

Agile Methods in Project Business

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*“If you can dream it, you can do it.”
– Walt Disney*



Summary

Agile methods experience a growing gap between theory and practical application. Generally, methods still presume that projects are performed internally, inside organizations, while reality has moved on to cross-corporate working styles with two or more organizations involved as contract partners.

This gap leaves important questions unanswered, such as what adjustments should be made to team setups to enable projects that span over borders between the organizations. In addition, questions remain on applicable contract types.

Theory and Reality

Agile methods and what is sometimes called “Agile mindset” have become popular in the last couple of years for projects and also for operational approaches under the name

¹ Information about the author [at the end of the article](#).

“DevOps”. It is used in software development but also in the design of other products, such as entertainment electronics and even military aircraft².

However, when we consider the observable and measurable trend toward project business, where two or more organizations act together as clients and contractors, the question turns up of how these two developments act together or are in conflict with each other.

Agile Methods

Various methods are subsumed under the title “agile methods”. The most popular methods are:

- Scrum
- Kanban
- eXtreme Programming (XP)

These methods are not mutually exclusive and may be mixed. Results are then variously called Scrumban or similar³.

Many promoters and implementors of agile methods have turned the method almost into an ideology or a religion, as seen in Figure 1⁴. Often, a dichotomy is postulated of “Agile vs. Waterfall” that the author considers deeply flawed in a world of project management that cannot be simply reduced to black-and-white thinking.

Promoters of agile methods make a number of promises, including

- Agile methods are faster.
- Agile methods lead to better results.
- Agile methods reduce risks
- Agile methods lead to higher satisfaction among team members⁵.

There is no evidence that any of these claims are universally true.



Figure 1: “Agilism” has become a kind of religion or ideology for many people.

² (Beck, 2022)

³ (Kulbacki, 2018)

⁴ The photo was taken during a congress by the author. The T-shirt advertises a consultancy whose name and logo have been pixelated to avoid promoting or pillorying the company or putting it on the spot.

⁵ (Lynn, 2019)

The basis of these methods is the “Manifesto for Agile Software Development”, often referred to as the “Agile manifesto”, which states 4 values and 12 principles⁶. These are then implemented by the various methods.

In short, the core elements of agile methods are:

- Increased focus on discovery
- Openness to frequent change
- Planning with a very short planning horizon
- Bottom-up decision-making in highly focused, self-organized teams
- Intensive communications between the development team and the target stakeholders such as users, management, and others.
- Reduced focus on documentation.

When are Agile Methods Beneficial?

Research done by the author in 2015 was based on the postulation of three approaches to project management:

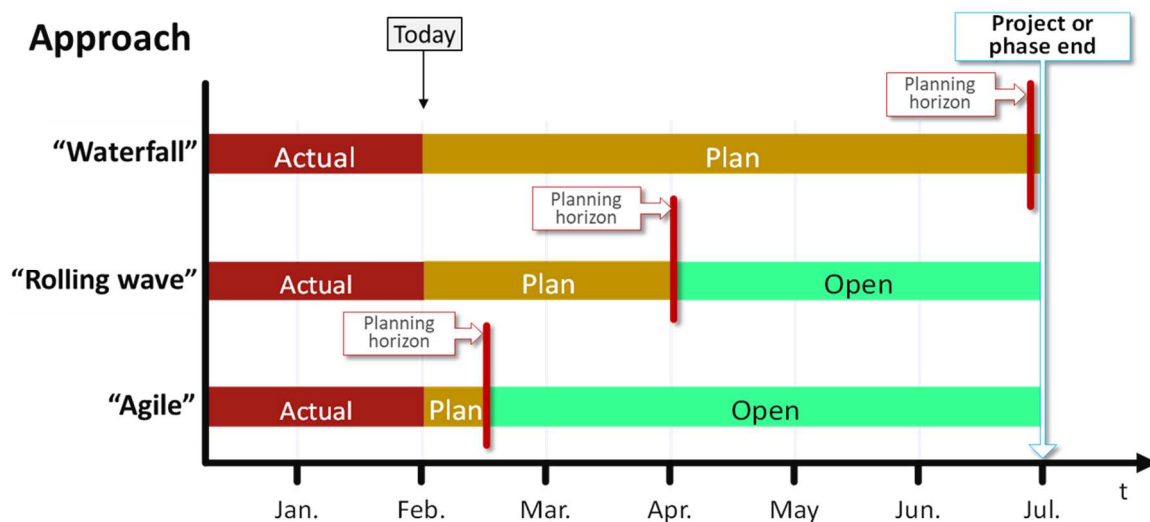


Figure 2: Three methodical approaches to managing projects

- Agile methods have a very short planning horizon, typically between 1 and 4 weeks. This makes them open to discovery and sudden changes but excludes long-term predictions.
- Rolling wave is a pretty traditional approach that includes progressive elaboration. It has a medium planning horizon that allows for managing changes and surprising

⁶ (Beck et al., 2001)

discoveries. It also meets the requirement to administer lead times and generate a degree of predictability and order between the extremes of “Agile” and “Waterfall”.

