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## Agile / Scrum: The Three Journeys to a truly Agile Culture

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**ABSTRACT:** *Companies should be prepared to invest somewhere between five to seven years to transform an organization into an Agile Culture. This transition can appear deceptively simple, but the journey is not easy to implement or comfortable to do.*

# Agile / Scrum: The Three Journeys to a truly Agile Culture

By Andrew Kallman and Ted Kallman

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# The Three Journeys to a truly Agile Culture

## 1 - Introduction

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This white paper is divided into three interrelated journeys:

- The Journey of Investing in Technology and People
- The Journey to Professionalism
- The Journey to a truly Agile Culture.

As with any journey, there are bumps along the way and occasionally we crash into the ditch on the side of the road. This is a candid and pragmatic view derived from the journeys on which other organizations have embarked.

Welcome to the journey...

## 2 - The Journey of Investing in Technology and People

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*"Traditional/Waterfall projects have a success rate of 14% and Agile/Scrum projects have a success rate of 42%." Dr. Jeff Sutherland*

So, even though Agile has triple the success rate as compared to traditional methods, it's still under 50% success overall (i.e. completing the project on-time, on-budget and in-scope), so there is always room for improvement.



[click for source](#)

One of the classic, all-time "project" failures was the Sydney Opera House. The project was completed ten years late and over-budget by more than fourteen times! By any measure, that project was a utter failure:

- The original cost estimate in 1957 was \$7 million.

- The final cost was \$102 million.
- The original completion date set by the government was 26 January 1963.
- The Opera House was formally completed in 1973,
  - [click for source](#)

If the story ended there, it would be a sad one.

However, "in 2012 the company generated total revenue of \$123,696,000 including sales and other revenue. In 2012 Sydney Opera House Trust had 847 employees in Australia including employees from all subsidiaries under the company's control." [click for source](#)

That's just for one year.

Since 1973 the Sydney Opera House has generated Billions in revenue and has gone from being a complete failure from a project perspective to being one of the most stellar product successes in modern history.

There are many tools that can be used to try to determine the value of a project before it's started, including ROI (return on investment), IRR (internal rate of return) and Value-add.

Of these three, value-add is probably one of the best since it answers the three "whys" (i.e. why are we doing this project)? There are only three (3) reasons to do a project/product:

1. Increase Revenues
2. Decrease Costs
3. Mitigate or eliminate risk

Having the right level of governance for your portfolio of programs and projects is a mixture of art and science. The Sydney Opera House is a classic example of keeping the long-term Product Vision in sight in spite of the difficulties encountered at the Project/Team level.

Many CEO's are beginning to take a long-term, Scaled Agile approach for their organizations and that's what this new journey is all about. It's the same journey that many companies have been on for the past decade.

It's always a challenge for any company to wisely invest in the right Portfolio of Programs / Products and Projects. One of the first exercises that we did with the key the key stakeholders for one organization (a Fortune 50 company) with which we worked was to go through the Portfolio Backlog of Prioritized Projects:

- We had around 14 key Programs in the pipeline in for 2014 and 2015
- We worked on determining the bandwidth of the organization needed to be able to carry out all of the work generated by these 14 Programs
- The second part of the exercise was to have the key stakeholders do what we called the "cutting room floor" exercise
  - The bandwidth (i.e. development team's capacity) was reconciled and balanced with the work/demand; and, items not immediately needed were deleted / adjusted from the Portfolio

- Although all 14 key programs were “must do,” some are *more* “must do” than others and would need to be prioritized as the year progressed
- And, only those key programs deemed to be of the highest value for each key stakeholder's area will be completed during 2014

The resulting prioritized Portfolio Backlog represented the projects that could be completed during the 12 - 24 month period from Q1 of 2014 through the end of Q4 2015. We completed that Backlog and so the value-add of the cutting room floor exercise was immense since it pared down the work to the most important Programs/Projects. This created a sustainable rate that matched each team’s velocity/capacity to the demand.

And teams are made up of people.

The competition in the marketplace for seasoned and skilled Agile team members is getting fierce. This challenge is captured in some recent statistics from Scrum Alliance’s own website:

- CSM (Certified Scrum Master)
  - 221,798 certified to date
- CSPO (Certified Scrum Product Owner)
  - 36,195 students to date
- CSP (Certified Scrum Professional)
  - 2,718 certified to date
  - of which 1,912 are active
  - ...and, of which we are two
- CSC (Certified Scrum Coach)
  - 58 certified to date
  - of which 54 are active
- CST (Certified Scrum Trainer)
  - 148 certified to date
  - of which 142 are active

The lack of qualified, experienced Agile leaders is one of the things contributing to a large number of Agile projects that don’t produce the intended results (or, flat-out fail!). With only 36,195 Product Owners trained, as of May 2013, there is a significant gap in the market for Product Owners that may be qualified to lead Agile projects. This also assumes that these individuals can actually function as a Product Owner in the way envisioned by Scrum/Agile since many of them only have two-days of experience in the classroom.

