



**Defining Value
&
Managing Expectations**
Building the right thing the right way

Session Title: Defining Value & Managing Expectations

Organizing work in a backlog is a foundational element of an agile processes. In today's world, most backlogs are prioritized by business "value" and are the responsibility of the Product Owner.

This discussion will explore why a business only "value" perspective often leads to suboptimal results and discuss strategies that could be applied to mitigate those risks.

In other words.... If the goal is to reach a good outcome and not simply more output... to achieve this, business, user, and technology needs should all be considered when assessing "value".

Learning objectives include:

Understanding of backlog grooming
Understanding of the risks when backlog "value" is not balanced
Strategies for keeping backlogs balanced



Discussion Format:

Presentation
Open Discussion
Notes and comments
Room interaction thru
online polling (<http://etc.ch/QZ2o>)

Session format	45 minute session
Track	Agile Technical Practices
Level	Intermediate

Speaker Biography



As the CIO and Agile Practice Lead at 1904labs, John is responsible for many aspects of the development and delivery processes within the company. His 25+ years' experience in software design & development, deep understanding of Agile, and experience working with other human-centered designers have provided him with unique insights on the software development process.

John holds a Master's degree in computer science with an emphasis in distributed systems design, an undergraduate double major in math and computer science, and various Agile certifications including CSP-SM, CSP-PO.

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Favorite Quote: **"Anything worth doing is worth doing right."**
— Hunter S. Thompson

Agenda

1. What is “value”?
2. How to establish value
3. Why value is not enough
4. Questions

What is “value”?

Terms associated with "value"

Business Need

(Cost savings /
benefits,
compliance,
capabilities)

Product Adoption

(What End Users
want and need to
be successful)

Working Software

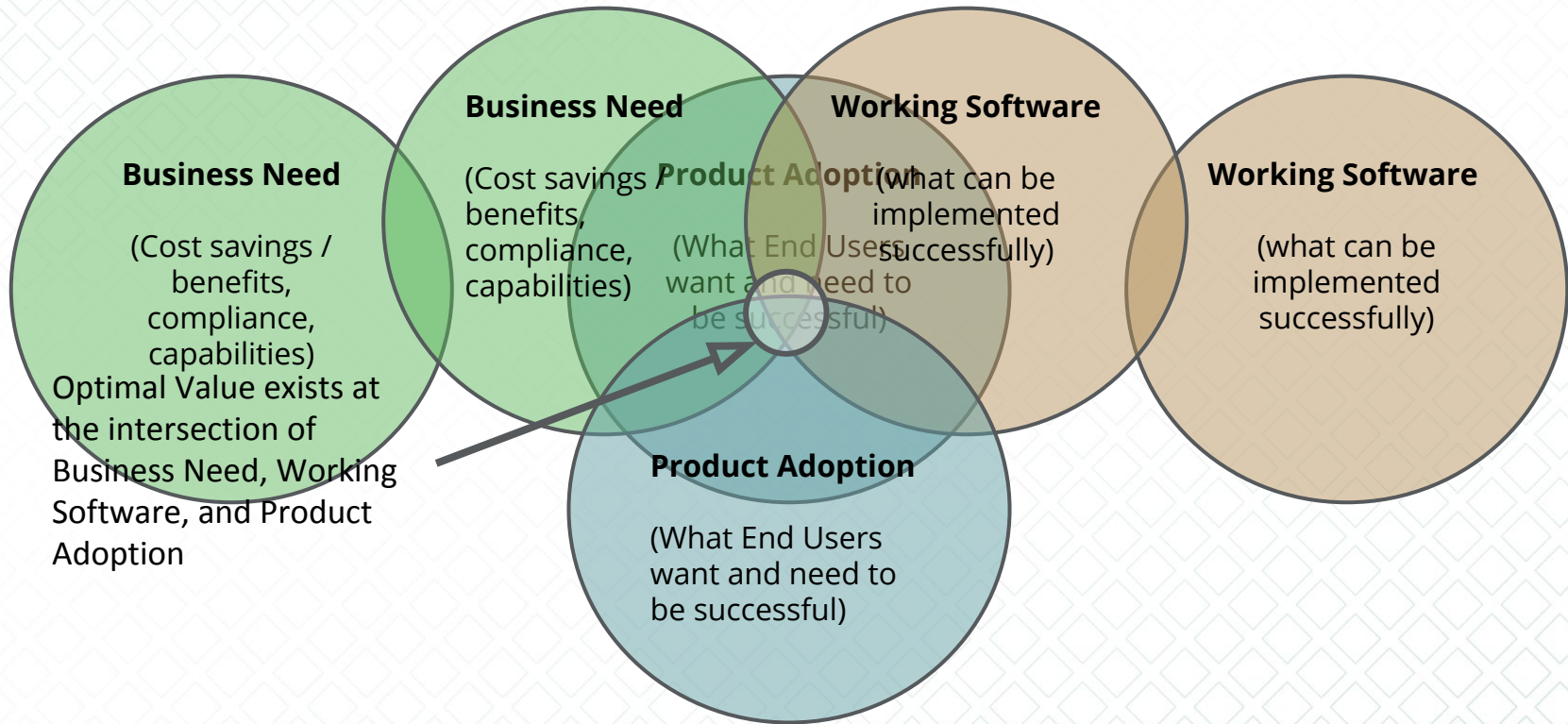
(what can be
implemented
successfully)

Which term best defines "value"?

