An Executive Insider's Guide to Enterprise Agile Transformation

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Scott Richardson

• **Background**
  • 1.5 years at Fannie Mae, VP Enterprise Data & Head of Corporate Technologies
  • 13 years at Capital One, VP of Retail Technology for Consumer & Small Business Banks
  • Founder/owner of 2 technology consulting companies
  • Price Waterhouse – financial systems consultant

• **Agile Credentials**
  • Hands-on practitioner for 12 years
  • The usual certifications (CSM, SAFe SPC, etc.)
  • Sponsor/Champion for Agile transformation in 6 corporate organizations
This session is for:

• The 83% of companies still on their journey to enterprise agility

• Those challenged to achieve full Agile transformation that persists

• Organizations still maturing and in pursuit of 2\textsuperscript{nd} order cultural changes

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Overview

1. Charting the Course: Assess the culture and choose tactics
2. Making the Journey: Make progress on your transformation journey
3. Leading Change: Get to your destination with active leadership
4. Scaling New Heights: Transform enterprise shared services for agility
5. Becoming One: Create an enterprise strategy execution capability
6. Lightning Round – Metrics: Avoid killing Agile with bad metrics

Objectives

• Learn how to prepare adequately for and to execute on a large-scale Agile transformation
• Gain clarity into how an executive, a senior leader, and a manager can lead in concert to achieve lasting transformation
• Learn specific ways to connect business, operations, and technology for enterprise-wide agility
1. Charting the Course
Assess the culture and choose tactics

Why talk about Culture?

**Leading Causes of Failed Agile Projects**
Company culture continues to dominate the top causes of failed agile projects with company philosophy or culture at odds with core agile values at 46%, and lack of management support for cultural transition at 38%.

- Company philosophy or culture at odds with core agile values: 46%
- Lack of experience with agile methods: 41%
- Lack of management support: 38%
- Lack of support for cultural transition: 38%

**Barriers to Further Agile Adoption**
As in previous years, respondents continued to increasingly cite organizational culture and a general resistance to change as their biggest barriers to further agile adoption. Concerns about organizational culture increased from 44% in 2014 to 65% in 2015, and concerns about a general resistance to change increased from 34% in 2014 to 42% in 2015.

- Ability to change organizational culture: 55%
- General organizational resistance to change: 42%
- Pre-existing rigid/waterfall framework: 40%
- Not enough personnel with the necessary agile experience: 39%
- Management support: 38%
- Business/user/customer availability: 28%
- Concerns about a loss of management control: 27%

Culture assessment guides your transformation roadmap

**Corporate Culture & Strategy**
- Values
- History
- Competition
- Customer
- Confidence

**People & Org**
- People:
  - Executives
  - Senior Leaders
  - Managers
  - Teams
  - Org Structure
  - Local Values

**Processes & Oversight**
- SDLC
- Audit, Regulators
- CoEs
- Procurement
- Finance
- Testing
- Release Mgmt

**Other**
- Budget
- Space
- Etc.

Assess the Organization
2. Making the Journey
Make progress on your transformation journey

a) Start Right
b) Get Moving With DevOps
c) Scale Up
d) Rinse & Repeat
Start Right with core Agile teams

a) Start Right
- Secure senior-level sponsorship
- Start with a winner
  - Forward-leaning, early-adopters, strong local mgm’t
  - Clear business-aligned purpose
- Get professional help (SM & Coach)
- Discipline!
  - Go vanilla; no arbitrary exceptions to core principles
- Create a Beacon
  - Make it successful at all costs

b) Get Moving With DevOps
- In Parallel:
  - Actively clear roadblocks
  - Address top 1-3 most critical environment factors
    - From culture assessment
  - Use early momentum to drive most important changes rapidly

c) Scale Up

d) Rinse & Repeat

Keys to Success:
- Go all-in with your time and attention
- Create space for exploration, learning/failure
- Frequent senior leader check-in

Pitfalls:
- Allowing local flavors/exceptions
- Not having qualified SMs, Coaches

