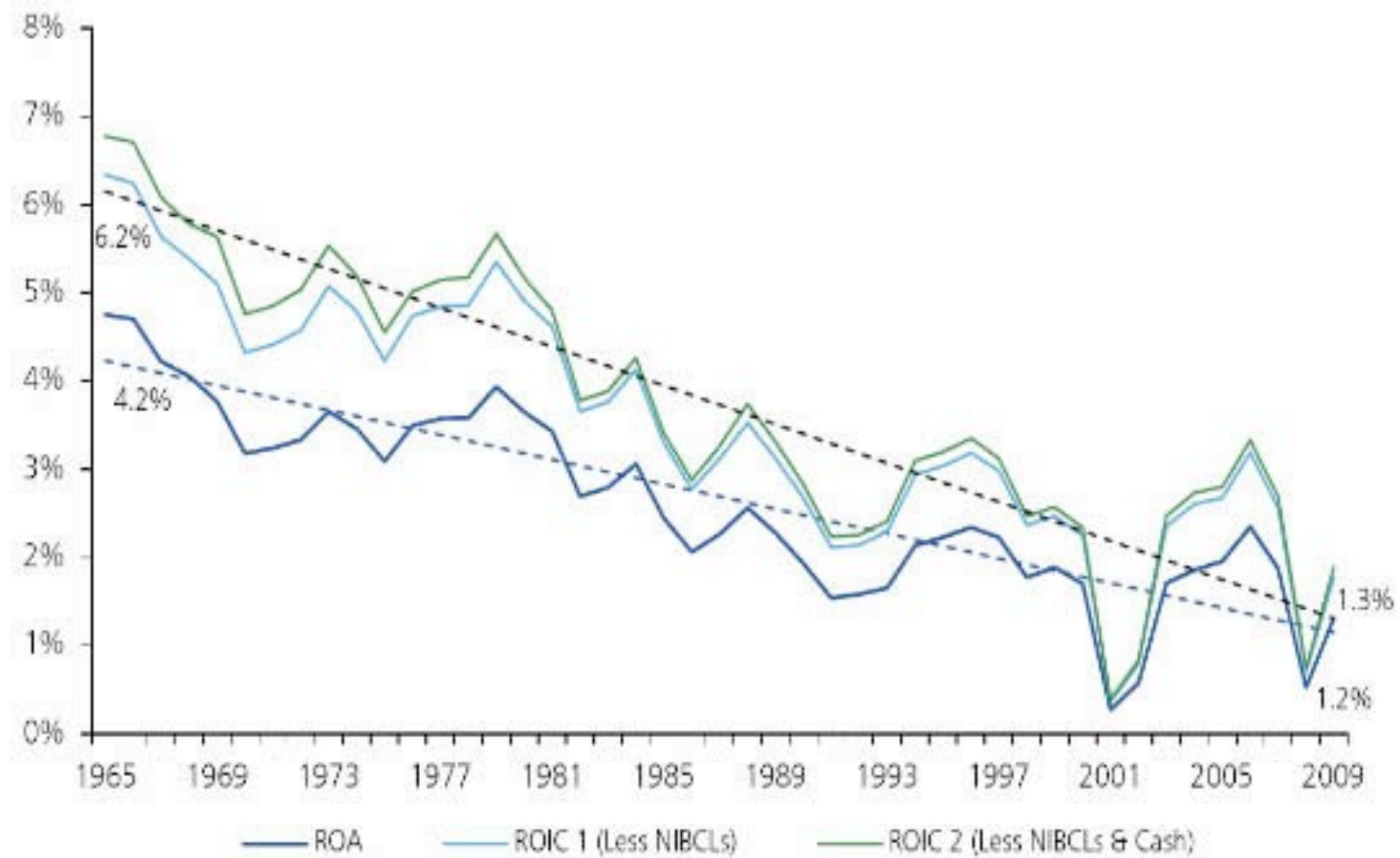
Source: Compustat, Deloitte analysis

Denning, S. (2011, October 19). The Big Shift or Shifty Statistics? Retrieved from http://www.forbes.com/sites/stevedenning/2011/10/19/the-big-shift-or-shifty-statistics/

Average Lifetime of S&P 500 Companies

Source: Richard Foster: *Creative Destruction (2001); Deloitte Center for the Edge*
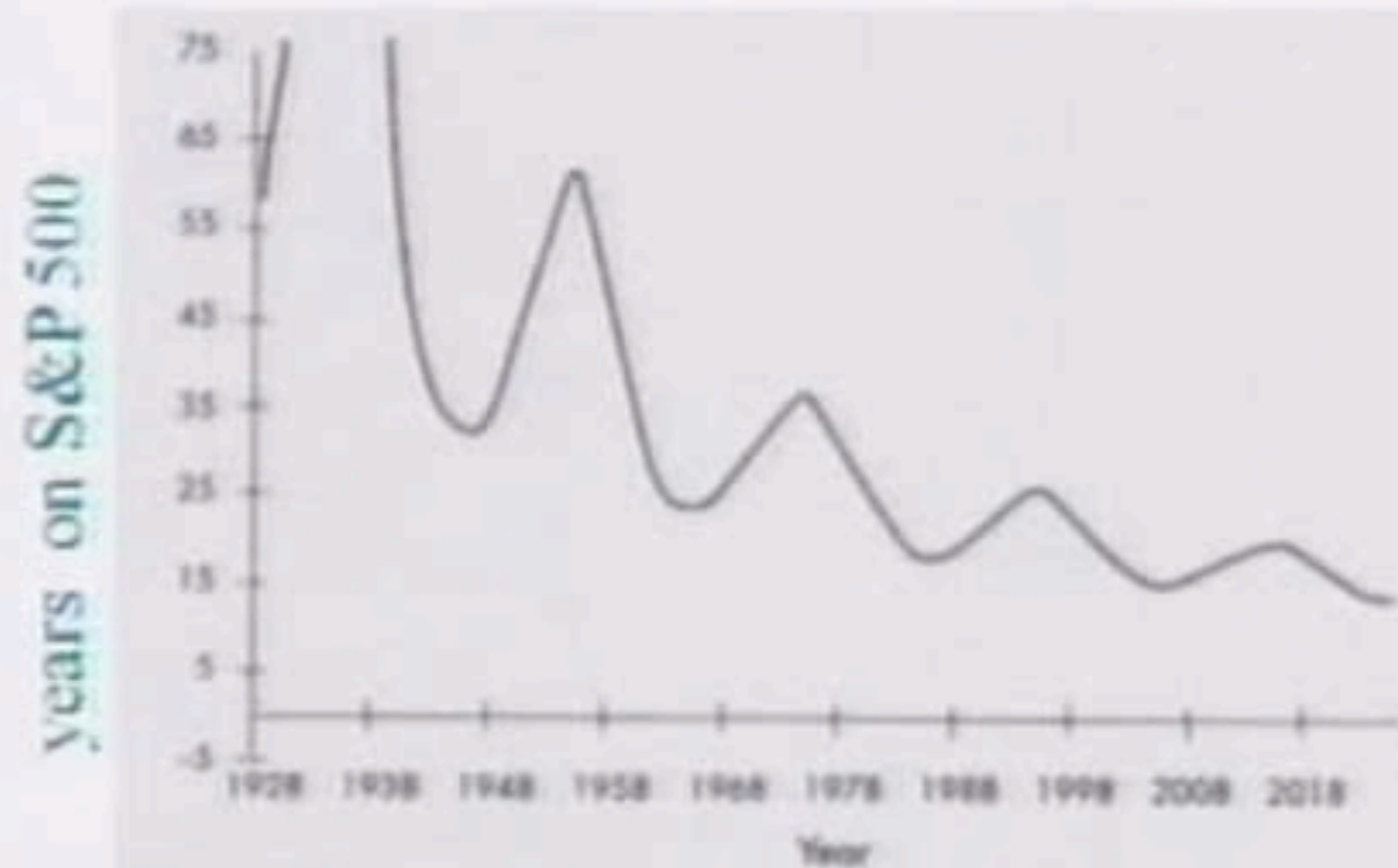
Denning, S. (2011, October 19). The Big Shift or Shifty Statistics? Retrieved from http://www.forbes.com/sites/stevedenning/2011/10/19/the-big-shift-or-shifty-statistics/

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I have the feeling that I am sitting at a campfire, late at night, and the embers are slowly going out. I can hear the sounds at the edge of the light, just beyond view, but I don't know what they are or what they mean.

CEO of a Fortune 100 Global Corporation(i)

(i) Foster, R. N. (2001). *Creative destruction: why companies that are built to last underperform the market, and how to successfully transform them* (1st ed.). New York: Currency/Doubleday.

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"If I can't deliver new products to market every 12 weeks, this company won't survive the ACA."

CEO of Major Health Insurance Company

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We Live in Exponential Times

We Live in ~~Turbulent~~ Times

Lessons Learned From Five Years of Agile Implementation Failures
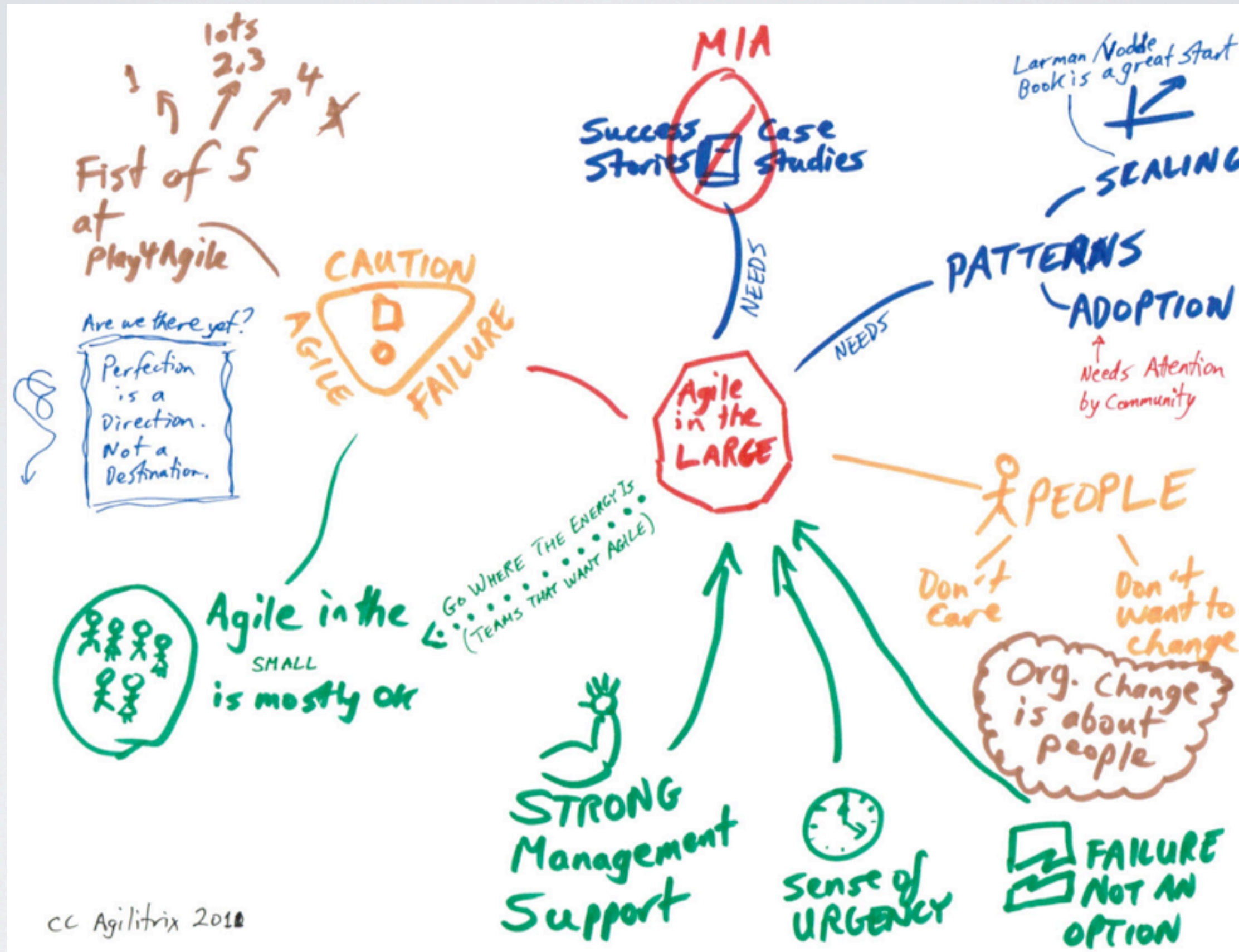
or… What NOT to Do When Becoming Agile

