3 Steps to Leap from Agile Teams to Business Agility

Sanjiv Augustine

July 2023
About Me

Sanjiv Augustine

- **Sanjiv** is the Founder and CEO of LitheSpeed, LLC & the Agile Leadership Academy®
- He has enjoyed 20+ years of practicing and evangelizing Agile, with a focus on strategic agility.
- Sanjiv loves travel, world cultures and music.
- Latest book: *From PMO to VMO*.
- Podcast: [agilecaravanserai.com](http://agilecaravanserai.com).

This deck is here: [https://lithespeed.com/agile2023/](https://lithespeed.com/agile2023/)
About LitheSpeed

"Making peoples’ work more valued, productive and fulfilling"

Management Consulting & Training:
- Project to Product
- Lean Portfolio Management
- Strategic Agility

Introduction to the Agile VMO® Self-led
Certified Agile VMO Practitioner™
Certified ALA Trainer™

Industry Recognition

Enterprise Clients
Goal: Business Agility

1. Set up end-to-end Value Stream Teams

2. Set up an Agile VMO

3. Move from Yearly Budgeting to Fixed Funding
Goal: Business Agility
Our Goal: Business Agility

“Successful organizations are able to pivot and implement quickly in order to achieve competitive advantage.”

- Steve Denning via PMI Pulse of the Profession

How fast can we learn?
3 Steps to Leap from Agile Teams to Business Agility

**Objective** Deliver value rapidly & directly to customers

1. **Set up end-to-end Value Stream Teams**
   - Align Value Streams to Customer Journeys

2. **Set up an Agile Value Management Office (VMO)**
   - Increase decision velocity
   - Align to outcomes
   - Enable portfolio prioritization
   - Flattened hierarchy via team of teams

3. **Move from Yearly Budgeting to Fixed Funding**
   - Teams pre-funded yearly by Value Streams & OKRs
   - Link strategy to execution
   - Delink funding from projects and prioritization
Agile teams deliver in timeboxed Sprints (two weeks, typically)…
...and we aim to deliver product increments to customers rapidly.
Our Goal: Customer-focused, Small Batch Delivery with Validated Product Increments

Over a series of Sprints, User Stories coalesce into Minimal Marketable Products (MMPs.) Once enough are ready, we Release.
What happens in real life is that we end up with long lead times before and after development…
…and since agile teams are disconnected from our end users and customers, we deliver output that does not align with the business outcomes necessary for true business agility.
Exercise: Defining the Agility Gap

Go to www.menti.com and use the code 8484 8138

NOT SO MUCH

<table>
<thead>
<tr>
<th>Our portfolio of work is focused, fast and dynamic, allowing for very frequent &amp; reliable deliveries while maintaining flexibility to changing needs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our product’s technical quality is very high, with end-to-end automation where appropriate, allowing for rapid modification with low risk.</td>
</tr>
<tr>
<td>Our metrics are consistently meaningful &amp; actionable, giving a clear idea of customer satisfaction, team engagement &amp; delivery capacity across teams.</td>
</tr>
<tr>
<td>Our products and services are loved by customers, with subjective ratings consistently placing us in the top tier of our market</td>
</tr>
<tr>
<td>Our teams are engaged and happy with their work, with an intrinsic sense of purpose and consistently high satisfaction ratings.</td>
</tr>
<tr>
<td>There is a robust feedback loop from teams to leadership and back, keeping teams tightly coupled to real business needs.</td>
</tr>
<tr>
<td>Leadership has visibility and ground knowledge on product performance to inform strategic decisions.</td>
</tr>
</tbody>
</table>

YEA, VERILY!
The Business Agility Sparks® Operating Model

AGILE VMO®

END-TO-END TEAM 1

Discover  Refine  Deliver  Run  Digital Measurement

END-TO-END TEAM 2

Discover  Refine  Deliver  Run  Digital Measurement

Flexible Flow

DELIVERY VELOCITY

System Test

Deployment Queue

Business Results Data

DEPLOYMENT VELOCITY

END TO END VELOCITY
1. Set up end-to-end Value Stream Teams
Challenge: Organizational Silos Impede Customer Centricity & Rapid Value Delivery

Transformations that originate on the business side can significantly accelerate and reduce adoption times from the typical 8-10 years.

