Separating Noise from Signal

What Is a True Agile Enterprise?

presented by: Gene Gendel

of

KSTS
Consulting

Gene Gendel is an organizational design consultant, adaptive & lean coach and trainer, and independent adviser to senior leadership. Gene is a widely recognized, world-class trainer/instructor, and is mainly focused on organizational design and product centricity, the experience for which he has gained, over the decades of deeply embedded coaching and consulting. Gene's clients represent a wide industry spectrum. Almost 15 of 20+ years of his professional experience Gene has dedicated to working with companies of various sizes and lines of business, trying to help them improve internal dynamics, organizational structure and becoming a better place for people to work in. Gene engages at *all* organizational levels: senior- and mid-level management, teams and individuals. In his work, Gene uses various methods, tools and techniques to amplify learning of other people and to ensure that his followers gain autonomy after Gene "coaches himself out of the job". Over the last decade, Gene's big focus has been on large financial institutions and consulting companies that struggle with moving away, from traditional budgets and portfolio/program/project work decomposition, towards more adaptive/flexible budgeting and better clearly products (product-centric, customer-focused development).

Gene is the co-founder of ***KSTS Consulting***, **the only company in the United States that has the credential of a *Certified LeSS Coaching Company***. Gene's, highly in-demand LeSS classes, both private and public, are based on advanced system modelling and rich exosystemic perspective that includes intra-organizational dynamics and market realities.

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Learning Opportunities

LeSS Adoptions| Training On-Demand | Self-Study | Educational Partnership | LeSS Mentoring

Upcoming LeSS Training

This course is an introduction to product-centric organizational design, business agility and resilience, in the fast-paced and constantly-changing world of GenAI. Learning Large Scale Scrum (LeSS) organizational system gives a strong competitive advantage to individuals, in today's highly marketplace.

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03/03-03/04: Certified LeSS Basics

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Get Mentored To Become:

1 Year

https://www.keystepstosuccess.com/large-scale-scrum-training/

My Everyday Reality

My Everyday Reality

My Everyday Reality

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Avoid
(Tool – Driven Transformations)
TDT

Success of agile transformations is inversely proportional to reliance on "agile" tooling solutions (in partnership with heavy "scaling" frameworks) and directly proportional willingness to de-scale and simplify;)

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Avoid
(Deck – Driven Transformations)
DDT

Knowledge retention and quality of learning are inversely proportional to thickness of a power point 'agile transformation' deck and directly proportional to font size used in a deck ;)

Proper Use of Terminology

Top-3 Abused Words

1) Agile
2) Enterprise
3) Scaling

Avoid This:

When put together, in the same phrase, they become "Enterprise Agile Scaling" – what seems to be the most popular and frequently used phrase, nowadays.

Instead of using this phrase obsessively (titles, job descriptions, etc.), please consider the following:

❖ If "Agile" != "Adaptive", the word is probably misused

❖ "Enterprise" – does not always mean "huge". A 50-person company (HR, Finance, Legal, Vendor Management, Business, Operations, IT) – is an enterprise. A 500-person IT Department alone – is NOT an enterprise.

❖ In order to SCALE goodness, you may need to DE-SCALE (remove) badness. Therefore, by obsessively focusing on scaling, you might be increasing (scaling up) levels of badness in the system (organization) ☹

