

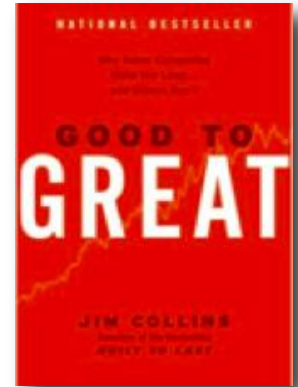
Why Managers Need Scrum

Capturing the Competitive Advantage

Host: *Alex Brown*
Presenter: *Jeff Sutherland*

Agenda

- Management problems
- Why are projects late?
- Get your change for free
- Make money for nothing
- Go from Good to Great
- Radical delivery - the value curve
- Radical funding - fund at 20%
- Dominate the market
- Customers are happier, workers have more fun, and management wins!



scruminc. Who We Are

Scrum Inc. is the Agile leadership company of Dr. Jeff Sutherland, co-creator of Scrum. We are based in Cambridge, MA.

We maintain the Scrum methodology by:

- Capturing and codifying evolving best practices,
- Conducting original research on organizational behavior
- Adapting the methodology to an ever-expanding set of industries, processes and business challenges



We also help companies achieve the full benefits of Scrum through our full suite of support services:

- Training (Scrum Master, Product Owner, Agile Leadership, webinars, etc.)
- Consulting (linking Scrum and business strategy, customizing Scrum)
- Coaching (hands-on support to Scrum teams)
- Publishing and new content development

We run our services company using Scrum as the primary management framework, making us a living laboratory on the cutting edge of “Enterprise Scrum”

Find out more at www.scruminc.com.

Scrum is Faster, Better, Cooler

- Projects can be delivered at 50% of the cost with 40% fewer defects.
 - J. Sutherland, C. Jacobson, and K. Johnson, "Scrum and CMMI Level 5: A Magic Potion for Code Warriors!," in Agile 2007, Washington, D.C., 2007.
- Customers are happier and developers have more fun.
- But what is in it for the manager?
 - Impediments are hard to remove and removing them may change the organization.
 - Maybe I will lose some of my staff, some of my power, maybe my position in the organization.
- A lot of managers don't support Scrum.

Let's Look at Typical Manager Problems

1. Telecom CIO question:

- “I just finished a 100 million euro project and it was two years late and cost me 200 million euro. Can Scrum fix that?”

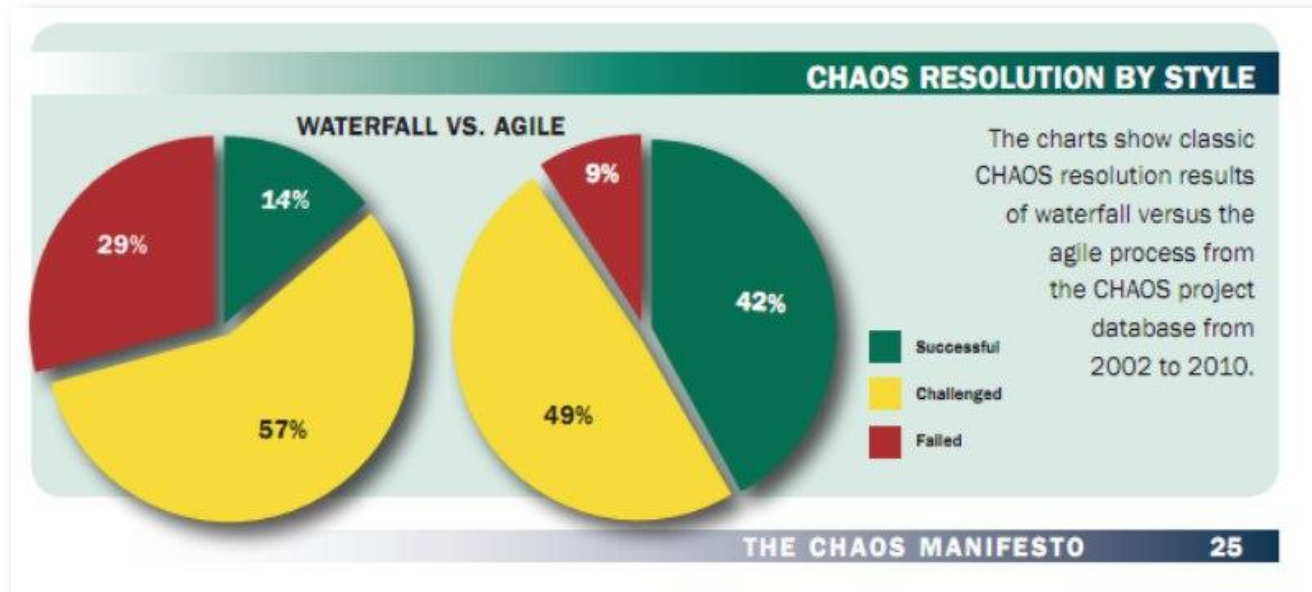
2. Jim Johnson, CEO of Standish Group at Boston CTO breakfast on discussion with CIO of a major company:

- CEO: “41% of my projects are late, over budget, or never get delivered.”
- Jim: “Why don't they fire you?”
- CEO: “The guy they had before me was worse!”

