

An Agile Coach's View of Successful Agile Transformations^{1, 2}

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This is an experience report. I have been working as a Scrum Master and an Agile Coach for over a decade. I have worked with several teams but only a few have turned out to be what could be considered highly successful. In this paper, I will discuss the attributes that I believe are essential to enable a team to become highly successful as well as a viewpoint as to why Agile transformations fail.

This paper assumes the reader has a basic understanding of Scrum, its terminology and general process flow.

A Typical Coaching Engagement

When I am called into an engagement, a group has usually been identified in advance. I am told that my job is to go train the team Scrum and Agile and get them started.

The true engagement is actually a bit more involved than just teaching Agile and Scrum. Most people are unprepared for adapting an Agile way of working. Many people must be shown how to collaborate as a team, to use new techniques that are highly collaborative in nature, and for Product Owners to become team members (vs. a Business Requirements Document writer) and Scrum Masters to become facilitators (vs. a Project Manager).

The engagement usually starts with 1½ to 2 days of training, followed by an intensive release planning session that last 2-3 days. This is followed by one-on-one teaching and mentoring of the Scrum Master and Product Owner. During the first Sprint, the coach will demonstrate how the team should conduct the core Scrum events. Starting around the second Sprint, the coach starts to step back and do more observing as the team gets their "Agile legs" underneath them. After about 3-4 months, the coach disengages as the team moves forward.

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While learning Agile is important, “Being Agile” is the real desired outcome. Many organizations want to know how well a team does Scrum. This is wrong. Scrum is a tool to enable Agility. Agile is the four values (or more correctly, the value pairs) and twelve principles. It is about delivering value, iteratively and incrementally. Being Agile is all about customer satisfaction, exceptional product quality, team self-organization and their satisfaction as well as continuous improvement. Being Agile has nothing to do with daily meetings and everything to do with rapid value delivery.

Story of Two Teams

I will be telling the story of two teams; both were at very large companies, one in banking and the other in auto finance servicing.

The first team was charged with maintaining the Interactive Voice Response (IVR) system the bank uses to service their credit card customers. The bank was in Florida while the IVR service provider was in Georgia. This team adopted Scrum using two-week sprints.

The second team was charged with maintaining the Credit Bureau Reporting (CBR) system that the auto finance company utilizes. The system would report data to the three major credit bureaus monthly, therefore the accuracy of the data reported was of high importance. Both the application development and support were outsourced to a company that had personnel located in both Texas and in India. This team also adopted Scrum in two weeks sprints.

Both teams had the following challenges:

1. Neither team was co-located. While the IVR team had the benefit of being completely within a single time zone, the PBR team had the additional challenge of a 10½ or 11½ hour time difference (depending upon Daylight Saving Time) between Texas and India.
2. Each team consisted of employees, contractors, and outsourced personnel with all the implied power dynamics.
3. Each team brought the organizational baggage of a rocky business/IT relationship into the engagement.

Why were these two teams successful when others were not?

This is a story about people, not a story about practices or tools. In many ways, this story reflects the first value pair from the Manifesto for Agile Software Development (2001):

Individuals and interactions over processes in tools.

Reason 1: They Were Open to the Possibilities

Trying anything new requires courage. The organizations, that is, the leadership of the organization, showed a willingness to change the way they had been working. Many organizations get stuck doing the same old thing over and over again mostly because they've experienced success. There is less risk in using the tried and true versus trying something new that may or may not yield superior results. Only when the leaders of the organization demonstrate the courage to move forward with any change will the people within the organization also find the courage to do the same.

That leads us to the individuals within the organization. Each person had to leave their comfort zone to take on a new role and the new accountabilities that come with it. One of the implications of changing to an Agile way of working was to transfer decision-making down into the organization to the point where the work is actually taking place. This required business representatives and developers to start making decisions when they previously only follow directions given by their managers. The manager had to give up control and allow the individuals to take up that control. This was a significant leap.

Reason 2: Willingness to Learn

Professionals who have been doing their job successfully for a number of years find it difficult to listen to others promoting a different way of working. Resistance is often common at this point in the journey. However, each of these teams had leaders within them who said publicly that they were willing to try something new. This led to all team members being engaged in the learning process and participate in the change initiative.

