

The Effect of Funding on Organizational Culture



Presentation Agenda

Topics for today



Introduction

Who is your speaker?

Why?

Discussion about organizational culture

Framing the Context

Foundational elements for the discussion

Traditional Models

Traditional funding models and their anti-patterns

Capacity Funding

A better way

Closing

Q&A



Introduction

Who is your speaker



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Why?

Discussion about organizational culture



Why is this Important?



It's not just about the team

- Systems Thinking



What gets measured, gets done

Source: Peter Drucker

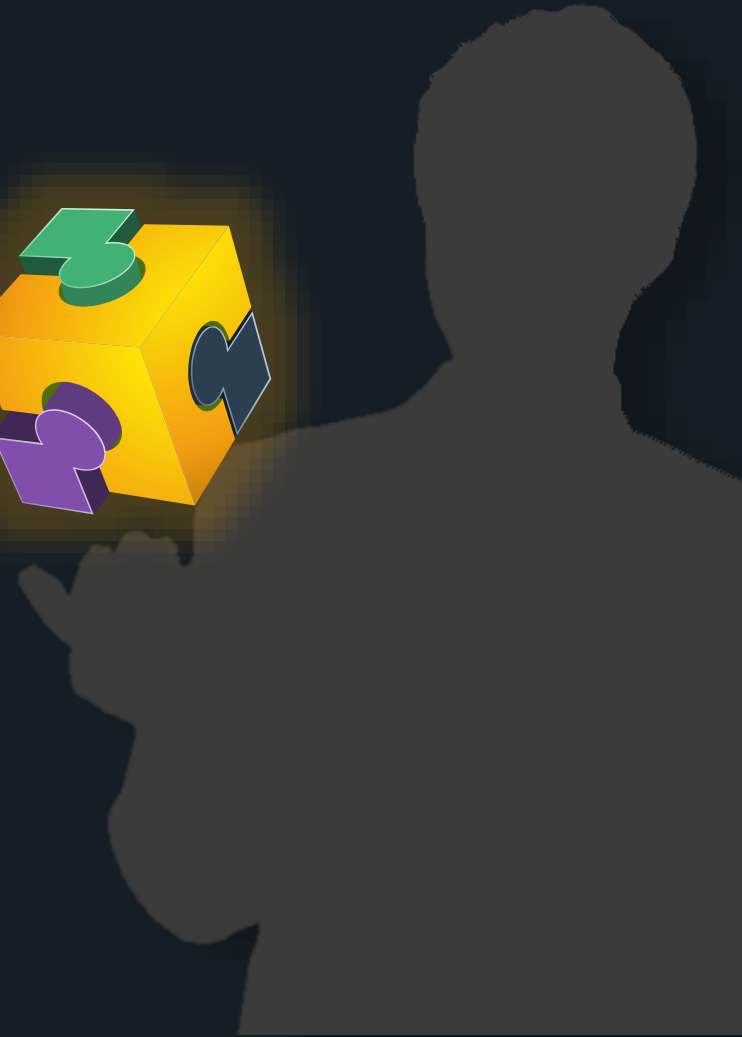
- Metrics drive behavior



Concept to Cash

Source: Mary and Tom Poppendieck

- Focus on rapid value delivery and eliminate waste in all its forms





Framing the Context

Foundational Elements of the Discussion



3 Keys to a Successful Transformation



Team



Backlog



Product



Form complete cross-functional, self-organizing teams

- ❑ These teams have to be focused on a business problem that the company wants to solve.
- ❑ They have to stay together over long periods of time.
- ❑ They have to have everything and everyone necessary to solve the problem they are formed to solve.



Build prioritized backlogs

- ❑ Each team must have a clear list of things that they are expected to build.
- ❑ They have to meet the INVEST model or some similar standard.
- ❑ They have to be so clear that the team can organize around them in a two hour planning meeting and leave that meeting with a high degree of confidence that they can be built.