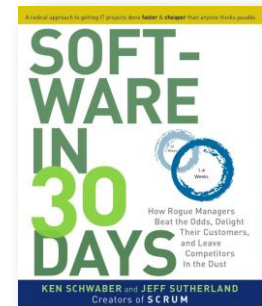
Agile Process

Chaos Manifesto 2011, Standish Group International, Inc.

- The agile process is the universal remedy for software development project failure. Software applications developed through the agile process have three times the success rate of traditional waterfall method and a much lower percentage of time and cost overruns. The secret is the trial and error and delivery of the iterative process.



Source:



Why Are Projects Late?

Third party projects are almost always late...

- Things change. Over 65% of the requirements change during the average development project.
- Change is good for business. Competitive bidding means an initial bid has low profit margin. The money is made on changes billed at time and materials.
- The project has to be late for vendors to make a lot of money.

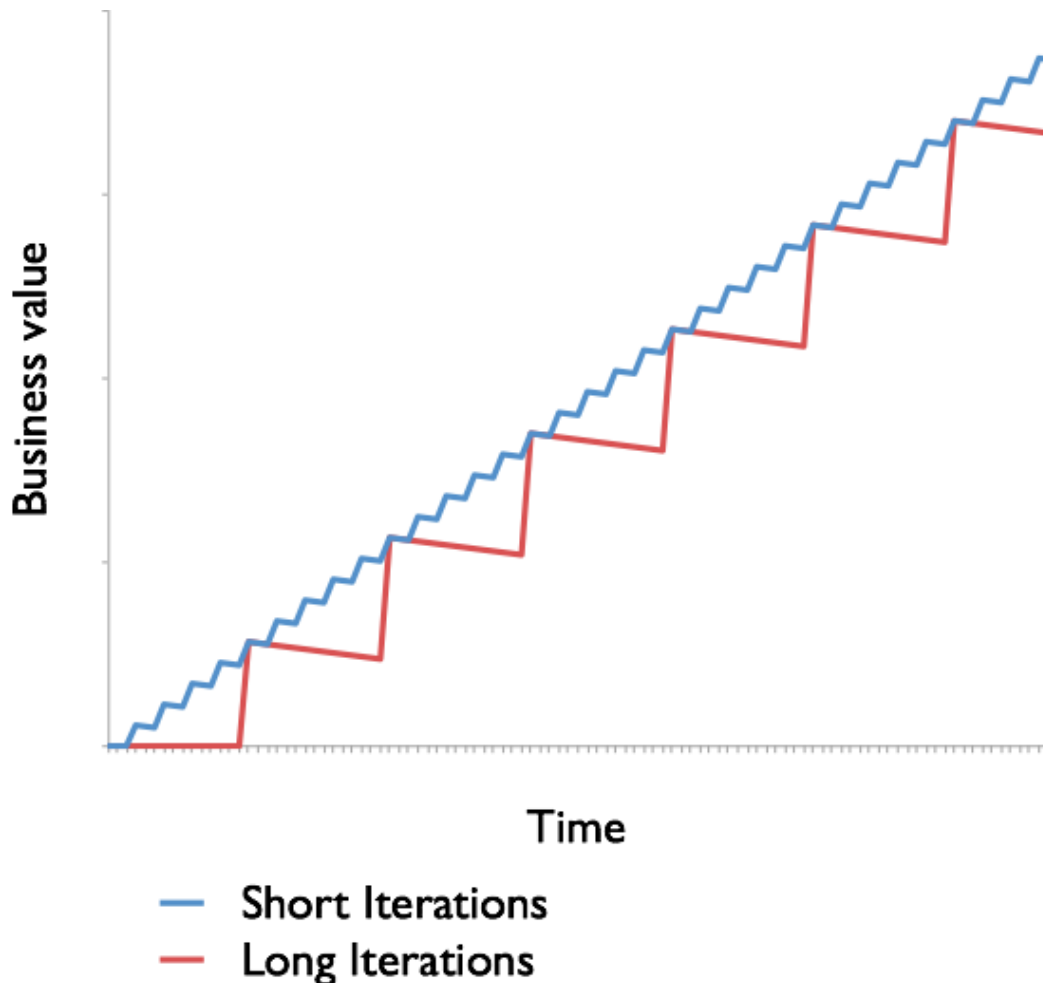
...But internal projects are usually worse

- On average, 80% of the cost of a project is spent up front in the decision process, project management, and requirements development.
- Implementation starts building assuming nothing will change. Change control boards try to fend off change.
- By the time it becomes clear that 65% of the requirements are changing, most of the time and budget has been spent.