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Economics of Agile

Economics of Agile

Economic$ Of Agile Transformation

Agile PMO | Epic OWNER | Agile COE
Agile Portfolio Level
Agile Program Level
Agile Project Level
Agile Team Level
Agile Train Station
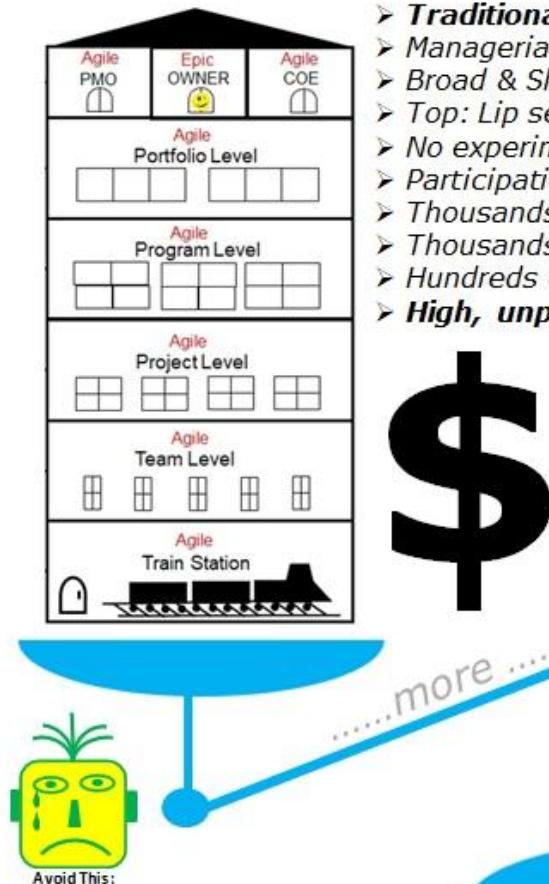
- ➢ **Traditional layered organization.**
- ➢ Managerial "support in spirit".
- ➢ Broad & Shallow. Superficial Big-Bangs.
- ➢ Top: Lip service. Bottom: False, broken hopes.
- ➢ No experimentation, before applying widely.
- ➢ Participation by mandate and enforcement.
- ➢ Thousands of component developers.
- ➢ Thousands of business people.
- ➢ Hundreds of "left over people".
- ➢ **High, unpredictable investments.**

...... more ......
...... less ......

Try This:
Avoid This:
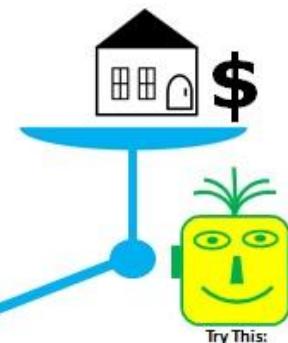
- ➢ **Parallel organization. Flatter structure.**
- ➢ Informed Consent by true leadership.
- ➢ Deep & Narrow: Systemic improvements.
- ➢ Meaningful efforts: Top-Bottom/Bottom-Up.
- ➢ Experimentation, before applying widely.
- ➢ Participation by volunteering/commitment.
- ➢ 50-60 cross-functional developers.
- ➢ Small group of customers/users/SMEs.
- ➢ One Product Owner. A few Scrum Masters.
- ➢ **Limited, more predictable investments.**

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Gene Gendel, Certified Enterprise & Team Coach (CEC-CTC), Certified LeSS Trainer (CLT) — www.keystepstosuccess.com

Economics of Agile

Google | how many versions of safe agile exists from 2011 to present

AI Mode | **All** | Images | Shopping | Short videos | Videos | News | More ▾ | Tools ▾

✦ AI Overview

Since its inception in 2011, the Scaled Agile Framework (SAFe) has evolved through **six major versions**. The current, most recent version is SAFe 6.0, released in March 2023. 🔗

Here is the breakdown of the major SAFe versions from 2011 to the present:

- **SAFe 1.0 (2012):** Released by Dean Leffingwell, this initial, publicly available version provided the foundational "Big Picture" for scaling Lean-Agile practices.

- **SAFe 2.0 (2012):** Released shortly after 1.0, this version focused on restructuring the Program and Portfolio levels.

- **SAFe 3.0 (2014):** Introduced at Agile 2014, this version focused on expanding the Portfolio level and supporting multiple Agile Release Trains.

- **SAFe 4.0 (2016):** Integrated capabilities for both software and systems development (incorporating "SAFe for Lean Systems Engineering"), introducing a 4-level structure.

- **SAFe 4.5/4.6 (2017–2018):** These updates introduced greater configurability (Essential, Portfolio, Large Solution, Full SAFe), DevOps, and the "Five Core Competencies".

