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You can turn any problem into a mystery. There are now enough agile templates and frameworks to turn any simple insight into a challenge that naturally can only be resolved with this or that method or framework. Yes, I am sitting in a glass house. I make my money giving companies valuable tips and my name is associated with Kanban. However, my goal is to never make things more complicated than what they really are. And a simple insight goes along with this: An agile organization is not created by completely optimizing elements isolated from one another—in most cases this involves teams. Often, though, Agile odysseys start with this local (sub-)optimization, where at the same time their chosen agile method becomes the golden calf. Then the only attempt is to do the method justice rather than asking what creates more value for the customer. Typically, collaboration between the development areas of an organization and the business decision makers isn't taken into consideration.

In this book, combined with the power of illustration, I want to make a clear and meaningful point about this simple insight, which you can neither certify nor trademark. In the past two years, I have gone from conference to conference with my presentation "Why agile teams have nothing to do with business agility". Over and over, I receive feedback from people in the audience about how they have found themselves in the same trials and tribulations during agile transformations.

Do not expect this book to delve deep into theory. What you will read here is a general view of what goes wrong in many agile change projects and simple suggestions about how you can avoid these dead ends or correct your course. I do not present any solutions that are absolutely correct for every organization. Do not consider my wisdom the ultimate wisdom. Thinking for yourself is expressly permitted.

Hence, this book presumes a fundamental knowledge about agility and the mechanisms behind it. Perhaps your company has just started down the path of becoming agile, or you are already stuck knee-deep in the transformation and are asking yourself what the heck has gone wrong. In this case, you will probably find useful hints in this book. And perhaps while reading this book you will realize something that makes you smile to yourself, which means my goal has been achieved.

Agile odysseys often begin with local optimization

Enjoy!

KLAUS LEOPOLD

I n the past few years, I have toured across many countries giving my talk on "Why agile teams have nothing to do with Business Agility". Over and over, I received so much positive feedback. Mostly I heard comments like, "This is exactly what happened to us!" So, I thought, "Maybe I should quickly make a book out of this!" But it didn't happen so quickly after all.

If you have seen my talks, you might have noticed that I am a fan of illustrative language. Books such as the illustrated version of "Reinventing Organizations" by Frederic Laloux and Etienne Appert fascinate me because the most important statements within the text are clearly and impressively reiterated through the illustrations. It was clear to me that the topic of business agility must be illustrated in order to express as boldly as possible the agile insanity that occasionally occurs in companies. And I wanted to publish it myself. However, I imagined it to be somewhat simpler than it was. I thought I only needed an illustrator and the book would be finished. So much for that theory.

In actuality, it became a mid-sized expedition to find the right illustrator. Which makes me even more pleased to have found Matthias Seifert. Although he had never dealt with this subject, he was able to understand the content quickly and translate it into pictures that kept the balance between the necessary earnestness and humor.

I would like to thank Dolores Omann one more time, who has assisted me since the first edition of "Kanban in der IT" (2012), for turning my

ideas into readable text. Thanks also goes to Matthias Patzak for his intensive review of the book. It felt like he took time to consider every word in the text and gave fantastic input, which improved the quality of this book.

Text and pictures are naturally important components of an illustrated book, but without a stylish layout they remain just components. Mario Simon-Hoor took the individual pieces and made them into a whole, putting the finishing touch on this book.

Many thanks to Jennifer Minnich for the translation from German to English. She succeeded once again in translating not only the content, but also the spirit of the book, into English. I would also like to thank Troy Magennis and Mike Freislich for providing valuable feedback on the English version.

The cover of the book was a somewhat more difficult task and I needed several drafts until it felt and looked like I wanted. A heartfelt thank-you to my life and business partner, Katrin Dietze, for the wonderful book cover and for the never-ending patience she is always willing to give me.

114 pictures say more than 114,000 words

Klaus Leopold

PART 1

The Problem

"We want agility!"

This is about a company that wanted to be **prepared** for the **future** and paved the way there with **good intentions.**

8

A ctually, nothing could go wrong. Upper management was committed, the budgets were available, the agile coaches were booked. In the last few months, there had been a realization within the company: "Others are quicker." It became clear to them that things could no longer go on like this. They would either finally improve their capacity to deliver, or the company would sooner or later disappear from the market.

There was never a shortage of good ideas and possibilities to pursue for the core business; quite the opposite. It was taking so much time to implement good ideas that the competition was already two steps ahead with a similar product, although these younger and more dynamic rivals had not reached the same level of market penetration. Unfortunately, the company had become a follower over the last few years, leading to difficulty even in its day-to-day business. The company could no longer rely on their once strong position as a market leader. Alternatives showed up in the market, the number of customers stagnated—and in some months even fell.

Something needed to change, that much was clear. And management quickly figured out what needed to improve:

- The **Time-to-Market** should be optimized.

- Using **fast customer feedback,** necessary changes should be recognized and integrated earlier. That means: The customer must be significantly more involved in the development process than they had been till now.

- The company should be **ready for the future.** Digitalization, the Internet of Things, machine learning and crypto currencies were only a few of the buzz words that kept coming up in the discussions. But there would be no future company if they continued operating so rigidly in the market.

Recently, management had heard about companies with similar problems. In all of the case studies and whitepapers, Scrum, Kanban, Design Thinking, SAFe®, mOre or LeSS and other miracle practices were being talked about, all of which promised massive improvements for the problem at hand. That was the solution:

We will make our business agile!
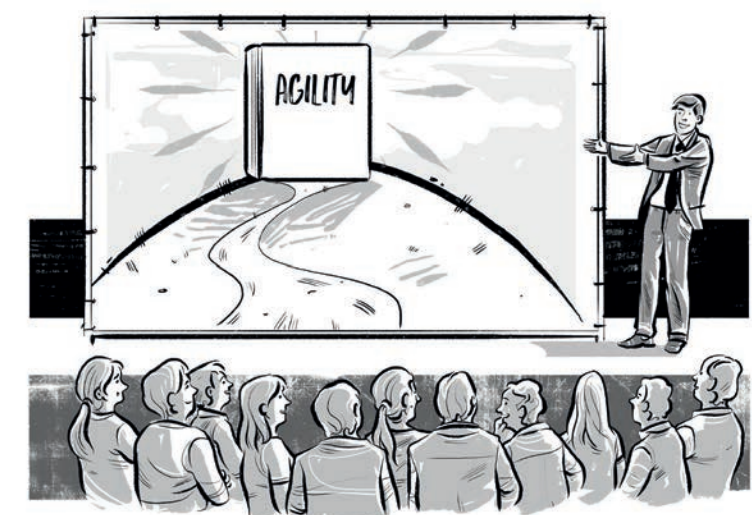
TRANSFORMATION PREPARATIONS – EXEMPLARY