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WHY ARE YOU HERE?

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Q:"WHAT DATA DO YOU HAVE ON SUCCESS VS. FAILURES OF AGILE"

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Sahota, M. (2011, February 25). Shhh! Agile Failures (in the large). *Agiletrix Blog*. Corporate. Retrieved from http://agilitrix.com/2011/02/agile-failures/

A: "DEPENDS ON YOUR DEFINITION OF SUCCESS"

AGENDA

What is Agile?

What is Success?

Three Common Failures

Five Preventative Steps

Q&A

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WHAT IS AGILE?

AGILE IS…

A Set of Values and Principles

AGILE IS…

A Capability based on a Philosophy and a Set of Values That Enables Being Able to Survive, Thrive and Innovate in Changing Circumstances and Complex Environments

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AGILE IS…

A <u>Capability</u> based on a <u>Philosophy</u> and a <u>Set of Values</u> That <u>Enables</u> Being Able to <u>Survive</u>, <u>Thrive</u> and <u>Innovate</u> in <u>Changing Circumstances</u> and <u>Complex Environments</u>

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AGILE IS…

by implication, implemented at the...

... Corporate Level (Strategic)

... Operational Level

...Team Level

...Personal Level

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AGILE IS…

by implication, affects…

… C-Suite and Extended Leadership

… Finance

… Legal

… Personnel

… Portfolio and Program

… Product Marketing/Sales/Fulfillment
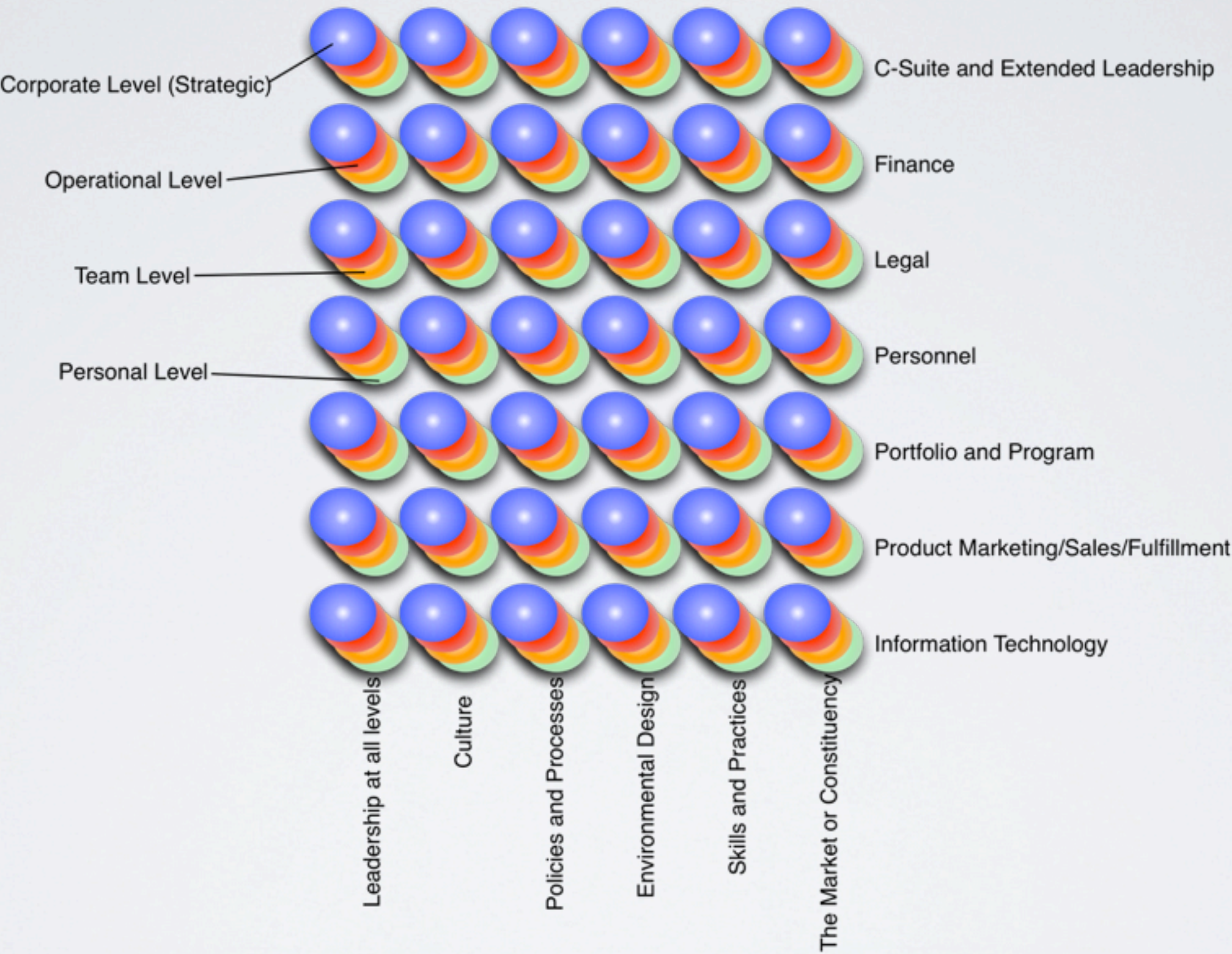
… oh… and IT, too. 🙂

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AGILE IS…

by this new definition defined by…
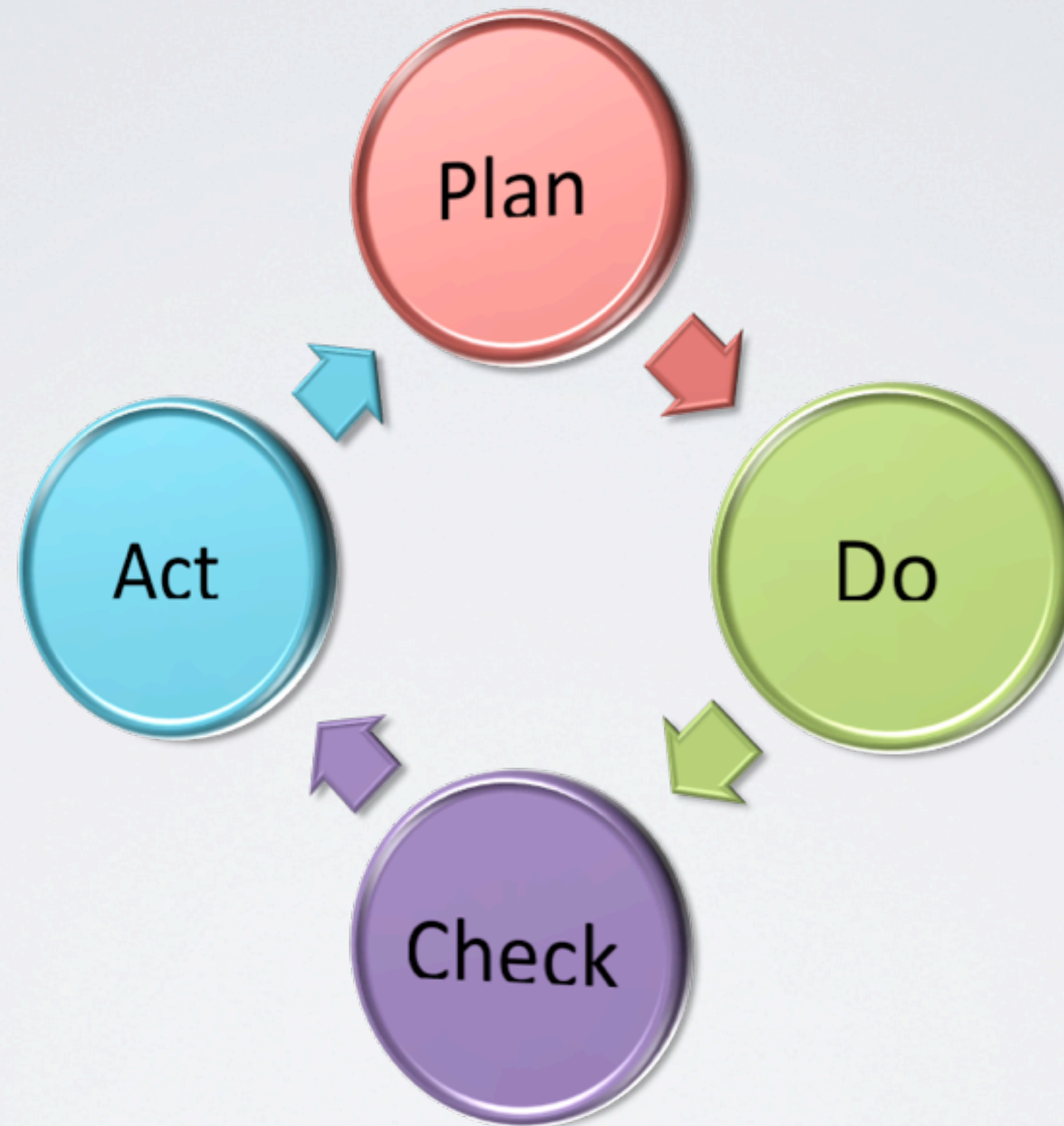
... Leadership at all levels
... Culture
... Policies and Processes
... Environmental Design
... Skills and Practices
...The Market or Constituency