Likewise, they were willing to forgo their preconceived notions of Agile or Scrum. Maybe they heard you must stand during the daily meeting (you are not). Maybe they heard about the three questions to address during the daily meeting (they are no longer recommended). Team members ask questions and were allowed to explore their current mindset and then hear about the recommended mindset or practice.

Since a key to success was forming an Agile team, it was imperative for all the people who would be doing the actual work to be at the training and release planning sessions. This included people from the business, from IT and from the external service providers or vendors, both employees and contractors. This would require some people to travel and to dedicate about a week of their time to these sessions. It was also important for their bosses to be there. This allowed everyone involved to learn together the new language, techniques, practices, etc.

Reason 3: Transform Their Optimization Objective

Every organization optimizes for something. It could be optimizing for profits. It could be optimizing for customer delight. It has been my experience that IT is tasked with optimizing for cost; the lower, the better. This has led cost reduction strategies such as offshoring all development, testing, or support activities to lower cost economies.

For Agile teams, the optimization objective is transformed into delivery of small increments of value. The rationale is that the organizations sponsoring the team does not realize the value until the release is delivered. So, deliver small increments more frequently.

An interesting side effect is by changing to a focus on the delivery of small increments of value, we implicitly bring focus to what is valuable to the organization and to the value stream that delivers it.

Value

What is value? There are at least two points of view; business value and customer value. For example, airline customers would be incredibly happy with a \$100 airfare from Dallas to London, but the airline would not stay in business using that business model. Given this example, it is easy to see the conflict in what the business values and what the customer values.

For for-profit businesses, the business value usually revolves around money: either revenue growth, revenue protection, cost reductions or cost avoidance.

Meanwhile, customers value any product or service that allows them to get their job/task done with as little hassle as possible. For example, applications such as TurboTax greatly simplify the task of filing your income taxes.

For the IVR team, their primary mission was to improve the IVR so customers would satisfy their need within the automated system rather than flowing to a customer service agent. This would reduce the overall costs of the customer service teams. The CRB team had a similar mission,

improve the accuracy of the data reported to the bureaus which would reduce the demand on servicing trouble tickets and avoid potential regulatory actions.

Metrics

By focusing on business outcomes, we can shift the metrics conversation to a much more useful target. It is easy to measure the amount of work completed by a team, regardless of whether that work contributes to the company's bottom line. Instead, we should be looking for metrics that directly represent the desired outcomes of the business (e.g., increase revenue or reduce cost).

In the case of the IVR team, they were able to monitor their containment rate. A customer's call is considered contained when it is successfully completed within the IVR rather than flowing to a customer service agent. An increase in the containment rate would signal decreased demand on the customer service centers and therefore a lowering in costs.

Reason 4: Becoming a Team

Teams get work done. Whether it is surgery or application development, it is that group of people that do the work that gets the job done. Prior to the transformation, the business representative might say they are part of the business team. Likewise, the IT person would say they are part of the IT common services team. This would change.

Many Agile techniques put a great emphasis on teams doing the work, not a collection of individuals. This required each of the team members, and their leadership, to think with a team-centric mindset. For example, it has often been said that the team succeeds or fails together. It is no longer acceptable to simply say "I did my job" even though the team did not deliver as expected. This usually removes the individual's sense of control which can lead to anxiety. Team building activities are crucial to bring the team together – to jell – so they can work more comfortably in the new environment.

In the end, both the IVR and CBR teams would adopt a new name. A team might call themselves The Avengers, another would become the Leathernecks. Their identity became recast as a member of this team, a team which included people from business, IT, vendors, and service providers.

They would adopt the principles of becoming a self-managed team:

- They would move towards peer-to-peer relationships.
- They recognized that the only way to rapidly deliver value was to collaborate.

- The organization would require the team to make certain decisions within their purview.
- Team members would learn to become accountable for their decisions as well as their work product. Once a team has more control over their day-to-day activities, they begin to become more engaged and passionate in the work they do.

Scrum specifically calls out three accountabilities: the Scrum Master, the Product Owner, and the Developers. Working together, they are to achieve a goal that they themselves define at the beginning of every Sprint. That Sprint Goal is in alignment with the Product and organizational goals.