Why Do Things Change?

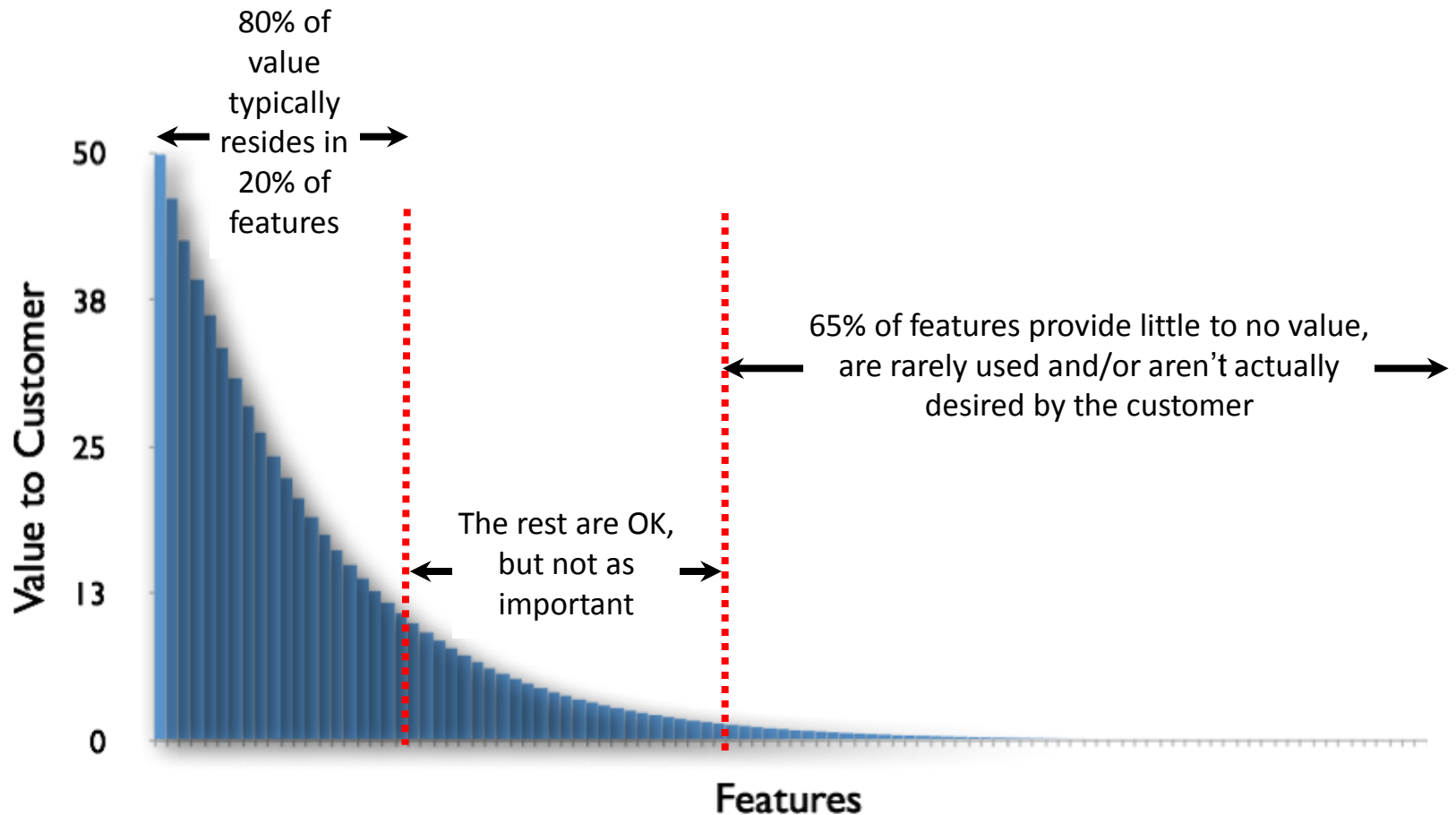
- Users don't know what they want until they see working product (Humphrey's Law).
- Since users have to specify all requirements up front, they put everything but the kitchen sink in the requirements documents. 65% of features are never or rarely used.
- Users discover what they want later, particularly when the business changes. By that time they have spent their budget on a lot of unnecessary features.