600 IT employees were encouraged to use agile methods in order to get the business back on track. The project initiators carefully examined the fundamentals of various agile methods and took part in corresponding training and certifications. This much was clear to them: "We cannot simply force a new method on the organization—that is not the point. What's important to us is allowing agile principles and values to have a greater role in our corporate culture and to actually put these principles to practice." To achieve this, the head of internal organizational development was given a mandate to implement an 18-month **transformation project.**

I actually find this extremely funny: "We are going to implement a waterfall project to become agile." But don't let me get ahead of the story.

The departments and teams could even choose the agile framework they wanted to use. However, management established some parameters that everyone needed to follow—because the project initiators promised the greatest leveraging effect based on these **conditions:**

1. All teams should be **cross-functional.** In doing this, the initiators wanted to eliminate any existing dependencies to reduce coordination effort and waiting time, thus improving Time-to-Market. To deliver a product, product development teams in which all competencies are represented would replace what was, until now, teams organized according to specialized disciplines.

A fundamentally good idea! It is advantageous if you are able to bundle together as many competencies as possible.

2. Every team should be organized according to the premise: **One team, one product.**

This is also a good idea. For one, this approach helps to reduce dependencies. Not to mention that in most organizations, specialized teams work on several products and projects at the same time and are rarely able to concentrate working on one item. That costs time.
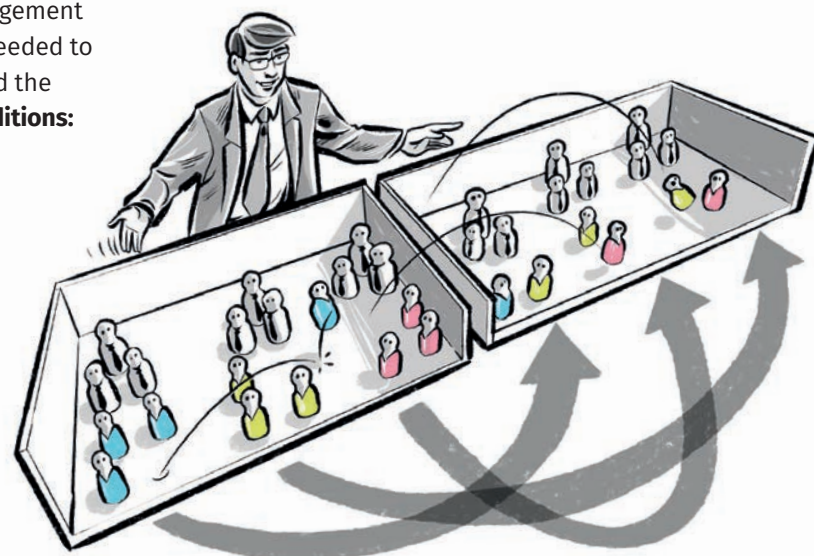
3. Even if the teams could choose the agile method they wanted to use, the following **minimum requirements** needed to be fulfilled:

a. The work should be visible, i.e. it should be **visually managed**

b. Every team was compelled to hold **daily Standups** in front of the boards.

c. Regular **Retrospectives** should provide the teams a perspective on possibilities for improvement.

d. **Two measurements** should be established as an additional feedback mechanism for the teams and the transformation. Not to define quantitative goals, but to have further reference points for assessing the effect of the measures and improvements being implemented. The following measures would help with this:

● **Throughput:** The number of work items that are completed in a given timeframe (such as projects per month, Stories per Sprint, etc.). In Scrum, this is referred to as **Velocity.**

● **Cycle Time:** This indicates how fast work is completed.

I found this practical approach towards selecting the agile methods very **forward-thinking.** Not every method is appropriate for every context and every method can fail if implemented poorly. However, the most prominent part of agile methods, visualizing work and working methods, always makes sense: Everyone in a company should be able to see what a team, department or other organizational unit is currently working on and where the problems lie. It's smart to connect this visual management with daily Standups because fast feedback loops allow for quicker responses and appropriate coordination to apparent changes or customer wishes.
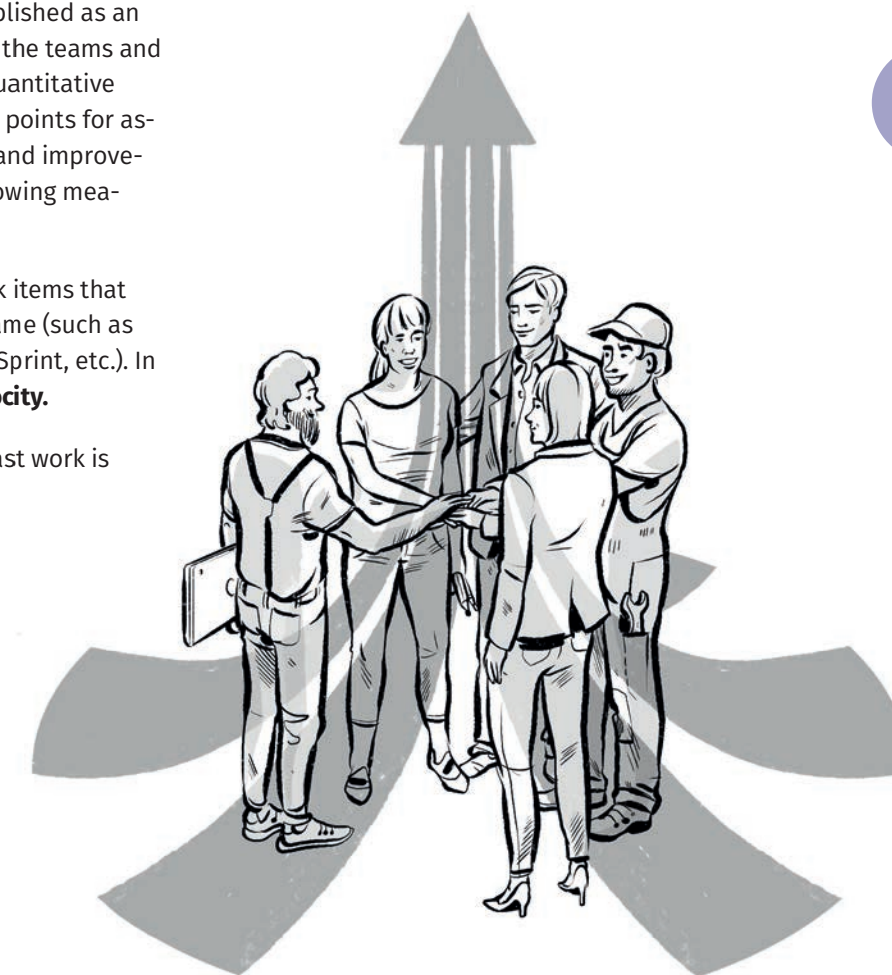
It is also important to take a step back from the operational work on a regular basis, which is what a team does in a Retrospective. A Retrospective is used to contemplate what can be done differently or better in the future. If you continuously do what you've always done, the probability is very high that the result will continue to be the same. Where measurements are concerned: fantastic! But despite the enthusiasm about the changes requiring a human component to make a company agile, the economic purpose of delivering a better product more quickly is often forgotten. This is even more critical these days because what gets talked about often counts more than what gets achieved.