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Get Moving With DevOps

**a) Start Right**
- Have a central DevOps lead/team
  - Set standards, implement tools, help teams
- Start with basic test automation
  - Then add builds, deployment, further testing
- Increase frequency of builds, Prod rollouts

**b) Get Moving With DevOps**

**c) Scale Up**

**d) Rinse & Repeat**

**In Parallel:**
- Decide approach to broader DevOps support:
  - Central team, CoE, or federated
- Communicate: Share successes
- Bring others into the DevOps community

**Keys to Success:**
- Get professional help
- If too much at once, go slower with DevOps – get Scrum right first

**Pitfalls:**
- Starting DevOps too late
  (will slow teams down)
Scale Up: Expand the Agile footprint

**a) Start Right**

- Establish a scalable training program
- Add more teams, with discipline
  - Keep discipline (constant vigilance!) – see “5 S” approach
  - Implement staff/org changes
- Ensure consistent SM/Coaching guidance
- Implement Program Mgmt where needed
  - S2/S3, LeSS, SAFe, etc.
  - Keep lightweight as long as possible
- Address more ecosystem/culture issues

**b) Get Moving With DevOps**

**c) Scale Up**

**In Parallel:**

- Publish Adoption & Maturity metrics to drive further Agile progress
- Communicate Broadly
  - Bring the company along - minimize resistance caused by exclusivity
  - Leverage existing Comms channels
- Drive inter-group coordination with Portfolio Roadmap approach

**Keys to Success:**

- Discipline: Set the right precedent
- Slow/stop scaling if problems encountered
- Invest broadly in educating leaders

**Pitfalls:**

- Investing too early/too much in heavy program management
- Failing to address the broader culture issues
Rinse & Repeat: Learn, Improve and Expand

a) Start Right

• Rinse = Engage, Assess, Improve
  • Create a community of local champions
  • Have a lean but value-add Agile CoE
  • Create a senior mgmt forum to engage, align, learn
  • Formalize where needed due to scale
  • Listen to local needs, take action, clear roadblocks

• Repeat = Add teams, build upon success
  • Follow Steps a-c in additional areas/orgs
  • Go where senior leaders volunteer
  • Slower-movers will engage when safe/stable

b) Get Moving With DevOps

In Parallel:

• Communicate: Invite as many into the tent as possible

• Address self-preserving non-Agile functions
  • Functional silos, especially newly-formed “Agile shared services”

c) Scale Up

Keys to Success:

• Create a community, recognize beacons
• Reinforce local ownership
• All-in on ecosystem/culture changes

Pitfalls:

• Too slow to clear escalated roadblocks
• Failure to drive real, structural change in the corporate ecosystem
d) Rinse & Repeat
3. Leading Change

Get to your destination with active leadership

- Agile is 80% about Culture change – this requires leadership commitment
- Leaders at all levels create a mandate, set the tone, follow through
- Bottom-up team transformation + Top-down leadership = Permanence
What they think/feel

• Are either:
  • Ambivalent
  • Or, really want to modernize
  • ... but primarily interested in results

• Want to know it's worth the investment

• Want to understand the basics

• Want the transformation to be successful

• How long will this take?

What is needed

• A clear CIO or top-level mandate

• Create a burning platform tied to corporate strategy

• Establish and reinforce DIO accountability

• Give public support – Town Halls, etc.

• Help right-size governance & oversight

• Drive Lean Management and enterprise-wide integration (more on this later)
Senior Leaders: The front line of change

What they think/feel

• Why is this a priority when there is so much going on?
• How do I manage performance now? (Team vs. Individual)
• Why do I need these extra roles? (Scrum Master, Coach)
• How can I afford this?
• How to balance teams across a portfolio? Requires a lot of coordination.

What is needed

• Publicly and privately support the learning process; don’t sweat minor “failures”
• Improve delivery processes; disincent a culture of “Heroism”
• Follow through with organizational changes: skill shift, lean out, create cross-functional teams
• Drive a Portfolio view of delivery: bring the work to the teams
• Be a role model; engage the Managers
• Use metrics to incent Agile adoption & maturity
Managers: Need the most coaching

What they think/feel

• **Anxious**: What is my value proposition now that team is “self-organizing”?
• **Loss of control**: I want to keep doing what made me successful
• “I'm already doing this!”
• Loss of direct relationship to the work the team produces
• How do I know who are top performers?
• With everyone on different teams, what creates cohesiveness across the org?