The Value of Rapid Iterations



- Business value of a new feature erodes over time (requirements change, etc.)
- Shorter iterations dramatically increase the time over which business value is in the market (area under the curve)
- This is even true assuming a “dumb” work plan
 - Work not prioritized by business value
 - No learning from intermediate customer feedback)

Not All Features Are Created Equal!



How can you tell ahead of time which features add value and which don't?

The Solution - Get Your Change for Free

- Create a prioritized backlog of work to be done with highest business value items first.
- Implement in short sprints, always less than a month.
- When higher priority requirements emerge, put them in the next sprint.
- Cut lowest priority items out of the project equal to the amount of work added. These features are unlikely to be used anyway.
- Change for free allows you to meet your budget and deliver on time.

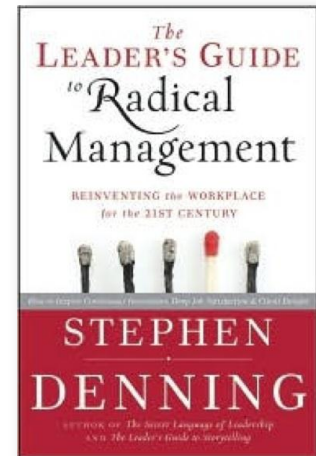
Money for Nothing:

Even Better Than Change for Free

- Projects are usually prioritized by return on investment.
- Ordering your Product Backlog allows you to prioritize features by return on investment.
- Since 65% are never or rarely used, during the project it will become evident that the next low priority feature costs more than the value it delivers.
- Stop the project at that point and deploy the valuable features.
- All projects should deliver early and save money.

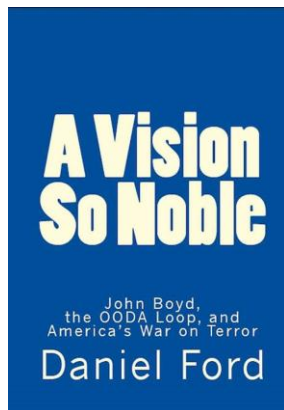
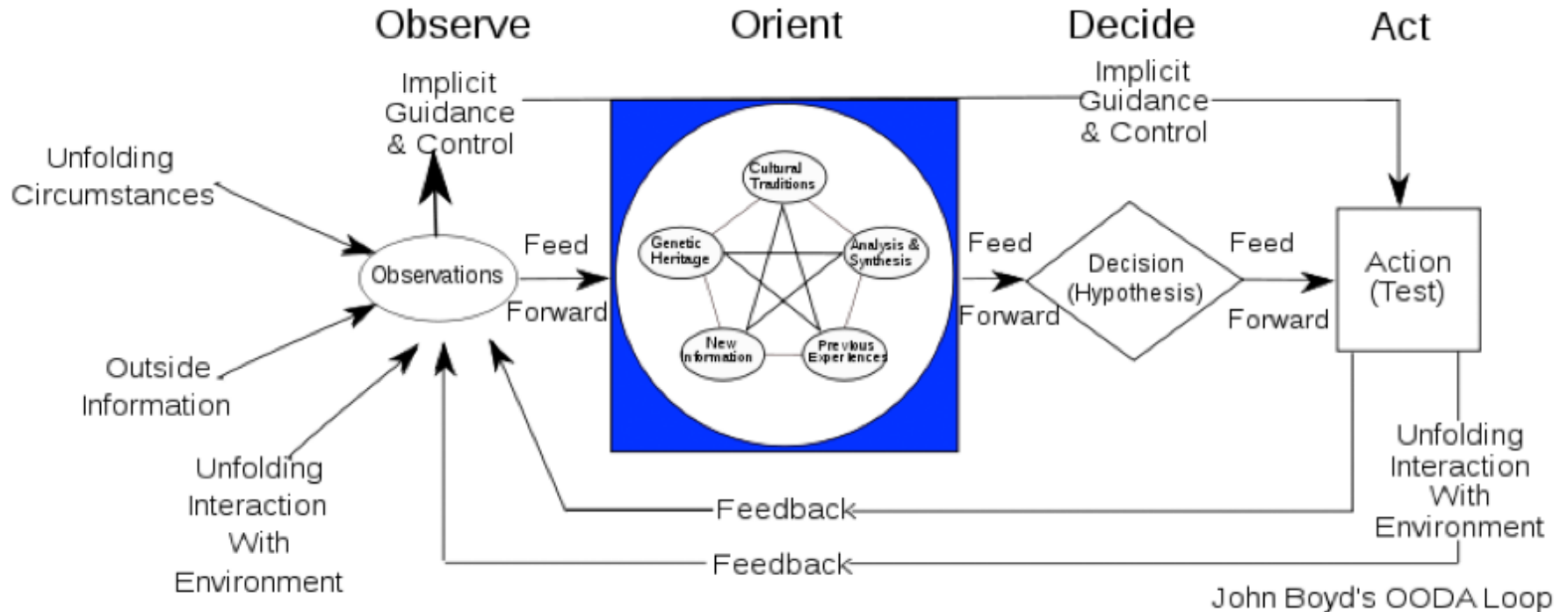
Good Managers Want More