In the case of the IVR team, the employees, and contractors of the bank along with the employees of the IVR service provider became a single team. By breaking down the org barriers (silos), rapid communications and decision-making started to take place. The Product Owner was now encouraged to talk directly with the Developers rather than communicating through channels. Likewise, the IVR service provider was encouraged to talk to employees of the bank rather than going through formal communications channels.

This led to several key benefits: rapid problem identification and resolution, immediate feedback, and product improvements.

Reason 5: Product Evolutions

Prior to adapting Scrum, IT would deliver on a quarterly basis. This would imply that the business could only specify their wants and needs only four times a year.

After adapting Scrum, the business is encouraged to specify their wants and needs every two weeks. However, changing direction has some negative impacts such as delaying backlog items that are ready for work (potentially wasting the prior efforts). The Product Owner, being an integral part of the team, can now make tactical pivots with the involvement and buy in of the whole team.

The Developers became acutely aware of their development value stream. They could see how an opportunity was identified, a potential solution was proposed, how backlog items were created and later refined, how backlog items went through the coding and validation process before being made ready for delivery. Further, as items went into production, the Developers were acutely aware of any quality issues and impacts, either positive or negative, on the customers.

Identify Items

When a team adapts Scrum, the first work items should be small, low risk (few or no external dependencies) and still be positively impactful to the business and customers. The rationale is quite simple; changing the workflow to optimize for rapid value delivery requires changes in the existing dev/test systems. It will take a few sprints to iron out the changes that allow the team to quickly build, validate and deliver an Increment.

Once the development value stream has been modified, the team should take on high impact work items. A product owner who identifies features that are 1 to 2 Sprints in length will enjoy the Holy Grail of Agile, Business Agility. That is, the ability to identify a high impact opportunity, re-order the backlog to exploit the opportunity and deliver it to market as rapidly as possible.

In the case of the IVR team, they identified one class of customer calls that was completely ignored by the existing IVR system. Within the course of a sprint, they were able to go from 0% containment to 30% containment representing a significant cost savings.

Backlog refinement

Product Backlog Refinement is one of the most underappreciated tools available to a team to enable rapid value delivery. In most cases, teams do not receive well-crafted immediately actionable backlog items. Regardless, the team is pressured to “hurry up and get on with it.” This leads to starting work only to discover an unresolved question which leads to delays in delivery. The situation snowballs as the business and IT blame each other for the lack of meaningful progress.

Every team must have a robust Product Backlog Refinement process. The goal of this process is to understand the business/customer need, to understand and mitigate all dependencies, to acquire all enabling artifacts and approvals, and create a shared understanding amongst all team members prior to the Sprint Planning event.

For the teams I coach, I recommend they establish a Kanban board to visualize the upcoming work and its state of readiness. A few of the columns that should be present:

- Who what and why: this could be written in the typical User Story format but that is not required.
- Acceptance Criteria: From the user's point of view, what are the expected outcomes.

- Engineering review: Reviewed by someone from the development team to ensure that the ask is technically feasible. Begin the process of identifying dependencies, technical risks, and skills gaps.
- First full team review: The most valuable outcome from Product Backlog Refinement is the creation of a shared understanding amongst all the team members. While this looks like an expensive discussion, it is far more expensive to spend time building and validating something that is not what the business or customer wants and needs. Therefore, the full team should be present to hear the request, to ask questions, to review the acceptance criteria and add details to the current backlog item.
- Dependencies enabling artifacts approvals etc.: After the first full team review, anything that would slow or prevent the team from completing work in a single Sprint is mitigated here. Mitigate or eliminate dependencies, resolve all outstanding questions, gather everything necessary to work the backlog item to their Definition of Done without interruption.
- Final full team review: Review the backlog item and its acceptance criteria. Check the team has a shared understanding. Resolve any outstanding questions the team may have. Only once the team fully understands the ask should they estimate (size) the item.
- Verify the item passes all the criteria in the team's Definition of Ready. If it passes all readiness test, the backlog item is a candidate for Sprint Planning.

Build and Deliver the Increment using Scrum

Sprint Planning

The team will start the two weeks Sprint with a planning session. During Spring Planning, they:

- Identify their capacity for the next two weeks
- Identifies a potential Sprint Goal
- Identify the backlog items that will fulfill the Sprint Goal.
- Verify the Spring Goal and backlog items can be completed within the two-week Sprint.

A Scrum team (the Product Owner, the Developers, and the Scrum Master) should live by the motto:

“We say what we are going to do, and we do what we say!”

