Are We Agile?

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Dan Greening

- Hard knocks entrepreneur and investor
  - 6 startups: 3 successful exits, 1 bust, 2 in progress
- Agile advocate
  - Head agile coach: Skype, Citrix Online
- Author: Agility Pattern Language
- Researcher
  - Publications on agility and optimization

Preliminaries

 Raised Hand Means Please Be Quiet

Pair Up, Solo, or Be Shy
Introductions

Share with neighbor
- Where are you now?
  - Working for an established, startup, non-profit?
  - Role: CEO, Executive, Project Manager, Consultant
- Why are you here?
  - Have you been in a failed company before?
  - Existing challenges?

Agenda
- Introductions
- The Fixed Plan Problem
- Primary Agility Patterns
  - How to identify and create authentic agility?
  - Try It: Your business and its agility
- If we have time
  - Sustaining agility patterns

Fixed Plan Problem: Manufacturing

General Motors
- Autonomous plant mngs
- Forecast and inventory
- Dealer incentives
- Inflexible contracts

Toyota
- Hoshin Kanri alignment
- Just-in-time
- Measure/eliminate waste
- Continuous improvement

Dominant then bankrupt 2009  High profit auto company
Fixed Plan Problem: Software

<table>
<thead>
<tr>
<th>Description</th>
<th>Waterfall</th>
<th>Agile</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Functional silos</td>
<td>Shared objectives</td>
</tr>
<tr>
<td></td>
<td>Unreliable metrics</td>
<td>Frequent release metrics</td>
</tr>
<tr>
<td></td>
<td>Accumulating risk</td>
<td>Limited work-in-progress</td>
</tr>
<tr>
<td></td>
<td>Detailed planning up front</td>
<td>Experiment and adapt</td>
</tr>
</tbody>
</table>

29% failure, 14% success 9% failure, 42% success

Fixed Plan Problem: Finance

<table>
<thead>
<tr>
<th>Lehmann Brothers</th>
<th>Bridgewater</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Upside-only bonuses</td>
<td>• Incentives aligned</td>
</tr>
<tr>
<td>• Hidden malfeasance</td>
<td>• Radical transparency</td>
</tr>
<tr>
<td>• Too much leverage</td>
<td>• Investments hedged</td>
</tr>
<tr>
<td>• Confident and assertive</td>
<td>• Experiments and analysis</td>
</tr>
</tbody>
</table>

Was #4, went bankrupt 2008 Up 9.4% 2008, now top hedge


Experiments and analysis
Incentives aligned
Radical transparency
Investments hedged
Experiments and analysis
“Experts”: Why so complex?

“Let us help you”

- Forrester
- Frost & Sullivan
- Pega Systems
- Oracle

But they are too specific, too complex

Forrester’s Ten Dimensions of Business Agility

But they are too specific, too complex

“Experts”: Why so unhelpful?

Ten Agile Axioms That Make Managers Anxious

First Law Of Agile: The Law Of The Customer
1. Firms make more money by not focusing on making money
2. There are no internal customers
3. There are no B2B corporations
4. Better products often make no money

Second Law Of Agile: The Law Of The Small Team
5. Forget economies of scale: your market is one person
6. Don’t scale up. Decouple complexity down
7. Agile is not a process
8. Talent drives strategy, not vice versa

The Third Law Of Agile: The Law Of The Network
9. Control is enhanced by letting go of control
10. Lead like a gardener, not a commander


Agility Pattern Language

Agility is the speed you can sense, adapt and succeed in changing situations and uncertainty.
Pattern: Driving Purpose

Unfocused activities create poor results…

…therefore, focus on a driving purpose

Example: Driving Purpose

Best Buy

- The Latest Devices and Services, in One Place
- Impartial, Knowledgeable Advice
- Competitive Prices
- The Ability to Shop When and Where You Want
- Support for the Life of Your Products

Try it: Driving Purpose

- Brainstorm ideas with your neighbor
  - What is the Driving Purpose of your company?
    - Customers?
    - Society?
    - Sustainability?
  - How are you different from others?
  - Does your Driving Purpose help you focus?
Discussion: Driving Purpose

• What ideas did you come up with?
• Challenges and discoveries?
• How might you change the Driving Purpose?
  • Differentiation
  • Focus
  • When?

Pattern: Limit Downside Risk (WIP)

We adapt too slowly and at high cost…

Build useful transport

…therefore, limit cost, work-in-progress and time for discovery

Example: Limit Downside Risk (WIP)
Try it: Limit Downside Risk (WIP)

Your Driving Purpose
- Customers
- Society
- Sustainability

You have two weeks
- What could you try to
  - Gain customers
  - Help society
  - Sustain the company
  ... aligned to purpose?