What is needed

• Give space for leaders within team to emerge
• Trust the team, let them solve problems; they will seek help when needed
• Focus energies on clearing the way in front of the team (curling analogy)
• Get coaching on enablement and soft skills
• Give public recognition to team members who exhibit ownership
More for Managers: Focus on this instead

Team
- Do the staff on the team have the right skills and SME knowledge?
- Do they work well together? Right team culture? Toxic people addressed quickly?
- Is the team self-empowered or overly dependent on OOS managers/senior people?
- Give the team stability

Process
- Is the development process lean and efficient?
- Are out-of-Sprint resources engaging with the team effectively?
- Is the Backlog depth sufficient?
- Champion DevOps adoption and refinement

Value Stream
- Help with early engagement for new/emerging demand
- Is the Architectural Runway sufficient?

Environment
- Procure adequate space, equipment, including collaboration technology
- Improve relationships with other groups
- Stay attuned to emerging technologies, standards, architecture patterns, etc.

Metrics
- Measure the right things to incent action and bring focus to problem areas
- Needs evolve over time; what are the management questions of today?
4. Scaling New Heights
Transform enterprise shared services for agility

- Needed to run any company
- Goals are different than customer delivery
- Failure to transform these functions inhibits Agile permanence
- Be wary of “horizontal” teams as a rule
- Federate where possible and lean out
- This is hard work: **Influence!**
Governance/Oversight Groups

- There can be many – inventory them early as part of Culture assessment
- Most do perform a valuable role of keeping the company out of trouble
- Most have a document-heavy Inspect-and-Veto approach
- Most inspect at end of value stream

Audit
Legal
PMO/SDLC
*Architecture
*QA/Test
*Release Mgmt

Do:
- Change from reactive controls to preventative
- Shift to Advise-and-Escalate, up front
- Educate and reinforce local accountability at every step
- Publish meaningful metrics that help run a good business

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**Human Resources**

**Labor Strategy**
- Define a Human Capital Plan or Labor Strategy to guide your organizational maturity

**New Positions**
- Create formal positions for the new Agile organization
  - Scrum Master: SM 1, SM 2, SM Manager
  - Coach: Agile Coach, Enterprise Agile Coach
  - Product Owner: Product Owner, Product Manager
  - DevOps: SDET (Software Development Engineer for Test), DevOps Engineer, Technical Release Manager
  - Release Train Engineer

**Reinforce Recruiting**
- Energize Recruiting
  - Culture fit
  - Team players
  - Management: Enabling teams, inspirational
  - Energy level, forward-leaning, unafraid to experiment, continuous improvement

**Performance Management**
- Address Performance Management
  - Individual vs. Team performance
  - Feedback: 360°, frequent, real-time (fast feedback cycles)
  - Coaching for soft skills

**Training**
- Refocus Training:
  - Hard Skills: Build cross-functional teams, T-shaped resources
  - Soft Skills: Assertiveness, independent thinking, leadership

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**Do:**
- Labor Strategy
- New positions create structure and career path for Agile roles
- Don’t oversteer with Performance Mgmt changes
- Reinforce target culture with recruiting and training
Procurement

- Have a defined Human Capital Plan / Labor Strategy to guide use of non-employees
- Fixed Price and Managed Service Provider (MSP) structures tend to inhibit Agile:
  - **Delivery Structure:** Functional silos (typical)
  - **Goals:** Staff from different silos are incented for different outcomes
  - **Management:** Multiple groups or vendors on one team = more management
  - **Location:** Often silos are in different locations
  - **Change MSP contracts** to allow **full-team sourcing, not functional sourcing**
  - Ensure SLAs are aligned with other goals such as Team objectives, Innovation, Lean, Continuous Improvement
  - **Biggest shift:** Solving for team throughput, not labor unit costs
  - FTEs may have higher unit costs, but are more cross-functional over time