- **SAFe 5.0/5.1 (2020–2021):** Focused heavily on Business Agility, Customer Centricity, and introduced the "Seven Core Competencies".

- **SAFe 6.0 (2023–Present):** Released in March 2023, this version focuses on AI, Big Data, Cloud, and accelerating the flow of value through "Eight Properties of Flow". 🔗

Evolution Beyond 6.0
Starting in late 2024, Scaled Agile began "Reimagining SAFe" with incremental, continuous updates rather than traditional "big batch" version releases, moving away from the need for a 7.0 in the immediate future. 🔗

Dive deeper in AI Mode

1. How many golden partnerships with tooling companies had been formed during this time period?

2. How many major tooling updates/releases happened during this period?

3. How many major contracts (cash value) have been signed with major clients?

$

Organizational Structure Comes First

Organizational <u>STRUCTURE</u> –
is the <u>1st Order Factor </u>(Variable)
that has impact on everything else
in an <u>ECOSYSTEM</u>: behaviors,
norms, values, principles, policies

Doing It For Good Reasons

You may want to consider

SCALING

because your **PRODUCT** is widely defined and/or its definition grows wider

NOT

because your **ORGANIZATION** is huge and you need huge "scaling" solutions

Managing "Big Things": Avoiding False Equivalency

≠ ≠

| Dimension	Traditional Portfolio Management	Lean Portfolio Management (LPM)	Large-Scale Product Management
Primary purpose	Control/manage initiatives to meet strategic/financial goals	Maximizing value (variety) delivery and adaptability	Continuously deliver customer-centric product features/products
Core unit of value	Initiative / project / program	Value stream or product line investment	Product and its end-to-end value stream
Planning frame	Annual / multi-year planning cycles	Rolling, continuous planning with quarterly adjustments	Continuous product discovery and delivery with evolving strategy
Funding model	Project-based, fixed funding tied to scope/time/cost	Capacity funding within guardrails, dynamically adjustable	Persistent product funding tied to outcomes and strategy
Governance style	Fixed stage gates, approvals, compliance checkpoints	Lightweight governance with fast evidence-based decisions	Outcome reviews and product health steering
Success definition	On time, on scope, on budget; benefits measured later	Outcomes, flow efficiency, and value realization	Sustained customer and business outcomes (adoption, retention, value)
Metrics emphasis	Schedule, budget variance, milestone tracking	Flow metrics, OKR progress, cost of delay	Product metrics (OKRs, KPIs, NPS, cycle time, throughput, velocity)
Work intake	Annual demand intake and business cases	Portfolio Kanban and continuous intake	Continuous flow or requirements from business (customers, users)
Prioritization method	Scoring models and big upfront negotiation	Economic prioritization	Product strategy and customer value, reflected in a product backlog
WIP management	Absence/not controlled WIP limits, many concurrent initiatives	Explicit WIP limits at portfolio level	WIP constrained by product team capacity
Decision cadence	Monthly/quarterly/annual committees	Frequent flow reviews and quarterly strategy alignment	Continuous product steering and reviews
Handling change	Formal change control process	Built-in adaptability and reprioritization	Expected through continuous discovery and short feedback loops
Org structure	Matrix with temporary, short-lived, project teams	Value stream orientation emerging	Stable, cross-functional product teams of full-stack developers
Team longevity	Teams form and dissolve per project	More stable teams across initiatives	Long-lived product-aligned teams
Role archetypes	Portfolio managers, PMO, program/project managers	Lean portfolio leaders, value stream owners, enabling PMO	Product leaders, Product Managers, Product Owners
PMO role	Control, compliance, reporting, documentation.	Enable transparency, and standards	Evolves into Product Ops or seizes to exist
Roadmaps	Milestone-based project roadmaps	Outcome-oriented roadmaps	Hypothesis-driven, evolving, product roadmaps
Architecture orientation	Project-driven, heavy local optimization	Supports flow across value streams	Product-based architecture
Dependency management	Central coordination and escalation	Visualized and managed through flow and sequencing	Reduced through dependency reduction, due to shared capabilities
Risk management	Upfront risk logs and periodic reviews	Continuous risk reduction via shotened feedback loops	Experimentation, very short feedback loops, gradual delivery
Customer involvement	Indirect, requirement-driven, "internal contract" based	Increasing involvement	Continuous discovery and inspection and adaptation
Delivery model	Big-batch releases and phase gates	Incremental delivery	Continuous delivery and feedback evaluation
Value realization	Measured after delivery	Measured continuously with pivot/stop decisions	Measured per product, with graviation towards product definition expansion
Resource allocation	Temporarily assignment of people, low skill cross-polination	Work pulled to stable teams	Capacity allocated across products
Transparency	Status reports and heavy reliance on RAG indicators	Value flow dashboards	Product value deliver flow dashboards
Common failure mode	Project factory: lots delivered, little impact	Prevalence of excessive organizational layering	Weak product definition and powerless product ownership
Best fit	Stable, regulatory, predictability-focused environments	Organizations seeking adaptability without losing control	Organizations committed to product-centric strategy and customer satisfaction