What is a Standup?

Standups are short meetings that occur frequently—daily, for example—while standing before a task board or Kanban board. Within a maximum 15-minute timeframe, the group discusses what needs to be done to complete the work, how impediments and quality issues will be dealt with and who should work on what. The focus is on the work, not on the individual members in the group.

What is a Retrospective?

The goal of a Retrospective is to perform a collaborative review of how work was executed over a given timeframe and infer improvements from this review. Operational work is intentionally exposed in order to observe, from a meta-level, the working methods, processes, effects of previous improvements, feedback from customers and colleagues, as well as the team's morale. Although the Retrospective is the core of improvement, it is often neglected because of poor execution [Leanability E020, 2017].

THE TRANSFORMATION PROCESS

Even as an extremely skeptical observer, I must say: Hats off! Behind the buzzwords "agile transformation", there was a palpable genuine effort towards improving outcomes and thinking about things differently. Agile organizations often call themselves such because in some corner of the company somewhere there is a team using Scrum. In this company, however, the changes went to the core, and they tried to reconstruct a large portion of the organization according to agile principles. At the same time, method choice was left to the teams themselves—depending on what the employees found appropriate for their area of responsibility. I cried agile tears of joy at such an approach. So, how was the transformation actually carried out?

Please Note: During implementation, the following steps were interwoven with one another and, as such, were not completed sequentially.

TRAINING

All 600 IT employees had the pleasure of taking part in a one-day basic training which focused on **"agile mindset"**. Anyone who has dealt with Agile and agile practices has often heard and perhaps even internalized this idea: The agile methods themselves are not the driving factors for success, rather the mindset behind them determines their effectiveness. Basically, I agree with this. However, you cannot simply implant a new mindset because the project plan says so. Establish mindset, done! **It doesn't work that way.**

I don't believe that you can change a collective mindset with a one-day basic training. Nonetheless, it takes a certain amount of effort to drag 600 employees, along with management, through such a training. The only positive effect from such an undertaking is on the bank account of the consulting company providing the training.

You can probably pick up on a bit of sarcasm on my part—because I am being sarcastic.
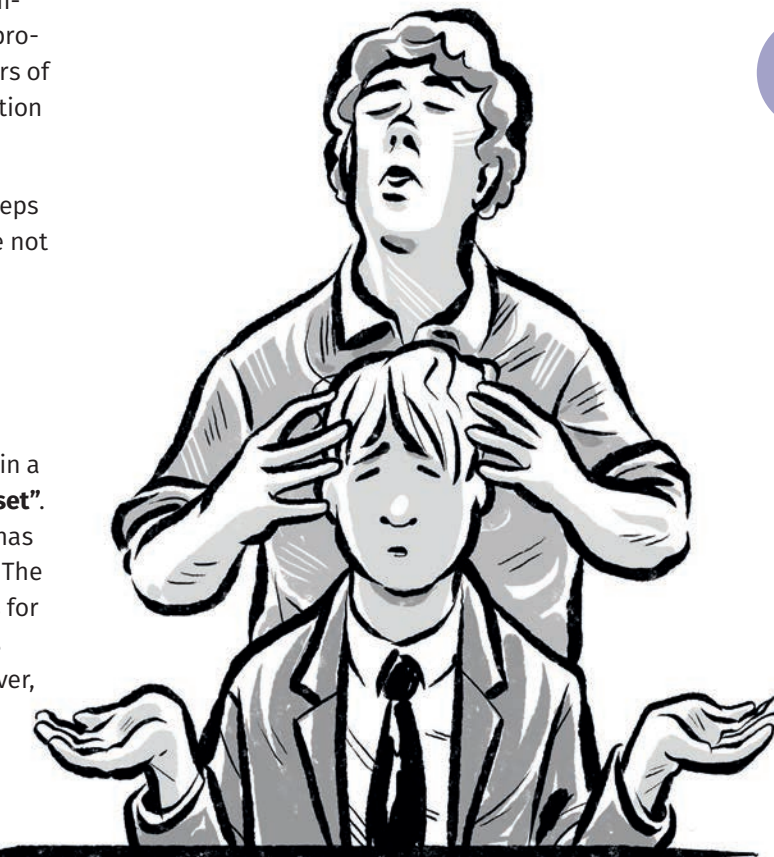
REORGANIZATION THROUGH SELF-ORGANIZATION

The company realigned the cross-functional teams according the product structure. Management did not go about this arbitrarily, i.e. the employees were not simply assigned to individual teams. Management only decided which teams were needed for which products. So, instead of teams being assigned from above, a **marketplace** was organized. Over two days, team leaders used display booths to advertise their team and the available jobs. A budget was assigned to each team ahead of time—based on the strategic focus—so they could "buy" the necessary employees. The employees were allowed to decide in which team they wanted to work. In my opinion, this was a pretty cool approach.

