

Erasing the Artificial Boundaries between “IT” and “The Business”

January 2016, Agile New England

Agile Experts

- Agile practice established in 2008
- Core team comprised of industry experts
- Serving entire US with international coverage as needed
- Scalable Agile transformation approach
- Enterprise wide Agile curriculum
- Vast coaching network with local coverage in most places
- 150 currently on engagement

Agile Offerings

- Coaching – Executive, Program, Team, Technical
- Training – Leadership, Technical, CSM, CSPO, CST, SAFe
- Advisory – Industry benchmarking & Consulting



Vital Statistics

- 25 year old privately held company
- \$200 Million in Revenue
- 14 offices
- 1,200 consultants

Suggestion: Write things
down for the exercises. It
just works better.

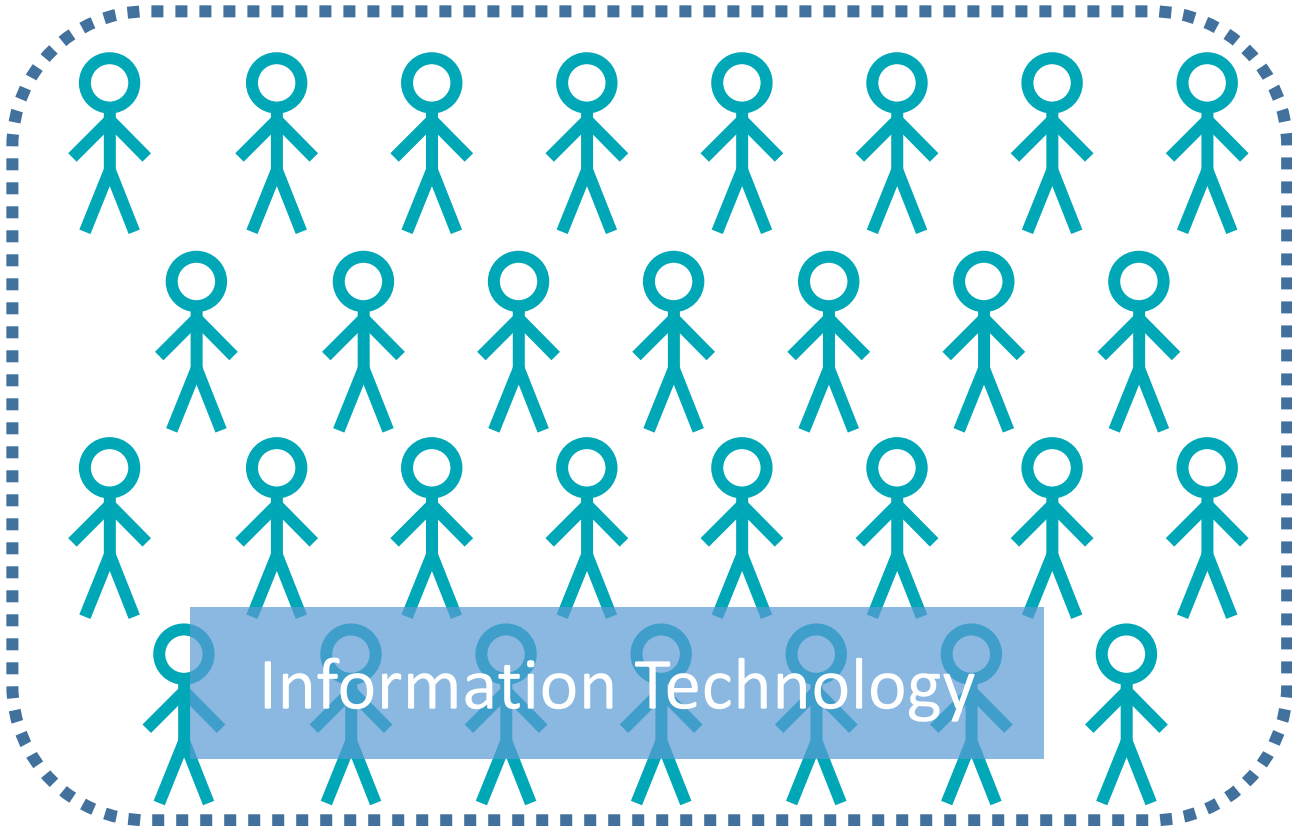


- Why is it important to align on the measurements of success?
- Should IT be run like an independent provider of technology services?
- How do words shape how you think and behave? Who is “the business”?
- Why is the most important thing – your value stream – often unmanaged?
- Now what?

- Take 3 minutes and write down how your group measures success
- We'll come back to this in a few minutes



Overall Goals of the Organization



The diagram features a grid of stick figures. The top row consists of five groups of four teal stick figures each, enclosed in dashed-line rounded rectangles. Below this, a grey horizontal band contains several groups of stick figures. Labels for 'Marketing', 'Admin', and 'Operations' are placed over some of these groups. The bottom row consists of two groups of six teal stick figures each, also enclosed in dashed-line rounded rectangles. Labels for 'Information Technology' and 'Sales' are placed over these groups. The central text is overlaid on the grey band.

In theory the **goals are still the goals,**
but in practice....

Information Technology

Sales



Mission Deliver world class IT services supporting the success of our business

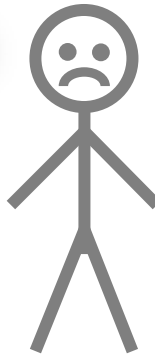
Goals Deliver projects on-time, on budget, meeting all requirements

Provide highly available, high-performing systems that meet our users' needs

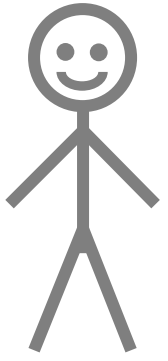
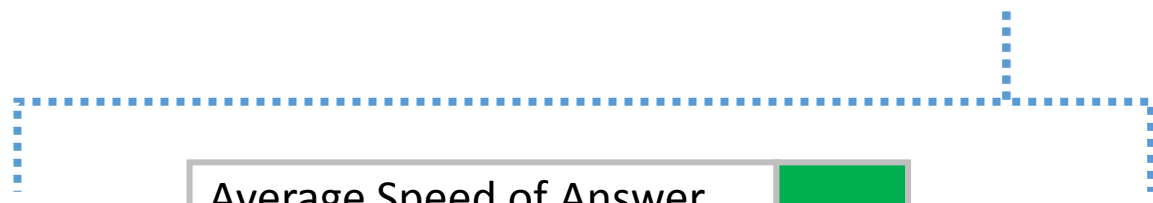
Provide rapid and effective response to issues and questions

Prevent security incidents from occurring

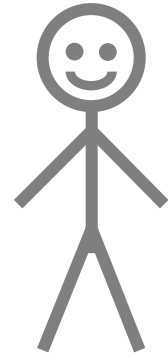
- Write down:
 - What do you think of this mission and goals?
 - What, if anything, do you think is missing?