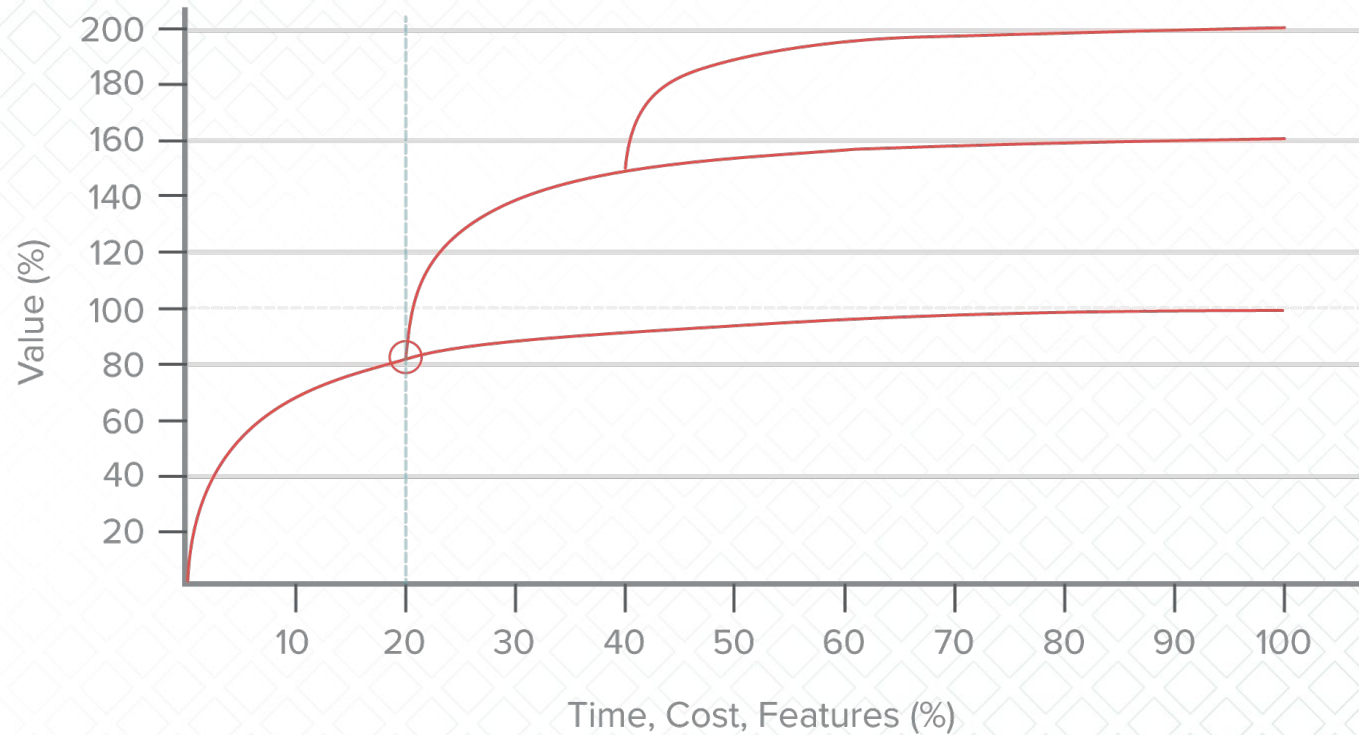
1. Business Need
2. Working Software
3. Product Adoption
4. All of the Above



"Value" includes all of these terms



80 / 20 rule for value



Calculating Business Value 2014 - Alex Brown

How is value reflected in Agile?

- Value is expressed by the ordering of stories on a product backlog.
- The Product Owner is typically charged with the task of grooming the backlog to keep the highest-value stories at the top.
- Development teams pull work from the top of the backlog ensuring that they work on what has the most defined value.



Review: What is “Value”?



- Balance between business needs, product adoption and working software
- 80% of value exists in 20% of features.
- Value is prioritized based on the order of stories on the backlog.