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# Key Elements Of True Enterprise

Beware of Fragmented Agility

The below should be viewed as complimentary dimensions of one, inclusive, eco-systemic (organizational) agility. NOT as independent, asynchronous, departmental, siloed and locally optimized initiatives.

"Agile for non-IT"
("no prior Scrum in IT knowledge required")

Agile vs. Dev-Ops

Agile vs. Dev-Sec-Ops

Agile In sales

Agile in Vendor Management

Agile in Legal

Agile in Procurement & Purchasing

Agile In HR

Agile In Hardware

Agile In Biz

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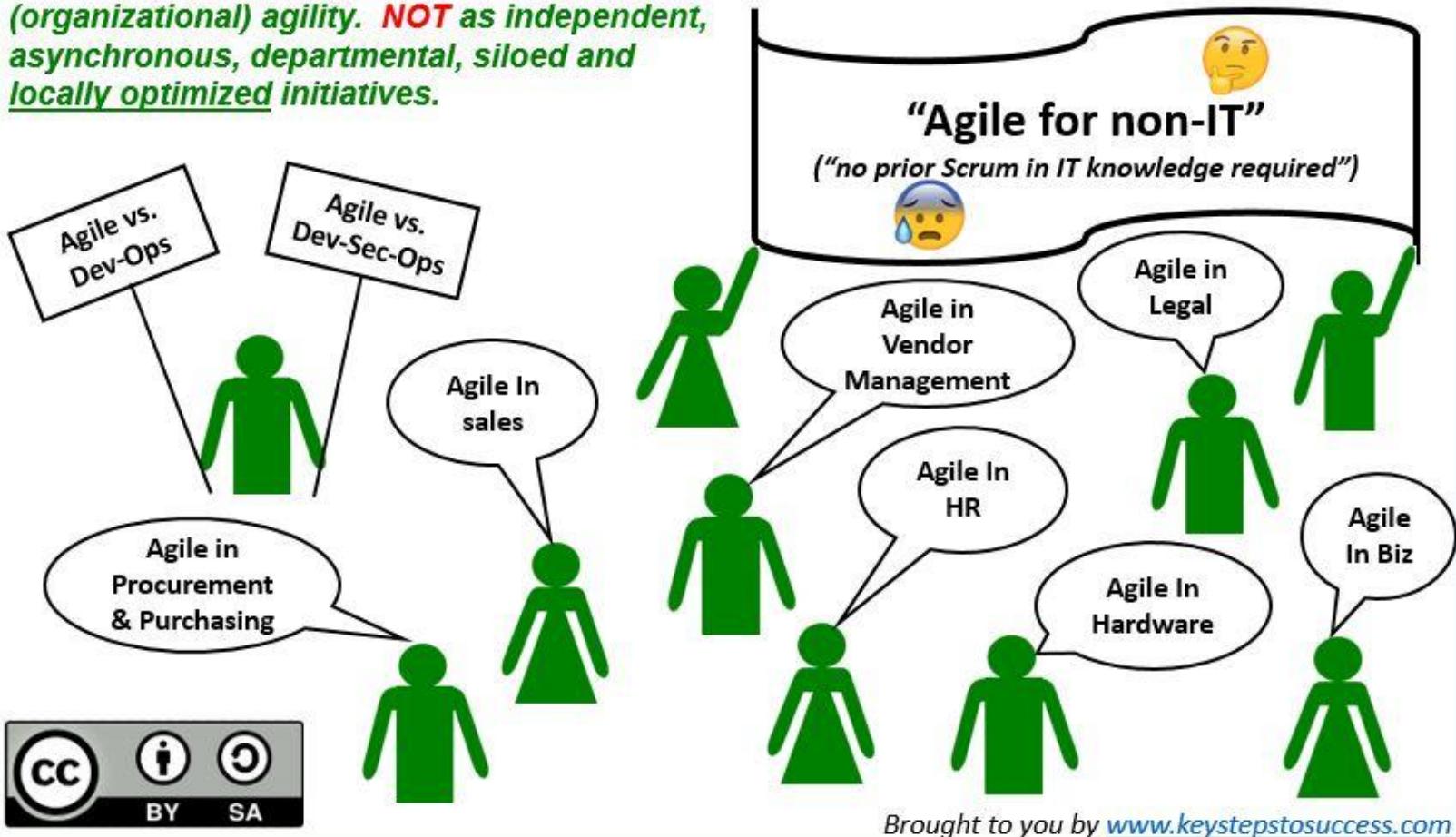
Key Organizational Enablers
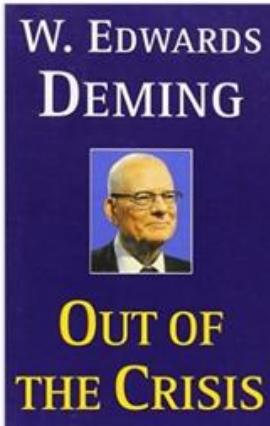
Gap Between Science and Business