Sales	Red
Customer Satisfaction	Red
New Product Introductions	Red
Gross Margin	Red



Average Speed of Answer	Green
Cost Per Call	Green
Account Conversions	Green
Time to Fill Open Positions	Green



System Availability	Green
On Time	Green
On Budget	Green
Security Incidents	Green

SUPPLYCO

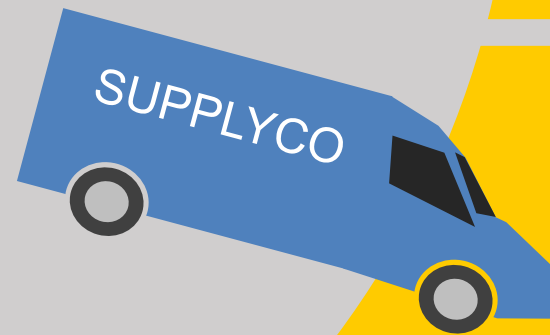
Home Medical Inc.



Antrim University

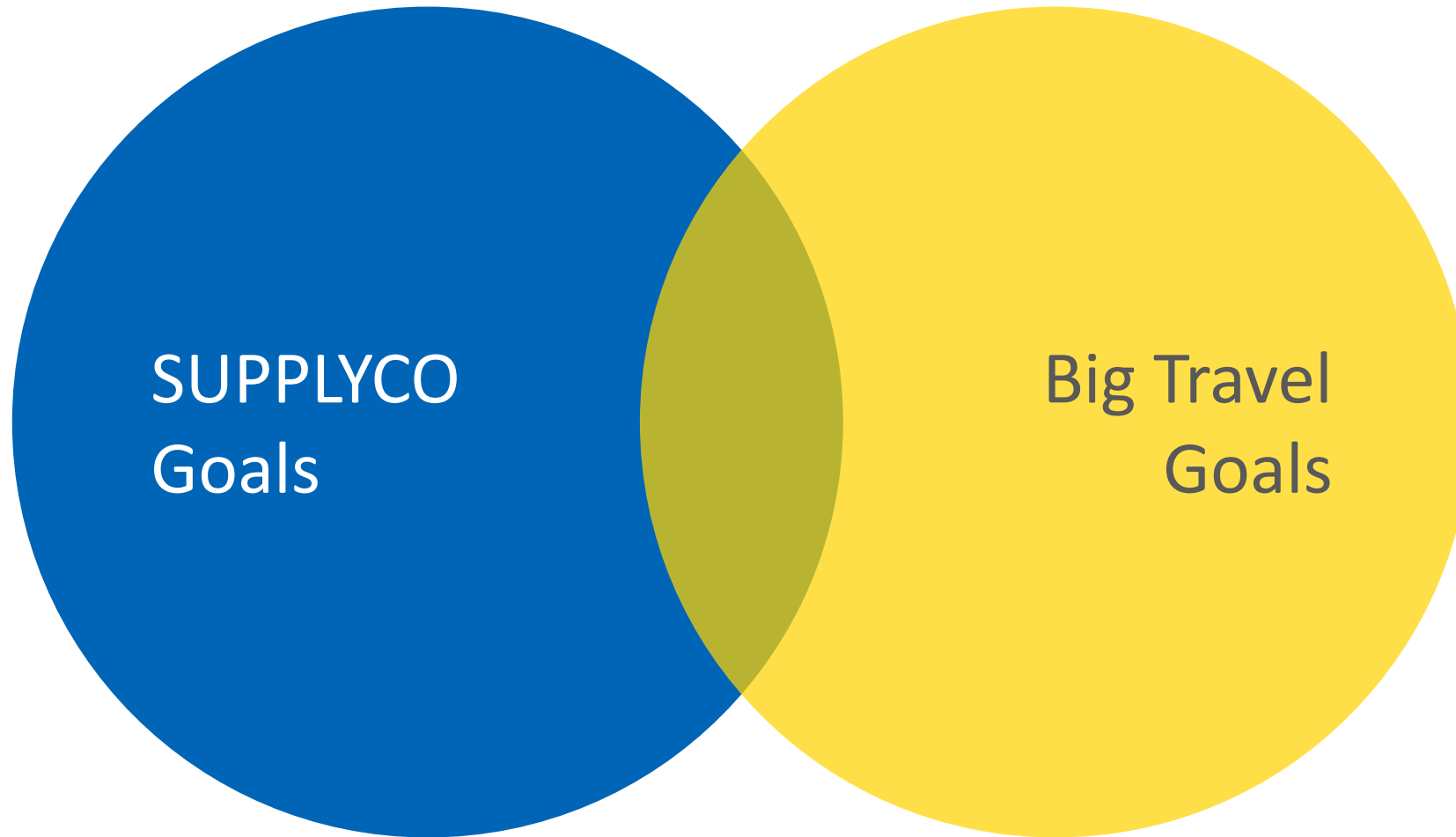


Big Travel



Customers

SUPPLYCO and Big Travel Have Different Goals





Business Line A



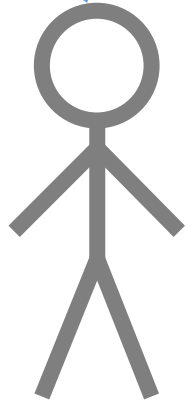
Business Line B



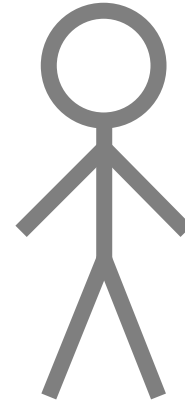
Business Line C

Customers

You don't have the same goals I have!




But things like our technology roadmap are important!