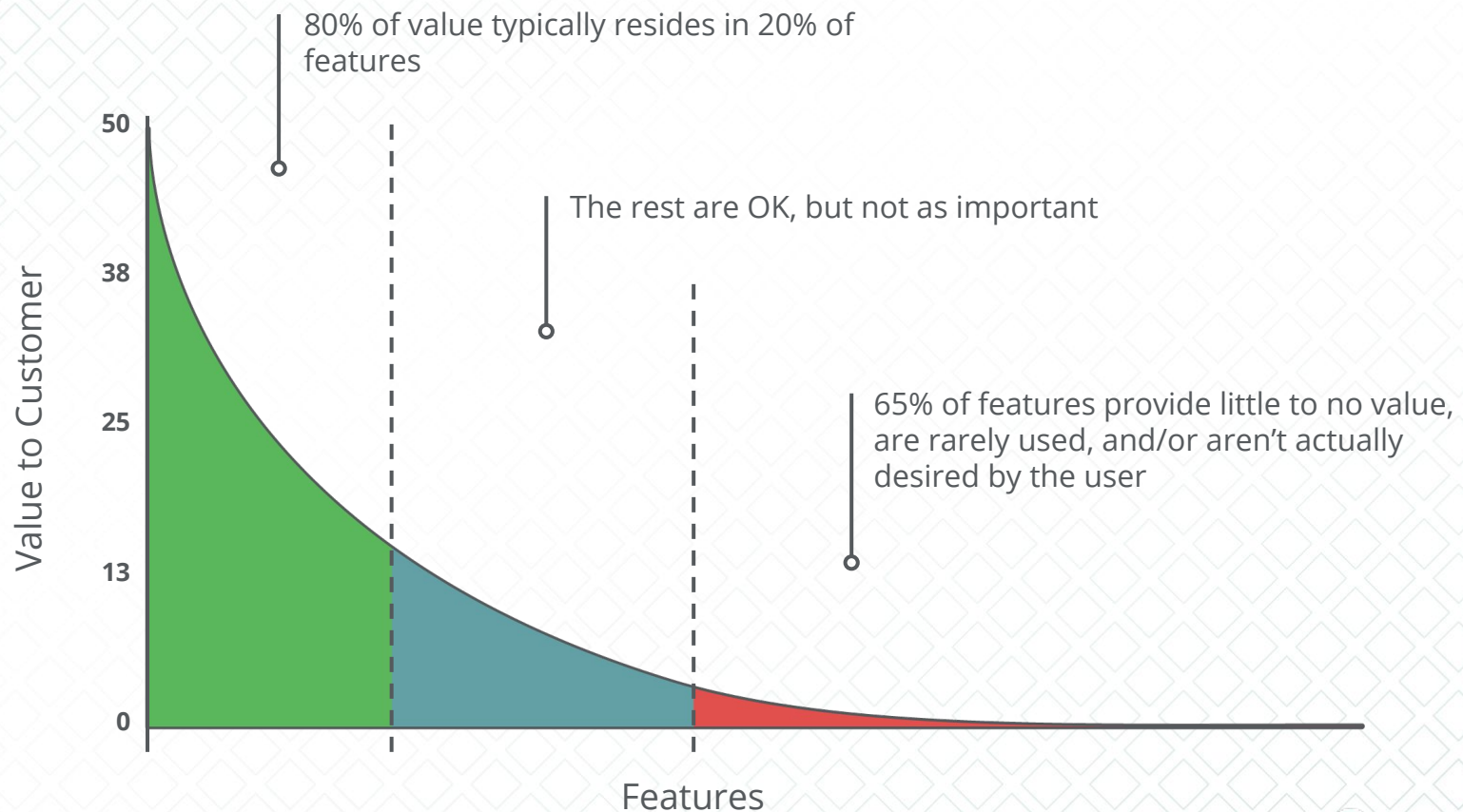
How to establish value

Building the right thing

How to establish value

- 1. Identify Opportunities**
2. Prioritize Features
3. Organize Work

Remember: Not all features are created equal!





Franklin Fullerton, 33

District Manager

Franklin is passionate about sharing knowledge and solving problems.

Backstory: Started by working in the factory, over time he was promoted to district manager and gets excited about sharing information and solving tough challenges.

"I look for an environment that is both challenging and fun! I like to be encouraged to think outside of the box and work on teams that are open to new ideas."

PERSONALITY

- Self-driven
- Strong work ethic
- Persistent
- Sees endless possibilities
- Team-minded
- Values work/life balance

GOALS

- Exposure to new things; expand skills
- Make an impact through expertise
- Make an impact on client solution success
- Bring whole self to work

MOTIVATIONS

- High-trust autonomous environment
- Contribute to decisions
- Own every part of development lifecycle

BEHAVIORS

- Collaborates with his team
- Learns about what others are doing
- Continuously researching (online and in through interactions with others)
- Learns new skills