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Monday, October 14, 13

Complex View of Organizational Agility

Cycle of adaptive change

Source: Holling, 1987

Cycle of adaptive change

Source: Holling, 1987

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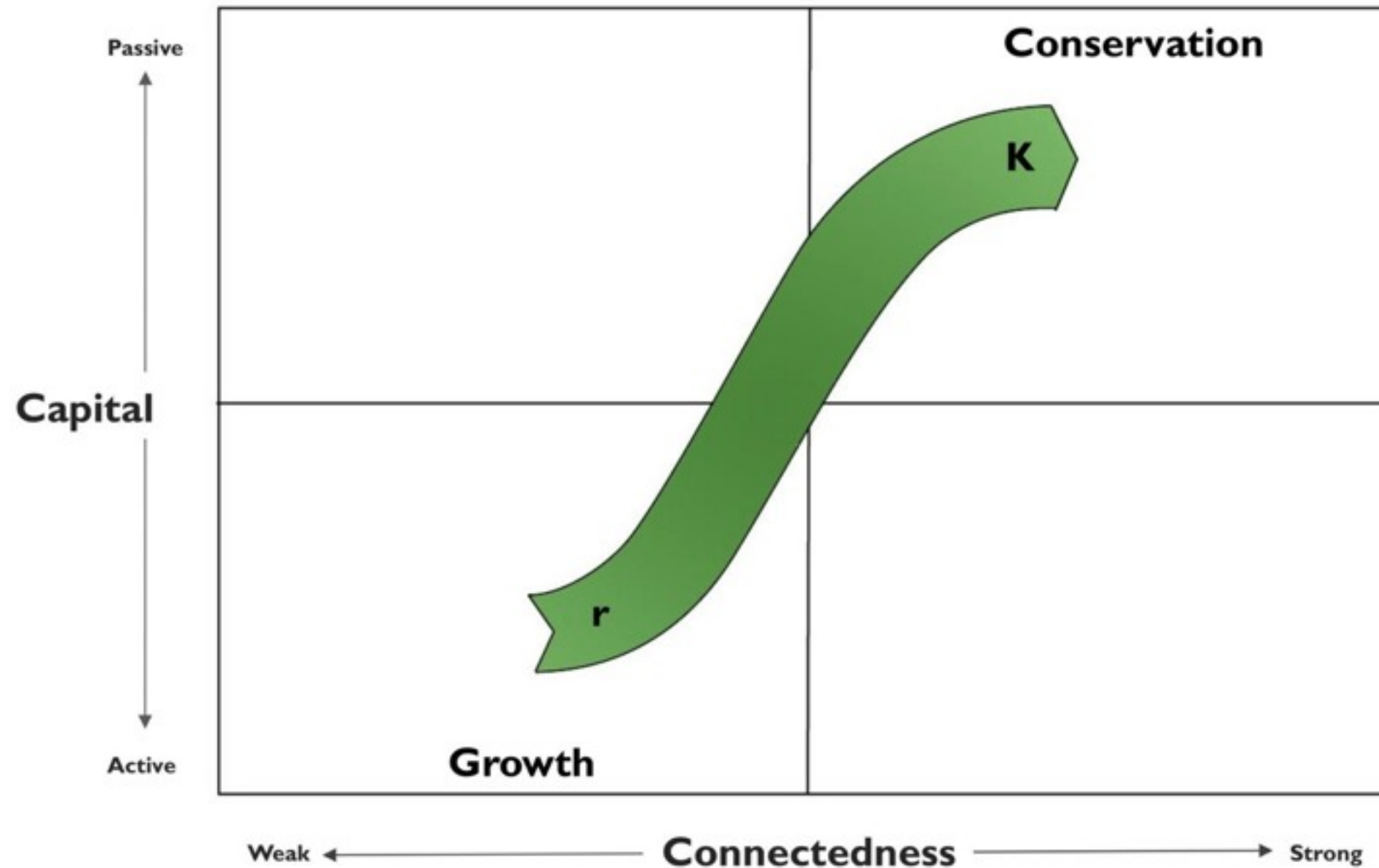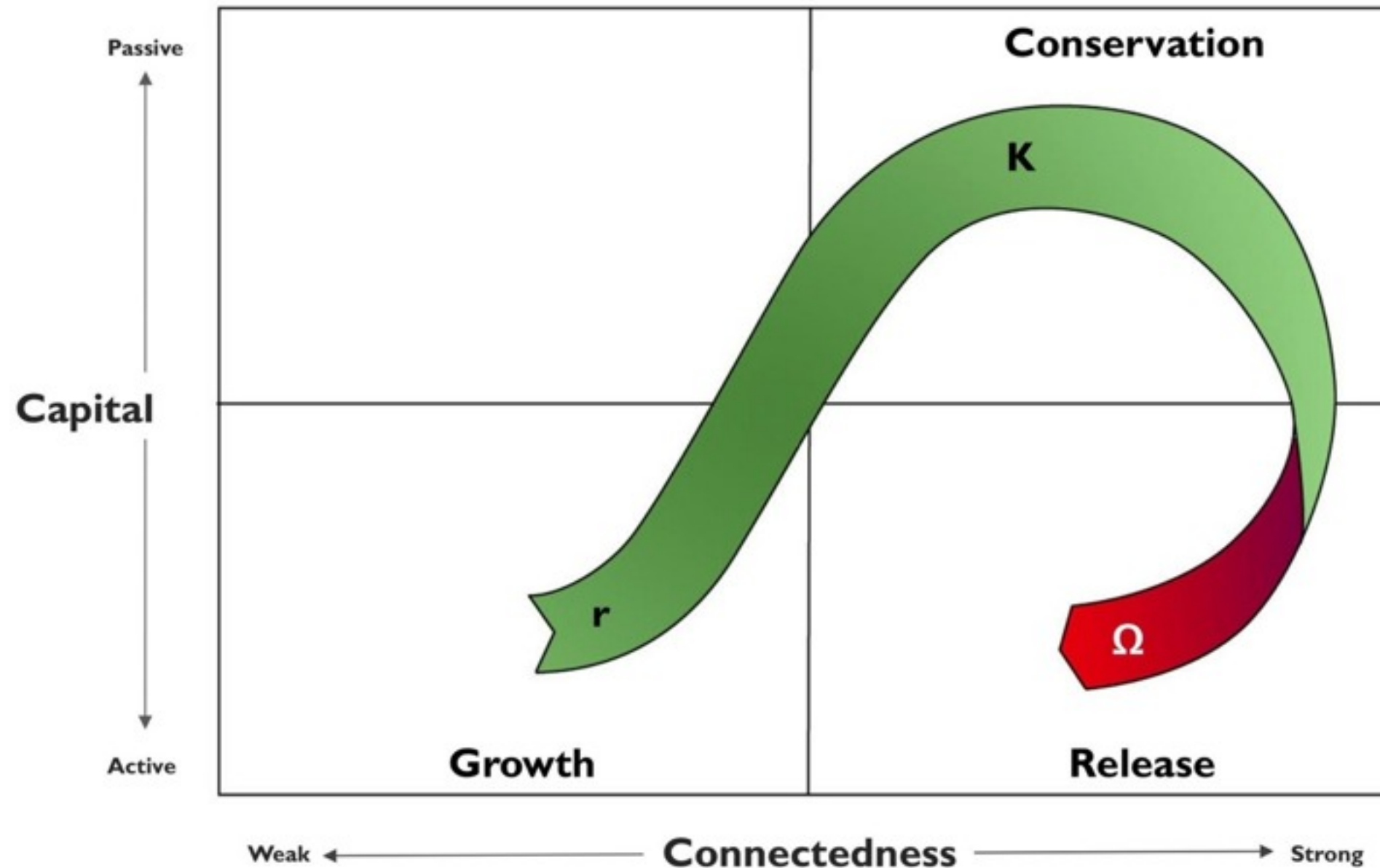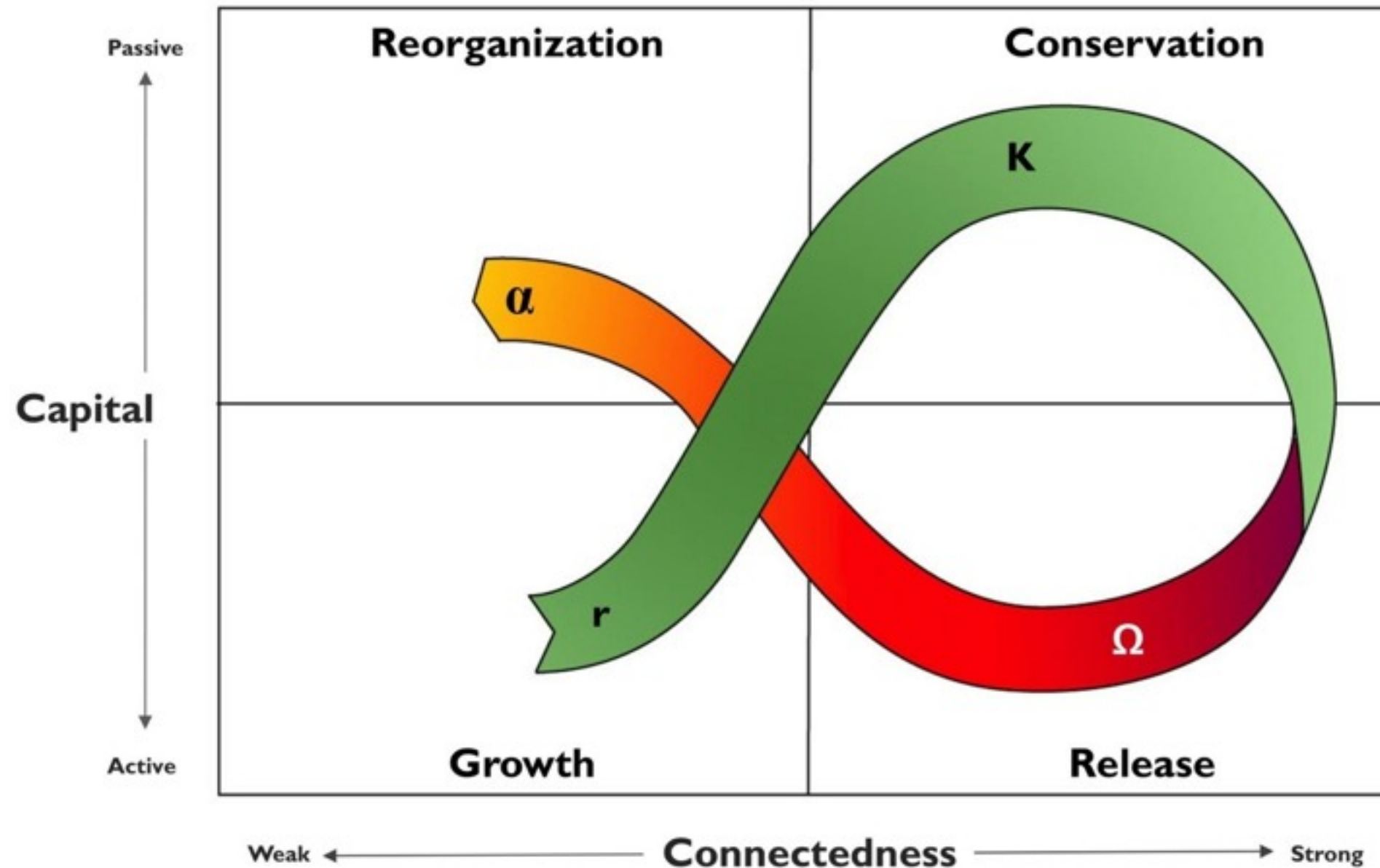Associates