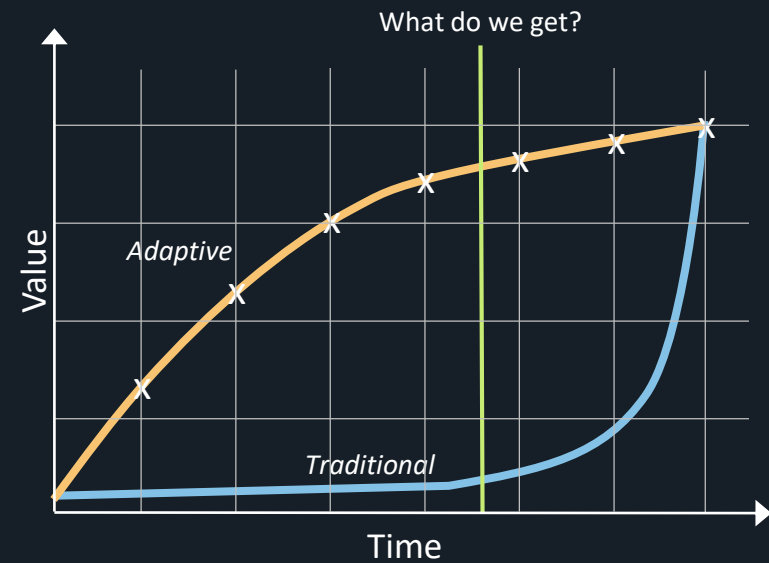
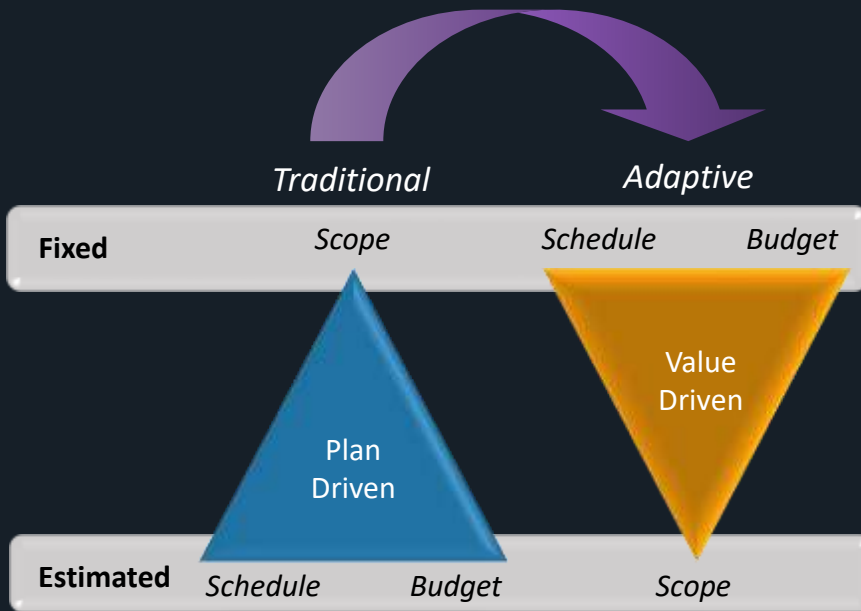


Deliver working tested software every iteration

- ❑ Every team must have the ability to deliver a working tested increment of the product, or a slice of the solution, that the team was formed to build.
- ❑ It has to be measurable, free of defects, free of technical debt, and meet the acceptance criteria defined by the business.

Anything that gets in the way of doing these is an impediment that must be removed!

Plan Driven vs. Value Driven



Source: Dynamic System Development Method

Agile Manifesto

1

Our highest priority is to satisfy the customer through early and continuous delivery of valuable software.

2

Welcome changing requirements, even late in development. Agile processes harness change for the customer's competitive advantage.

3

Deliver working software frequently, from a couple of weeks to a couple of months, with a preference to the shorter timescale.

4

Business people and developers must work together daily throughout the project.

5

Build projects around motivated individuals. Give them the environment and support they need, and trust them to get the job done.

6

The most efficient and effective method of conveying information to and within a development team is face-to-face conversation.

7

Working software is the primary measure of progress.

8

Agile processes promote sustainable development. The sponsors, developers, and users should be able to maintain a constant pace indefinitely.

9

Continuous attention to technical excellence and good design enhances agility.

10

Simplicity--the art of maximizing the amount of work not done--is essential.

11

The best architectures, requirements, and designs emerge from self-organizing teams.

12

At regular intervals, the team reflects on how to become more effective, then tunes and adjusts its behavior accordingly.