At the marketplace, the team already discussed and often had decided on the agile practices they wanted to use. After the teams had formed, team members then took part in the necessary training. For example, there were Scrum Master and Product Owner trainings, and if a team had decided to use Kanban, they could visualize their initial workflow in a system design workshop and at the same time consolidate the team.
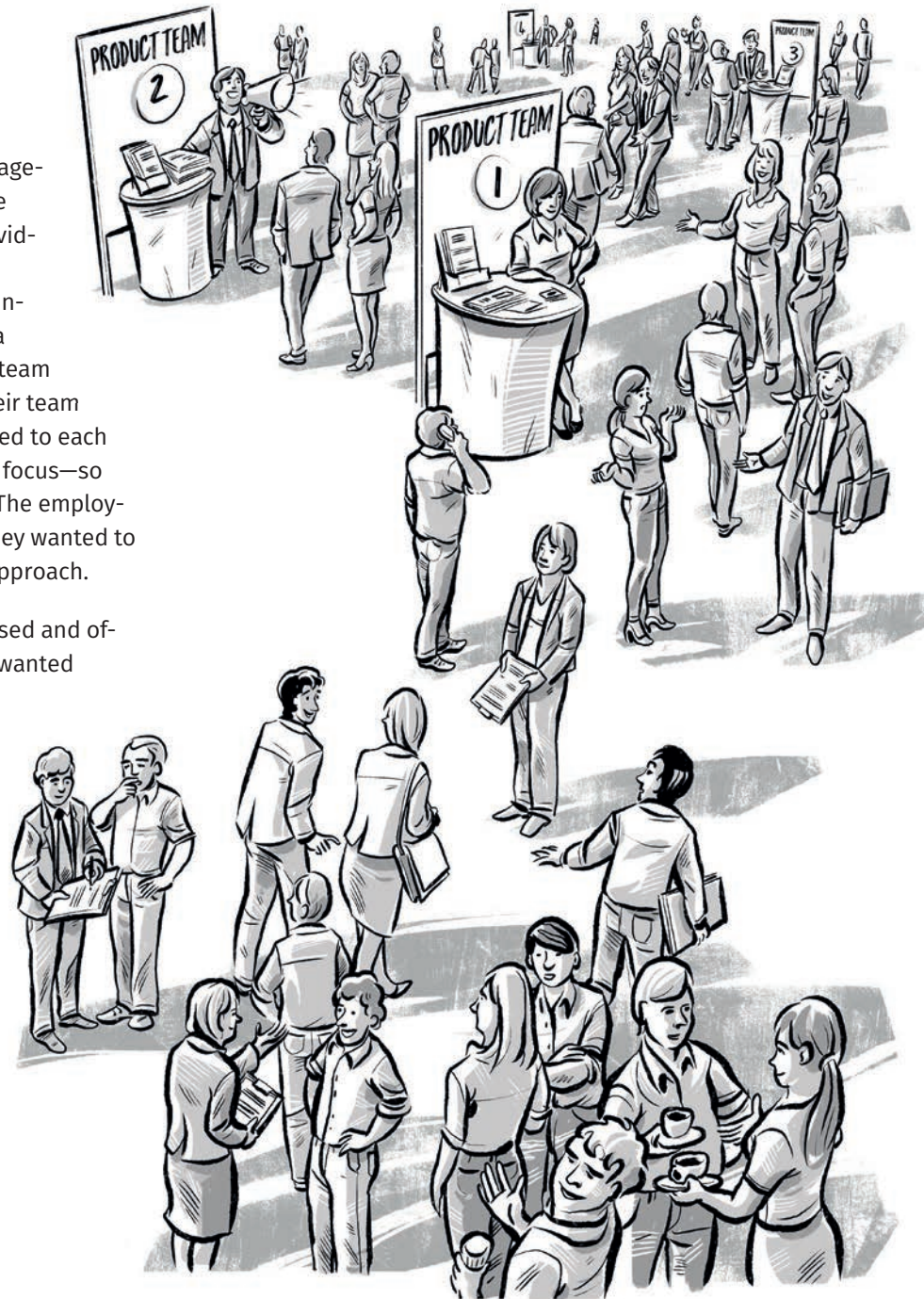
EXTERNAL SUPPORT

Reorganizing **600 people** is an ambitious program. In a short period of time, the people in this company were supposed to do—sometimes in completely new roles—something that they have never done before. The company hired **16 external Agile coaches** to execute the needed training, provide an outsider's perspective on implementing the agile methods and help the teams practice using these methods. At first glance this might seem like a lot, but it is realistic when put in context to the ambitious dimension of the undertaking. This makes sense in my opinion because often when changes are made, new working methods are used only as long as the consultants are in house. Based on the amount of money this company was spending on the transformation, this is exactly the effect they did not want.

What is a System Design workshop?

The visible end product of a System Design workshop is a Kanban board. The visualization itself is helpful, but it is not essential, even if that sounds somewhat strange. The most important objective in such a workshop is to gain a mutual understanding about how a group of people are currently working together. The visualization does not represent a desired or dictated process, rather it represents what is actually being done right now. This current Kanban system is the starting point for improvements. That's why it is so important that a Kanban system is designed by those who are using it.

THE RESULTS AFTER TWELVE MONTHS

To implement the minimum requirements—creating cross-functional product teams, visualization, Standups, Retrospectives and measurements—the company set an **eighteen-month timeframe.** The transformation itself was set up as a project within the organization. Under the guidance of a Transition Manager, the Transition Team planned exactly when which milestones of the Agile rollout should be achieved using which measures. The project "Agile Business" was established and rolled out.

After twelve months had passed, the initiators of the agile transformation wanted to evaluate the project's progress, so they did an interim **review of the project.** The plan seemed to be working:

● **More than 80 percent** of the teams were "fully transformed" (directly quoted from the Transition Manager) and fulfilled the stipulated framework conditions. They were cross-functionally staffed, made their work—depending on the method—transparent on the boards, held Standups and searched for improvement possibilities in regular Retrospectives.