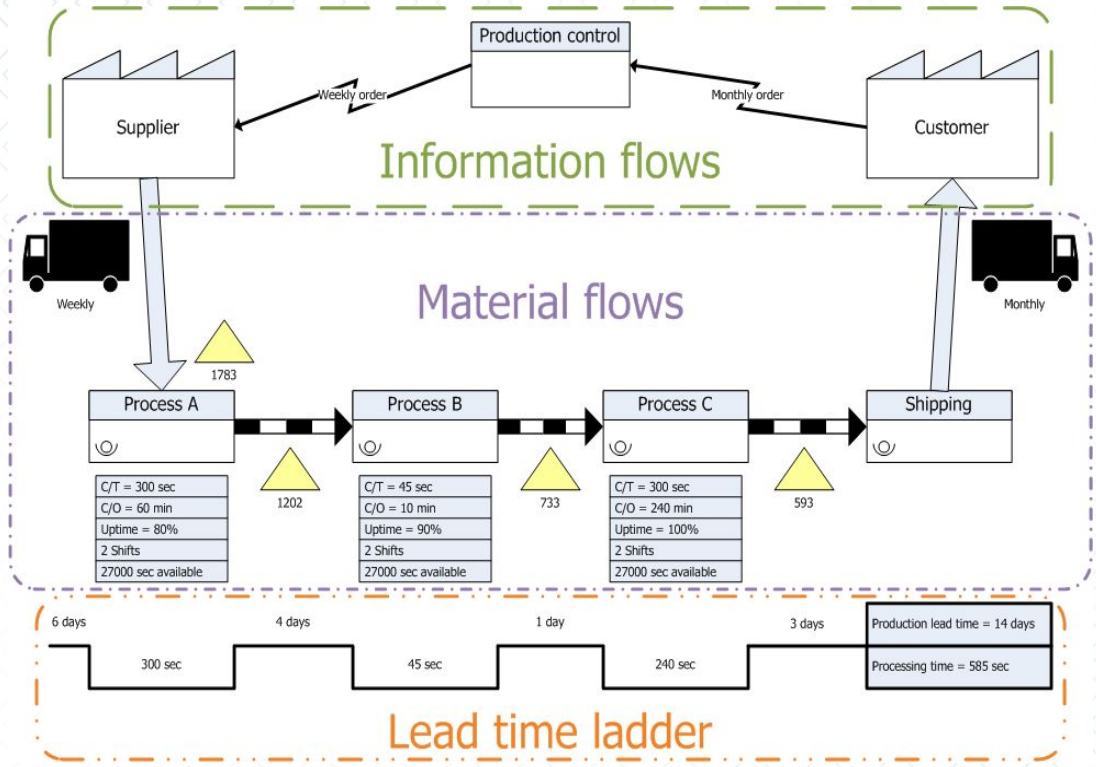
USER NEEDS

- Autonomy; influence on choices
- Simplification of reporting systems
- Integration of systems and the ability to automate generation of reports
- Ability to share knowledge with his team
- Easy access and approachability of leadership/colleagues
- Psychologically safe environment to learn/work

FRUSTRATIONS

- Micromanagement
- Bureaucracy and traditional corporate culture
- Difficulties crossing teams, clients, etc. to gain broader exposure
- Lack of time/competing demands

Lean Value Stream Mapping



Value stream mapping is a flowchart method to illustrate, analyze and improve the steps required to deliver a product or service.

A key part of lean methodology, VSM reviews the flow of process steps and information from origin to delivery to the customer.

<https://sixsigmadsi.com/10-steps-to-complete-a-value-stream-map/>

How to establish value

1. Identify Opportunities
- 2. Prioritize Features**
3. Organize Work

MoSCoW *(Must have, Should have, Could have, Won't and Would have)*

Mo	Must-haves
S	Should-haves
Co	Could-haves
W	Won't- and Would-haves

MoSCow is a very lightweight approach to grouping features based on relative value.

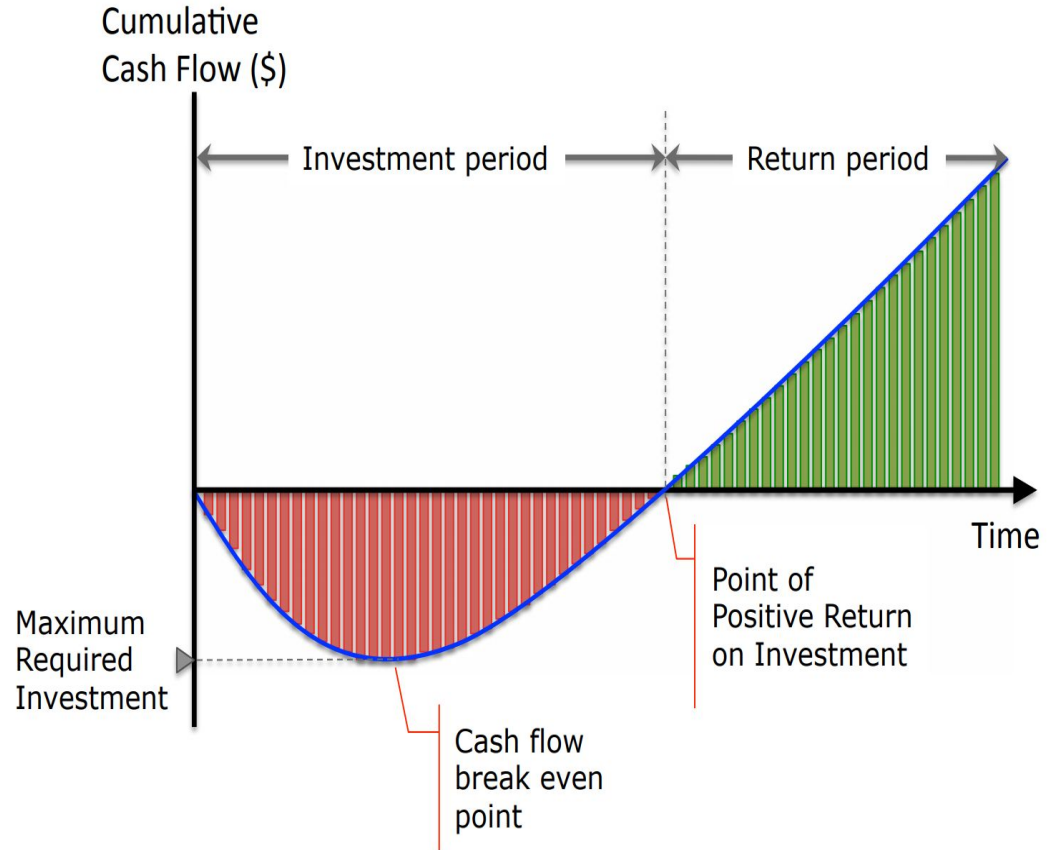
This is a very effective way to establish the valuation of features, but it is very subjective, so it can lead to both overvalued and undervalued features.

ROI Analysis

Net Present Value (NPV) can be used to objectively calculate the cost of development over time.