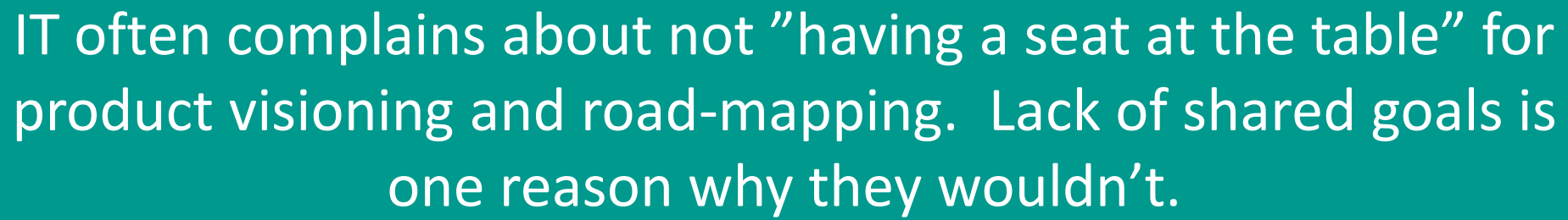




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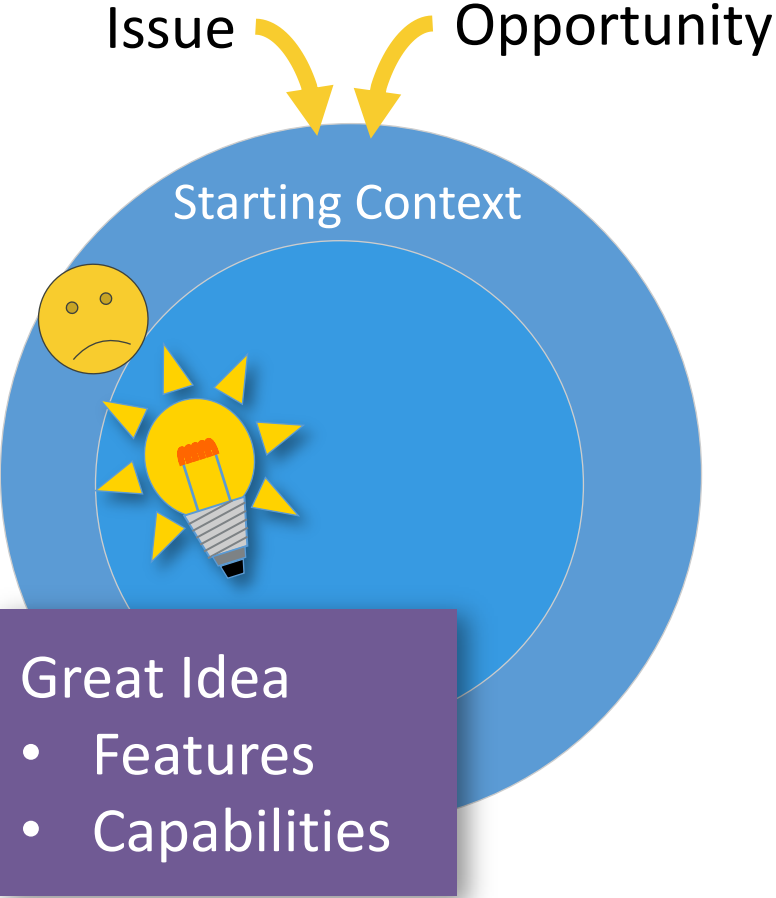
IT often complains about not "having a seat at the table" for product visioning and road-mapping. Lack of shared goals is one reason why they wouldn't.