● **It was important** for the Transition Team to know about the employee morale in order to take corrective measures in the case that it was suffering. Every six months an employee survey was conducted and the most current survey showed that communication and coordination had qualitatively improved. The teams kept each other up to date on the status of their work, and they knew who was doing what and who was responsible for what.

Overall, the mood was positive. The majority of the teams had held to the initial transformation requirements and visualizing the work was found to be very helpful. Some employees were not able to adapt to the new transparency and left the company. But that was to be expected, change is often hard for some people.

But for the most part, it was going well. Wasn't it?

SHOW US YOUR NUMBERS

Implementing metrics was one of the framework conditions of the agile transition that were placed on the teams. The Transition Team took a look at how the **cycle time** and the **throughput** had progressed at the team and project level—and weren't any smarter for it. Certain patterns showed up over and over again, so the Transition Team took representative measurements in order to better understand what was going on. For example, let's look at the progression of the throughput for the Scrum teams and the changes in cycle time for the Kanban teams. Afterwards, we will see whether or not the projects were getting completed more quickly.
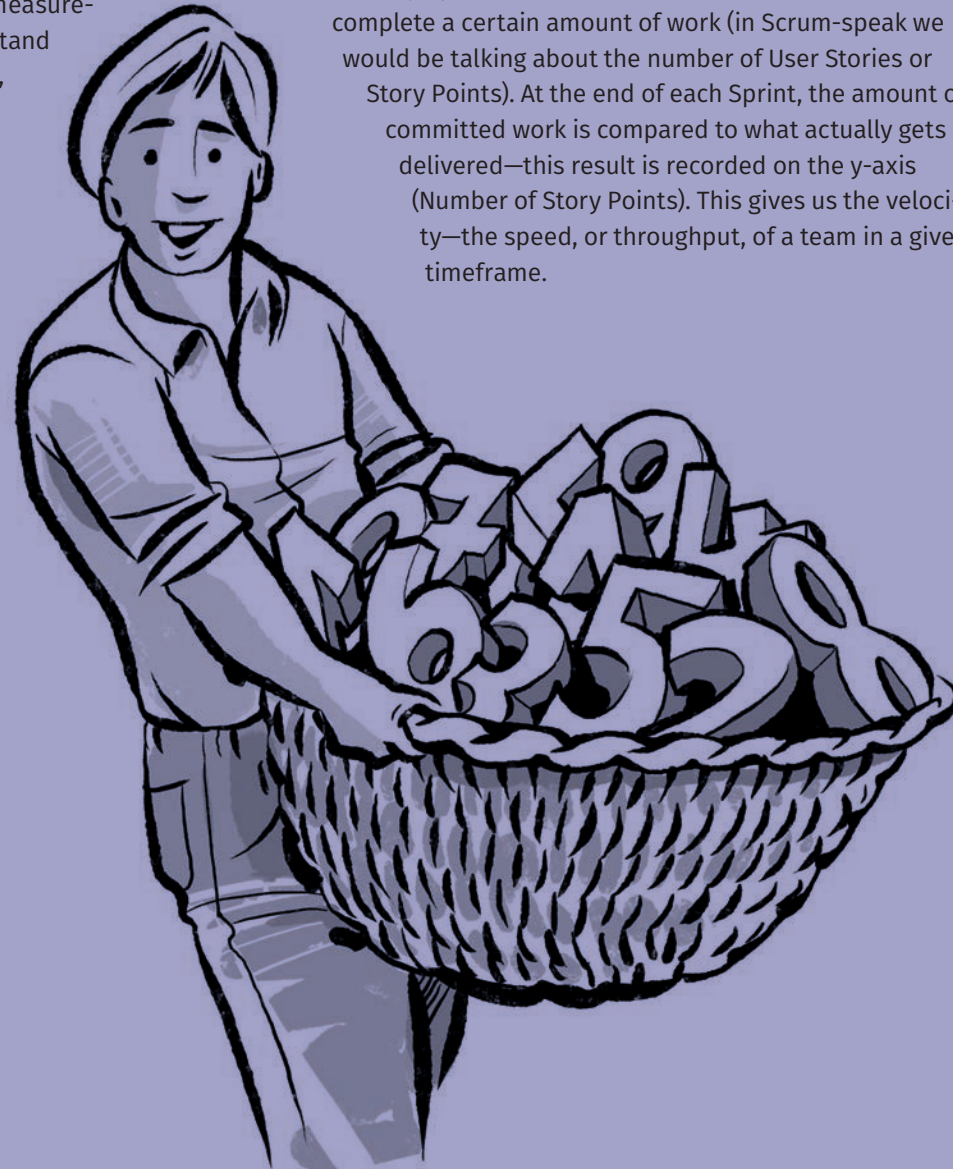
THROUGHPUT TREND OF THE SCRUM TEAMS

The Transition Team first looked at how **velocity** changed in the Scrum teams.