Cycle of adaptive change

Source: Holling, 1987

Cycle of adaptive change
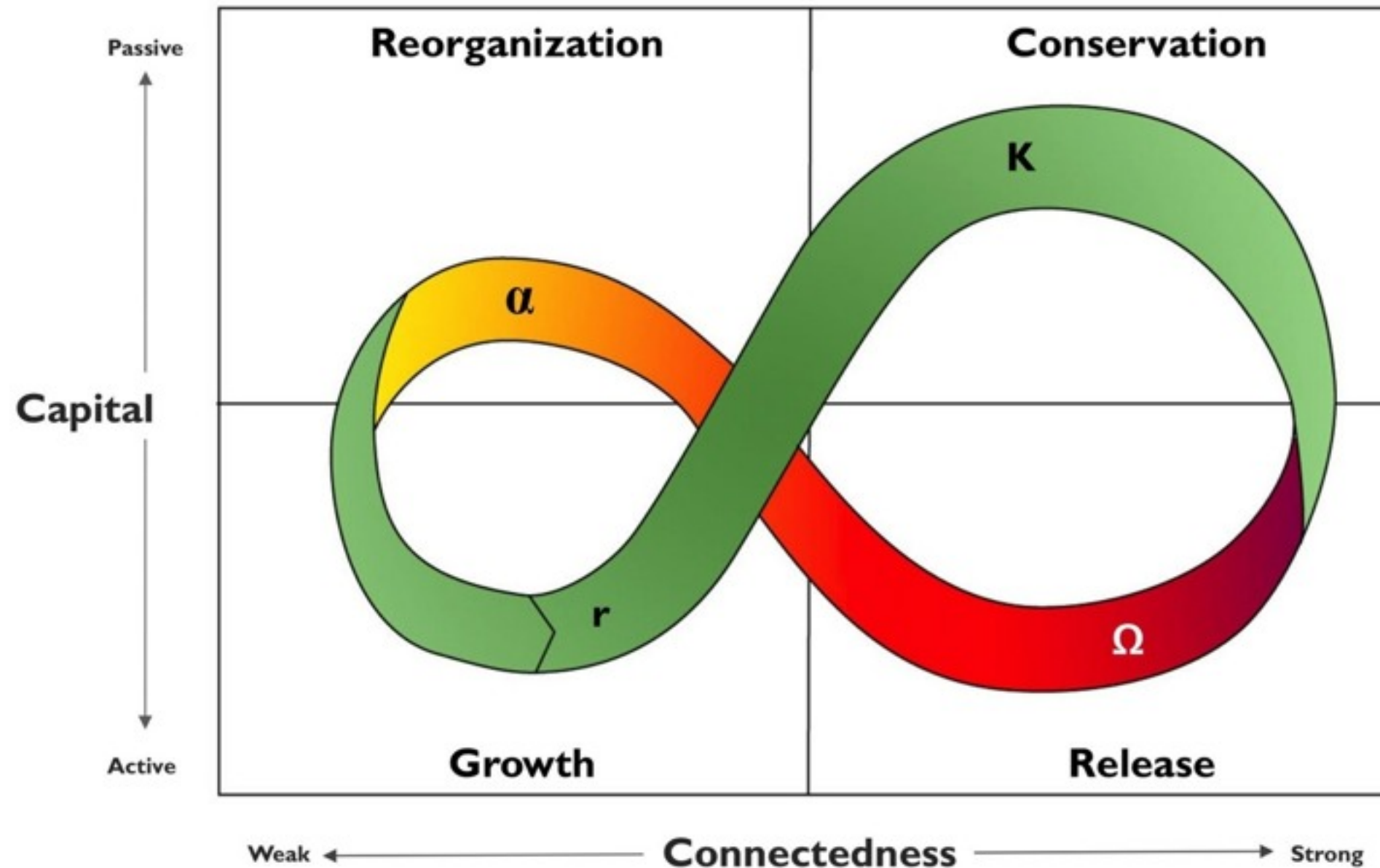
Source: Holling, 1987

Cycle of adaptive change
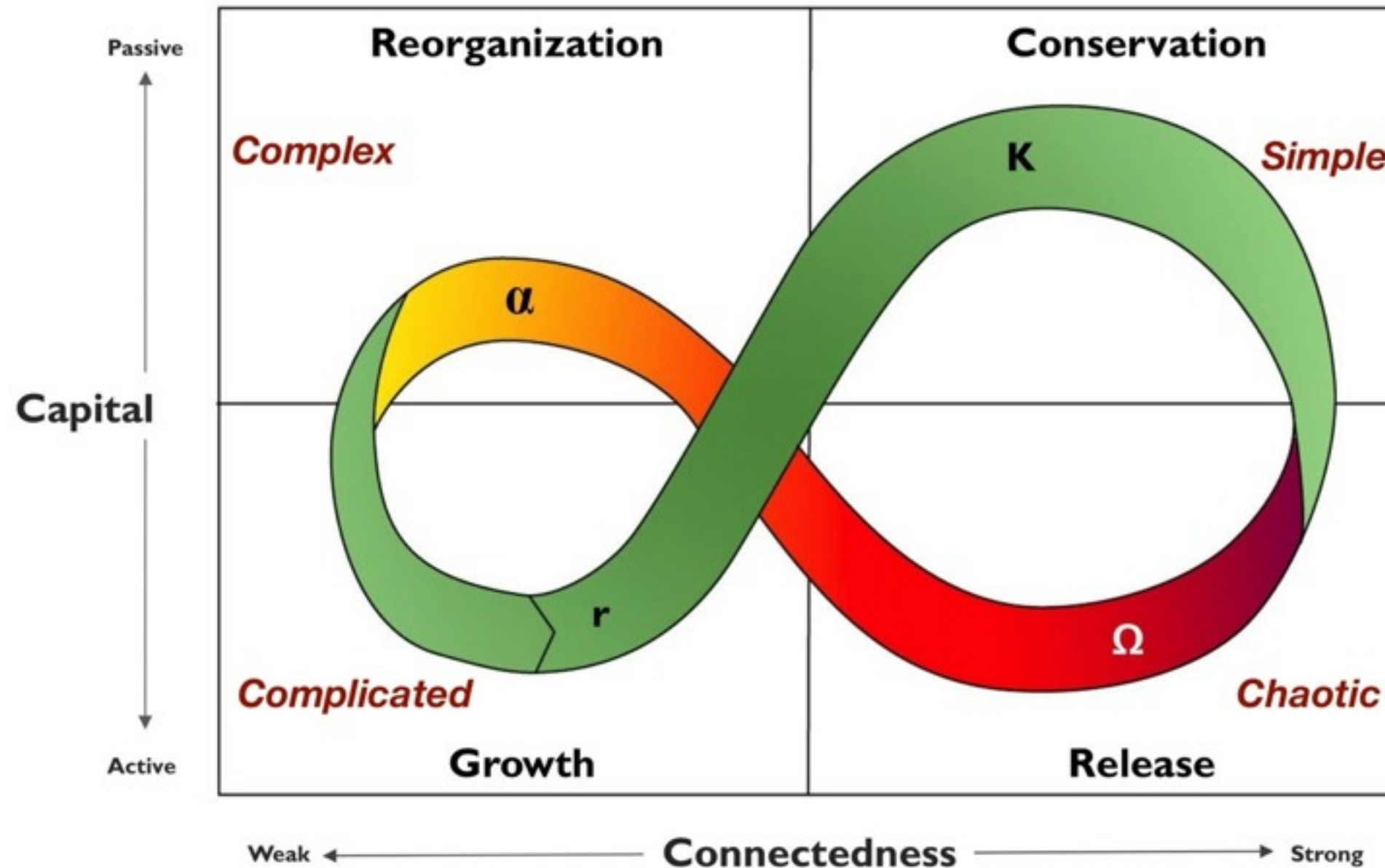
Source: Holling, 1987