"The idea of a merit rating is alluring. The sound of the words captivates the imagination: pay for what you get; get what you pay for; motivate people to do their best, for their own good. The effect is exactly the opposite of what the words promise."
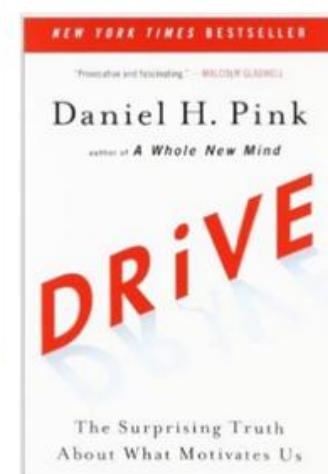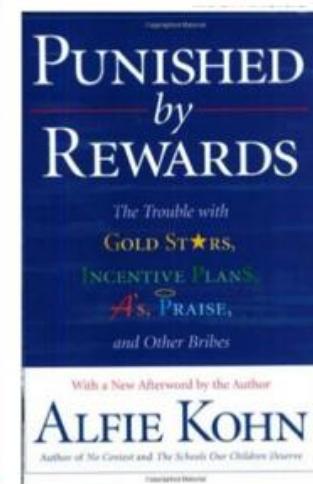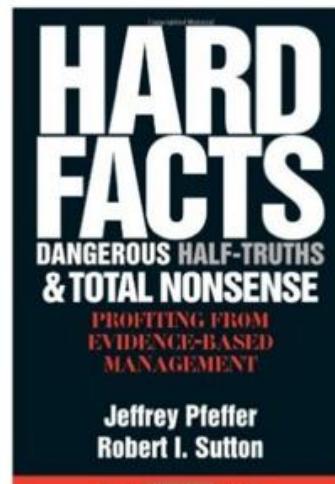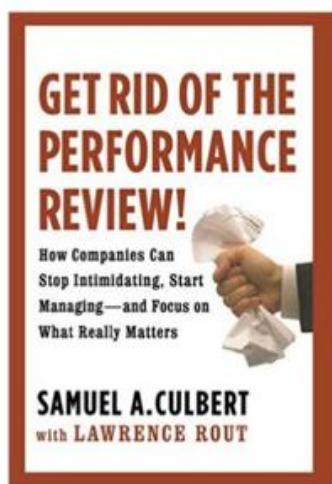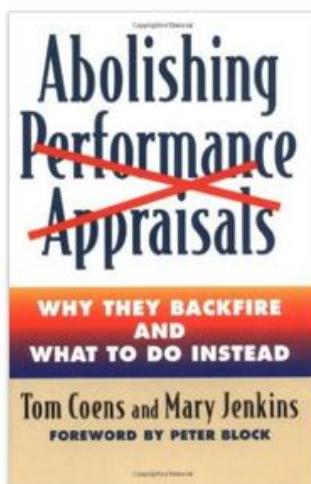
RSA ANIMATE: Drive: The surprising truth about what motivates us (Daniel Pink)