Traditional Funding Models

And their anti-patterns



Traditional Funding Models



Large Initiatives: *Projects*

Large bodies of work, often integrated with external teams. Usually involves funding requests, change requests, documentation



Small Enhancements: *Sometimes Projects*

Typically reduced overhead for work that is smaller than a certain duration or cost

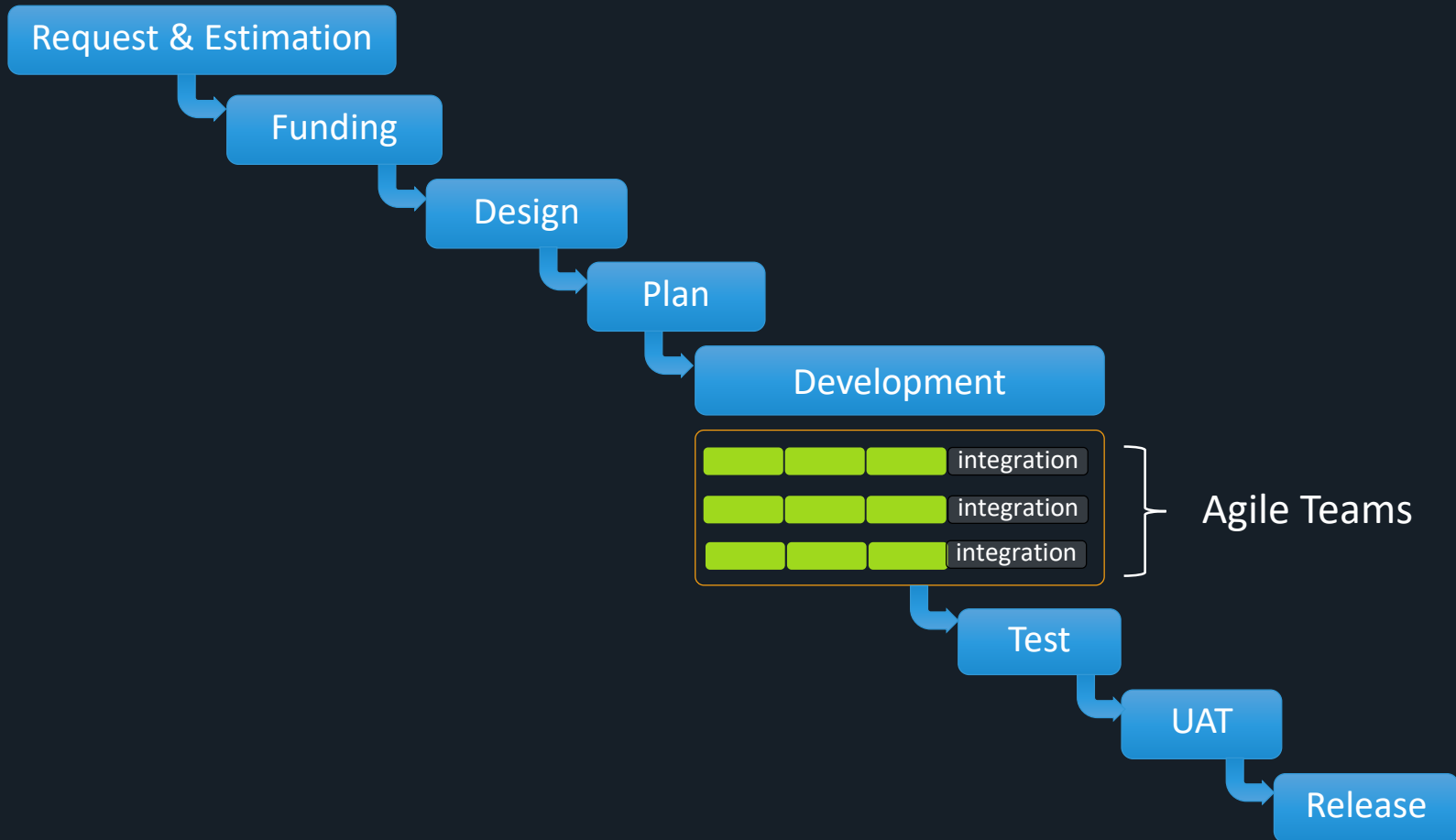


Baseline/BAU (Business As Usual):

Fund a number of “resources” to do work such as defects, production support, etc.



Scrummer-Fall



Scenarios



- ❑ Remember the foundational elements we discussed:
 - ❑ 3 Keys (Team, Backlog, PSI)
 - ❑ Value Delivery
 - ❑ Manifesto Principles

Scenario #1

A development organization supports one application for multiple Lines of Business, each with their own priorities and goals.

The organization decides to build agile teams around each LOB (since each LOB funds separately) and another for BAU.

The teams decide that to best manage their timelines, they should have separate branches of the code so they are not impacted by other teams. Prior to release, the teams have an integration sprint to merge code with other team's work, retest and fix bugs that emerge.