- Waterfall methods are also traditional. They have a planning horizon at the end of the project or at least a current project phase. With their high focus on long-term planning, they stand for predictability and order but find it hard to respond to change requests and surprises.

The research showed that agile methods are most helpful in exploratory project situations where long-term planning is difficult or impossible. However, they are more likely to be detrimental in project situations that require predictability and order—they are not made for that.

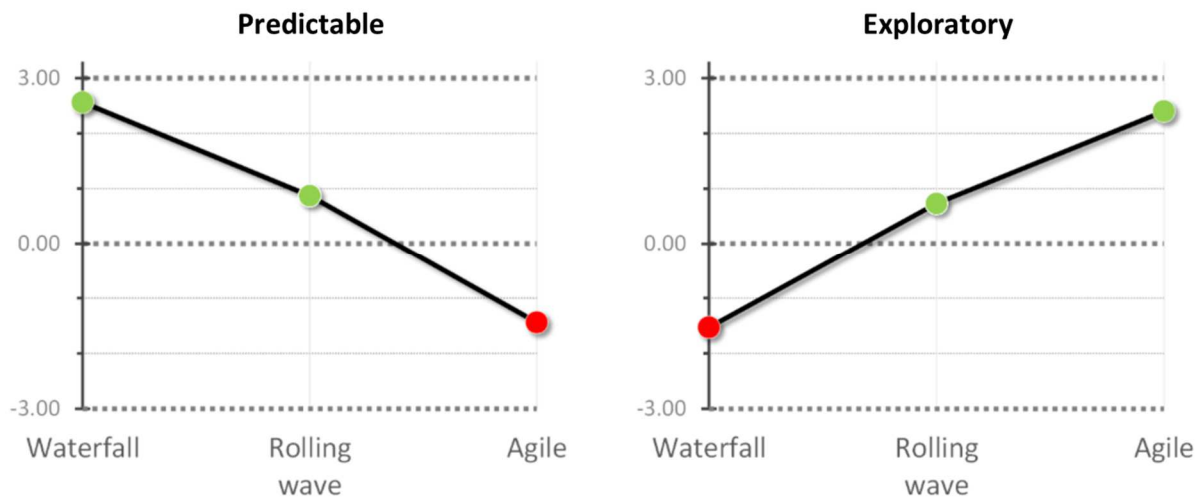


Figure 3: Research from 2015 showed that agile methods are generally beneficial for exploratory projects but are much less appropriate for predictable projects.⁷

The same research also showed that agile methods are beneficial for “blurred” projects that are not clearly defined and separated from other tasks of the organization but are rather detrimental for “focused” projects with clear boundaries and definitions. Another area where they can be beneficial is that of Mark 1 projects, which are first-timers in their scope and challenges, while Mark n projects benefit more from traditional methods.

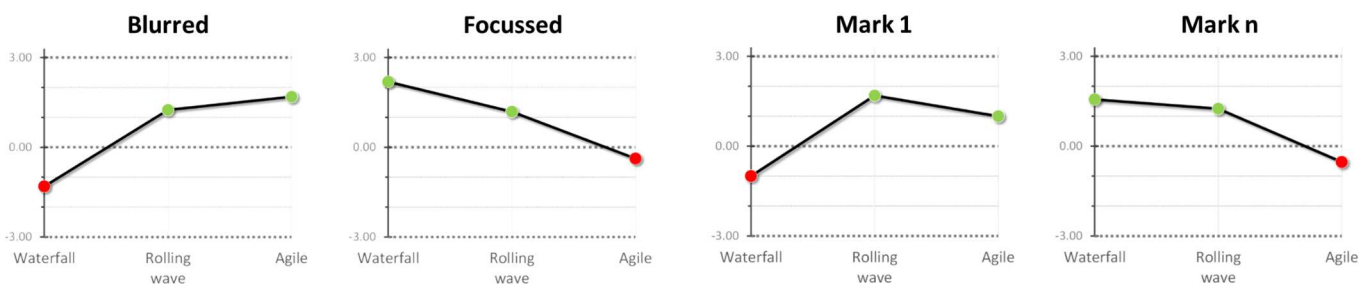


Figure 4: Further project types and appropriateness of approaches⁸

⁷ A group of experts described the appropriateness of the three approaches for project types on a scale from -3 (highly detrimental) to +3 (highly beneficial) of 3 approaches to projects. Source: (Lehmann, 2016, p. 171)

⁸ Source: Ditto.

What Do the Official Methods Say about Project Business?

The trend from internal project management to cross-corporate Project Business is widely observable and measurable.⁹ How do the authors of agile method descriptions, such as guides and handbooks, respond to the development?