In every Sprint, a Scrum team makes a commitment to complete a certain amount of work (in Scrum-speak we would be talking about the number of User Stories or Story Points). At the end of each Sprint, the amount of committed work is compared to what actually gets delivered—this result is recorded on the y-axis (Number of Story Points). This gives us the velocity—the speed, or throughput, of a team in a given timeframe.
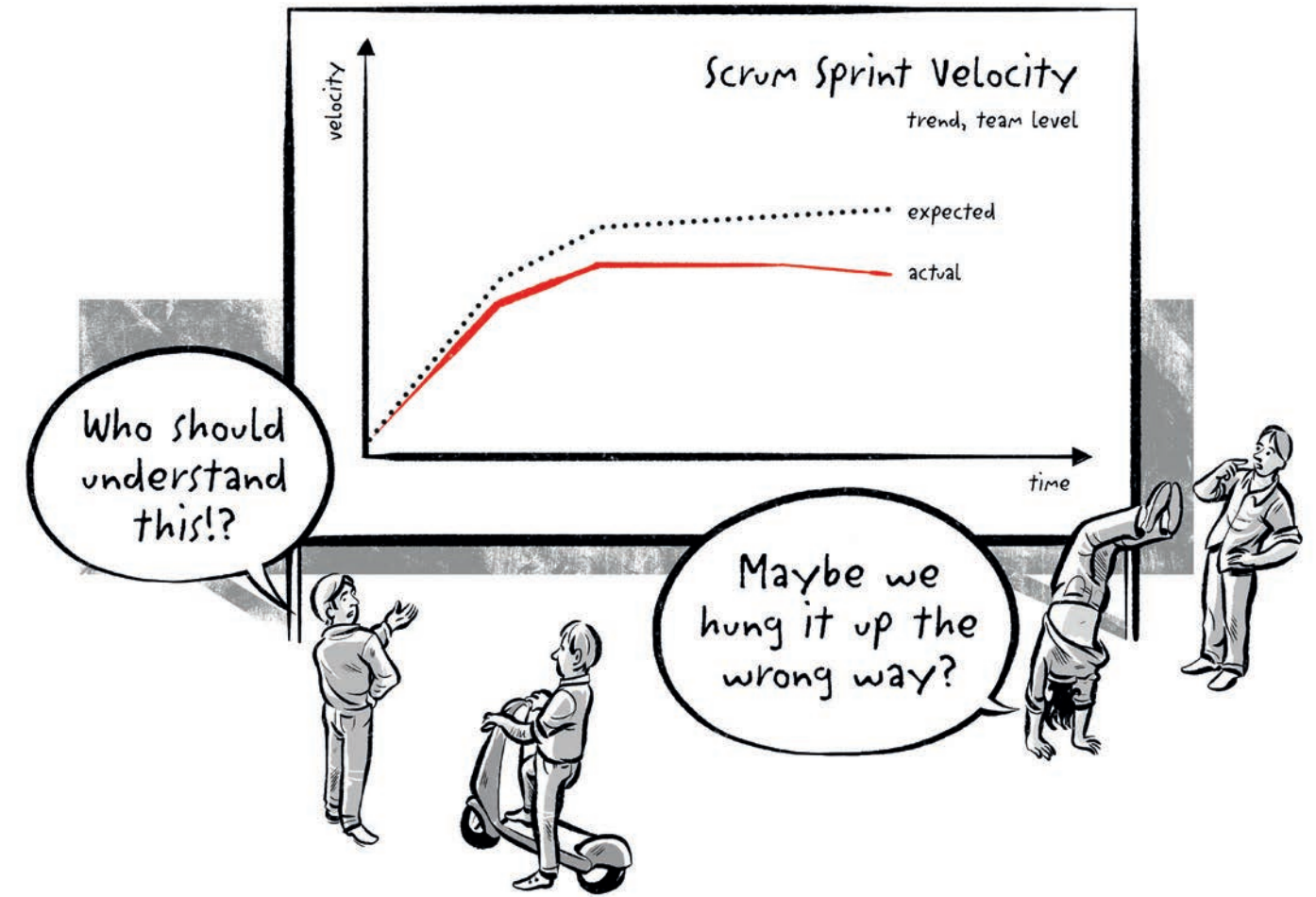
The diagram shows the aggregated velocity of the Scrum teams within the company. The dotted line represents the results that were expected. When everything is running smoothly in a Scrum team, the velocity should continuously increase. The expectations of increased speed were fairly low at the beginning: The team needed to establish themselves first and get used to the new working methods. However, after this initial training period, the curve should sharply increase and eventually level out, but still continue in an upwards direction. If Retrospectives are also held and continuous improvements made, the line should steadily continue upwards and never turn downwards.

Nonetheless, the **actual trend** of the Scrum teams looked completely different. The teams managed to get off to a good start and velocity increased sharply. Then all of a sudden, the line flattened out and was now in a downward trend. The performance had strongly diminished over time.

CYCLE TIME TREND OF THE KANBAN TEAMS

Next, the Transition Team took a closer look at the **cycle time of the Kanban teams.** At the team level, the cycle time is fairly easy to determine: For each completed piece of work, the time difference between the start date and completion date is calculated. Ideally, the cycle times become shorter over time.

If the **cycle times** from several teams are aggregated, a good pattern will show the trendline going down over time. Just as we saw with the throughput progression expectations, you would typically expect a slight increase in the cycle time to start with because the teams must get used to their new working methods. Afterwards, however, the line should quickly trend downwards. This indicates that teams are finishing work more quickly as time goes on, thus decreasing the cycle time. This is exactly what gets advertised with Agile working methods. Scrum consultants promise that you can deliver more work more quickly. Kanban consultants promise that the cycle time at the very least will be **cut in half,** and you can actually expect more than that.

It looked quite different for the Kanban teams in this company. As expected, the cycle time increased slightly at the beginning but only marginally decreased over time. The line followed a downward trend, but the improvement did not even reach the 1 percent mark—a cycle time reduced by half was nowhere to be found.