Cycle of adaptive change
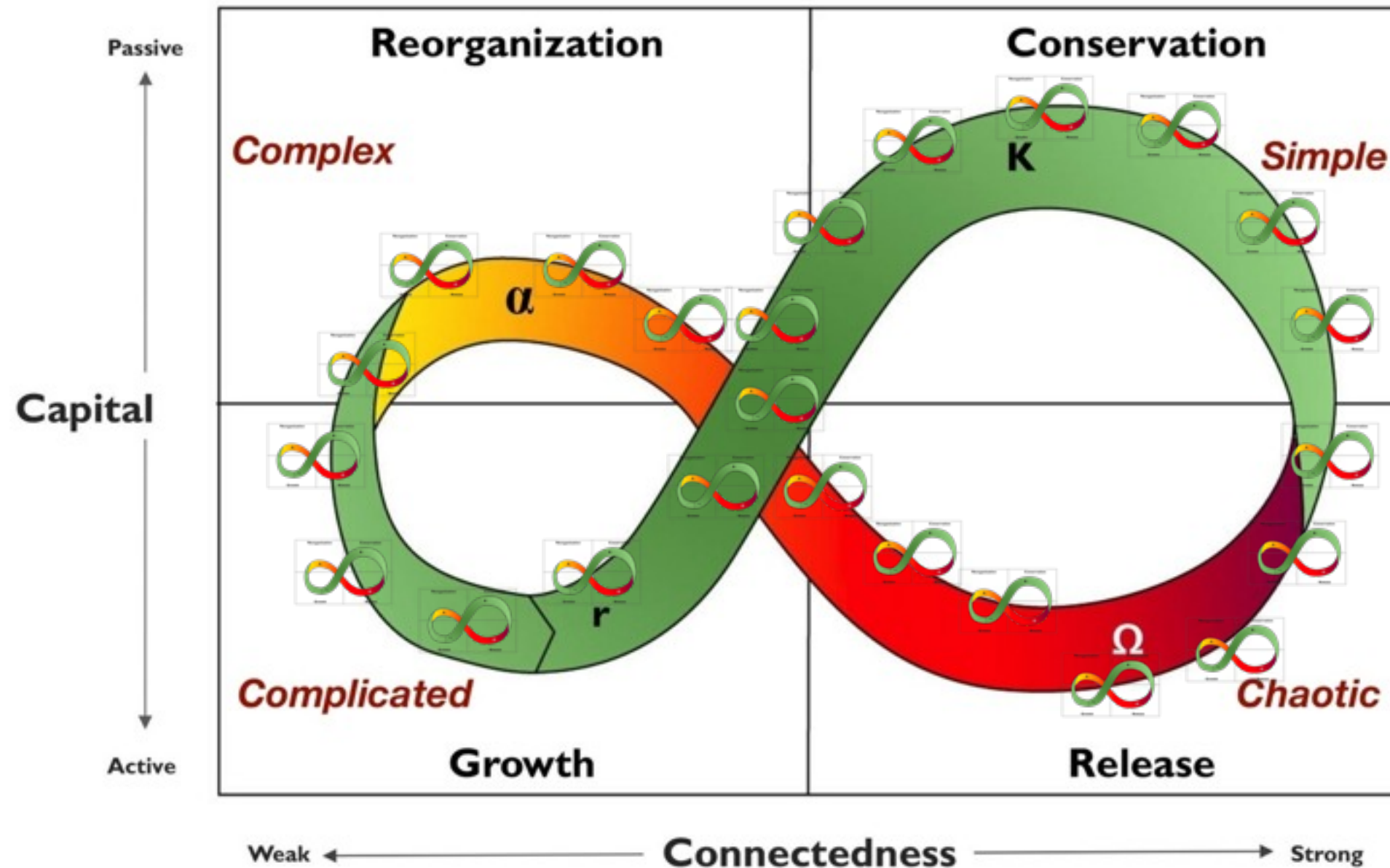
Source: Holling, 1987

Complex View of Organizational Agility
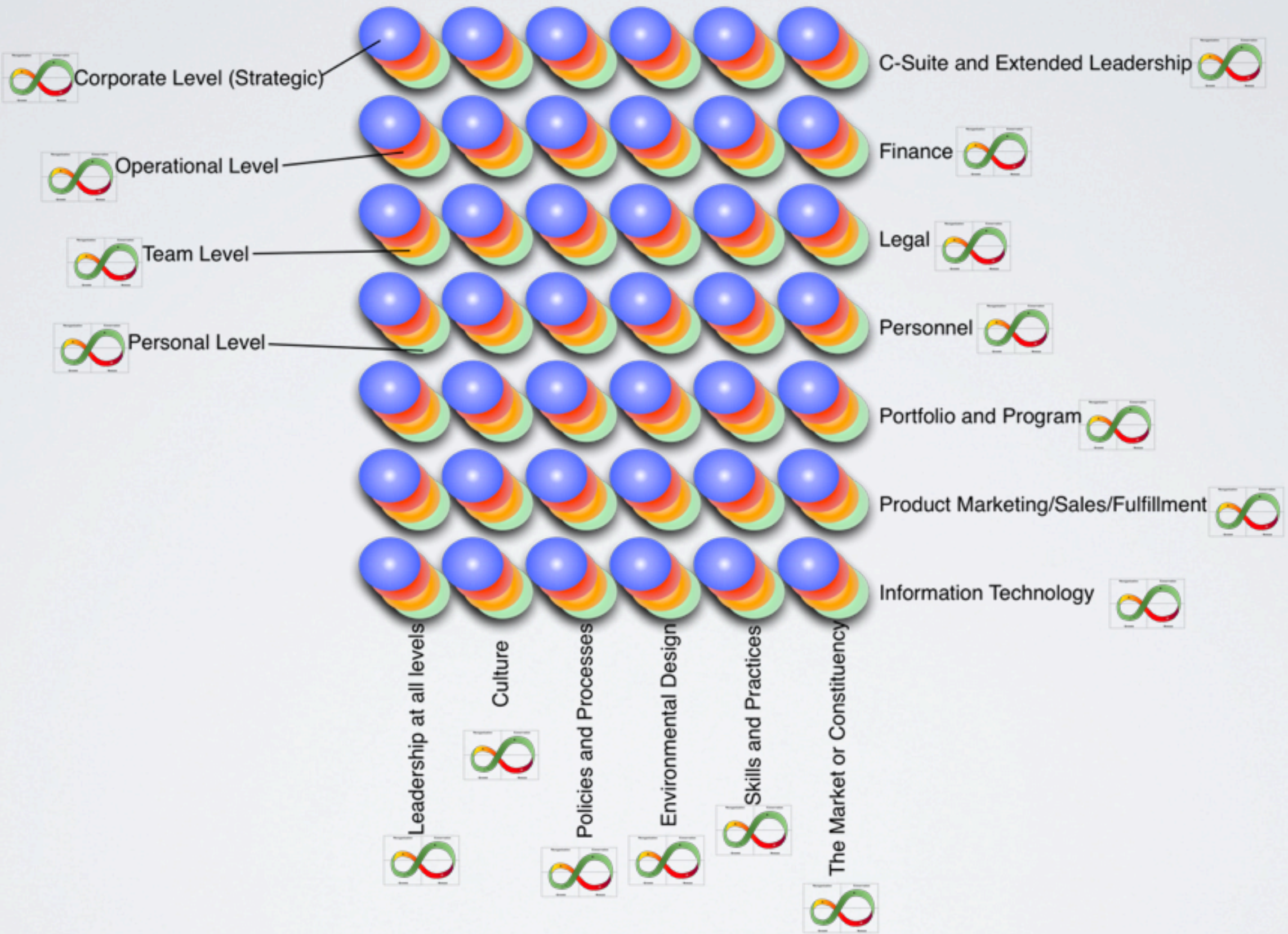
Corporate Level (Strategic)

Operational Level

Team Level

Personal Level

C-Suite and Extended Leadership

Finance

Legal

Personnel

Portfolio and Program

Product Marketing/Sales/Fulfillment

Information Technology

Leadership at all levels

Culture

Policies and Processes

Environmental Design

Skills and Practices

The Market or Constituency

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Cycle of adaptive change

Source: Holling, 1987

Drug-Naive

Caffeinated

WAS THIS WHAT YOU SIGNED UP TO?

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IS IT ANY WONDER WHY AGILITY IS HARD TO ADOPT?

• It isn't a process implementation or improvement

• Requires higher-order thinking

• Requires holistic organizational change instead of local optimization (e.g. IT)

• It is near impossible for our brains to understand what to change and what to change to (i.e. Why Big Data and BI is Important)

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WHAT IS
TRANSFORMATION?

Probably NOT becoming Agile

WHAT IS SUCCESS?

WHAT IS SUCCESS WHEN THE GOAL IS CONSTANTLY MOVING?

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WHAT IS SUCCESS WHEN THE GOAL IS CONSTANTLY MOVING?

SEAHAWKS

SEAHAWKS

SEAHAWKS

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WHAT IS SUCCESS WHEN THE GOAL IS CONSTANTLY MOVING?

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WHAT IS SUCCESS WHEN THE GOAL IS CONSTANTLY MOVING?

WHAT IS SUCCESS WHEN THE GOAL IS CONSTANTLY MOVING?

Provided we even know
what the goal is.

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HOW WE DEAL WITH FAILURE IS **MORE IMPORTANT** THAN SUCCESS

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THREE COMMON FAILURES

"Immeasurable Agility"

"Oh… That's Outside Our Control"

"I Shall Re-Define Agile In My Own Image"

"I don't know and I don't care!"

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"IMMEASURABLE AGILITY"

THE NORMAL BUSINESS METRICS

Revenue

Costs

Net Revenue

Profit/Loss

Headcount

Efficiency

Quality

Customer Satisfaction

Derivatives of The Balanced Scorecard

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THE BALANCED SCORECARD

Translating the vision into operational goals

Feedback and learning, and adjusting the strategy accordingly

STRATEGY EXECUTION

Communicating the vision and link it to individual performance

Business planning; index setting

Your ability to reinvent yourself is your strategic differentiator, both your business model and in your personal career

THE NORMAL IT METRICS

Scope (Management)

Schedule (Compliance)

Budget (Cutting)

Quality (Defect Counts/Defect Rate)

Resources
(PLEASE STOP USING THIS WORD TO TALK ABOUT PEOPLE!)

Risk (rarely looks at opportunity)

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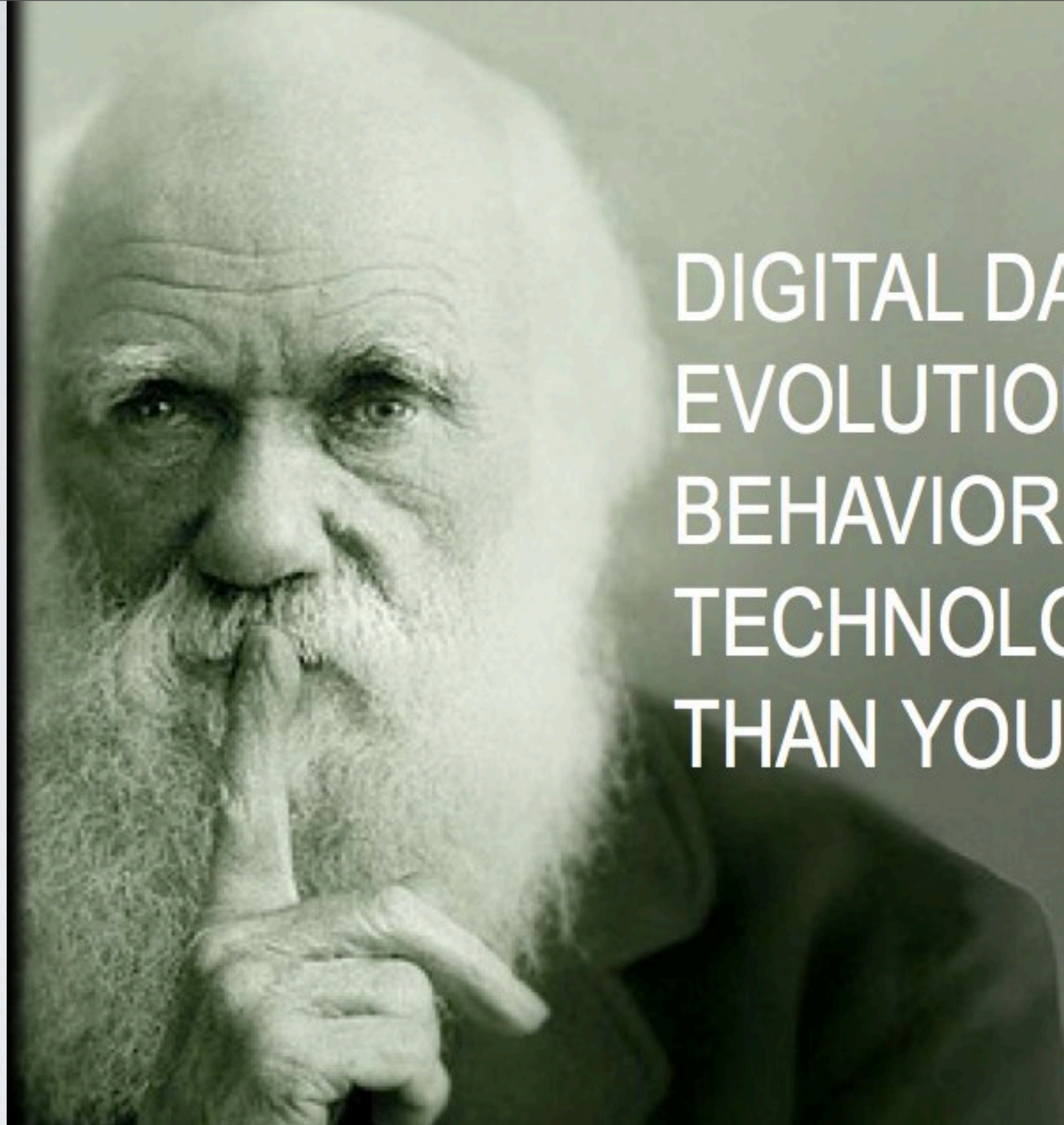"Sophistry is only fit to make men more conceited in their ignorance." (John Locke)