What anti-patterns can be observed?

Scenario #2

A development organization supports one application and many projects. All work is funded by project and the organization is contractor heavy.

The organization decides to build agile teams around each project.

When a project is complete, the team is re-formed for the next project. When a new unplanned project comes along, additional resources are hired to add capacity, or is absorbed into the existing timelines/capacity. A manager is also assigned to each project and is responsible for the successful delivery of that work.

What anti-patterns can be observed?

Scenario #3

A development organization supports one application and many projects. There is a different backlog each for projects, small enhancements and defects

The organization decides to build agile teams around each backlog.

Priorities across the backlogs are never discussed as they are separate workstreams. Team members are frequently pulled into other teams for specific items.

What anti-patterns can be observed?

Scenario #4

A development organization supports many applications, many projects and many LOBs, plus manages a number of internal technical “projects” that the LOBs don’t care about.

Often, the internal projects “borrow” funds from LOB work in order to avoid the process of getting funding approved.

In addition, when a funded project begins to run out of money, development managers have team members bill to other projects, while continuing to work on the bankrupt project, without informing anyone.

What anti-patterns can be observed?

Scenario #5

What are your experiences?



Capacity Funding

A better way



Continuous Value Delivery



Ideas 



Refine 



Execute 



Capacity-based Funding

Teams not Projects

- Keep teams stable and cross-functional
- If teams and sprints are stable – they are fixed price and fixed time
- Cross-functional teams can swarm on highest value work

Budget by Capacity

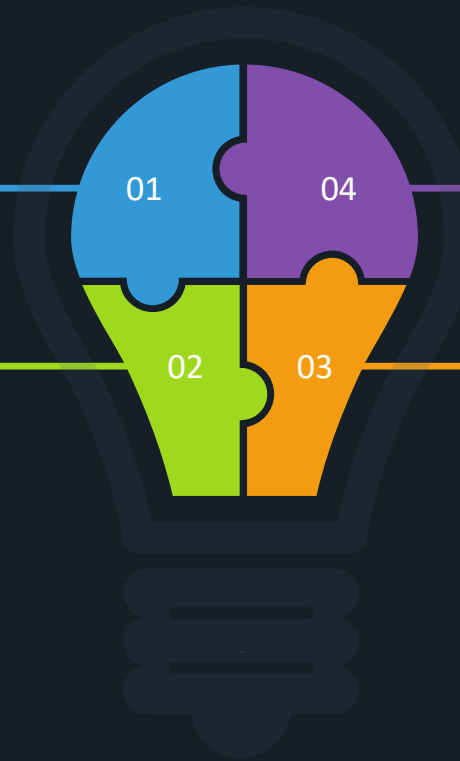
- Use velocity/throughput to determine available capacity
- Track costs using cost per point
- Generally, cost this year will be similar to last year (+/-)

Focus on Value Delivery

- Use Value/Return to approve work
- Value/Return is relative to all other work in the organization
- Measure return
- New work changes priority of existing work based on value/return

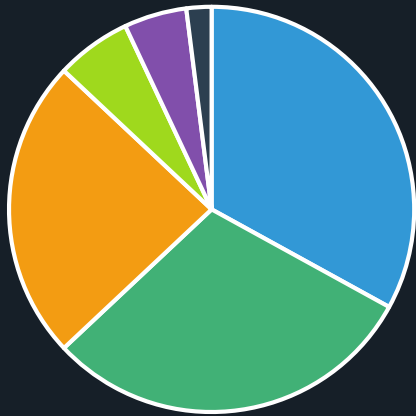
Make Large Work Smaller

- Rather than making the organization more complex, make the work simpler
- Pareto Rules!