Regardless, whether **Scrum or Kanban**—it was clear that ability of the teams to deliver had not changed much. And let's remember: "Quicker Time-to-Market" was the goal of the agile transformation.
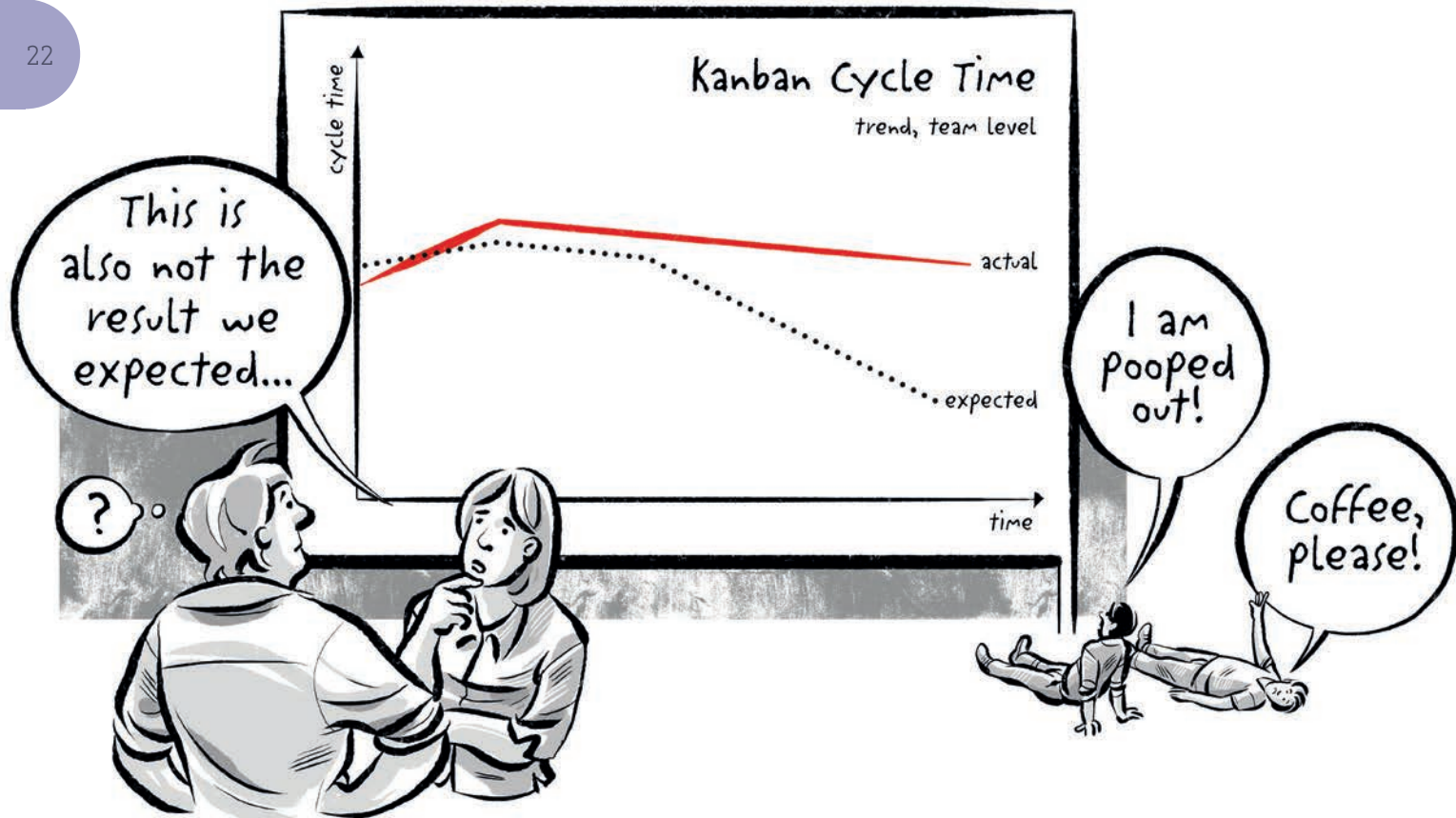
> **What is the velocity?**
>
> *In Scrum, velocity is the measure of team's throughput. It shows how much functionality a team can deliver in a Sprint. The amount that can be delivered is measured in Story Points.*
>
> **What is a User Story?**
>
> *A User Story is used to formulate a requirement, for example on a piece of software to be developed. In the Agile world, a simple format has been established:*
>
> *As a **<type of user>**,*
> *I want **<some goal or objective>***
> *so that **<benefit, value>**.*
>
> **What are Story Points?**
>
> *Story Points represent the complexity of a User Story, not the time required. When estimating several Stories, the complexity of the Stories are determined in relation to one another.*

Time-to-Market Initiatives

trend

actual

expected

cycle time

time
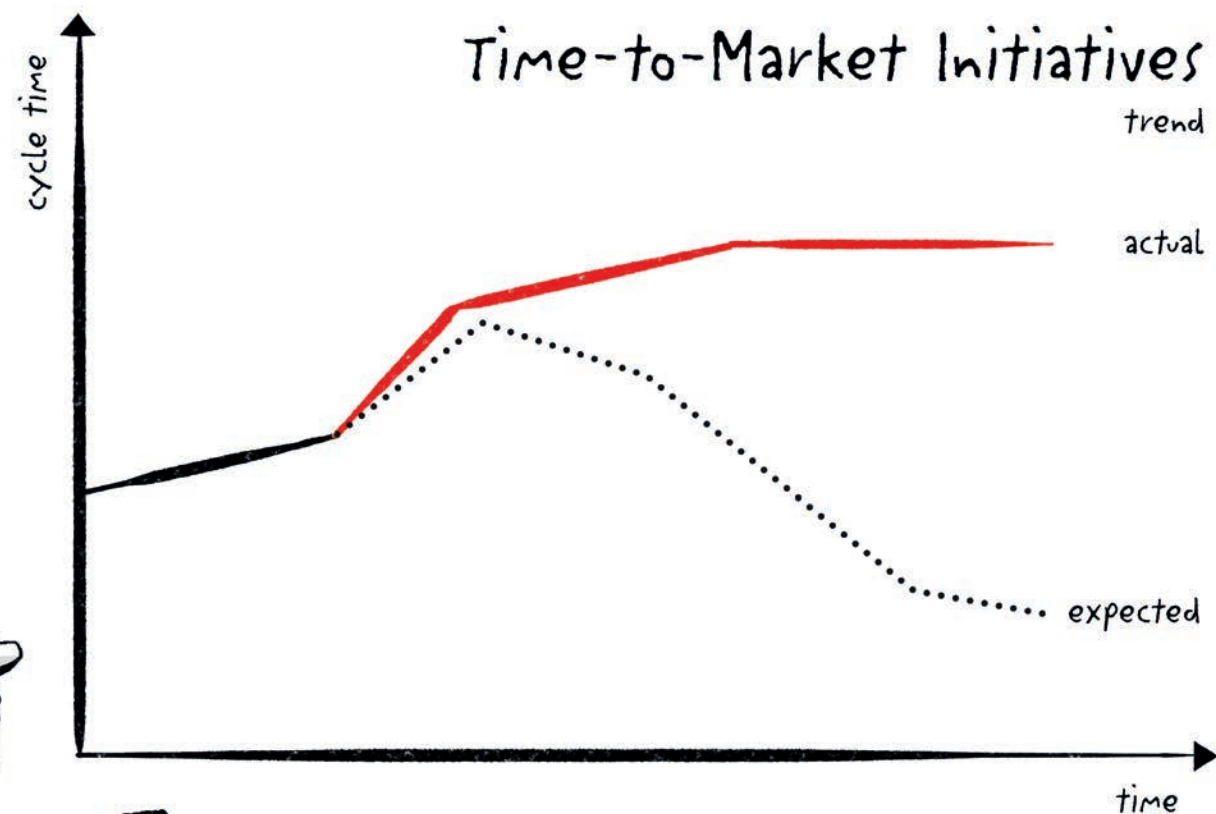
PROJECTS ARE NOT BEING COMPLETED MORE QUICKLY