The graph illustrates how a NPV calculation could be used to evaluate the ROI benefit of project or a feature over time.

$$NPV = \frac{(revenue - opcost)}{(1+rate)} + \frac{(revenue(1+growth) - opcost)}{(1+rate)^2} + \frac{(revenue(1+growth)^2 - opcost)}{(1+rate)^3} - startcost$$

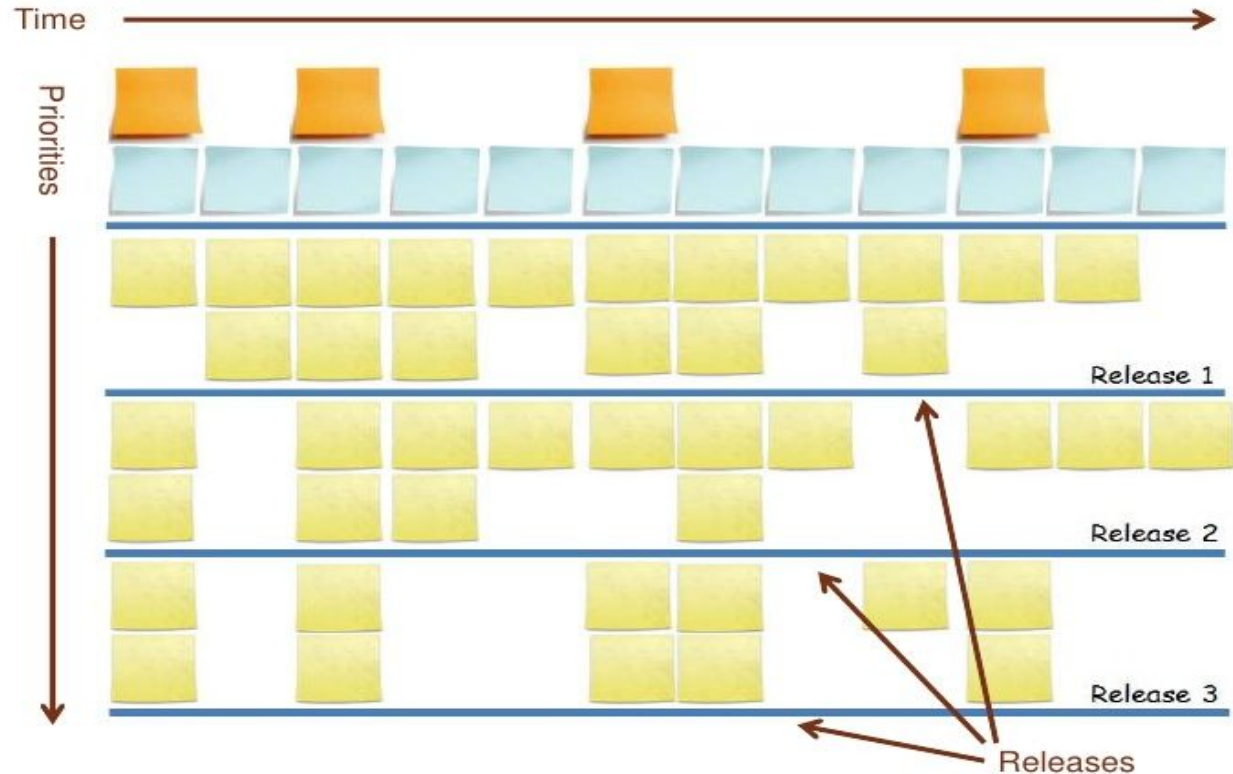


How to establish value

1. Identify Opportunities
2. Prioritize Features
- 3. Organize Work**

Use Story Mapping to establish priorities

Story Mapping techniques provide a framework to organize value in a priority-based order that supports the capabilities and needs of the business, team, and humans.



Review: How to establish value



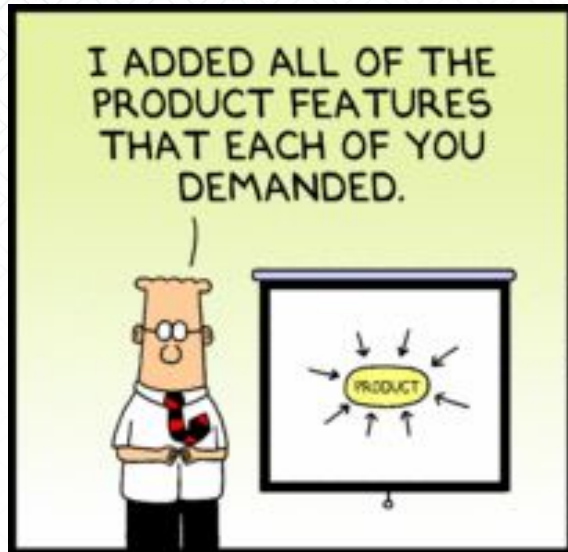
- Identify Opportunities
- Prioritize Features
- Organize Work

Why value is not enough

Who should define value on an Agile project?