Output, Outcome, Impact – a way to think about success measures

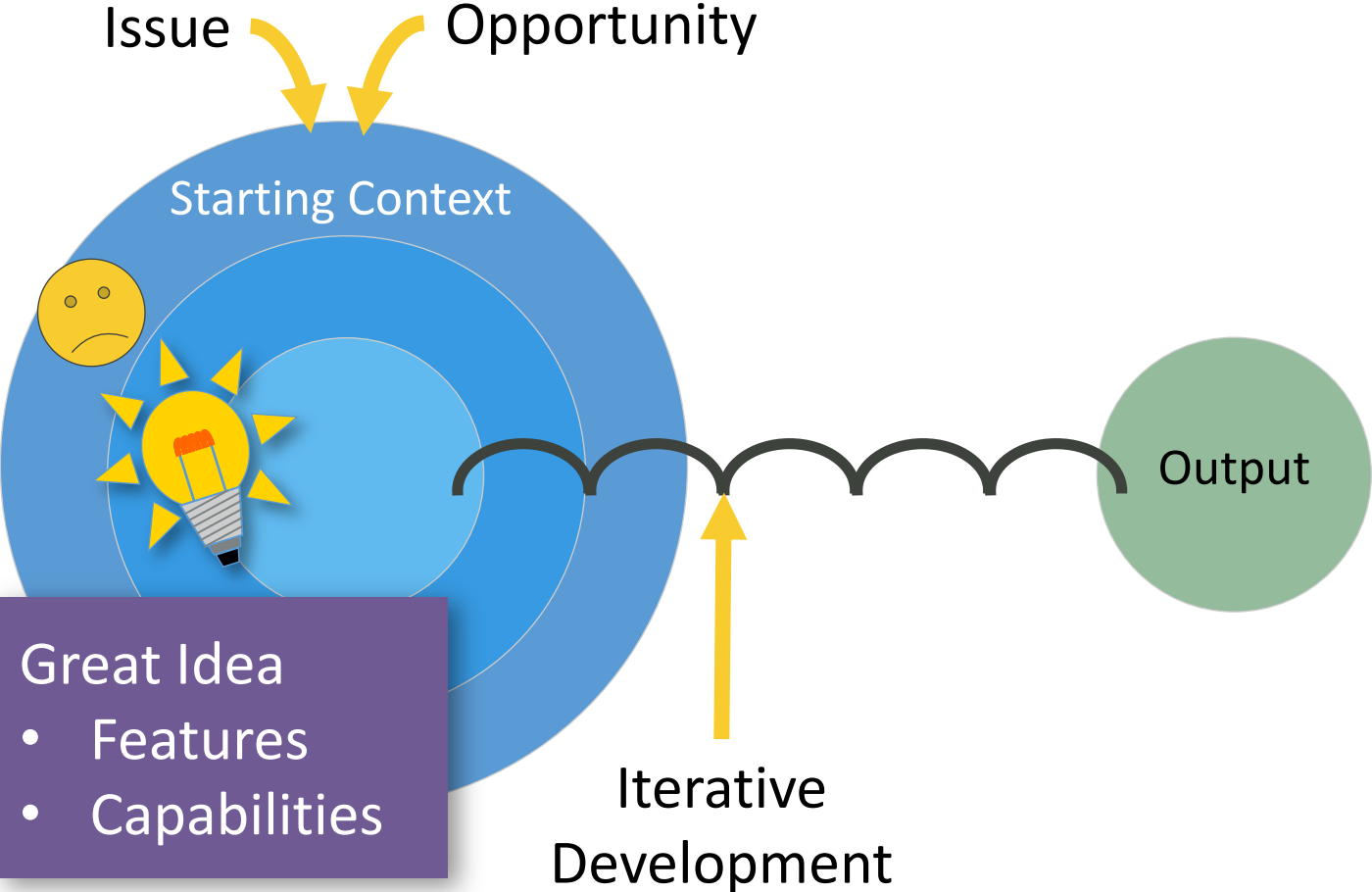
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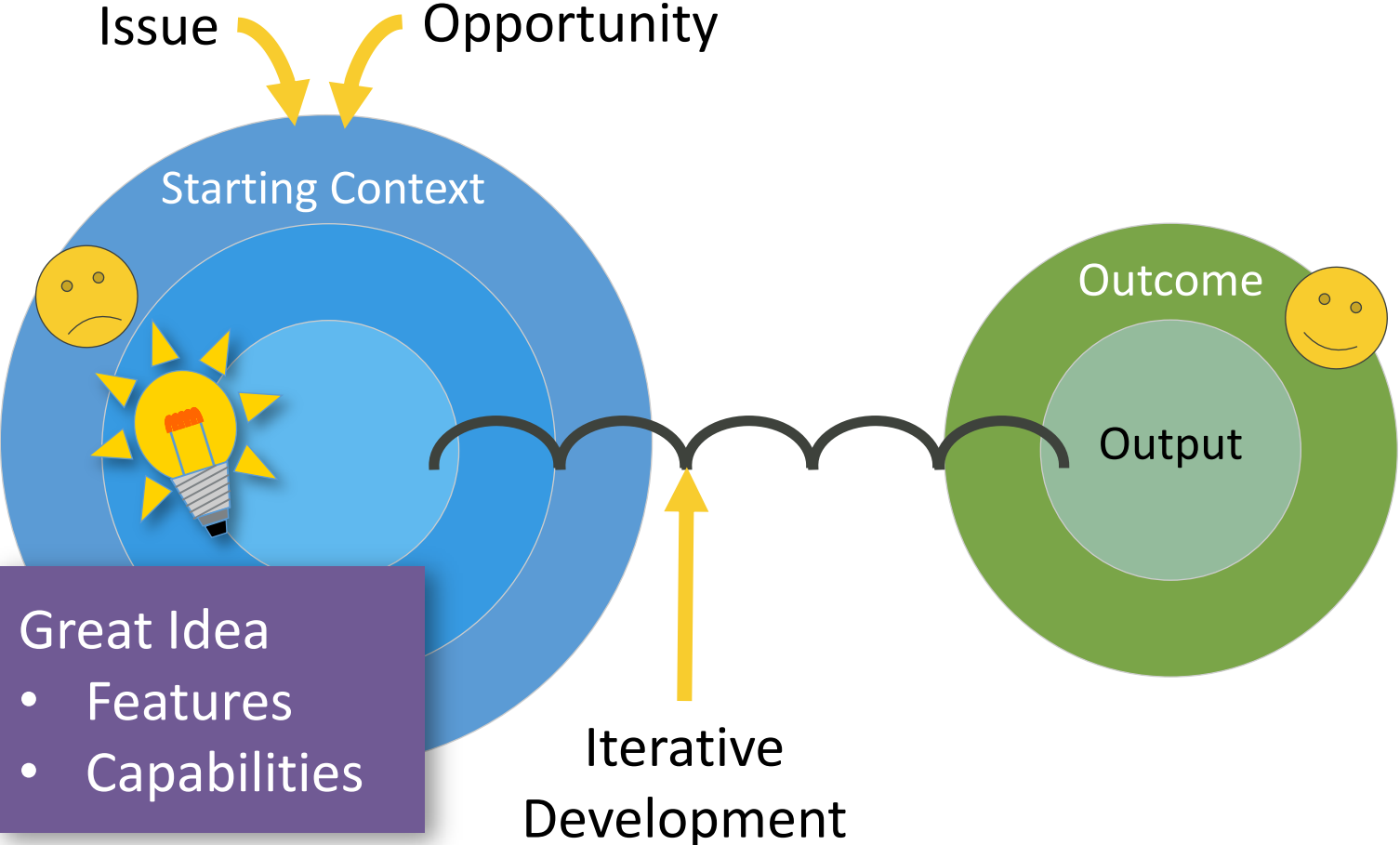
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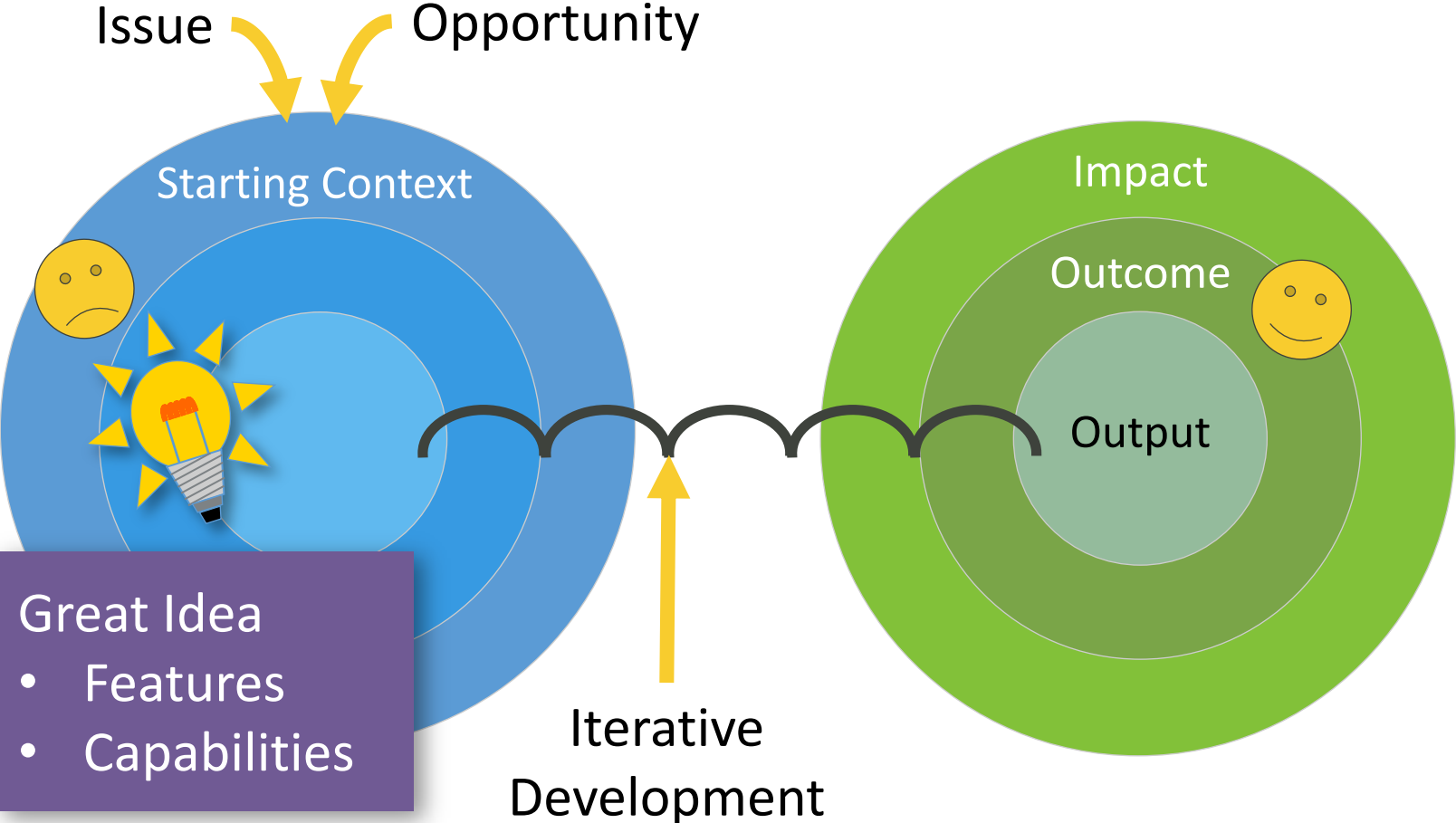