Key Organizational Enablers

Bitterness of IPA

It could be:
- ➢ Thirst-relieving
- ➢ Indulging
- ➢ Refreshing
- ➢ Smoothening
- ➢ Relationships-building

or

It could be:
- ➢ Threatening
- ➢ Demoralizing/Humiliating
- ➢ Leading to System Gaming
- ➢ Tension-building
- ➢ Relationships-destroying

IPA
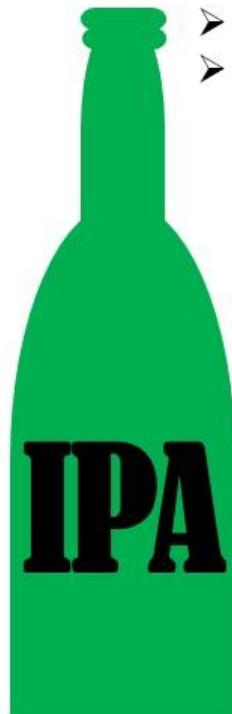
"You can only elevate individual performance by elevating that **of the entire system**"

W. Edwards Deming

Manager

Skilled Worker

Individual **P**erformance **A**ppraisal

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Key Organizational Enablers
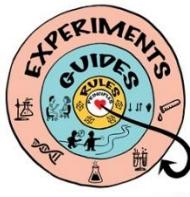
IMPORTANT ORGANISATIONAL ENABLERS OF LeSS ADOPTION

LeSS Experiment: Try... Engaging HR:
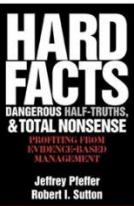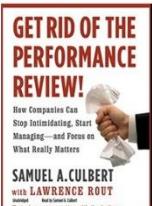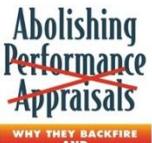
- Avoiding incentives linked to performance
- Trying to de-emphasize incentives
- Avoiding putting incentives on productivity measures
- Trying team incentives instead of individual incentives
- Trying team-based targets, without rewards
- Avoiding performance appraisals
- Avoiding Scrum Masters do performance appraisals
- Trying to discuss with your team how to do appraisals
- Avoiding job titles
- Trying to create only one job title
- Trying (if all else fails) generic title with levels
- Trying simple internal titles map to special external titles
- Trying simple general job descriptions
- Trying job rotation
- Try to hire the best
- Avoiding hiring when you cannot find the best