The fuzzy front end, with long lead times

The difficult deployment
End-to-End Value Stream Teams

https://lithespeed.com/business-agility-sparks/#end-to-endvaluestreamteams
While agile teams might be cross-functional with a few integrated functions (dev, test, etc.), organizational silos still persist.

Typically, we end up having to traverse an average of 9 silos to deliver value to our customers.
We need to “shift-left” and integrate end-to-end with business to address pre-dev bottlenecks with value stream teams.
We need to “shift-right” and put in stop gap measures to address post-dev deployment bottlenecks, **even as we move towards release-on-demand** DevOps capabilities.
What is a Value Stream?

A value stream is the set of actions that take place to add value for customers from the initial request through realization of value by the customers.

- PMI Disciplined Agile
**Shift-Left & -Right with end-to-end Value Stream Teams**

<table>
<thead>
<tr>
<th>Sales</th>
<th>Product Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Innovation</strong></td>
<td>Discover</td>
</tr>
<tr>
<td><strong>Refine</strong></td>
<td>Deliver</td>
</tr>
<tr>
<td><strong>Run</strong></td>
<td>Digital</td>
</tr>
<tr>
<td><strong>Measurement</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Service &amp; Billing</th>
<th>Product Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Innovation</strong></td>
<td>Discover</td>
</tr>
<tr>
<td><strong>Refine</strong></td>
<td>Deliver</td>
</tr>
<tr>
<td><strong>Run</strong></td>
<td>Digital</td>
</tr>
<tr>
<td><strong>Measurement</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Marketing</th>
<th>Product Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Innovation</strong></td>
<td>Discover</td>
</tr>
<tr>
<td><strong>Refine</strong></td>
<td>Deliver</td>
</tr>
<tr>
<td><strong>Run</strong></td>
<td>Digital</td>
</tr>
<tr>
<td><strong>Measurement</strong></td>
<td></td>
</tr>
</tbody>
</table>

Set up end-to-end teams focused on **value streams**

Each value stream team has **all/most of the functions necessary** to deliver value to end users

Each **value stream team** has:
- Product Management/Owens
- User Experience
- Discovery/Refinement/Delivery
- Run Support
- Prototyping R&D
- Digital Measurement support
Focus end-to-end Teams on Prioritized MMP Flow

- **Set up multiple, dedicated stream-aligned teams** supporting Value Streams or lines of business.

- **Prioritize the potential MMPs** in ways that are economically sound to ensure we invest in the best opportunities.

- **Use Weighted Shortest Job First (WSJF)** to drive MMP selection and sequencing

- Ensure each stream-aligned team **focuses on a single MMP at a time** and delivers that before starting new work.
Discussion: Accelerating **End-to-End Flow**

1. Do your agile teams integrate all product development roles including developers, testers, analysts, etc?

2. How might you include all members in the value stream, including upstream business and downstream deployment?

3. With **end-to-end flow** as the primary goal, what other changes can you make?
2. Set up an Agile Value Management Office (VMO)
Challenge: Conway’s Law in Action – Agile Teams, Legacy Silos

Decisions, Command & Control

BUSINESS UNITS

IT

DEV

Agile Teams

Test/QA

QA Teams

Operations

Ops/Infrastructure Teams

CUSTOMERS

Cross-Silo Value Delivery
Organizational hierarchy and the legacy of command-and-control management slow decision making to a crawl that is unsustainable in today’s turbulent environment.
We need to “shift-up” to flatten hierarchy and **accelerate decision making velocity** with a management “team of teams.”
Agile VMO: Leadership Team of Teams

...responsible for **lean portfolio management** and **adaptive governance**.