- Bringing in projects on time and budget might help save your job.
- But you need to be more than good, you need to be great!
- To do better you need to gain a competitive advantage in the marketplace.
- To be great you need to disrupt the market by having a technology radically better than your competitors.
- And you need to move faster than your competition.



Get Inside the Decision Cycle of Your Competitors

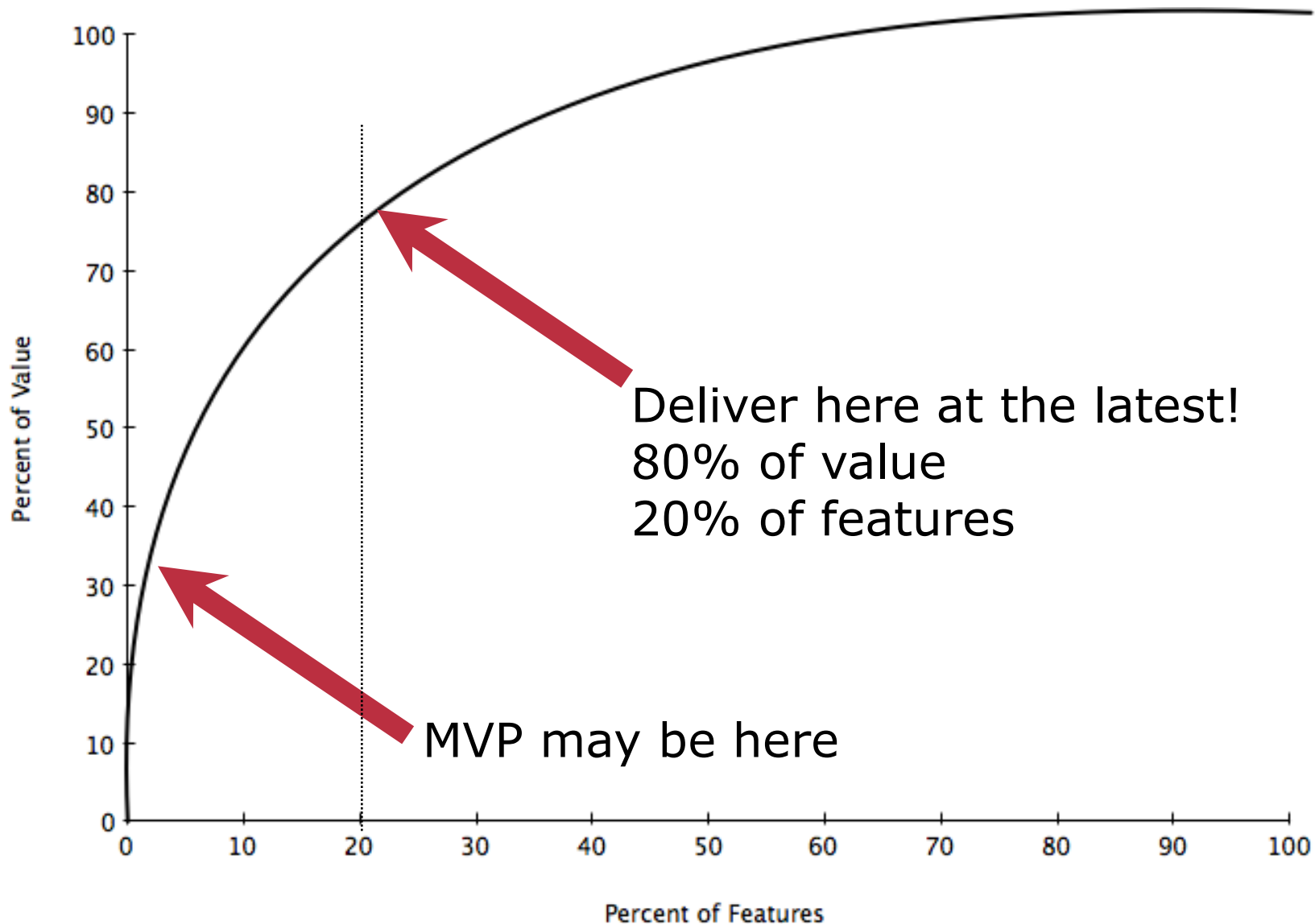
John Boyd's OODA Loop



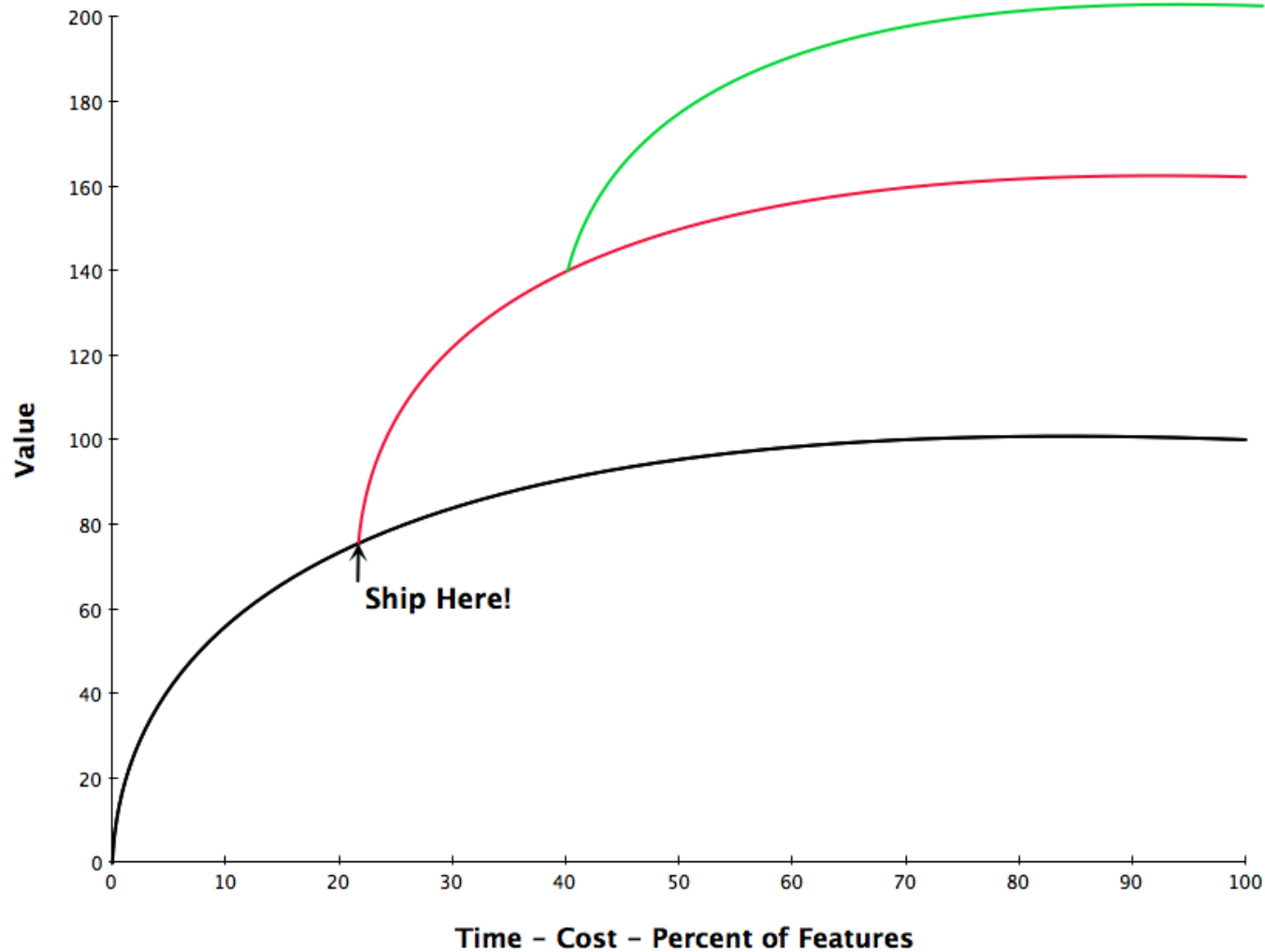
If a general who heeds my strategy is employed, he is certain to win. **Sun Tzu**