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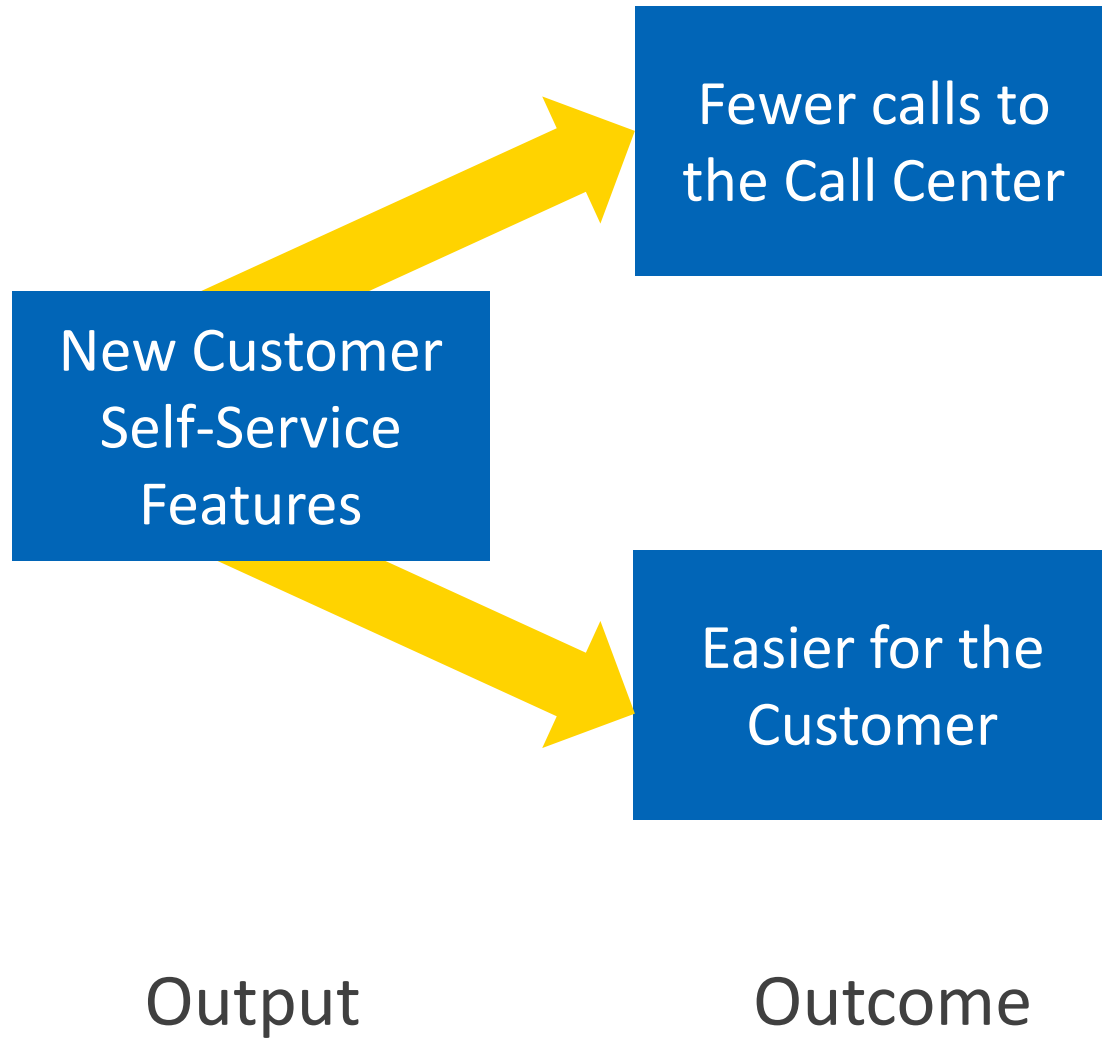
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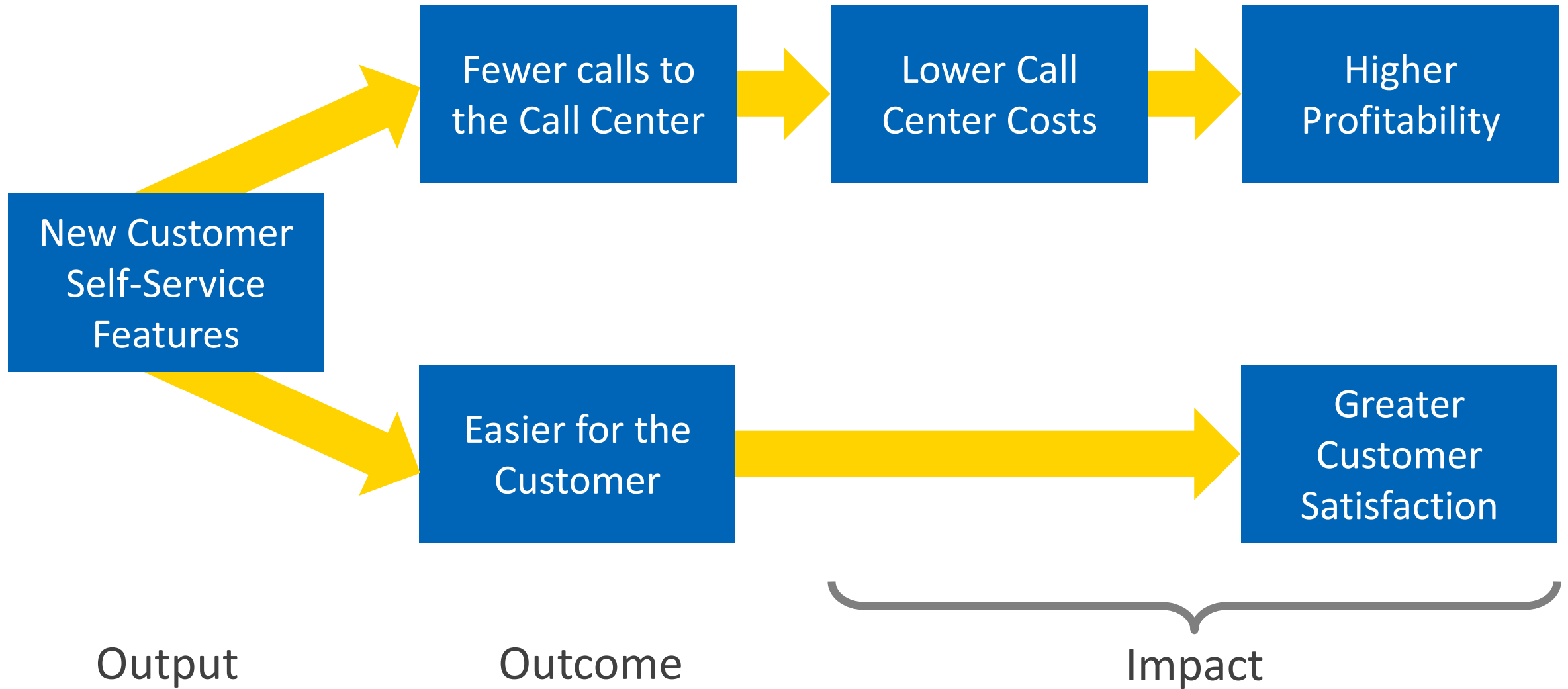
New Customer
Self-Service
Features