1. Product Owner (PO)
2. End Users
3. Subject Matter Experts (SME)
4. Development Team
5. All of the above

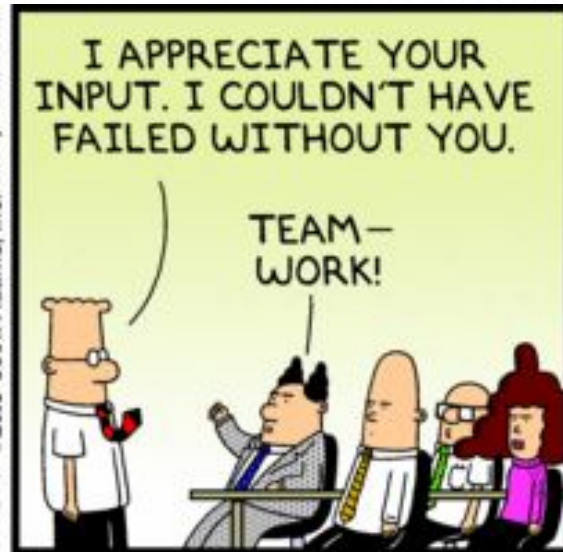




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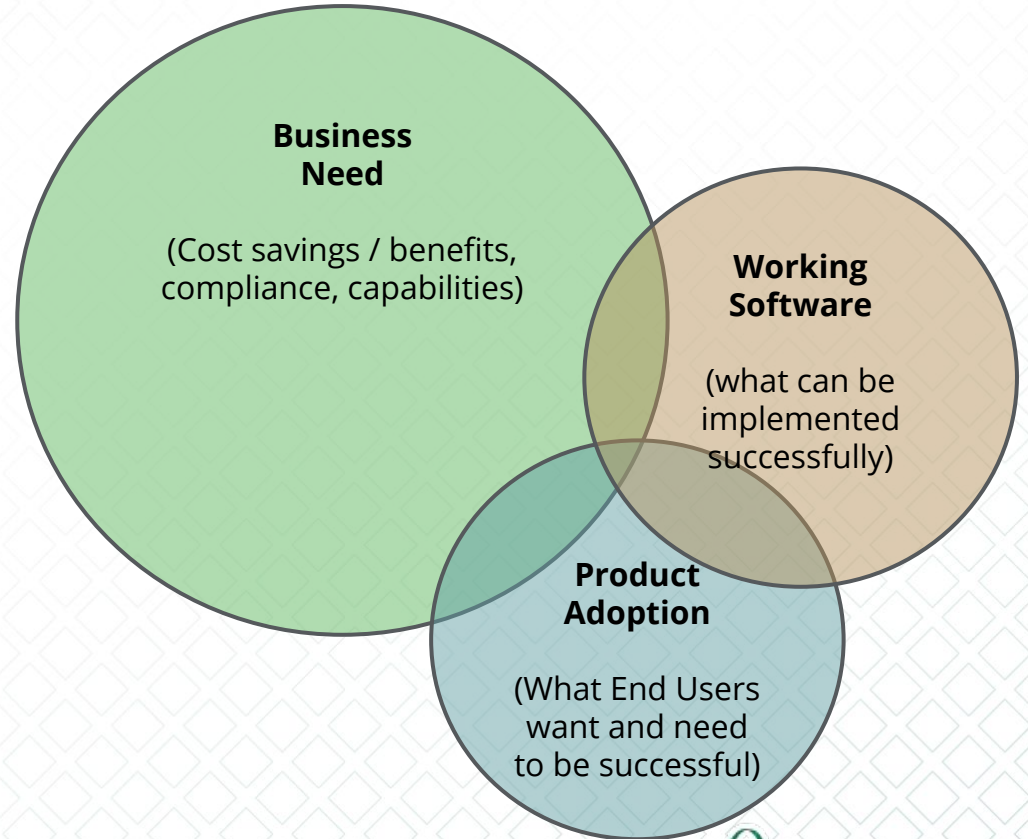
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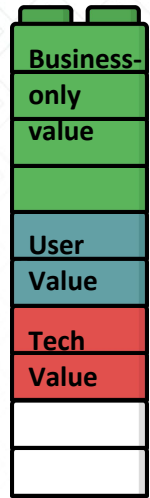
Unbalanced value

In most cases the business needs outweigh the end users and team needs.

As a result of this imbalance, the product may have lower adoption rate and be more costly to change over time.

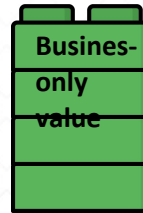


Risk 1: Unbalanced value perspective

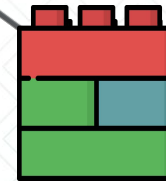
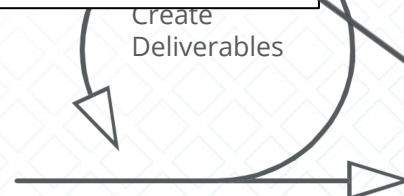


Backlog is prioritized by Business Value

It may look like value is being added, but in truth, only suboptimal value will be realized.