They don't.

These authors generally assume that projects are internal in an organization and ignore Project Business.

A popular example is the Scrum Guide, a 14-page document describing the method's theory, roles, events, artifacts, and values.¹⁰ Indeed, in Project Business, two or more organizations, often many more, do projects together as paying customers and delivering clients. However, the Scrum Guide consistently maintains that just one organization is involved. Here are some quotes:

- "They [the Scrum team] are structured and empowered by *the organization* to manage their own work." (p. 5)
- "For Product Owners to succeed, the *entire organization* must respect their decisions." (p. 6)
- "The Scrum Master is accountable for establishing Scrum as defined in the Scrum Guide. They do this by helping everyone understand Scrum theory and practice within the Scrum Team and *the organization*." (p. 6)
- "Scrum Masters are true leaders who serve the Scrum Team and *the larger organization*." (p. 6)

The assumption that projects in Scrum are internal is also discernable from other observations:

- The Scrum Guide calls developer teams "*cross-functional*" (p. 5). In project business, they are rather cross-corporate.
- The Scrum Guide leaves a central question for cross-corporate application of the method unanswered. See Figure 5: In which organization should the Product Owner role be located, the person tasked to mediate between the target stakeholders and the development team, managing the product backlog, i.e., the list of open project tasks? On the customer side? Contractor side?

⁹ (Lehmann, 2021)

¹⁰ (Schwaber & Sutherland, 2020)



Figure 5: Where should the Product Owner be located in a cross-corporate Scrum project? On the customer side or the contractor side?

- Another question is what contract type best suits the agile method, one that preserves its agility without slowing it down in frequent contract re-negotiations but at the same time does not jeopardize the liquidity and profitability of the parties involved.

So, the inventors of the method seem to coherently follow an understanding that there is only one organization involved with the project.

What Happens in Reality?

Reality does not necessarily follow theory.

A significant percentage of Scrum projects and also of projects applying other agile methods are today cross-corporate Project Business. There, contractors work for paying customers. The developer team is located on the contractor side, while the target stakeholders are inside the customer organization,¹¹ as shown on the right-hand side in Figure 5. So, they are in different organizations that are parties in a contract and ideally partners in a joint project.

The Scrum Guide says, “The Scrum framework, as outlined herein, is immutable.”¹² However, as the documented method does not help them, organizations had to find their own solutions to bridge this growing discrepancy between theory and reality. They have to deviate from the engraved method and do the project with two or more organizations. They have placed the Product owner on the situationally most appropriate side or have two of them, one on the customer side and another one inside the contractor organization. This also contradicts the Scrum Guide, which insists that only one Product Owner exists.¹³

¹¹ Unfortunately, Scrum uses the term “Stakeholders” in deviation from the regular use for the recipients of the project’s deliverables. The author refers to this group as “Target Stakeholders”.

¹² (Schwaber & Sutherland, 2020, p. 12)

¹³ (Schwaber & Sutherland, 2020, pp. 5, 6)

These organizations do not care about immutability but strive for the success of their projects. They use their appropriate configuration of Scrum, when it is helpful for the project and other methods when it is not.

Conclusions

Many interesting questions remain open when it comes to using agile methods in Project Business Management. Methodical descriptions should be adjusted to projects with more than one organization involved.

Another question relates to contract types that are appropriate for these methods. It would be desirable that the providers of methods follow reality and further develop their products, the education that they provide for them, and also their certifications.

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- Oliver F. Lehmann
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About the Author

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Oliver F. Lehmann, MSc, ACE, PMP, is a project management educator, author, consultant, and speaker. In addition, he is the owner of the website Project Business Foundation, a non-profit initiative for professionals and organizations involved in cross-corporate project business.



He studied Linguistics, Literature, and History at the University of Stuttgart and Project Management at the University of Liverpool, UK, where he holds a Master of Science Degree (with Merit). Oliver has trained thousands of project managers in Europe, the USA, and Asia in methodological project management, focusing on certification preparation. In addition, he is a visiting lecturer at the Technical University of Munich.

He has been a member and volunteer at PMI, the Project Management Institute, since 1998 and served as the President of the PMI Southern Germany Chapter from 2013 to 2018. Between 2004 and 2006, he contributed to PMI's *PM Network* magazine, for which he provided a monthly editorial on page 1 called "Launch," analyzing troubled projects around the world.

Oliver believes in three driving forces for personal improvement in project management: formal learning, experience, and observations. He resides in Munich, Bavaria, Germany, and can be contacted at oliver@oliverlehmann.com.

Oliver Lehmann is the author of the books:

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- "[Project Business Management](#)" (ISBN 9781138197503), published by Auerbach / Taylor & Francis in 2018.

His previous articles and papers for PM World Journal can be found here:

- <https://pmworldlibrary.net/authors/oliver-f-lehmann/>