Output

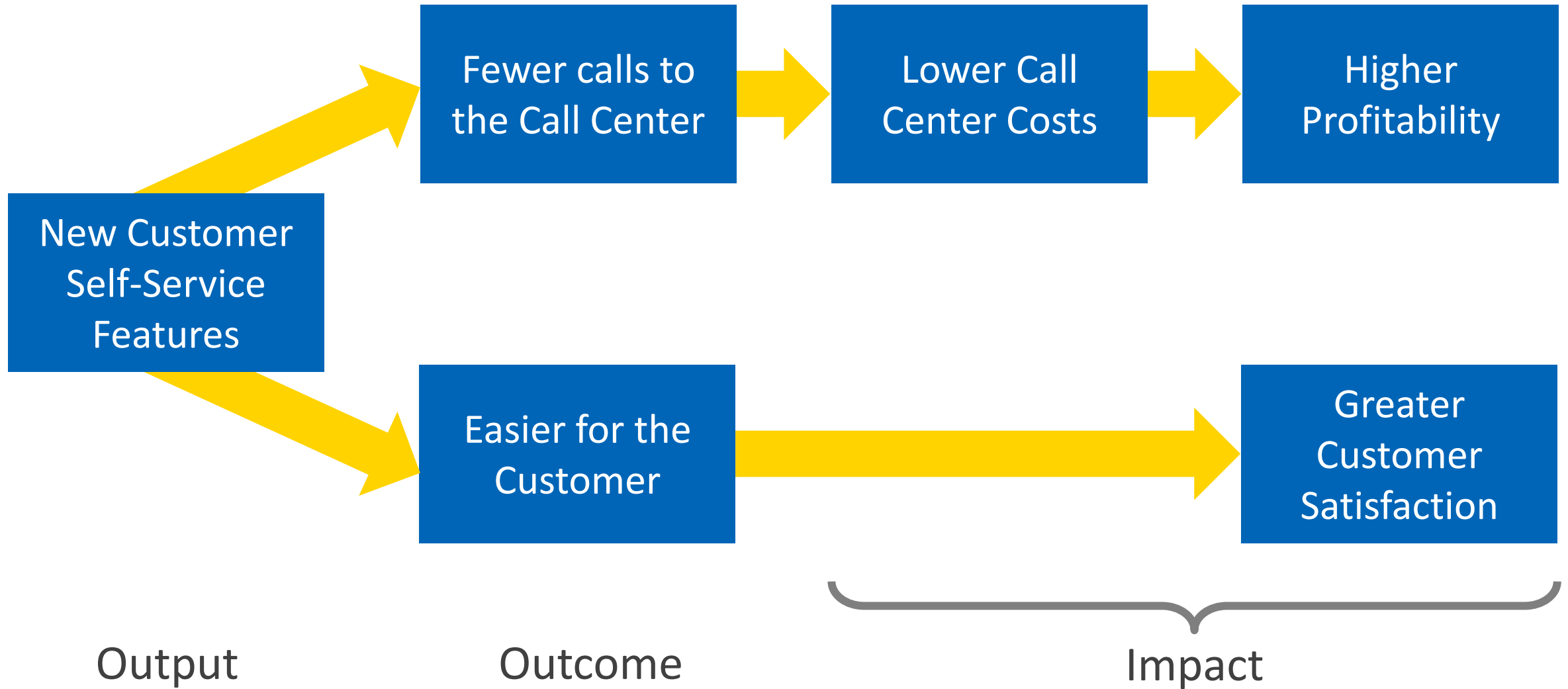
Showing the Connection



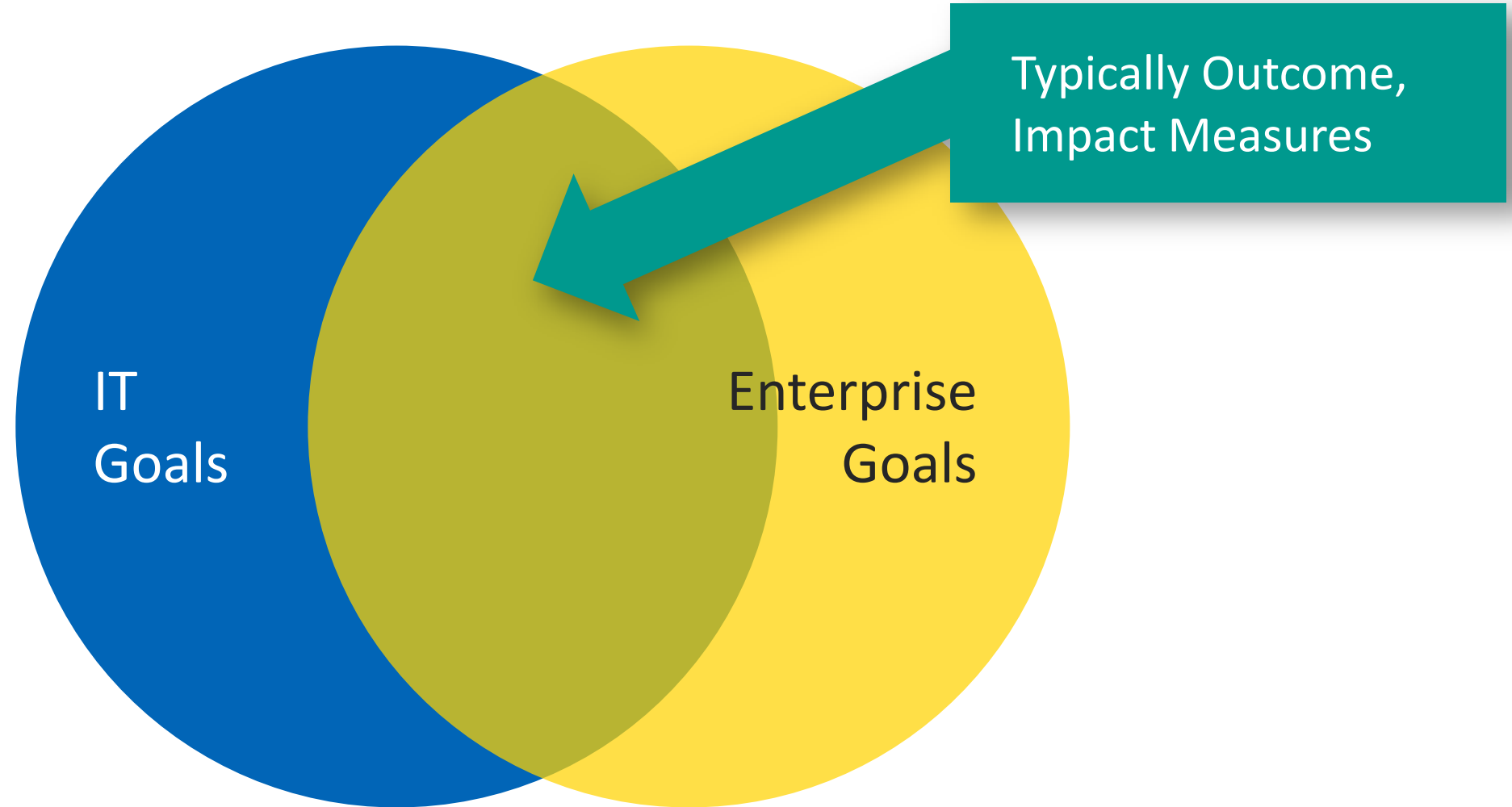
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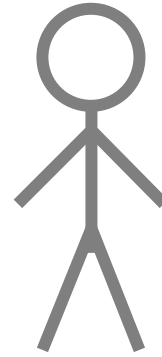
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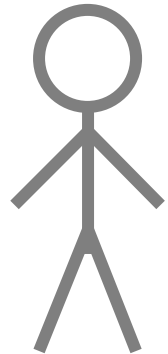
Moving to More Shared Goals



Cascade some
Outcome, Impact KPIs
across the organization



Enterprise KPI 1	Green
Enterprise KPI 2	Red
Enterprise KPI 3	Green
Enterprise KPI 4	Red



Enterprise KPI 1	Green
Enterprise KPI 2	Red
Enterprise KPI 3	Green
Department KPI 1	Green
Department KPI 2	Red



Enterprise KPI 1	Green
Enterprise KPI 2	Red
Enterprise KPI 4	Red
Department KPI 1	Green
Department KPI 2	Green

KPI = Key Performance Indicator

- Look at the ways your organization measures success you wrote down earlier
 - Are these Output, Outcome or Impact-based?
 - Are they department-focused or enterprise-focused

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- Write down three examples of goals that could be shared across your organization

Completed
User
Stories



Value

Completed User Stories



Value

Value is realized when:

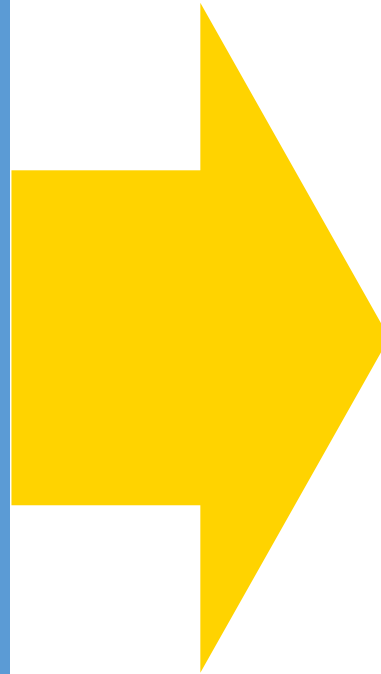
- The code has shipped
- The code is used
- The user realizes the intended outcome
- The organization realizes the intended impact