The constraint becomes even more apparent if you do a quick check of simplyhired.com and search on the term “Agile.” As of 22 October 2013 there were 679,616 open agile jobs listed on the website, of which:

- 4,904 **CSM** (Certified Scrum Master) jobs
- 7,963 agile **product owner** jobs
  - Of which, only 112 specifically request the **CSPO** (Certified Scrum Product Owner) certification
- 5,405 **CSP** (Certified Scrum Professional) jobs
  - Of which only 125 are agile/**CSP**
- 686 **certified scrum coach** (CSC) jobs
- 47 **certified scrum trainer** (CST) jobs

“A study conducted by Yoh based on data from CareerBuilder’s Supply and Demand Portal revealed that the number of advertised agile jobs outnumbered active candidates by 4.59-to-1.” That’s almost a 5 to 1 ratio of Agile jobs open to active candidates that are available. The Yoh report also stated that, “This skills gap has not only made it difficult for companies to quickly source quality talent on demand, but also puts them at risk of hiring technical professionals that have poor agile methodology skills.” [click for source](#)

Companies may intuitively understand the need to go Agile, but in most cases are not prepared for the ferocious competition for top notch Agile talent.

The journey continues...

### 3 - The Journey to Professionalism

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*"A journey of a thousand miles begins with a single step." Chinese Proverb*

It is always good to emphasize the need for a higher level of professionalism and discipline. The first step on the journey to a higher level of professionalism is training. And, for example, we provided Agile training for a recent client:

- At the first Certified ScrumMaster (CSM) training in September we had eight participants
- At the first Certified Scrum Product Owner (CSPO) training in October we had 27 participants
- Due to popular demand, two additional CSPO training events were scheduled for and completed during last November
- We also had five external CSPs (Certified Scrum Professionals) / Agile Coaches and Enterprise Agile Coaches supporting the Agile Coaching Office (ACO) in facilitating the outbreak of a high performing culture.

There is an old management joke about investing in training that goes something like, “what if we invest in training and/or certifying our people and they leave; but, what if we don’t and they stay?” This pretty well sums up the attitude that we’re up against in many organizations. The certification path for Scrum Alliance can be found [here](#). And, this figure from Scrum Alliance is a really good overview of the professional certification path that they’ve developed for the Agile profession:



Source: <http://www.scrumalliance.org/certifications>

In addition, the Agile Coaching Office (ACO) at a recent client encouraged team members to maintain other certifications like PMI's PMP (Project Management Professional) since PMI has moved towards Agile with its PMI-ACP certification.

However, with Gartner Group's recent communication to its client base that their clients should drop traditional/waterfall Project Management (PM) methodologies, the ACO had taken the position of no longer supporting team members in maintaining traditional (i.e. purely waterfall) certifications (including Prince2 certifications). It's not that there isn't any value in waterfall-type certifications like Prince2, but the project management trend for the future is Agile and the tipping point has already been reached.

Training and certifications are only the first step in this journey.

The Agile Coaching Office had also been actively coaching and mentoring their team members along the way as they have begun using the organization's minimum defined "Agile." i.e. what is the minimum number of process items that a team must be doing in order for it to be still considered to be "Agile" in it's approach. Surprisingly, even companies that organically grew as "Agile" from the start have missed this simple, yet crucial point.

In their latest book on enterprise agile ("Software in 30 Days") from Sutherland and Schwaber (the co-creators of Scrum) they have now begun to let companies know that it takes up to five to seven years to complete a Waterfall to Agile transformation. That is the definition of a long, onerous and sometimes dangerous journey!

It's not just the teams that have to make the leap, but it's also each and every individual that needs to make the personal transition from legacy command and control thinking (i.e. waterfall / traditional) to instead embrace a truly agile mindset. The magnitude of the cultural shift required to move from traditional to Agile is immense. So is the time required to make this trip.

It is very encouraging to hear that many of our client's leadership are embracing and espousing Agile and Lean thinking and are cascading that Vision throughout the organization. Agile concepts are deceptively simple. But, "simple is not easy" has been our message for the past eight years at a number of other organizations with which we've worked that have embarked on the same path.

Being Agile and Lean requires a higher level of personal and team discipline (and professionalism) than what was previously found or required in typical traditional/waterfall PM approaches and organizations.

The journey's getting longer...

## 4 - The Journey to a truly Agile Culture

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*"Culture eats 'process' for breakfast..." John Dehart, Founder of Nurse next Door*

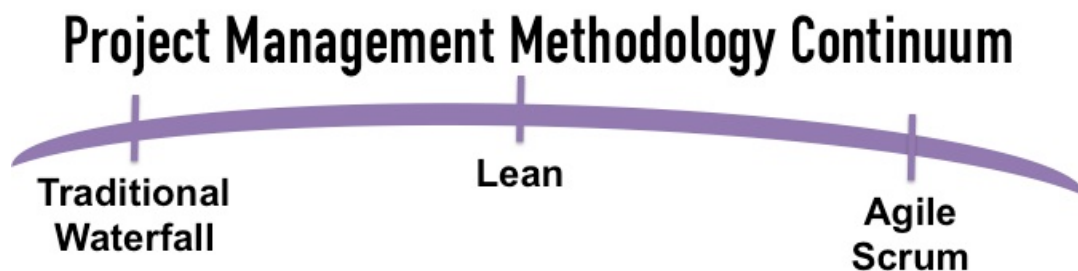
There is a risk that companies perhaps miss the most important opportunity when they make organizational changes ... that is, making the necessary changes to the culture to position it for the future. In a recent post on Scrum Inc.'s Blog, Steve Denning observed, "when the culture doesn't fit Agile, the solution is not to reject Agile. The solution is to change the organizational culture.