Do:
- Follow Labor Strategy
- Enable cross-functional teams, not silos
- Solve for business capability, not unit costs

Facilities

- **Challenge:** Keep up with demand for new style of team space
- **Open space**, clear lines of sight
- **Huddle rooms**; also conference rooms for Sprint Reviews, SAFe planning
- **Vertical work surfaces**: Preferably mobile walls for team task boards, screens/SmartBoards, information radiators, and noise reduction
- **Wireless headsets** – walk away if it gets too noisy

Do:
- Act now to keep pace with space demands
- Create open spaces
Hosting/Infrastructure

- As you scale, each team will need multiple non-Prod environments
- Automated environment provisioning is necessary to keep up with this demand
- Must invest in this capability: skills, standards, contractual arrangements, etc.
- With maturity, infrastructure for pre-Prod environments will move to the team
- This becomes feasible with automation, cloud, containerization, and standards

Production Support

- Downtime in non-Prod environments causes teams to be at a standstill
- Need Prod-like support of non-Prod environments to avoid costly delays
- With right infrastructure, design patterns, and DevOps, each team owns their code from Dev through Production. Less separation between L2/L3 and team.
- Until mature, build support requirements (e.g., documentation required by support teams, handoff/shadowing) into "Definition of Done"

Do:
- Automation, cloud, containerization, standards

Do:
- Improve non-Prod SLAs
- DevOps shifts more Prod responsibilities to team
Finance/Investment Management

- **Investments should be driven by Strategy Execution**
  - **Top-down** budgeting based on strategic distribution of funding to corporate priorities
  - Senior Executives agree to:
    a) the Corporate Strategy
    b) a limited set of Corporate Priorities/Investment Themes
- **Fund the Team not the Project** (e.g., SAFe Portfolio view)
  - Don’t engage in a massive business case/project estimation exercise
- **Monitor business results** against strategic plan, not project completions
- **This is hard to change**: Companies hesitate to change budgeting/investment management processes because they are politically sensitive (create winners, losers)

PMOs

- **Shift most PMO responsibilities to Product Owners** and related roles
  - If you have a central PMO, change focus to coordinating across Agile teams, visualizing the Portfolio/Roadmap view, tracking investments and business value realized (KPIs)
- **Eliminate the BCP** (Big Complex Program): Decompose scope to Epics and distribute
- **Eliminate the Project**: Fund teams and bring the work (epics/features) to the teams
- Periodically (infrequent) **shift teams** to new corporate priorities as needed

**Do:**
- **Strategy-driven investment of corporate priorities, not project funding**
- **Fund teams to align capacity with investment priorities**

**Do:**
- Proj/Prgm oversight by Product Mgmt, not PMO
- Track investments, coordinate across teams
- Measure business value achieved

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Key Takeaway:

• There is a huge amount of transformation work that can/should be done beyond team transformation

• Only executives are equipped to drive these changes

• Failure to act = will not reap Agile rewards on an enterprise scale
5. Becoming One
Create an enterprise strategy execution capability

Strategic Execution
Agile Enterprise
New Org Horizons
Strategic Execution

Agile Enterprise

New Org Horizons

• Strategy alone can be duplicated, imitated
• **Strategic Execution** can only be achieved through excellence
• **How?**
  • Define a clear corporate strategy
  • Identify a limited number of Corporate Priorities/Investment Themes
  • Create clear ownership and accountability
  • Align delivery (Tech, Ops, etc.) to Corporate Priorities
  • Execute with Agile delivery
Example: Strategic execution can achieve new heights with enterprise Agile transformation

- Decompose business **Strategy** into **Strategic Priorities/Investment Themes**
- Assign an accountable **Executive** to each SP/IT
  - **KPIs**: Executives are accountable for achieving KPIs measuring realization of strategic business value
  - **Resources**: Give executives the resources (budget, Agile Teams) to achieve their KPIs
- Executives have **Product Managers** and **Product Owners** to manage business value-driven delivery
- Primary resource for delivering new capabilities is the **Agile Team**
Strategic Execution