The analysis of the team metrics was anything but exhilarating for the Transition Team. It was also problematic that comparison values were missing. It was difficult to judge whether the agile transformation had a positive effect because there were no "baseline" measurements from before the transformation. Since the teams were completely reorganized as part of the transformation, it wasn't really possible to determine if, for example, the performance of the Scrum teams had improved or deteriorated.
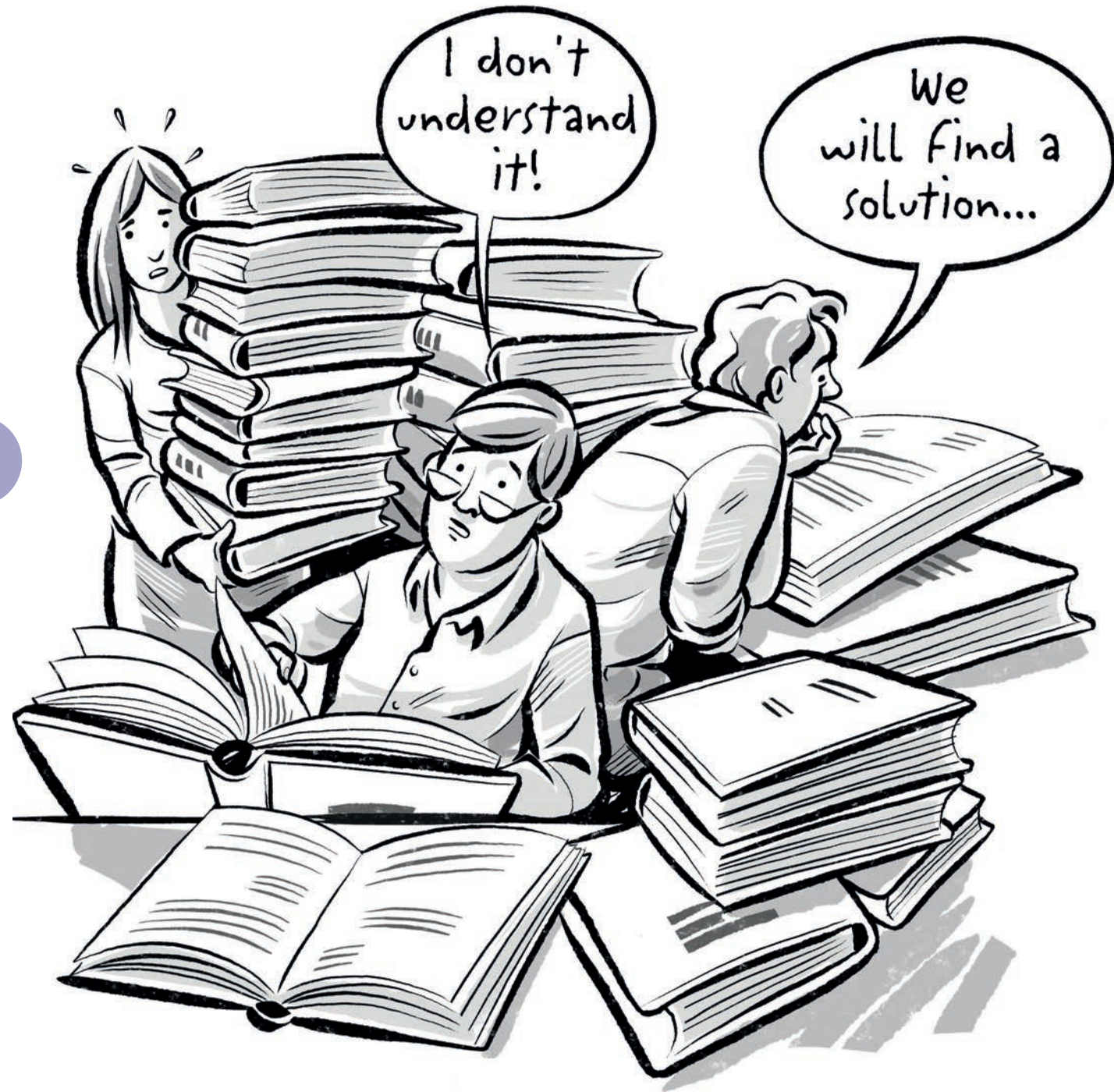
The company did however have metrics which could be used to compare the performance before and after the agile initiative: the **project cycle time.** This is an especially important metric because the organization's goal was to reduce the project cycle time and shorten the Time-to-Market. There were projects before the transition and projects after the agile transition, although after the transition projects were given the more agile name "initiatives". Thus, comparative data was available.

In this diagram, we see three types of lines: the thicker line on the left side mirrors the time before the agile transformation. Because the Time-to-Market was steadily increasing—what you can see in the upward movement of the thick line—the company decided to do something about it. It was clear to everyone involved that this line would not immediately move downwards, but rather would increase slightly after the transformation got started because of the changes being implemented. But, based on all the efforts undertaken, such as training and coaching support, you would expect the Time-to-Market to drastically reduce once the new working methods were being used**.**

And again, the opposite happened. Yes, the Time-to-Market had continued to deteriorate at the start of the reorganization. However, it continued to deteriorate… put another way: Projects were now being delivered more slowly than in the pre-Agile times. That was simply a catastrophe.

A huge pile of money had been put into this **agile transformation.** The management and the Transition Team had put a lot of thought into how best to achieve it. Management made the big decision to set up cross-functional teams and organize them according to product lines. Professionals supported the transformation and trained internal coaches. 600 people learned how to work with Scrum, Kanban, Standups, Retrospectives and metrics.

And now the overall goal—being able to react more quickly to market needs—had not been achieved and was in fact further away than before. A transformation that took the company **from bad to worse?**

WHAT THE @$*# WAS THE PROBLEM HERE?