Allocating Funds

Strategic Goals



Allocation Percentage

Allocate funds against strategic organizational goals

Increase Customer Satisfaction 33%

Reduce Call Center Call Volume 30%

Increase Customer Referrals 24%

Increase Customer Retention 6%

Reduce Infrastructure Costs 5%

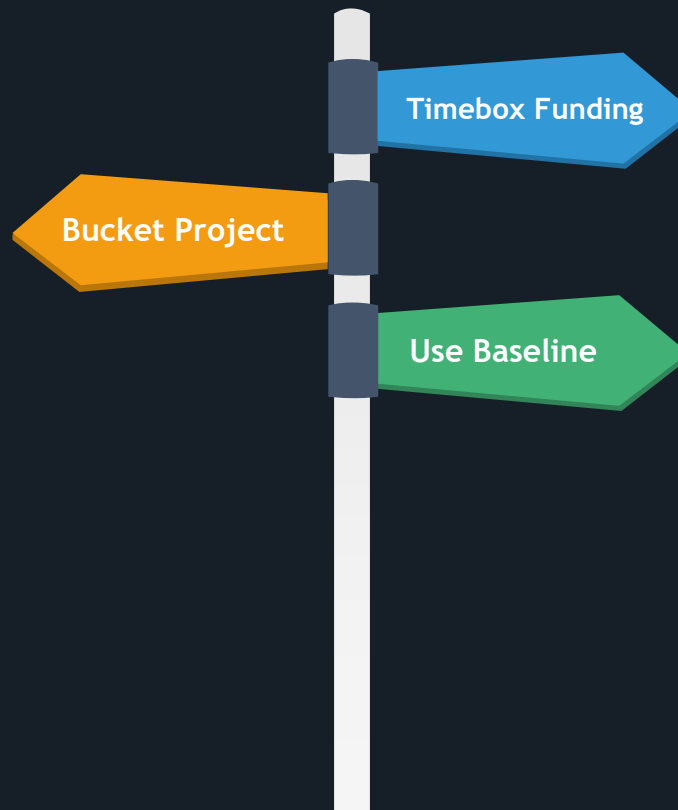
Improve Data Mart Consistency 2%

- ❑ Define 5-6 high level strategic goals
- ❑ Define how the goals will be measured
- ❑ Allocate work to goals and percentages
- ❑ Work should align to goals
- ❑ Track costs against goals

Working Within the System

Bucket Project

- Define a single project for the year
- Define high-level features for the BRD
- Changes within those features are accepted
- If a feature is removed or added, employ change requests



Timebox

- Treat each quarter or release like a project
- Series of Statements of Work

Baseline

- Wherever possible, reduce projects and use baseline funding

Closing

Q&A

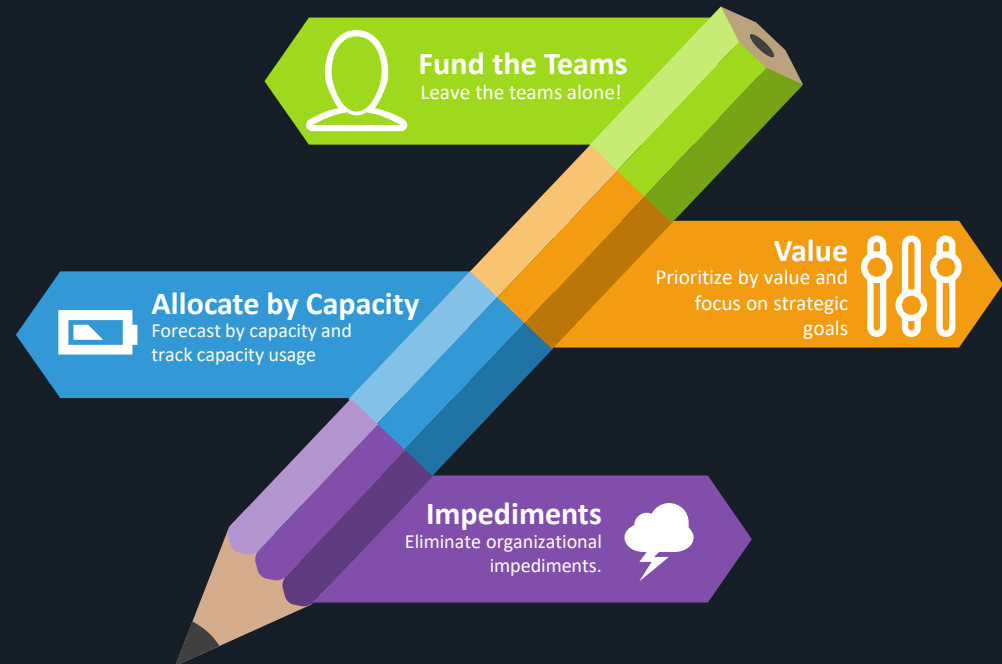


Summary

The Organization is a System

Funding effects how we organize, determine success, hire, lead and behave.

Give your teams the support they need to be successful!



Any Questions ???



WHAT

WHY

WHERE

WHEN

WHO

HOW





Thanks for Listening!



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Making companies awesome!

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