Value Curve - Radically Faster Delivery



Compounding Value - Radically Better Delivery



Implies Two Radical New Approaches to Funding Projects

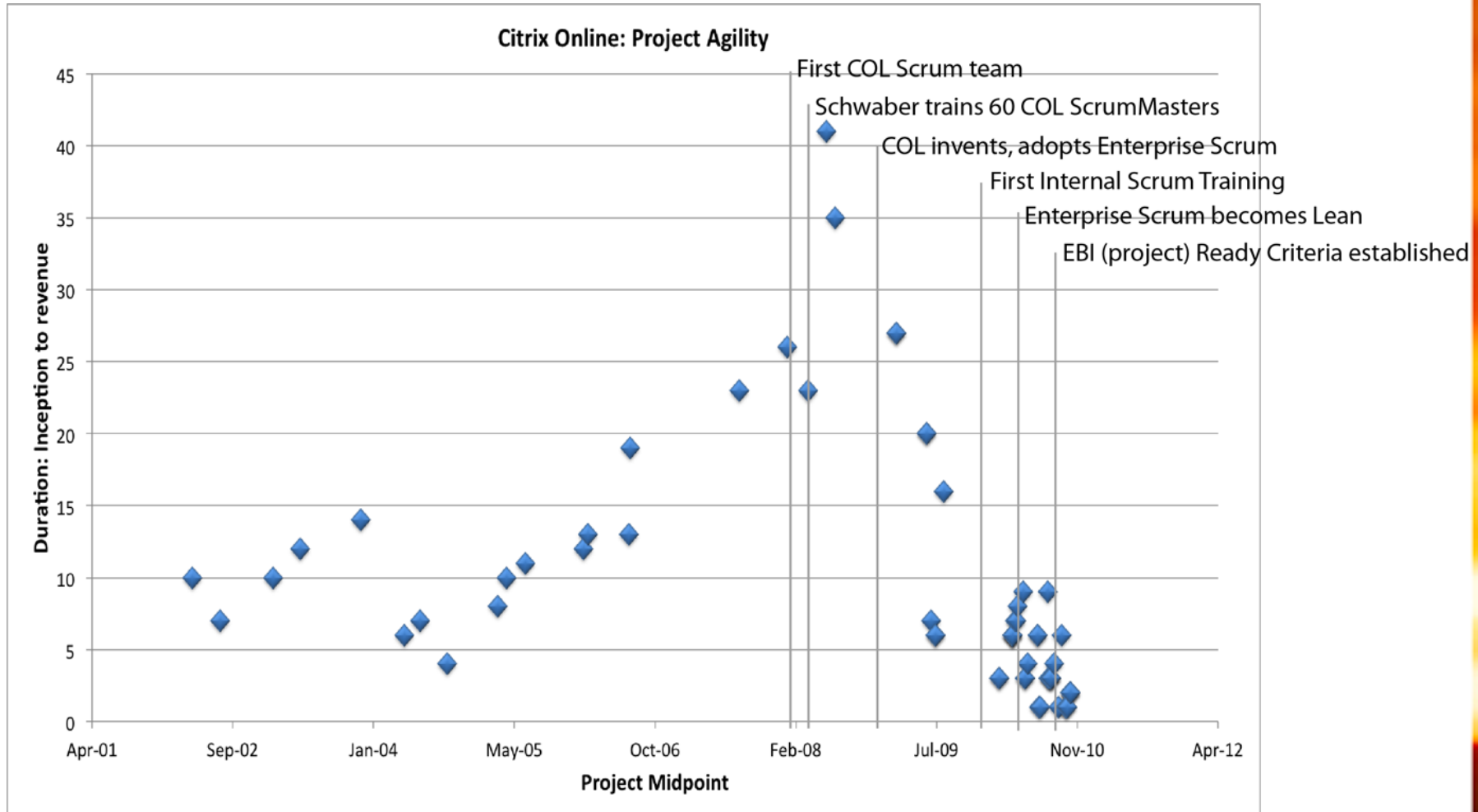
1 Failure is an Option

- Deliver 80% of the value with 20% of the features
- Insist that all project be funded at 20%
- Beyond that they must be self-funded by the value creation they have demonstrated to end users