Pre-9/11 vs. Post-9/11

Blackberry

TRUSTING METRICS THAT FOCUSES ON AN END STATE IN A DYNAMIC, COMPLEX SYSTEM IS SOPHISTRY!

Motorola

Too Big To Fail?

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DIGITAL DARWINISM IS THE EVOLUTION OF CONSUMER BEHAVIOR WHEN SOCIETY & TECHNOLOGY EVOLVE FASTER THAN YOUR ABILITY TO ADAPT

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Measure	Measure Description	Performance Category	Frequency	Audience	Guideline
Solution Delivery Index (SDI)	Indexed measure based on the average of Delivery Timeliness, Business Partner Satisfaction, Solution Quality, and Application Availability	Multiple	Monthly	Sr Mgmt, DLs, SPMs, PMs, PDMs	Can be reported if Solution Quality/proj DRE is reported
Implementations On Time (IOT)	% of projects implemented on time vs. total implemented	Timeliness	Monthly	Sr Mgmt, DLs, SPMs, PMs, PDMs	OK to keep active
Business Partner Satisfaction (BP Sat)	Average score on a 10 question customer satisfaction survey expressed as % score on a 4 point scale. Survey completed shortly after project delivery.	Satisfaction	Monthly	Sr Mgmt, DLs, SPMs, PMs, PDMs	Keep. Revisiting for both Agile and Waterfall as part of Solution Quality Workgroup
Solution Quality (SQ)	% of defects and findings submitted before implementation vs. total defects and findings.	Quality	Monthly	Sr Mgmt, DLs, SPMs, PMs, PDMs	Can be reported with lower target than waterfall projects, picking up only the defects carried between sprints or post production
Post Imp Sev 1 Defs	Number of Sev 1 defects submitted within 45 days of implementation	Quality	Monthly	DLs, SPMs, PMs, PDMs	OK to keep active
Post Imp Sev 2 Defs	Number of Sev 2 defects submitted within 45 days of implementation	Quality	Monthly	DLs, SPMs, PMs, PDMs	OK to keep active
Defect Removal Efficiency	Number of findings and defects found pre-implementation for projects and SRs over the past 12 months as a % of findings and defects found in total over the past 12 months.	Quality	Monthly	DLs, SPMs, PMs	Can be reported separate from and with lower target than waterfall projects, picking up only the defects carried between sprints or post production
Project Effectiveness	Project Defect Removal Efficiency [Quality] X Project Function Points per Person Year [Productivity] for projects completed over the past 12 months.	Multiple	Monthly	DLs, SPMs, PMs	Can be reported with lower target than waterfall projects, picking up only the defects carried between sprints or post production
Aggregate Actual to Budget Variance within +/- 10%	Total Actual costs at completion as a % of total marked budget costs at completion for all projects completed YTD.	Financial	Monthly	DLs, SPMs, PDMs	Keep but need to determine when to capture Budget value from Planview (Phase 4 Baselining today is the trigger for waterfall)
Project Actual to Budget Variance	Total # of projects completed with actual costs falling within +/- 10% of marked budget cost expressed as a % of all projects completed.	Financial	Monthly	DLs, SPMs, PMs, PDMs	Keep but need to determine when to capture Budget value from Planview (Phase 4 Baselining today is the trigger for waterfall)
Resource Forecasting Accuracy	Average variance of actual monthly project effort from monthly project effort forecasts YTD. Variance is expressed as a % of the monthly forecast.	Financial	Monthly	DLs, SPMs, PMs, PDMs	OK to keep active
Resource Forecasting Accuracy - Individual	Average variance of actual monthly effort by individual resource from monthly resource effort allocations (forecasts) YTD. Variance is expressed as a % of the	Financial	Monthly	PMs, PDMs	Potential Sunset
Phase 2 / Phase 4 Estimation Accuracy	Aggregate variance of project phase 4 estimated budget costs as a % of approved phase 2 budget costs. Aggregate variance is based on the absolute values of	Financial	Monthly	DLs, SPMs, PMs	Potential Sunset
CPI - Cost Performance Index	Industry standard in-flight cost measure based on the relationship between earned effort value and actual effort expended to date. CPI is expressed as earned effort	Financial	Weekly	DLs, SPMs, PMs, PDMs	Not sure if of value. If keep but need to determine when to capture Budget value from Planview (Phase 4 Baselining today is the
SPI - Schedule Performance Index	Industry standard in-flight timelinees measure based on the relationship between earned effort value and planned effort to date. SPI is expressed as earned effort value /	Timeliness	Weekly	DLs, SPMs, PMs, PDMs	Not sure if of value. If keep but need to determine when to capture Budget value from Planview (Phase 4 Baselining today is the
Cost per FP	Dollar cost per Function Point delivered for projects completed over the past 12 months.	Financial	Monthly	DLs, SPMs	Keep for Experienced Based Costing
Productivity - FP per Person Year (Delivery Rate)	Function Points delivered per total person years of effort expended for projects completed over the past 12 months.	Efficiency	Monthly	ITSO Management	Potential Sunset - all delivery approaches
AIS Resource Utilization	Billable actual resource effort as a % of total available resource effort (including PTO).	Efficiency	Monthly	DLs, SPMs, PDMs	OK to keep active

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HOW TO KILL A COMPANY

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RULE OF THUMB

Measure outcomes, not activity.

Example: I don't track tasks or task hours,
because it doesn't measure outcomes

THE NEW BUSINESS METRICS

YOUR ABILITY TO STAY LEAN	YOUR ABILITY TO ADAPT
Number of Product Releases per Year (26-52 is good)	
ROI per Product Feature	Pirate Metrics Activation, Retention (happiness), Revenue (sustainability), Acquisition, Referral (virality)
Cost per Story Point (using a Gaussian curve)	
	Conversion rate of Horizon 2 to Horizon 1
	Conversion rate of Horizon 3 to Horizon 2

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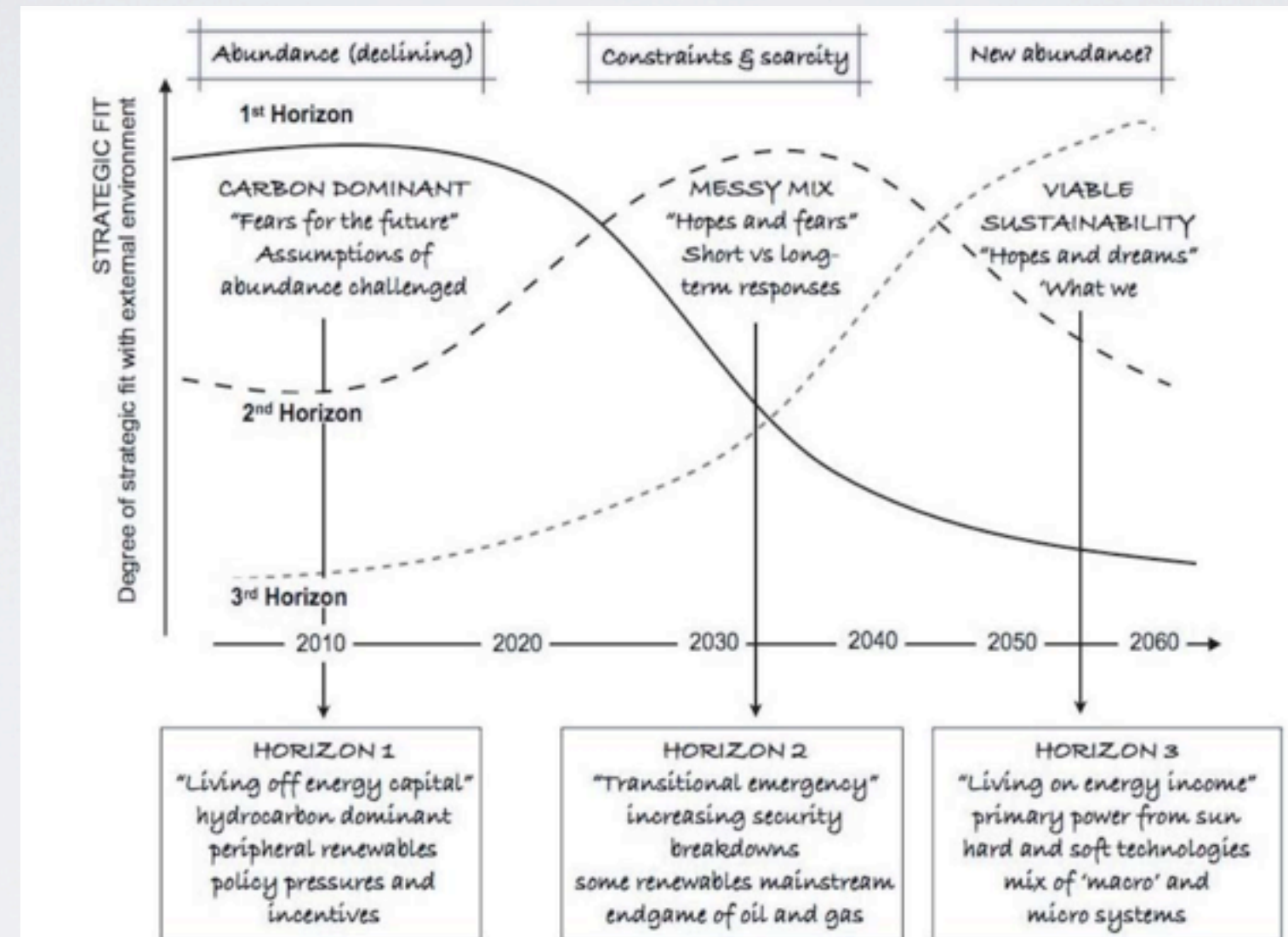
THREE HORIZONS

Figure 3. Three Horizons and energy security
Note. Adapted from "Energy Security and Climate Change", by Bill Sharpe, Anthony Hodgson, & Ian Page. Discussion Paper, International Futures Forum, 2006, Aberdour.