During planning, they must be realistic vs. overly optimistic. For a team to have credibility, they must be able to state their plan and then deliver.

Daily Scrum

Each day of the Sprint, the Developers gather to review the current work in progress and discuss their plan for the day to get backlog items to their Definition of Done. The Product Owner should be present to answer any questions. The Scrum Master should be there to ensure the Daily Scrum is effective.

In the case of the IVR team, they were able to hold a conference call each morning with all team members participating. In the case of the CBR team, they had to devise a unique solution due to their geographic challenge.

1. The India Developers would conduct their Daily Scrum in their morning (which is in the evening for the US). The US based Product Owner (note: not a proxy!) would join the call and answer any questions the team might have.
2. During the day in India, the developers would create and validate the solution.
3. At the end of the day in India, the team would hold a brief conference call with a development lead in the United States. The US based development lead within bring any news or questions to the US daily scrum.
4. The US team would hold their Daily Scrum early in their morning. After hearing all updates regarding the Developers in India, the US team would create their plan for the day which could include resolving issues for the India team. The US team would perform UAT testing and release management tasks as well as backlog refinement tasks for the upcoming sprint.

This unique solution worked quite well for this team though there was definitely an impact on people's personal lives.

Building the Increment

The team would create their Increment and make it ready for both the Sprint Review and for release to production.

Another significant mindset shift was to make product quality and working at a sustainable pace just as important as rapid value delivery. Previously, it was not uncommon for defects to be placed into production under the assumption the team would circle back to resolve those issues.

However, teams were pressured to move forward and deliver new functionality rather than fixing the known defects which would leave to customer disruptions and higher costs.

Sprint Review

The Product Owner of the IVR team made it a point to invite both business and IT managers to the Sprint Reviews so they were aware of the features delivered and the quality of the work being performed. Additionally, he presented the latest IVR containment metrics which showed the improvements (and implied cost savings) the team was able to deliver. He made it a point of praising the team in front of leadership so that they were fully aware of the team's accomplishments.

Release to Production

For the IVR team, releasing an improvement into production meant coordinating updates to systems at both the bank and the IVR service provider. To facilitate this, they adopted a monthly release cadence and regular touch points with all parties involved in the mechanics of the release.

For the CVR team, moving something to production was an overly painful process. Multiple reviews and coordination meetings had to be scheduled within the last three days of the Sprint. The CBR team was eventually able to convince the company that these processes were inappropriate for rapid value delivery. The company began reviewing and optimizing their go to production mechanisms to help ease the burden and lower the cost of moving items into production without sacrificing the stability of the system.

Monthly cadence

Within a few months, both teams began to reliably deliver new functionality into production with outstanding quality on a monthly basis. For the IVR team, the improvements they made showed a positive impact in the statistics gathered by the IVR system. Month over month, the containment rate would go up indicating their improvements were in fact having a positive effect. By reviewing the "This call may be monitored or recorded" recordings, it became apparent that payment tasks were simplified to the extent that customers spent significantly less time on the call. Surprisingly, these changes had the additional benefit of improving customer satisfaction as reflected in the increase in the service's Net Promoter Score.

Number 6: Address Challenges to Rapid Delivery

Now that the organization is optimizing for rapid delivery, all challenges that prevent the teams from achieving this goal are to be identified and mitigated.

Some examples include:

- Additional test systems were procured and brought online to streamline the validation process.
- Standing meetings with the legal and fraud departments to obtain timely approvals.
- Procurement procedures for the Voice recordings used in the IVR shifted from a per-recording charge to a flat fee for the year. This allowed the Product Owner to have greater flexibility when ordering new recordings. For example, when he was unsure of which wording would work best, he requested multiple scripts be recorded. Later in the Sprint, he would decide which recording to use in the implementation.
- Code merge processes were optimized, reducing the time required from 60 to 90 days to 10 to 20 days.

Some of these changes required additional funding and expense. However, given the expected business benefits that these changes would realize, the extra spending was shown to be a prudent investment.

The Results

For the IVR team, the overall containment rate increased 3.4%; which represents a significant savings to the company. This result exceeded their first year planned benefit by 30%. Further, the Net Promoter Score surveys improved slightly during the year -- they were expected to fall slightly given the IVR improvements would encourage customers to stay within the IVR to resolve their issue rather than flow to a customer service representative.