One doesn't even have to look at the business results of firms using hierarchical bureaucracy to know that they are fatally ill. In today's marketplace, they will need to change their culture or they will die. They need to become Agile."

As we shared earlier in the section on Investing in Technology above, traditional projects only succeed to deliver on-time, on-budget, on-scope only one out of every seven times (a 14% success rate). While Agile delivers three times that performance and succeeds one out of every 2.38 times (a 42% success rate), my suspicion is that this low rate of success is due to companies jumping on the "Agile" bandwagon without first fully grasping the cultural change that is required from the very top on down. John Dehart summed it up perfectly with his observation as to why Southwest's competitors failed when they tried to copy Southwest's success: "they failed because you can copy all of the business strategies all you want, but if you don't have the culture to execute, you won't succeed. We love the line 'Culture eats process for breakfast.' Southwest Airlines has mastered culture building."

Creating a culture that is truly Agile is a long, arduous trek. It requires that senior and executive management learn a whole new way to lead and manage the organization. The first step on that path is that every Board Member, Executive and Senior manager in the organization takes the two-day Certified Scrum Product Owner (CSPO) training.

Without the ability to see the organization through the lens of the CSPO, then there is the risk of losing out on realizing the full value-add and potential of Agile. It requires a long-term view of at least a minimum five to seven years to fully convert an organization from Waterfall to Agile. While on the surface the two ends of the spectrum appear to be fundamentally the same thing, there are some subtle, yet very important differences between the two, even if they are part of the same continuum:



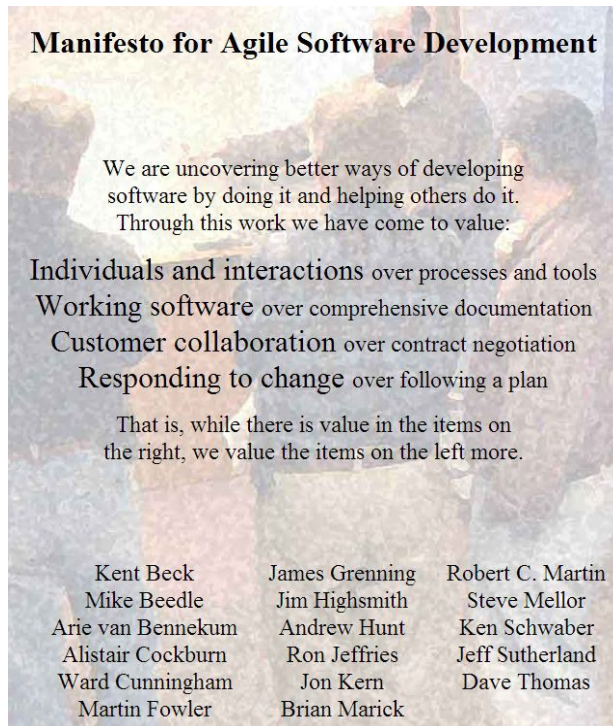
To implement a truly Agile Culture requires a higher level of trust than what is normal in the traditional setting. Accountability and transparency are two of the key benefits of having an Agile culture. In Agile, the Product Owner functions as the single point of accountability ... i.e. a "mini" CEO with full P&L for their product.

As we shared in the example with the Sydney Opera house, a spectacular "project failure" doesn't necessarily equal an even more spectacular "product failure." It ended up being the exact opposite in the case of the Sydney Opera house where the Vision was kept in sight regardless of how dismal the project results were. The rest is history.

To achieve a truly Agile Culture means that we re-examine the ideas we used to use in a traditional, waterfall (i.e. date-driven, etc.) setting. The road map to being truly Agile will take us through some very uncomfortable territory for the organization (i.e. becoming scope enabling, etc.). Responding to change versus following a plan is just one fundamental ideological



differences between the two ends of the continuum shared above. For those not familiar with the Agile Manifesto, here's a snapshot:



Source: <http://agilemanifesto.org/>

For those well versed in Prince2 and/or other traditional/waterfall methodologies, this manifesto will sound like heresy. It becomes even more disconcerting for those practitioners when they contemplate the impacts of using the 12 Principles guiding Agile development, which are:

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.

Having worked with many organizations making the transformation from waterfall to Agile, the common theme is that the same type of situations / heartburn emerge at almost the exact same time during each company's journey.

And, the common denominator determining the success / failure of your journey will be the **Vision** that **Drives** cultural change.

For a more complete understanding on how Vision drives success, see our white paper on Vision at [http://pmobrothers.com/White\\_Papers.html](http://pmobrothers.com/White_Papers.html)

Bon voyage...