**CROSS-FUNCTIONAL**

Business, IT and Ops working as one team

**CROSS-SILO**

Liaisons ensure tight coordination across silos

**CROSS-HIERARCHY**

Liaisons ensure tight coordination between hierarchical levels
Setting up the Agile VMO

Goal: Create seamless, end-to-end flow of value

- Set up the VMO as a cross-organization, cross-hierarchy team of teams.
- Prioritize the portfolio and track MMPs.
- Carefully Manage the Portfolio “On Ramp.”
- Set up an End-to-End Portfolio Kanban to track and manage the flow of Value Streams.
- Track and Measure Portfolio Flow.
CASE STUDY: Agile VMO Sync Meetings

- Feedback mechanisms built into every aspect of delivery and used to learn and adapt in iterative cycles

- Empowered decision making with frequent feedback and value delivered reporting

Closed loop system of feedback and collaboration across teams and programs
Discussion: Increasing Decision-Making Velocity

1. Review the adjacent line-of-sight Lean Management System from Nationwide Insurance.

2. With increasing decision-making velocity as the primary goal, what are some elements we might apply to our organizations?

Credit: Tom Paider, VP, Nationwide Insurance
3. Move from Yearly Budgeting to Fixed Funding
Challenge: Traditional Funding is the Biggest Impediment to Agility

“Challenges with funding arise as the business agility transformation scales. The sentiment is that scaling the change is now impeded by traditional means of funding work which is no longer fit for purpose.”

- BAI Business Agility Report 2021
Fixed Funding by Value Stream

- Annual targets established based on planned spend on Strategy
- Distribution / Allocation to Value Streams and Platforms
- Quarterly review and updates based on actual spend and business pivots
Fixed Funding by Value Stream (Cont’d)

- Prioritize customer journeys and associated value streams yearly
- Pre-fund customer journeys and associated value streams for a year (or longer)
- Decouple prioritization from funding
- Plan dynamically with **yearly forecasts** and **quarterly updates**.

- Determine OKRs that apply to each Value Stream
- Review OKRs and update quarterly
- Align, prioritize and track MMPs to OKRs
- **Focus on MMPs that are economic winners**, and terminate economic losers
CASE STUDY: Fixed Funding by Value Stream

Objectives

O1: Improve Work Management Processes
O2: Deliver a great User Experience

Business and technical initiatives
Business impact analysis and stakeholder collaboration
Estimation
MMP formulation
Approved & selected
3 Steps to Leap from Agile Teams to Business Agility

**Objective**  
Deliver value rapidly & directly to customers

1. Set up end-to-end Value Stream Teams  
- Align Value Streams to Customer Journeys

2. Set up an Agile Value Management Office (VMO)  
- Increase decision velocity  
- Align to outcomes  
- Enable portfolio prioritization  
- Flattened hierarchy via team of teams

3. Move from Yearly Budgeting to Fixed Funding  
- Teams pre-funded yearly by Value Streams & OKRs  
- Link strategy to execution  
- Delink funding from projects and prioritization
Be a Game Changing Leader!

Certified Agile VMO Practitioner™ (ALA-CVP™)
- Evolve your mastery of agile ways of working beyond the team level and lead your organization in adapting to a fast-changing environment.
- As an ALA-CVP™, you will implement the essentials of Lean Portfolio Management and Adaptive Governance in your organization.

November 14-15, 2023: Register Now

Certified ALA Trainer™ (ALA-CAT™)
- Be the thought leader and catalyst for change in your organization. Improve your organization’s performance, enhance your own skills, and stay ahead of the curve.
- As an ALA-CAT™, you train and enable other organizational leaders to deploy Agile VMOs, and to lead the delivery of customer value.

November 14-16, 2023: Register Now

See https://agileleadershipacademy.com/ for more details.
CONTACT

Conference Page: https://lithespeed.com/agile2023/

Agile Leadership Academy:
http://www.agileleadershipacademy.com

Self-led Training: Introduction to the Agile VMO®
https://lithespeed.com/intro-agilevmo/

Sanjiv Augustine, Founder & CEO
Sanjiv.Augustine@LitheSpeed.com
CASE STUDY: Customer Journey-Aligned Value Streams