Agile Transformation and Finance: How to Transform and Thrive

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Joe Biggs

Joe specializes in improving complicated process challenges. He is an expert in the areas of planning, managing, and realization of desired outcomes for valued initiatives.

Expertise areas include:
  • Agile Transformation
  • EPMO/PMO Audits
  • Project Governance/Measurement
  • Portfolio/Program/Project Tools
  • Release Management
  • Software Test Automation

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1. Recognizing a Shift in Thinking
   1. Finance
   2. Alignment
2. Understanding Agile Value to Financial Transformation
3. Roadmap to Success Connected Frameworks
4. Questions??
Finance has a Full Plate
Opening Thought

• Transforming your Finance team to an Agile framework probably isn’t at the forefront of your thoughts. The focus tends to be on IT transformation before and if other teams are considered. This is a logical thought process, but there should be a plan developed that takes into consideration other teams (HR, Operations, Finance). Agile Finance Teams aren’t built overnight, but with a little planning and communication, Agile can make a difference in the way Finance can operate in the future. Make the transformation value meaningful and you will find success.
The Changing Mindset

CFOs say that technology and talent are both critical to transforming finance “EY’s The DNA of the CFO” survey polled 769 global finance leaders for their thoughts on the biggest priorities for building the finance function of the future. And, the results show that technology and people are equally important:

- Sixty-five percent of respondents said that standardizing and automating processes, and building agility and quality into processes will be a significant priority for tomorrow’s finance function.
- Additionally, over half (58%) indicated that driving process improvement with state-of-the-art technology will be a major focus.
- CFOs place slightly more importance on the people dimension, with 67% reporting that improving how finance partners with the business will be a top priority.
- And, with new technology comes a need for new skills—particularly, in analytics. Fifty-seven percent of CFOs believe that building skills in predictive and prescriptive analytics is critical to finance’s future effectiveness.
The Two Way Street of Agile Value

Value items for Finance Consideration
• Project failure reduction – Agile over other models
• Increased predictability
• Boost time to market
• Reduce waste
• Enhance customer satisfaction
• Improve flexibility
• Increase visibility
• Improve overall corporate awareness

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More on Two Way Value

Finance and Auditors like Agile
- Dates are fixed and easy to track
- Knowledge of what team actually did the work
- Burndown rate is finance friendly data
- Stories, features, and epics are traceable entities in the agile world
- Project Backlog well defined and easier to understand based on user story formatting

All this translates to verifiable, documented production data that can be aligned with customer value!
Value Continues

To deploy agile development at scale, companies will need to alter their operating models and organizational structures.

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<thead>
<tr>
<th>Organizational structure</th>
<th>Before</th>
<th>After</th>
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<tbody>
<tr>
<td></td>
<td>Application-oriented focus, with ever-changing teams and pooled resources; siloed perspective</td>
<td>Product-based focus with stable teams and dedicated resources; end-to-end perspective</td>
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<tr>
<th>Interactions between business and IT</th>
<th>Before</th>
<th>After</th>
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<tr>
<td>Development process is managed by proxy product owner from IT, with input as needed from business</td>
<td>Development process is managed by strong product owner from business, who works closely with IT at all stages</td>
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<th>Roles and responsibilities</th>
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<tr>
<td>Scrum teams comprise developers and testers; project-manager and line-manager roles remain unchanged from waterfall approach</td>
<td>All roles are integrated within self-organizing scrum teams; project-manager role is minimized and line managers focus on capability building</td>
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<th>Budgeting and planning</th>
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<td>Traditional yearly budgeting, with fixed budget allocated to projects</td>
<td>Venture-capital-style budgeting, where minimally viable product is launched and future funding depends on product performance</td>
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McKinsey&Company
Quick Note on Budget Shifts

Some companies are taking different approaches:

• Overall budgeting and planning are still done yearly, but roadmaps and plans are revisited monthly or quarterly and projects a prioritized and reprioritized continuously.