Given their enormous success, the IVR team had their budget doubled for the following fiscal year, along with an aggressive increase in their containment rate goal.

Lastly, both Product Owners were promoted! Their team's success led to a very tangible recognition.

Why were these teams successful?

These teams were successful for multitude of reasons:

- They were willing to change the way they had been working.
- They were willing to learn a new way to work.
- They adopted the mindset of rapid value delivery.
- They had access to reliable business metrics that would inform them of their progress.

- They understood that quality was just as important as rapid value delivery.
- They understood that engineering excellence (a well-crafted system) was just as important as rapid value delivery.
- They understood that working at a sustainable pace was just as important as rapid value delivery.
- They looked for tactical opportunities and pivoted as necessary to exploit them.
- Regarding their processes, they were of a mindset that they could always be improved, and they were continually looking for ways of improving their delivery processes as well as their relationships within and around the team.
- Both the Product Owners were extraordinary in that they publicly praised the teams and often sponsored team celebrations.
- These teams were small and isolated from other elements of the company. Therefore, they were largely in control of their circumstances. When they had to coordinate with other teams, they could do so with sufficient time due to their robust Product Backlog Refinement process.
- The business and IT managers who supported this team were more interested in the success of this team than in maintaining their own empires. Some managers see this type of cooperation as a threat and therefore fight to preserve the empire they have built throughout their career.

This has been a People story

This has been a story about people and the way they work. It is about forming teams that focus on rapidly delivering value on a regular and predictable cadence.

So, it would be more correct to say this is actually a culture transformation story. A story on how the culture of the organization changed. Scrum Masters embody the servant leadership ideals; Product Owners lead through influence, not by organizational power or coercion. The Developers, the real rock stars in the organization, take ownership of the planning for the Sprint as well as for their daily work. Collectively, they are accountable for the decisions they made and the work they produced. The leadership makes the team's success their "Job One." Leadership is considered successful only when the team succeeds.

As with any other cultural change, these types of transformations work best when it is initiated at the top and works its way down through the organization. For example, there was a time when smoking was common in the workplace. Many companies made the decision to transition to a smoke free environment. The leadership at the top made the decision, they then explained why

the decision was made and then provided education and support as the companies became a smoke free environment.

This is exactly what needs to take place when an organization transitions to being an Agile organization. This message must come from the top. Leaders must then “walk the talk” by:

- Becoming focused on customer satisfaction, or better yet, customer delight
- Focusing on rapid value delivery **WITH** outstanding quality and at a sustainable pace rather than delivery **OVER** quality and sustainable pace
- Balancing the demand against the capacity of the organization
- Selecting work that have the highest impact for the lowest cost
- Growing the people in the organization, regardless of their employment status (e.g., employee vs. contractor).

In far too many organizations, the Agile transformation is seen as applying to **ONLY** the developers and testers within IT. It is impossible for development teams to adopt Agile when leadership continues to operate with the same manner and mechanisms. In one company I consulted with, leadership demanded to know each team’s velocity, i.e., the number of story points completed during each Sprint. They were unconcerned with the value of the work being performed. This is most definitely **NOT** Agile. As I like to say, it is not the number of hamburgers produced (the outputs), but rather the customer’s satisfaction and the profitability of providing that product (the outcome)!

After all, Agile transformation is not the point. Providing a valuable product in service to someone else is what we are called to do. Right now, Agile and Lean are the best ways we know of today to achieve our calling. So, use these and other tools in service of your mission. Then keep looking for better, people centered ways of achieving that mission.

About the Author



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William Davidson, known to many as Red, is an Agile Coach from Plano, Texas. He’s coached at large enterprises including Frontier Communication, Citigroup, Toyota and Chase. He’s been writing software for money since 1983 (whoa, that’s a long time). He’s held many positions (Development Manager, Project/Program Manager, PMO Lead and Scrum Master), receiving awards (Business Development Quality Award for Excellence), written papers & articles, and presented at more than 100 conferences and user group meetings. As an Agile Coach, Red helps teams (and their organizations) achieve the benefits of Agile software delivery. He can be contacted at [reddavidson@yahoo.com](mailto:red davidson@yahoo.com) or www.linkedin.com/in/reddavidson