Discussion: Limit Downside Risk (WIP)

You have two weeks
- What could you try to
  - Gain customers
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  ... aligned to purpose?

What did you decide
- Driving Purpose?
- Two week delivery?

Pattern: Measure leading indicators

Measuring long-term purpose is too slow and costly...

...therefore, measure balanced, evolving leading indicators
### Example: Measure Leading Indicators

<table>
<thead>
<tr>
<th>Lagging Indicators</th>
<th>Leading Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>Newsletter subscribers</td>
</tr>
<tr>
<td>Expenses</td>
<td>Customer service calls</td>
</tr>
<tr>
<td>Number of Customers</td>
<td>Free trial subscribers</td>
</tr>
<tr>
<td>Percent Renewal</td>
<td>Average usage per week</td>
</tr>
<tr>
<td>Profit?</td>
<td></td>
</tr>
</tbody>
</table>

### Try it: Measure Leading Indicators

<table>
<thead>
<tr>
<th>Your Leading Metrics</th>
<th>You have two weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain customers</td>
<td>What to measure?</td>
</tr>
<tr>
<td>Help society</td>
<td>• Are they balanced?</td>
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<tr>
<td>Sustain the company</td>
<td>• Are they leading?</td>
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<tr>
<td>... aligned to purpose?</td>
<td>• How might they evolve?</td>
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### Discussion: Measure Leading Indicators

<table>
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<tr>
<th>Your Leading Metrics</th>
<th>Questions</th>
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<tr>
<td>Gain customers</td>
<td>What did you choose?</td>
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<td>Help society</td>
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<td>Sustain the company</td>
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<td>... aligned to purpose?</td>
<td>• How might they evolve?</td>
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Pattern: Self-experiment to Improve

Hidden by routine, risks and opportunities lurk...

...therefore, experiment to improve

Example: Self-Experiment to Improve

Theory
Bridgewater can create an “all weather fund” that will earn income under any economic conditions

Experiments
- Back-test with historic data
- Experiment with Ray Dalio
- Support an eager client
- Manage $80 billion

Example: Self-Experiment to Improve

What is this?
“The best people in the field want to work with others who they’re going to learn and grow with,” Paul Glomski, Detroit Labs

We have two weeks
Experiment
- What is hypothesis?
- What will you test?
- How much will it cost?
Possible
- https://trends.google.com/
Learn more: Seek 50% Invalidation

100% invalidated — 100% validated

Where we learn the most

"Feel good about ourselves"

The usual "stretch goals"

Try It: Self-Experiment to Improve

Establish a Theory with your metrics
- Gain customers
- Help society
- Sustain the company

You have two weeks
Hypothesis
- What will you test?
- What is 50% likely?
- What research can help?
- How much will it cost?

Discussion: Experiment

Establish a Theory with your metrics
- Gain customers
- Help society
- Sustain the company

You have two weeks
Hypothesis
- What will you test?
- What is 50% likely?
- What research can help?
- How much will it cost?
### Agile Businesses

- KOCH
- BRIDG WATER
- TOYOTA
- SAAB
- Spotify
- Facebook

### Summary

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<thead>
<tr>
<th>Agility Patterns</th>
<th>Where they succeed</th>
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<tbody>
<tr>
<td>Establish a driving purpose</td>
<td>Manufacturing</td>
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<tr>
<td>Measure leading indicators</td>
<td>Software</td>
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<tr>
<td>Limit downside risk (WIP)</td>
<td>Finance</td>
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<tr>
<td>Self-experiment to improve</td>
<td>Career</td>
</tr>
<tr>
<td>Share responsibility</td>
<td>Politics</td>
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<tr>
<td>Expand agility</td>
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### Retrospect

<table>
<thead>
<tr>
<th>What was this about?</th>
<th>What should go next?</th>
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<tbody>
<tr>
<td>Driving purpose</td>
<td>What went well?</td>
</tr>
<tr>
<td>Leading indicators</td>
<td>What went badly?</td>
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<tr>
<td>Limit downside risk (WIP)</td>
<td>What talk should I give in “iteration 2”?</td>
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<td>Self-experiment to improve</td>
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Scrum Retrospective = Experiment

Links of Interest

- Business Agility Slides
  https://sr.link/dsw-2018
- Agility Patterns
  http://sr.link/a-cat
- Senex Rex
  http://senexrex.com

Q&A, Help if you Want It

- Metric-driven Business Coaching
  Software, Hardware, Marketing, Finance, Business
- Network of agile quants
- Successful history, client references

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Q&A / Please provide feedback

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