Curry, A., & Hodgson, A. (2008). Seeing in Multiple Horizons: Connecting Futures to Strategy. *Journal of Futures Studies*, *13*(1), 1–20.

THE NEW IT METRICS

Avg. Lead Time per Product Feature	Cycle Time per Product Feature	% Automated* Acceptance Tests
% Automated* Unit Tests	% Automated Compiles per Day	Happiness of each Feature Team
Running Tested Features	Code complexity (McCabe's Cyclomatic Code Complexity)	% Automated* Tests relative to Complex (aka. Risky) Code

*Automated = requires NO human interaction, not even to start the test

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DAVE NICOLETTE'S LIST

See Dave Nicolette's Agile Metrics v6 Presentation

IMPLEMENTING THE NEW METRICS

• Don't dump the old metrics just because I say so or some Agile Coach says so…

• Keep them around for Nine Months and see what happens

• Don't force Agile adopters to be "compliant" to standard operating parameters for existing metrics

• Take a "dip-stick check" every 2-4 weeks (iteration end, or if Kanban just watch the dial and stay out of the way).

• You will either see no change, or

• You will see significant change but causation will be difficult to determine

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"OH… THAT'S OUTSIDE OUR CONTROL"

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WRONG SCOPE
OF ADOPTION EFFORT

"I SHALL RE-DEFINE AGILE
IN MY OWN IMAGE"

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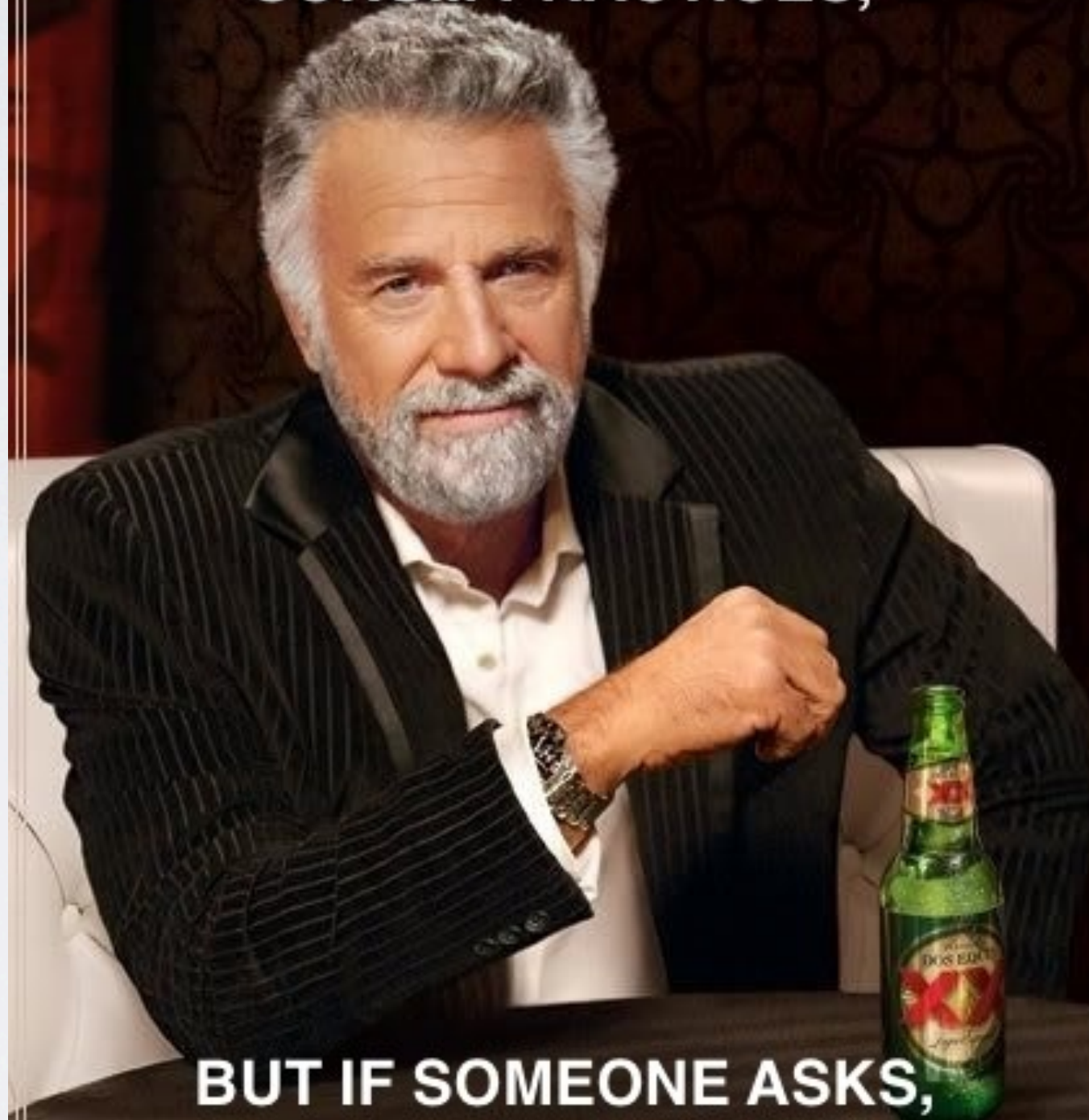
SERIOUSLY?

=
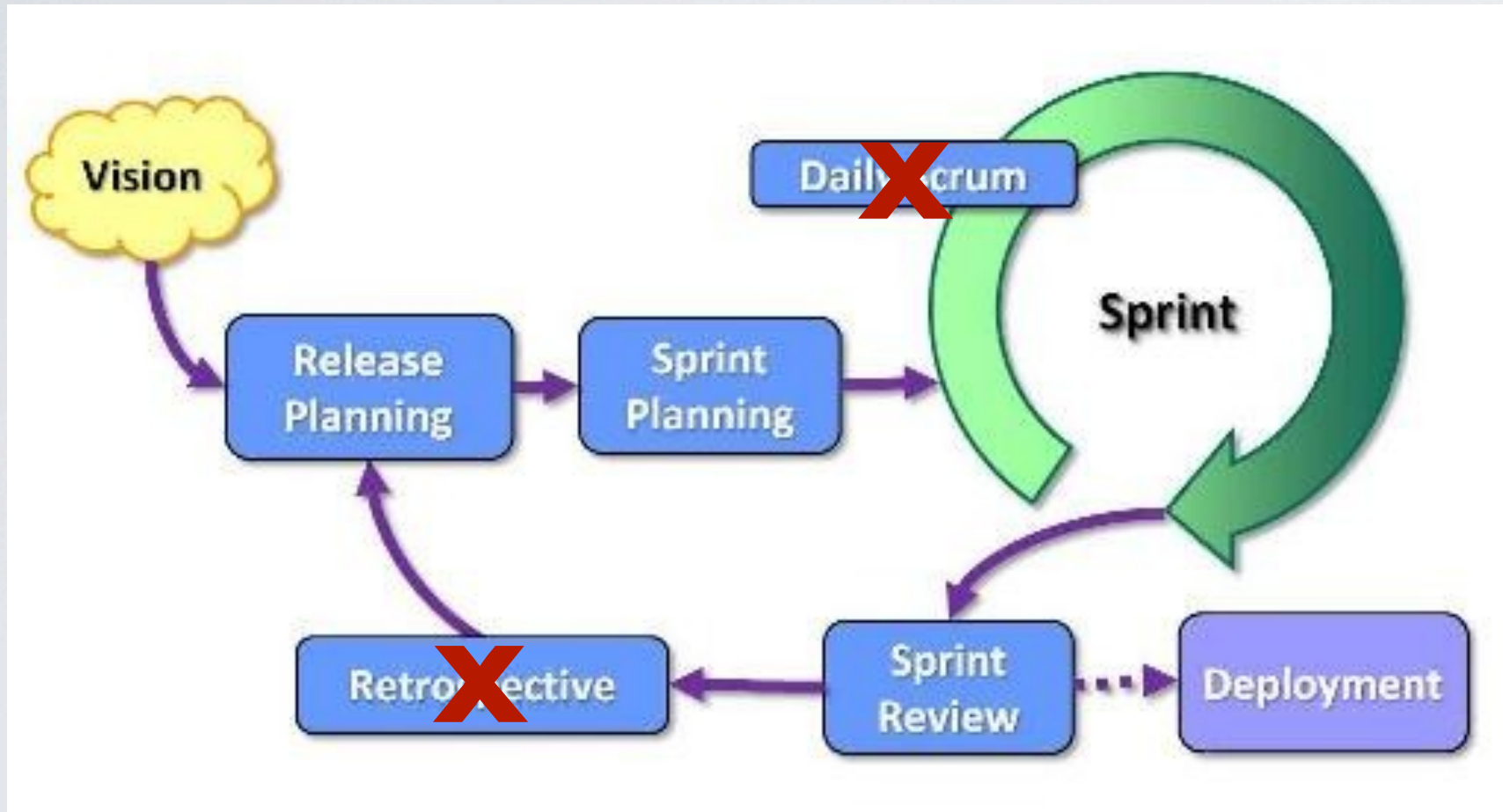
WE GOT **5%** IMPROVEMENT!!!