Output-Only Measures

- Velocity
- Quality
- Technical Debt

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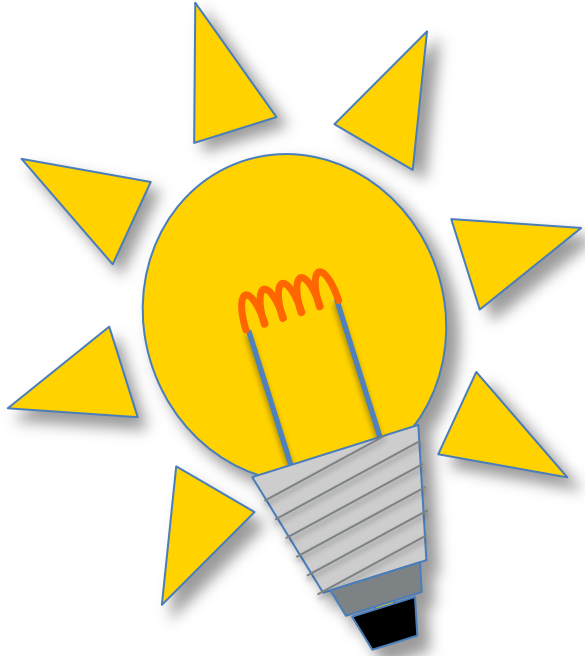


Continue Output Measures

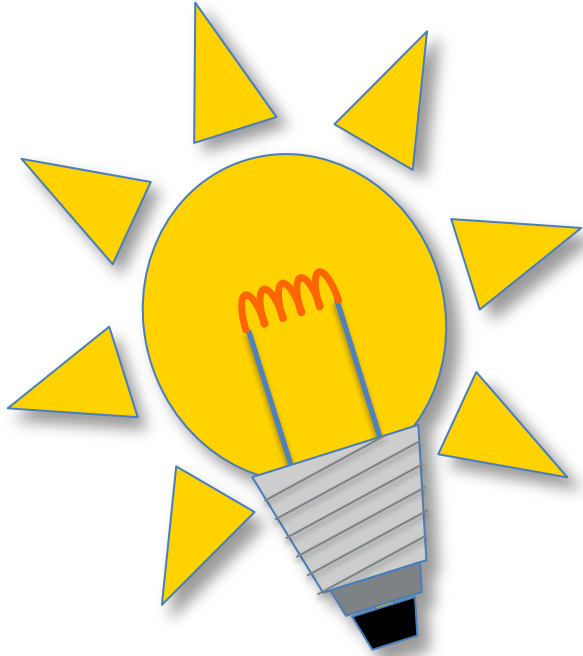
- Velocity
- Quality
- Technical Debt

Add Outcome Measures (examples)

- Migration of issue resolution from call center to web
- Increased conversion from shoppers to buyers



- Align on impact and outcome-based KPIs across the organization
 - The same KPIs, not similar ones
 - IT should have accountability for business outcomes
- Tie team performance goals to outcomes, impact, not only output



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Starting simple is fine. Have one single team align to impact and / or outcome measures

The image shows the exterior of a modern, two-story commercial building. The upper portion of the facade is a light tan color with decorative horizontal and vertical lines. The lower portion features stone veneer columns and accents. A black awning covers the entrance area. The sky is blue with scattered white clouds. The text "IT MART" is prominently displayed on the upper left side of the building.

IT MART

What are the downsides to the model of
Customer / Supplier for IT?

SUPPLYCO

Home Medical Inc.



Antrim University



Customers

BANKRUPT

BANKRUPT
(or significant business issues)

=



What is the role of IT?

A fee for
service
provider?



An integral
part of
organizational
success?

If you've been in an agile organization,
this is the only option that makes sense

An integral part of
organizational
success.

(So why does the division between “IT”
and “The Business” persist?)

Language + Social Roles + Practices



How Organizations
Work Together

- Do you use the phrase “The Business”¹ in your organization?
- If yes, what drawbacks do you see in using that term?

¹ This question was originally posed to me by Maurice Heffernan. A simple question with a lot to it.

“ When you walk into a store to buy something, when you go to a restaurant, the bank, the post office, you may find yourself slipping into pre-established social roles. You become a customer and speak and act as such. And you may be treated by the salesperson or waiter, who is also playing a role, as a customer. A range of conditioned patterns of behavior come into effect between two human beings that determine the nature of the interaction. Instead of human beings, conceptual mental images are interacting with each other. The more identified people are with their respective roles, the more inauthentic the relationships become. ”

Tolle, Eckhart (2006-08-29). *A New Earth (Oprah #61): Awakening to Your Life's Purpose* (p. 93). Penguin Publishing Group. Kindle Edition.

When a business gets your order wrong, how do you interact with the customer service agent?

Do you interact the same way with your manager?
Your best friend?



IT

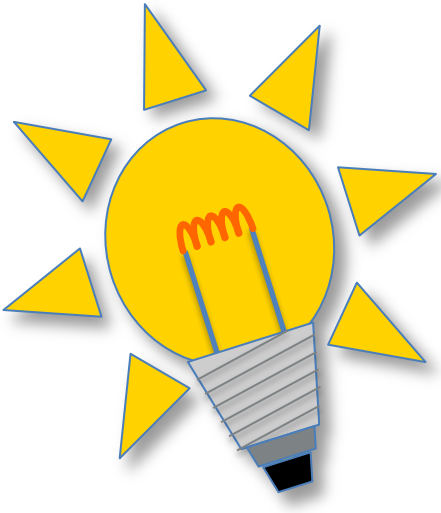
“Customer”



- If IT is a “supplier” and the business line staff are “customers”, what behaviors might you see? Do you see?

- Sorting out “problems” within IT behind closed doors
- Developing strategies and plans in isolation
- Conducting annual “Customer Satisfaction” surveys
- Having “internal funding” within IT without transparency or discussion for how it is to be used

- Have a dialogue (at the team level, organization level) about any issues you've seen from the separation between IT and the business lines they support

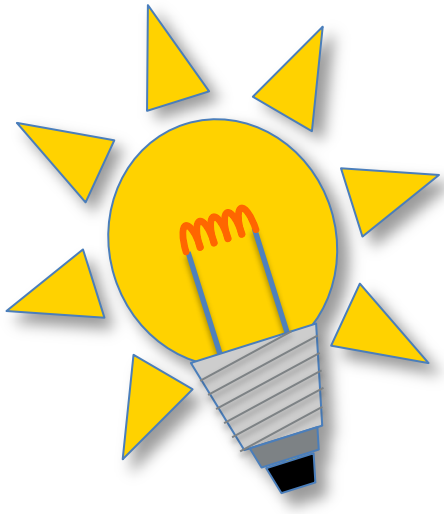




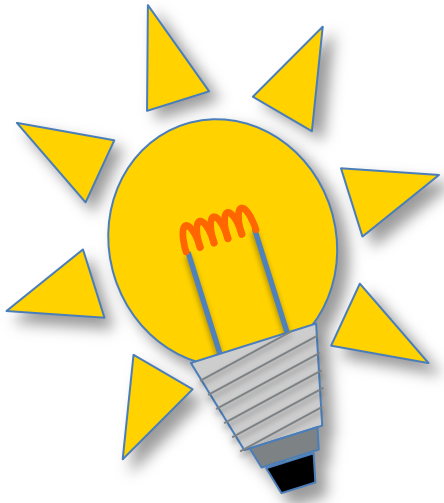
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- Watch your own behavior – see where you default to pre-established roles

- Who in your organization is responsible for end-to-end product development: Concept to Cash¹

¹ Poppendieck, Mary and Tom, Implementing Lean Software Development: From Concept to Cash, Addison Wesley, 2007

“... the work that creates results for customers is broken into pieces and scattered across numerous departments and units. In these companies, workers, managers and departments focus on each of the steps that would lead to creating results for customers, yet no **one focuses on all the steps together as a unit**... These companies suffer from a crisis of process.”