Sprint Backlog

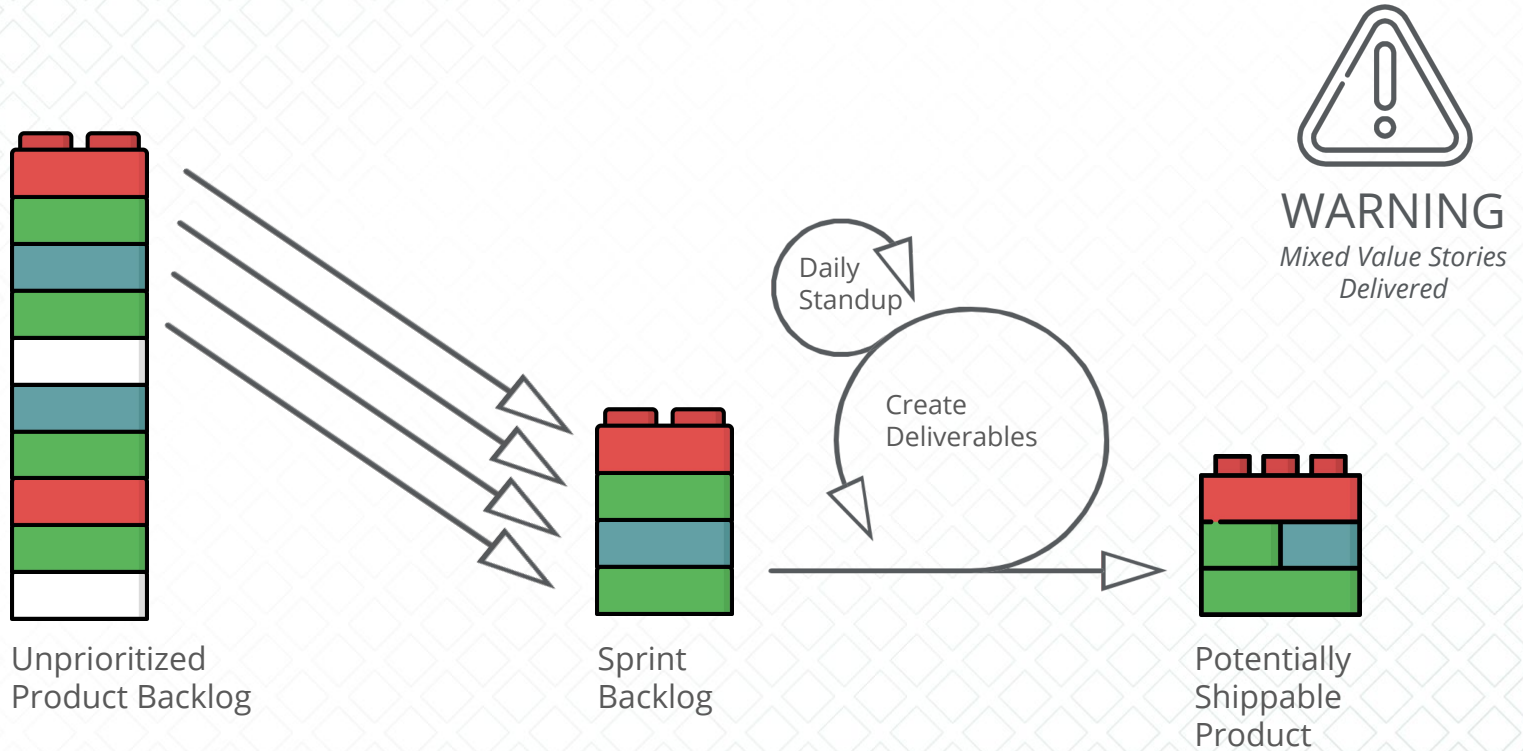


Potentially Shippable Product

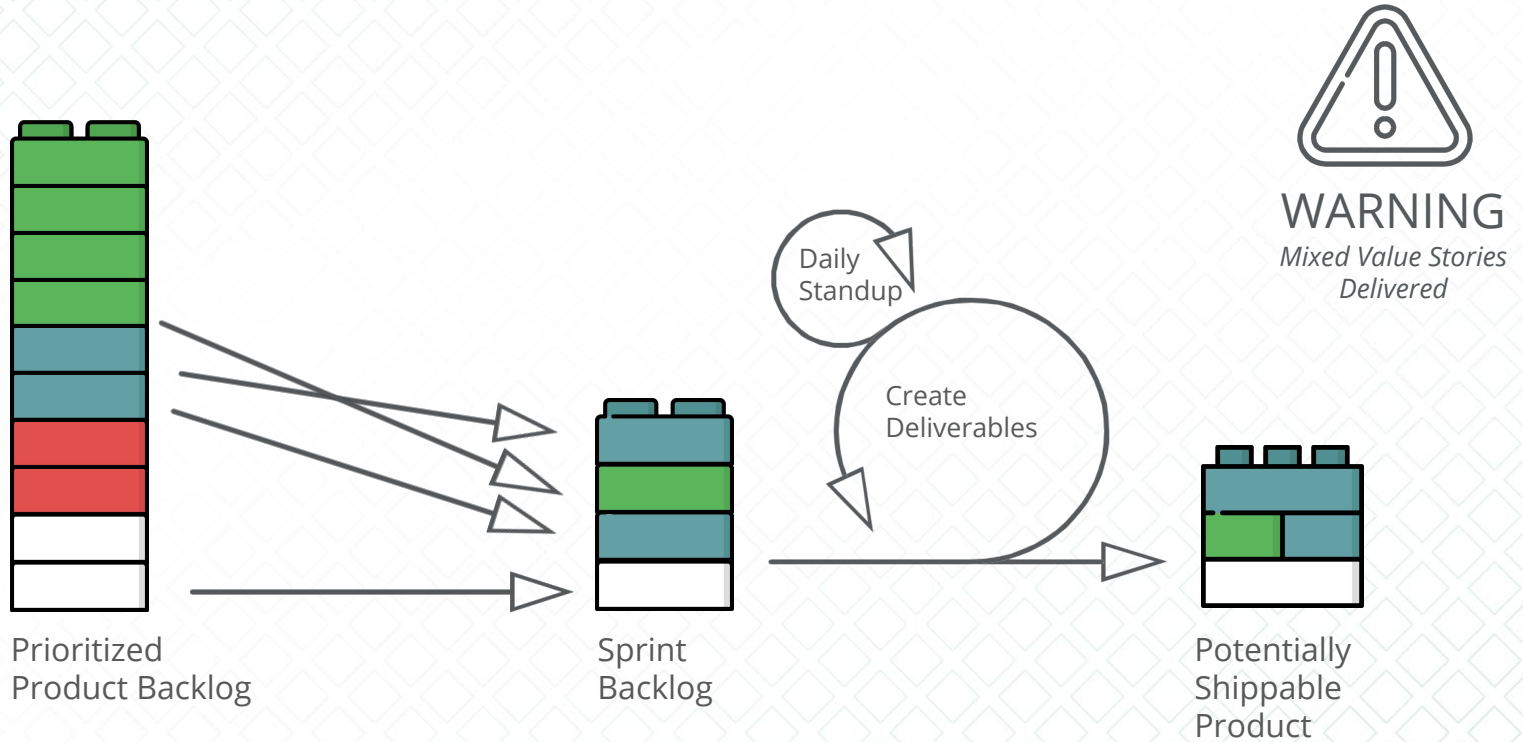


WARNING
Mixed Value Stories Delivered

Risk 2: Poorly groomed backlog



Risk 3: Cherry picking from backlog



Review: Suboptimal value is caused by...



- Unbalanced value perspective
- Poorly groomed backlog
- Cherry picking from backlog

Review

What best defines "value"?

1. Business Need
2. Working Software
3. Product Adoption
- 4. All of the Above**

Who should define "value"?