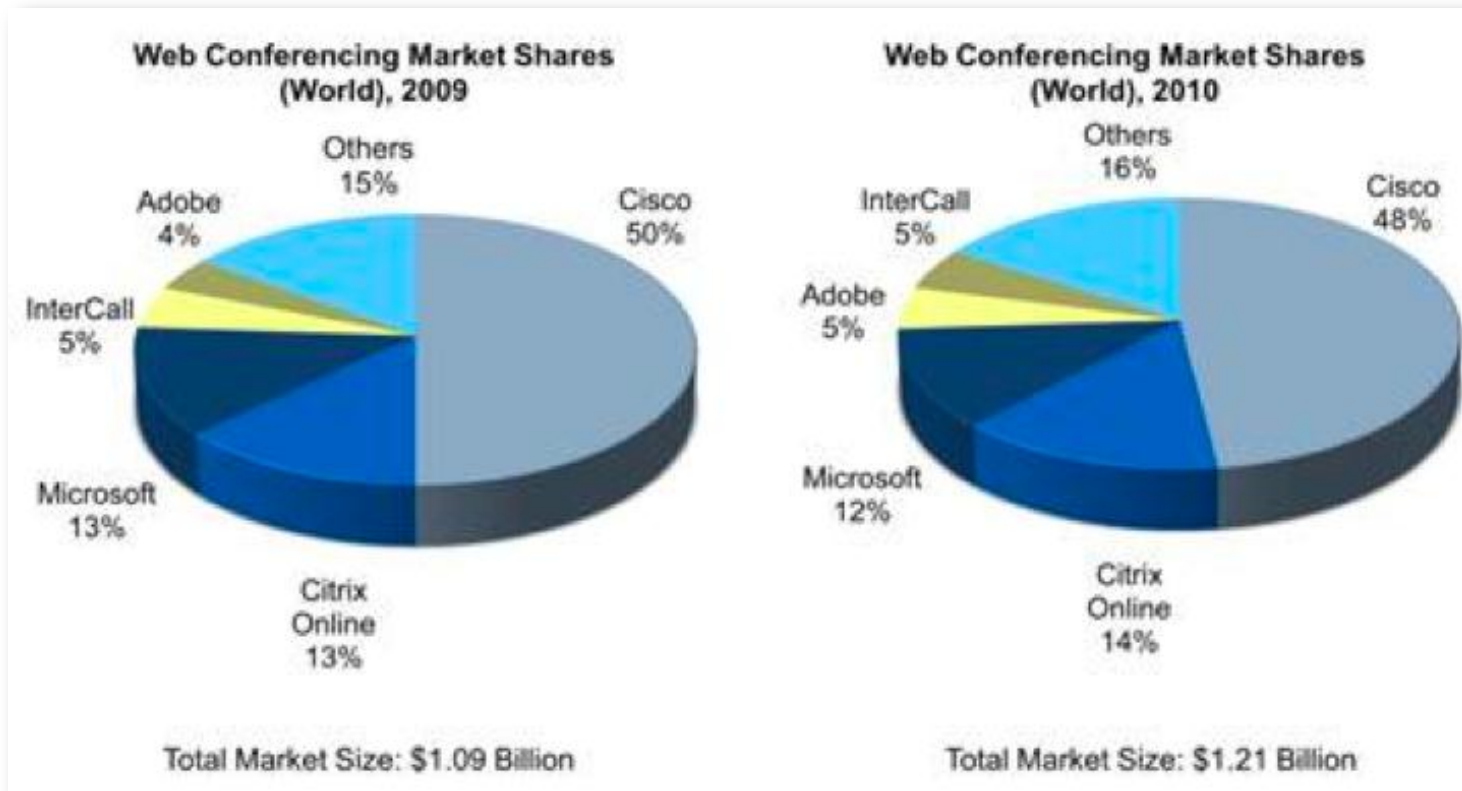
2 Compounded Funding

- If 80% of project cost is upfront management meetings, project tracking, requirementsThen...
 - Cut upfront cost and deliver four additional projects for the price of oneFunds all five projects at 20% of expected cost (per #1)
- You can have up to 25x projects completed for the cost of one current projectAnd take market share from competitors

Radical Improvement in Delivery Schedule



Citrix Online: Effect on Market Share



Gartner - Technical Professional Advice 2012 Planning Guide: Application Delivery Strategies

- Business users are losing patience with old-school IT culture. Relationships are tense and resentful. Legacy systems and practices impede agility. Bottom line - ***GET AGILE***
- ***Adopt a product perspective.***
- ***Say goodbye to waterfall.***
- ***Improve cross-competency collaboration.***
- ***Launch a deep usability discipline.***
- ***Start a technical debt management program.***



Gartner.
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The screenshot shows a web browser window with the URL www.simplyhired.com/a/jobs/list/q--scrum. The page features a search bar with the keyword "scrum" and a location field set to "USA". The search results are sorted by relevance and show a list of job postings. On the left, there are filters for Date Posted, Title, Company, Job Type, Education, Experience, Special Filters, Job Boards, and Recruiters. On the right, there is a sidebar with a "Who Do I Know?" section and a "Sponsored" area.

Keywords: scrum
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scrum jobs Jobs 1 - 10 of 401,009 from across the web

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Title

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Deloitte Development	5,977
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Randstad Technology	3,679
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Things to do immediately ...

- Look at all your projects
- Which pieces of the project will deliver the majority of the value?
- Are you doing those first?
- If no, reprioritize your work
- If yes, deploy by 80% of the value

Questions?



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