Agile Enterprise

New Org Horizons

Agile

+ Design

Thinking

+ Lean

Management

= Lean, nimble, customer-responsive

- Expand Agile across the enterprise
- Agile Investment Management

- Connects incredibly well with Agile delivery teams to bring ideas to life

- Product Development Flow
- Lean Thinking
- Mission-Driven

Recommended Reading: Lean Enterprise, by Humble, Molesky, and O'Reilly
Strategic Execution

Agile Enterprise

New Org Horizons

• Increase breadth of skills in “Business” organization
• Shift Technology organization to be more engineering-oriented
• Eliminate most functional silos
• Lean-out management across Business, Operations, Technology
• Networks of teams
6. Lightning Round - Metrics
Avoid killing Agile with bad metrics

- Metrics can easily do more damage than good
  - (Bad) Story Point Metrics: Gaming
  - (Bad) Comparison Metrics: Disincent cooperation, sharing
- Avoid the tyranny of the Productivity metric

**Do:**
- Measure only where you intend to take action
- Reinforce the right values
- If you have a good Value metric, let me know!

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Agile metrics address a range of needs across the company

**Increasing levels of detail**

**Agile Effectiveness Index**

**DIO Team Inventory**

**Team Performance History**

**OneScrum Report**

**Audience**
- CIO
- DIOs
- Transformation Lead

**Focus**
- How is each LOB doing in terms of adoption, delivery, and maturity?
- Normalized data (reflecting team differences)

**Metrics**
- Adoption
- Velocity
- Burnup
- System Health
- Delivery Quality
- Team Stability
- Team Coherence
- Agile Mechanics
- Agile Effectiveness Index Score

**Dimensions**
- Enterprise
- Division A
- Division B
- Division C

**Dimensions of detail**
- Number of Agile Teams vs. Target
- Agile Software Investment
- Velocity Variance
- Commitment Variance
- Backlog Health
- Delivery Quality
- Team Stability
- Team Coherence
- Agile Mechanics
- Tool Usage

**Reference Data**
- Performance Data

**Teams**
- Team 1
  - Division A
  - Product X
  - Feature
  - Core Product System
  - Rob N.
  - Marissa T.
  - Grant G.
  - 10%
  - 82%
  - 2.6

- Team 2
  - Division A
  - Customer Servicing
  - Component
  - Web Portal
  - Jim L.
  - Miles W.
  - Martin F.
  - Phone Servicintg Enhancements
  - 20%
  - 90%
  - 2.1

- Team 3
  - Division B
  - Customer Servicing
  - Feature
  - Back End Servicing
  - Mary S.
  - Kate R.
  - Subir S.
  - Customer Complaints
  - 5%
  - 75%
  - 1.5

- Team 4
  - Division B
  - Product Y
  - Feature
  - Core Product System
  - Steven S.
  - Lauren R.
  - Subir S.
  - FNP Phase 1
  - 0%
  - 100%
  - 2.3

- Team 5
  - Division C
  - Product Z
  - Feature
  - Core Product System
  - Yvonne Z.
  - Frank F.
  - Kim H.
  - Lending Redesign
  - 15%
  - 90%
  - 3.2

**Scores**
- Agile Effectiveness Index Score
- Adoption
- Velocity
- Burnup
- System Health
- Delivery Quality
- Team Stability
- Team Coherence
- Agile Mechanics
- Tool Usage

**Scores by Dimension**
- Number of Agile Teams vs. Target
- Agile Software Investment
- Velocity Variance
- Commitment Variance
- Backlog Health
- Delivery Quality
- Team Stability
- Team Coherence
- Agile Mechanics
- Tool Usage

**Scores by Audience**
- CIO
- DIOs
- Transformation Lead
- Agile Coaches
- Scrum Masters

**Scores by Focus**
- How is each LOB doing in terms of adoption, delivery, and maturity?
- Normalized data (reflecting team differences)

**Scores by Metric**
- Number of Agile Teams vs. Target
- Agile Software Investment
- Velocity Variance
- Commitment Variance
- Backlog Health
- Delivery Quality
- Team Stability
- Team Coherence
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- How is each LOB doing in terms of adoption, delivery, and maturity?
- Normalized data (reflecting team differences)
Enterprise Adoption

This metric compares Agile adoption across divisions.