LeSS Guide: Parallel Organization

NOT
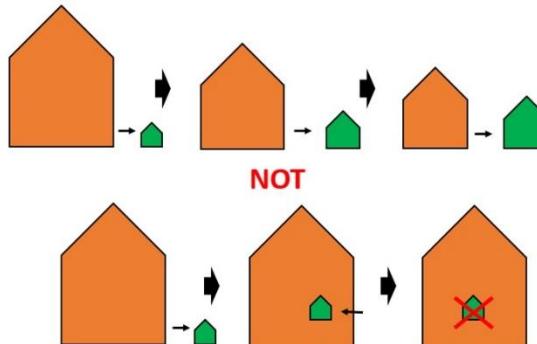
- Establishing the full LeSS structure "at the start", and protecting it
- Organically expanding LeSS structure; not dong a "POC" and then absorbing back
- No traditional reporting structures, processes, methodologies or operating models
- No existing HR/personal management norms and policies
- No any traditional ("blah") managers, hierarchies and reporting layers
- No locally optimized special groups of analysis, designers, architects, QA, etc.
- Finding only one and real Product Owner (PO), representing business
- PO – is acting, as an independent mini-CEO of the product, with full authority
- PO – is deeply educated in LeSS and sees real value in using it
- High-performing feature (product) teams that are properly staffed from the start
- A few "top-notch" Scrum Masters and LeSS coaches that are experts on LeSS

LeSS Experiment: Try... Beyond Budgeting:

- Trying to budget products that are widely defined
- Avoiding to budget portfolios, programs and projects
- Avoiding fixed (calendar cycle-based), year-end budgeting
- Trying dynamic (business cycle-based), rolling-wave budgeting
- Avoiding forecasts, becoming targets
- Avoiding targets, driving bonuses
- Trying to pay highly competitive salaries
- Trying to minimize/discontinue bonuses, in favor of higher salaries

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Agile Mindset Does Not Live On Its Own

STOP

STOP

STOP

attempting to cultivate

Agile Mindset

of mature adults, <u>without</u> improving

Organizational Design

that surrounds them

"You cannot grow flowers in a desert. First, you must create a supportive habitat (oasis), where growth is even possible."

<u>Organizational design is the 1st order factor</u> that defines your system's dynamics. "Stuff" like: agile mindset, behaviors, norms, values, principles, policies – they can come only later.

😉 **Let's fix things in proper order!** 😉

Bigger Does Not Mean Better

DO NOT COPY-CAT BIG MISTAKES

If you are a start-up/boutique company, trying to establish your own internal processes, one of the biggest mistakes that you can make, is to rely on guidance of "CHIEF METHODOLOGISTS" from large companies or consulting firms that will bring to your company unnecessarily complicated and astronomically expensive solutions.

Where they come from, these "sunk costs" are probably affordable.

ARE THEY AFFORDABLE FOR YOU?

Avoid This:

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Key Organizational Enablers

Multi-Team, Large – Scale Product Development Group

Product Mission, Product Vision, OKR

R O A D M A P

Executives, stakeholders, users

Product Backlog
Product Owner

Last Sprint

Sprint Planning 1

Sprint Planning 2 | Sprint Planning 2 | Sprint Planning 2 | Sprint Planning 2 | Sprint Planning 2

Cross Functional Product Feature Teams

SM / SM / SM

Daily / Daily / coordination / Daily

Users

Product Backlog Refinement (PBR)

Users

Daily / Daily / Daily / Daily / Daily

coordination

Daily / Daily / Daily / Daily / Daily

Users

Sprint Review

Retrospective | Retrospective | Retrospective | Retrospective | Retrospective

Overall Retrospective

Potentially shippable product Increment (PSPI)

Next Sprint

- Synchronized sprint cadence
- Joint sprint events
- Direct cross-team coordination
- Reduction of internal asynchronous dependencies
- Reduction of external dependencies
- Self-management and enhanced collaboration
- Continuous integration and shared codebase

- Widely defined product
- Increased customer focus
- Intimate engagement of users
- Simplified organizational structure

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Q &A

Synopsis

On my site: https://www.keystepstosuccess.com/

On Facebook: https://www.facebook.com/people/KSTS-Consulting/61561671969644/

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- **Gene Gendel: https://www.linkedin.com/in/ggnyc/**

- **KSTS Consulting: https://www.linkedin.com/company/ksts-consulting/**

On Meetup:
https://www.meetup.com/large-scale-scrum-less-in-nyc/ (close to 6500)