• A handful of companies are even exploring a venture-capital-style budgeting model. Initial funding is provided for minimally viable products (MVPs), which can be released quickly, refined according to customer feedback, and relaunched in the marketplace—the hallmarks of agile development. And subsequent funding is based on how those MVPs perform in the market. Under this model, companies can reduce the risk that a project will fail, since MVPs are continually monitored and development tasks reprioritized. Typically there is less waste and more transparency among portfolio and product managers, and it becomes easier for the company to scrap low-potential projects early.
DA Budgeting Thoughts

Rolling Wave Budgeting

- Near-term initiatives – detailed planning
- Longer-term initiatives – high level snapshot planning
- References can be found on DA Blades – Release, Portfolio Mgmt, Program Mgmt, Product Mgmt, Enterprise Architecture

Secure Funding Goals

- How will we fund?
- What type of team are we funding?
- How are the funds accessed?
- “Seed Funding”, “Funds to Develop Solutions”
Embed Finance into Your Agile Teams

- Establish a part-time team role for Financial Team (Analyst)
  - Ensure that Finance understands team dynamics
  - Increase Decision Velocity
  - Minimize Complexity
  - Resource Management

- Track value streams (Lean) bringing the financial element to the equation
  - Eliminate Waste
  - Build in Quality
  - Create Knowledge
  - Defer Commitment
  - Deliver Quickly
  - Respect People
  - Optimize the Work
Use a range of metrics to measure value

- Budget – estimates of expenditures over a period of time (portfolio: OPEX, CAPEX)

- Spending – budget’s alter-ego; tracking what is actually spent

- Burn Rate - combines the rate of spending, budget and estimated amount of spending to complete an initiative. Asks the question is there enough money to finish what was started.

- Value to Spend – estimated value for dollars spent

- Time Accounting – the connection between effort and cost
Mile Marker #3

**Foster an Agile finance function**

- Encourages Agile and Lean ways of working
- Enables Finance functions to increase efficiency and speed through simpler data management
  - Accelerating
    - Resource allocation, reporting/analysis
- Enables quick response to problems
- Recognizing transformation opportunities
- Encourages more time spent on customer satisfaction, customer relationships, and brand reputation. This can drive more accurate forecasts, minimize risk, and flag new opportunities
Mile Marker #4

Training & preparation

- Train the Finance functions early and often – gain the value of embedding the framework methods, components, and value streams
- Develop a Finance Champion or Champions – infuse the two way street of shared knowledge and value
- Finance should prepare a small training model to present to Agile teams on the basic ideas that drive financial decisions and if possible the key elements each individual company holds most valuable
- With the Finance member a part time member, the Team Lead, Product Owner, and Stakeholder should ensure the Finance member stays in sync
Summary

• Never a better time to align Finance into your Agile teams
• Embed Finance into your teams
• Value is a two way exercise – it really does help all
• Just like your Agile transformation financial adaptation takes time, allow for that time – Patience is the key
• Your Agile Teams just might gain some knowledge on fiscal responsibilities, and this my friends is a Very Good thing!
• Finance teams have a tough job, adding Agile transformation can be viewed as too much. If the transformation is paced effectively, and value stream centric Finance may embrace and become an asset to your Agile organization
Summer Sessions – we hope you can join us

**DAConversations** is a free online learning series focusing on different aspects of Disciplined Agile. This is the perfect time to bring co-workers, team members and those you would like to be on your team to an introduction to all things DAD. Each session begins with a 30-minute presentation, followed by a 30-minute Q&A session.

- July 10, 2018: Create High Performance Agile and Lean Teams with Disciplined Agile Delivery
- August 14, 2018: Disciplined DevOps: An Enterprise Ready Approach
- August 31, 2018: The Disciplined Agile Enterprise: Enabling your Disciplined Agile IT Team

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- 25 & 26 July 2018
- 5 & 6 September 2018
- 17 & 18 October 2018
- 28 & 29 November 2018

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Shuhari and Disciplined Agile Certification

At the *shu* stage you are beginning to learn the techniques and philosophies of disciplined agile development. Your goal is to build a strong foundation from which to build upon.

At the *ha* stage you reflect upon and question why disciplined agile strategies work, seeking to understand the range of strategies available to you and when they are best applied.

At the *ri* stage you seek to extend and improve upon disciplined agile techniques, sharing your learnings with others.
Scott Ambler + Associates is the thought leader behind the Disciplined Agile Delivery (DAD) framework and its application. We are an IT management consulting firm that advises organizations to be more effective applying disciplined agile and lean processes within the context of your business.

Our website is ScottAmbler.com

We can help