Healthy competition between DIOs is a surprisingly effective motivator.
# Enterprise Agile Adoption Dashboard

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Metric</th>
<th>Enterprise</th>
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<th>Division B</th>
<th>Division C</th>
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<td>100%</td>
<td>87%</td>
<td>100%</td>
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<td></td>
<td>Agile Software Investment</td>
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<td>88%</td>
<td>90%</td>
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<td>Velocity Variance</td>
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<td>95%</td>
<td>88%</td>
<td>81%</td>
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<td>Commitment Variance</td>
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<td></td>
<td>Backlog Health</td>
<td>88%</td>
<td>98%</td>
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<td>Delivery Quality</td>
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<td>Maturity</td>
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<td>99%</td>
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<td></td>
<td>Product Owner</td>
<td>81%</td>
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<td>Tool Usage</td>
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<td>9.4</td>
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</table>

*< 80%*
### Agile Team Readiness Criteria

- **Used by local division to track when new Agile teams have necessary ingredients for successful launch**
- **Leaders solve non-green conditions**
- **Not allowed to Sprint until all are green**
  - If any of these 5 are missing, teams will falter

<table>
<thead>
<tr>
<th>TEAM</th>
<th>Scope</th>
<th>SM/Coach</th>
<th>Staff</th>
<th>Space</th>
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</table>

- **Ready and available now**
- **Identified and committed at future date**
- **Not yet identified or committed**

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• Used to convey Epic/Feature intentions to stakeholders
  • Teams, other groups, management
  • A critically important tool for portfolio and program management
# Portfolio Backlog Health

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- **Color by Portfolio Backlog Health:**
  - In Sprint
  - Not Started Yet
  - Ready
  - WIP

**Portfolio**

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Business Value Delivered (Good!)

- Visual representation of Business Value Delivered, for a series of business functions

(Note: Units in graph are a proprietary measure of business value)
Program Velocity Chart (Bad – Avoid!)

- Spans multiple teams
- Note the spike in story points at Sprint 18
  - This is when teams learned that Program Velocity was being shared with mgmt. (gaming?)
Team Maturity Metrics

SCRUM Maturity Model Overview

Level 0
Getting Started
At this stage the focus is on "Transparency" — both on the team and throughout the organization. Teams work to put basic Scrum structure in place.

Level 1
Getting Predictable
At this stage teams are comfortable with the core scrum practices and are able to effectively predict how much work they can accomplish. The focus is put on mastering basic scrum practices and introducing basic XP development practices.

Level 2
Getting Faster
At this stage teams are self-sustaining with regards to Scrum process and has internalized what it means to be agile. Focus shifts to increasing speed and quality through automation in areas such as regression tests, security inspection and deployment.

Level 3
Getting Agile
Team significantly increases release frequency and speed as they focus on feature-level releases. Operational monitoring instrument in measuring success/failure of feature and help plan future releases.

0 - impeded - No agile maturity observed
1 = In Transition - Minimum agile maturity standards observed
2 = Sustainable - Sustainable Agile maturity observed
3 = Ideal - Agile maturity and capabilities ingrained culturally

Team Structure
Team Dynamics
Agile Mechanics
Agile Engineering Practices
Product Management
SAFEs Ready Boundary

Coach's Rating 0

Feedback:
- 0 - impeded - No agile maturity observed
- 1 = In Transition - Minimum agile maturity standards observed
- 2 = Sustainable - Sustainable Agile maturity observed
- 3 = Ideal - Agile maturity and capabilities ingrained culturally

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Feature Progress

• Shows percent completion of Features (proxy for Value delivered)
In Conclusion: Key Take-Aways

• **Culture:** 80% culture, 20% process
• **Team Transformation:** Discipline!
• **Leadership:** Engaged/Active = Permanence
• **Environment/Ecosystem:** Just Do It
• **2nd Order Transformations:** WoW!
• **Metrics:** Don’t Blow It
Thank You!

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