Michael Hammer, *The Agenda*

- Software distribution for about 35,000 desktops
- End-to-end process split across multiple groups
- Bad quality could lead to disasters (e.g. all call center employees unable to handle calls)
- When problems arose we looked to
 - Assign blame to others
 - Demonstrate our own lack of blame

The Functional Silos had Goals, Managers, Staff
but no one Owned the Whole, End-to-End



Marketing

Product

Development

Testing

Manufacturing

Sales

Support

- Consultant worked with us to put together a “process team” with a “process owner” to manage end-to-end delivery
- The individuals on the team were responsible for the success of the whole, not just their parts
 - We were surprised to find out how much trouble we cause each other unintentionally
- The measurements of success now focused on the whole delivery of value
- If department-level “improvements” might affect a partner in the process, we didn’t implement them without talking
- Things got dramatically better



Team aligned on goals, improvement approach

Marketing

Product

Development

Testing

Manufacturing

Sales

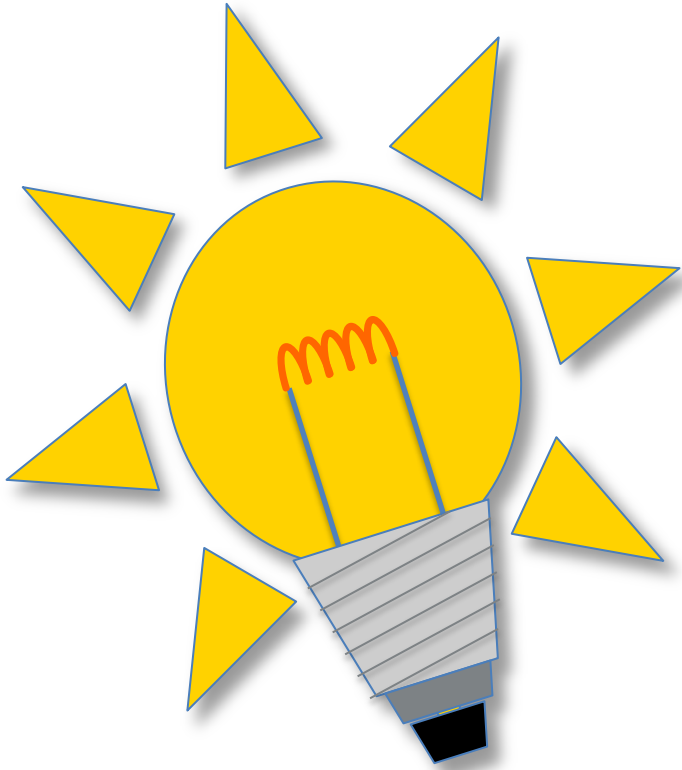
Support

- IT-Driven
- Not fully end-to-end (e.g. portfolio management, value delivery measurement, KPIs)
- Overall processes not owned, or managed
 - Optimized within silos

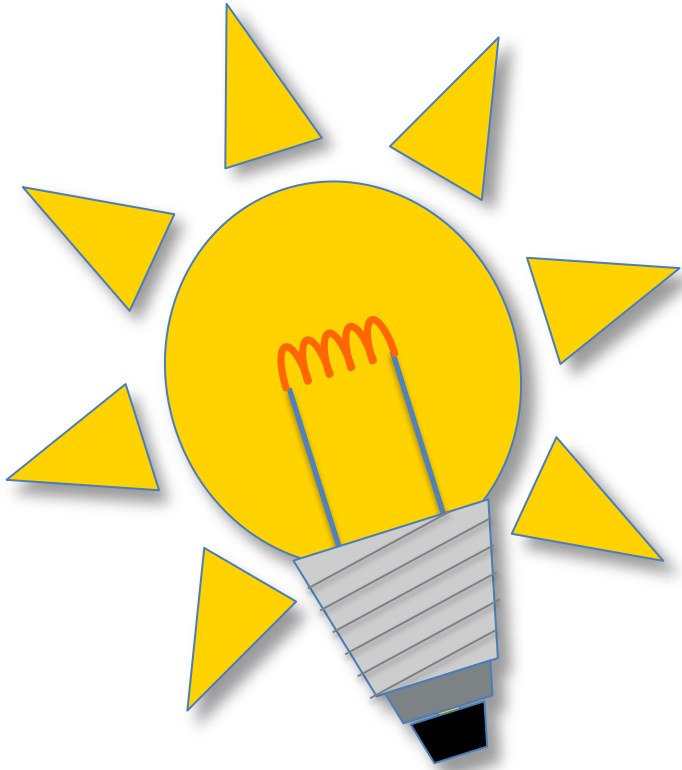
We are in the process of
moving to Agile

We are continually
inspecting and improving
how we deliver value.
Getting better at agile
practices is a critical part of
that ongoing improvement





- Consider having end-to-end process ownership teams for key processes (e.g. “Concept to Cash”)



- Consider having end-to-end process ownership teams for key processes (e.g. “Concept to Cash”)
- Measure and improve the whole, not just the parts.

- Write down a list of specific actions you plan to take during the next week and month
- If you don't plan any actions, that's fine

Contact Me With any Comments, Questions

Bob Fischer

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- The goals of the organization shouldn't be lost when you break the organization in to parts, but it often is
- Agile is about delivering value, but the value stream can get lost in the organizational split
- Exercise: Name your value streams
- What is value? Output, Outcome, Impact
- It is possible to manage to the whole instead of the parts, common objectives are a way to start.
- Fragmentation leads to un-owned value streams
 - Quote from Michael Hammer
 - What is a value stream?
- It is possible to work towards the whole with process teams
 - What are they?
 - How do they work?
 - Why are they challenging
- The invention of IT as a service provider, and why that is a problem.
 - Customer / Provider – automatic roles
 - Exercise: Customer / provider
 - Upstairs / downstairs role
- May make sense for transactional work to have service satisfaction surveys, but product development is a combined team effort
- What are alternatives to annual customer satisfaction surveys?
- Words matter “IT” and “The Business”a
- Concrete steps:
 - Align on outcome and impact focused goals, and have those transcend organizational boundaries
 - Actively manage your value streams
 - Move from “customer satisfaction surveys” to “service satisfaction surveys” for transactional services (e.g. fix a PC, provision a phone, provide VPN access)
 - Eliminate surveys for collaborative, cross-organizational work
 - Make use of retrospectives at the value-stream level