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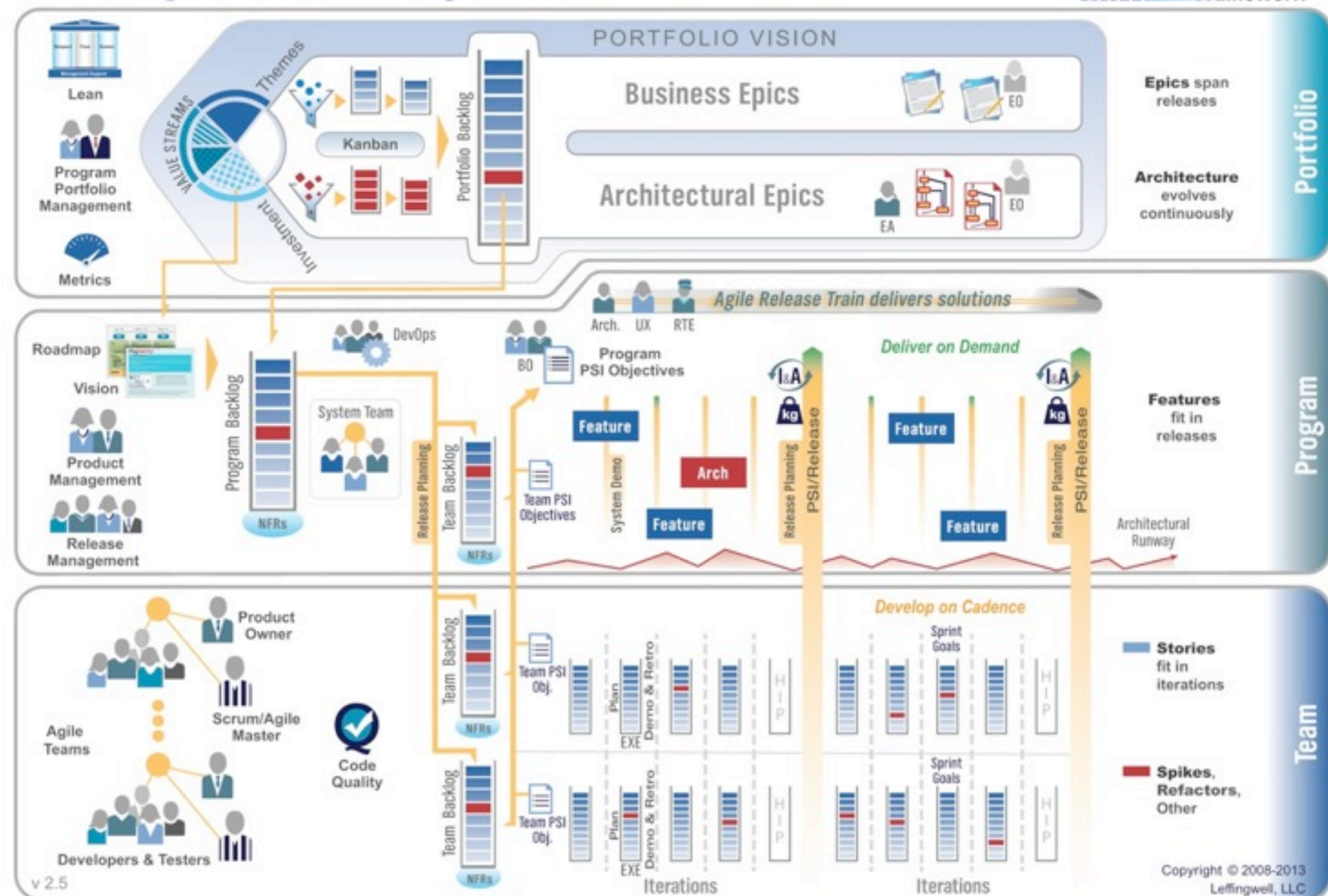# FIVE PREVENTATIVE STEPS

STEP ONE Get the Right People Involved

Adoption team:

Senior Executive Sponsor
Champion
HR
CorpFin
Legal
PPO/PMO
Marketing/Product Dev
Public Relations
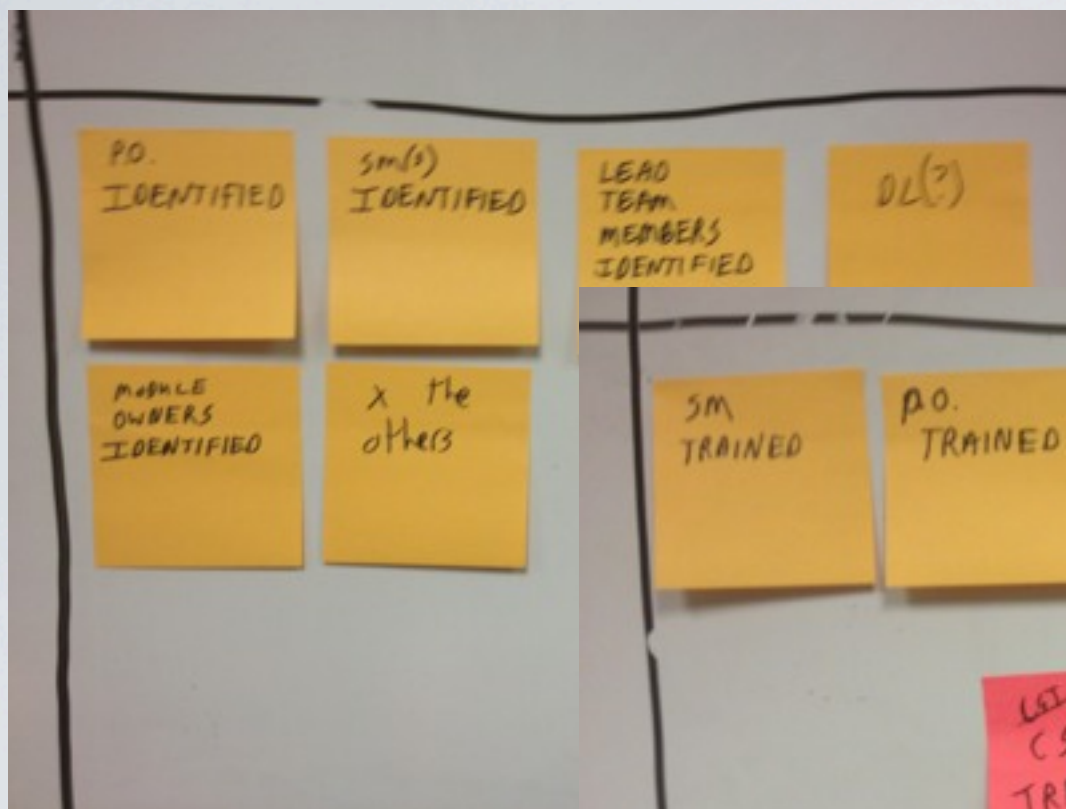Info Tech

STOP THINKING IT ONLY!

Scaled Agile Framework® Big Picture

Use the Right Metrics to Navigate Continuous Change

STEP TWO

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STEP THREE

Create A Coaching Plan For Everything Important

STEP FOUR

Get Rid of Waste...

...including Waste Creating People
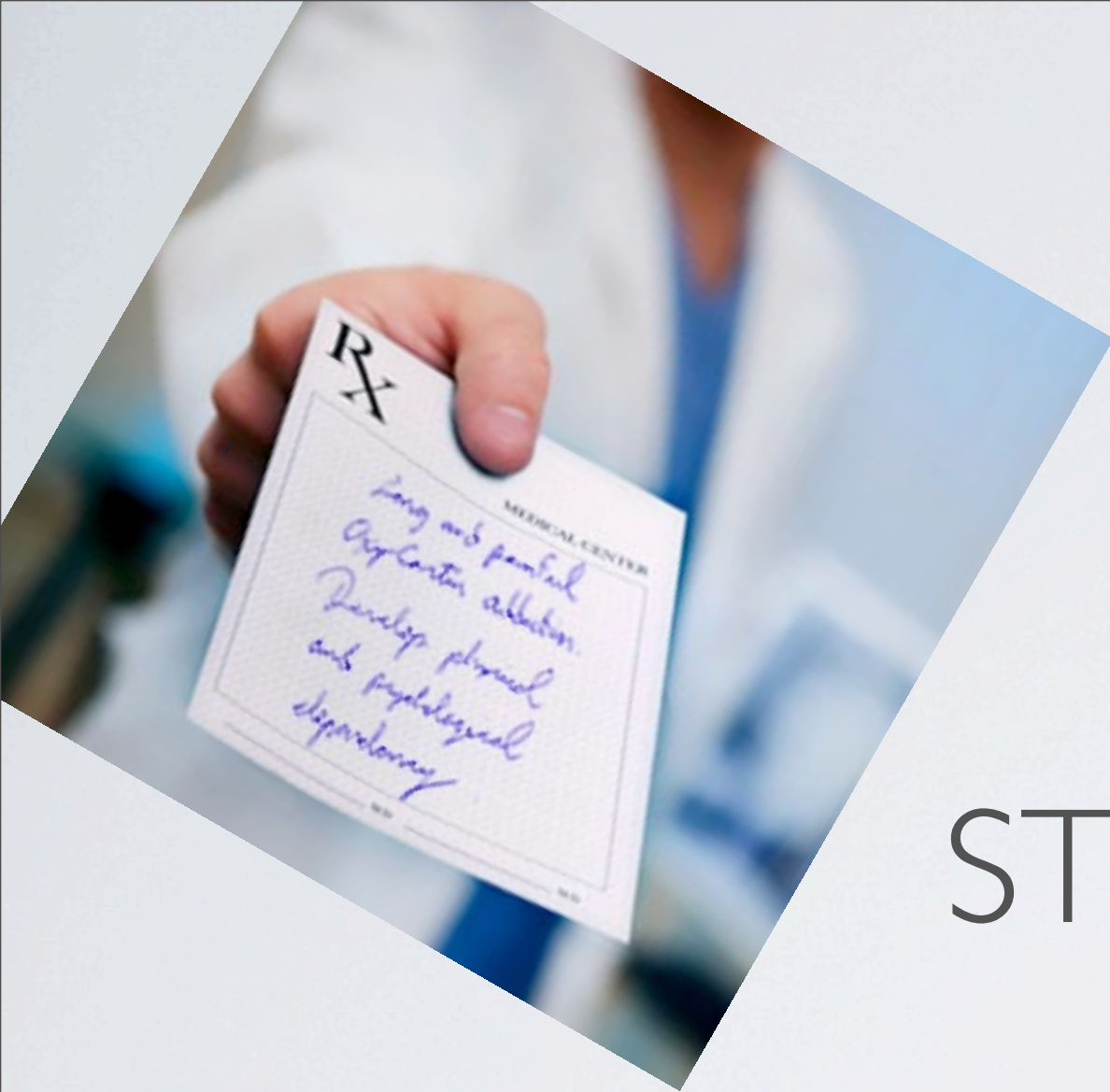
STEP FIVE

Become Post-Heroic, and
Help Others Do The Same

STEP SIX (BONUS)

Don't Be Prescriptive

CHANGE IS HARD

Be Disciplined

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CREDITS FOR
"DID YOU KNOW? SHIFT HAPPENS"

From: Did you know: Shift Happens (2006)

developed by Karl Fisch (thefischbowl.blogspot.com)

with assistance from Scott McLeod (dangerouslyirrelevant.org)

Designed by XPLANE (xplane.com)

Updated and revised February 3, 2013 by blognology.com

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THANK YOU!

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