1. Product Owner (PO)
2. End Users
3. Subject Matter Experts (SMEs)
4. Development Team
- 5. All of the above**

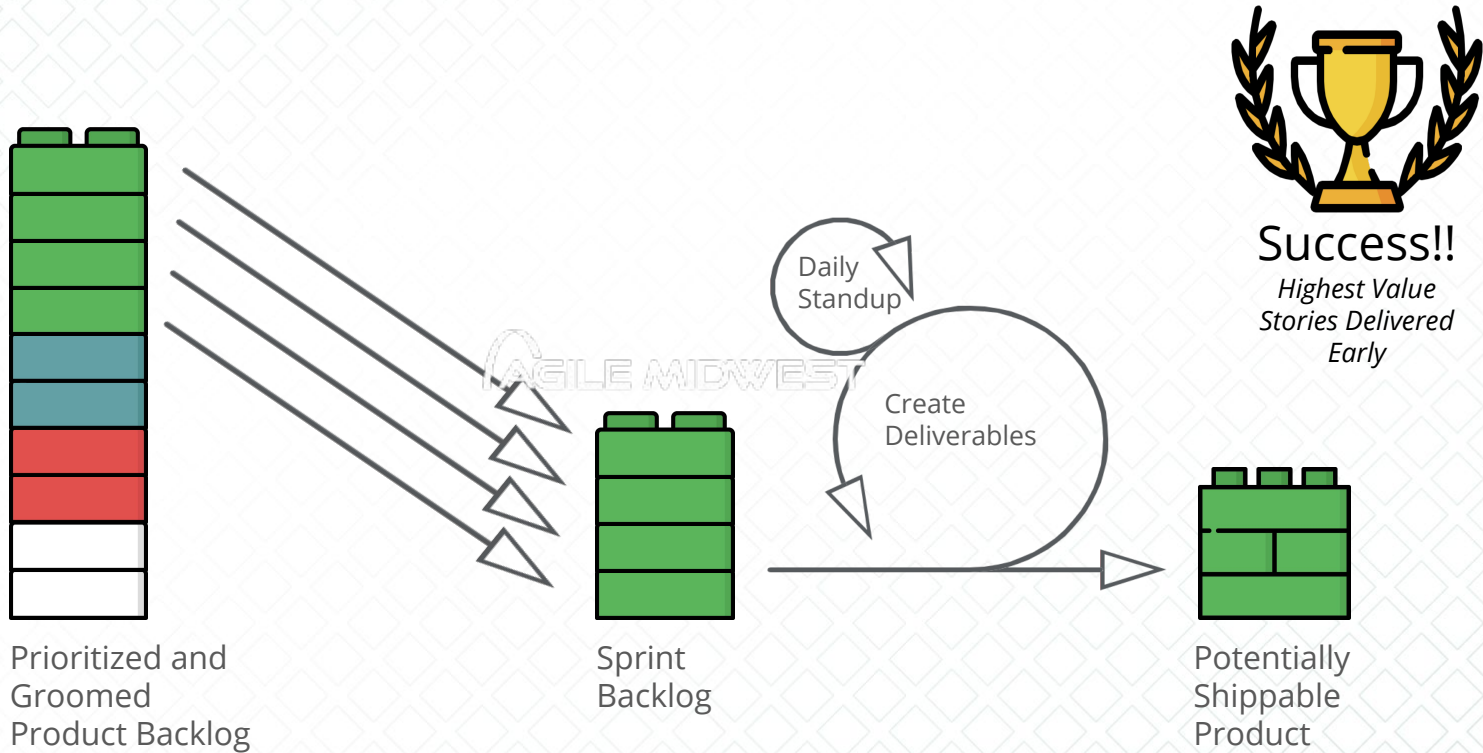
NOTE: The Product Owner is responsible for grooming and organizing work once value is established.

How to obtain optimal value:

1. Identify opportunities
 2. Prioritize features
 3. Organize work
- +
4. Disciplined Agile process
-

Project Success!!!

What does success look like in Agile?



Questions?

Thank You

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