

# State Farm's Agile Journey

## Spring 2008 Scrum Gathering

### April 15, 2008

#### Company Background:

State Farm is the world's largest mutual property/casualty insurance company and provides auto, homeowners, business and life insurance, and banking and financial services to customers in the US and Canada. In 2007, it had 68,000 employees and 17,000 agents servicing 75 million insurance policies and 2 million financial accounts. State Farm was ranked 31<sup>st</sup> by revenue in the 2007 Fortune 500 .

In 2007, its Systems (IT) Department had 9700 people. 43% were involved in project work, 57% were involved in servicing existing IT products and infrastructure. 550 projects were in flight 2007. 50% of them were less than 5,000 hours in effort and 72% were less than 10,000 hours. 12% were greater than 25,000 hours. There are 8 role families with dozens of subsidiary skill sets. Worker specialization is prevalent.

#### History (Tom Mellor)

##### Early Experiences with Scrum:

The initial use of Scrum was a grass roots exploration that started in February 2004 with a small project (2000 hours) where an aggressive date was demanded, followed in June 2004 by a 25,000 hour effort. Driven by this question: What would be the efficacy of its use versus traditional development?

##### Elements:

- a. No outright opposition from within the organization; support came from inside and outside the projects. There was some concern about how it might be received if successful.
- b. No formal Scrum training (Ken Schwaber recommended reading *Software Development with Scrum*)  
Researched the Web.
- c. The essence of the self-organizing team was foreign but appealing. Required candidness with the teams about the venture to gain trust. There was skepticism and obscurity around the meaning of *self-directed*. Also, teams were traditionally "managed" in projects – specific tasks were predicted, monitored and controlled by a project manager. I had the benefit of willing teams and business people who admired and supported the concept.
- d. Our processes and work organization (multiple project assignments and matrix reporting structure) were created with traditional development in mind – replete with defined roles and skills. It was difficult for people to understand and embrace cross-functionality.
- e. Other people and areas examining agile development, too. In early 2006, two projects used XP in an experimental environment. Other Scrum-based projects also were also used and the first ScrumMasters were certified in March 2005. By June 2006, the Systems organization was formally investigating and strategizing the adoption of agile. The journey was underway.

##### Benefits:

1. Better products from the perspective of the business through more frequent inspection and adaptation.
2. Faster time to deployment, especially incrementally
3. A stronger, more supportive sociological environment for workers
4. Aligns with other emerging work environment philosophies such as collaboration and persistency
5. May be applicable in a service/support structures
6. Brings a "product management" perspective to light versus only project

##### Challenges:

1. Potential increase of the *belief in magic* or anticipated arrival of the *silver bullet*
2. Needed to provide information and training of teams and others in principles of Scrum with no formal process in place to do so
3. Processes and practices developed around and for traditional development methods
4. Role specialization based upon a "manufacturing line" defined process development methodology
5. Traditional hierarchical organizational structure with people attuned towards being directed versus self-directed
6. Traditional empirics and metrics didn't work well
7. Mis-information, misunderstanding, and mis-application of Scrum/agile values, principles, and practices
8. Muscle memory of the traditional way with its comfort enticement

##### Intrinsic Rewards for People:

1. Better morale resulting from empowerment (self-direction) and realization that Scrum can work (even with impediments) and
2. The essence of better productivity through collaboration and rapid feedback versus traditional development
3. Rewards of servant leadership
4. Business partners valued it – *we now saw results in 30 days and could validate if that's what we wanted!!*

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**Current State (Scott Klein)**

**General**

- We are leveraging our experiences to motivate people to try it.
- We have a structure to support the adoption – 6 people to coach agile engineering practices and 5 to coach project leadership, with several more learning in apprentice roles.
- We recently brought Certified ScrumMaster training in house, but several hundred people have been trained outside of the company.
- We offer a new iterative development overview class and approximately 500 people have attended.
- We have leveraged other communication events such as *Ask the Experts* sessions
- We have developed in-house education materials such as the State Farm Scrum Playbook

**Benefits**

- We are realizing a growing contingent of desire and aspiration to adopt agile principles and practices - people are seeking out work that will use Scrum
- Scrum has helped teams deal more effectively with problems and impediments, which also reduces cost and time impact
- A team has discretion of project approach – it doesn't have to use Scrum

**Challenges**

- People who think they are using Scrum, when in fact they are not – this can lead to frustration and denigration
- Some teams have not leveraged the coach community for help and guidance and so they run into problems and obstacles that unduly impact them
- We seemingly can't support the adoption fast enough – the demand for coaching is growing faster than we can provide it

**Future State (Paul Zilmer)**

**Vision of Future State**

- Iterative development and incremental delivery, using Scrum, are the norm for much of our work, including all of our work to deliver new systems and major enhancements
- Some work may continue to be serial; for example routine upgrades of 3rd party products, routine maintenance work
- Prioritized, weighted backlogs are used at project and higher levels. Products, product families, portfolios of work, and major initiatives all are driven by these prioritized backlogs, which are periodically reviewed.
- A culture of retrospection is embedded throughout the organization.
- Effectively be able to scale Scrum and iterative development

**Challenges**

- Reducing the number of concurrent assignments for people. This requires organizational change on multiple fronts, i.e. reduced specialization, team size, and the number of projects active at one time.
- Test environments at all levels must be made available faster, earlier and for a longer time.
- Further improvement of our processes to make them work better. Figuring out what the minimum essential artifacts and minimal essential gates. In short, adopt a lean process improvement culture
- Growing expertise and leveraging sufficient experiences to increase knowledge throughout the organization.
- Culture change: within IT across all levels. Change in the business culture in the way it interacts with IT.
- On the business side and IT side, mutually expect highly engaged product owners.
- Provide a more flexible physical work environment so that teams can be co-located more easily.
- Improve tooling for OO development teams.
- Figure out how to be effective using off-shore development labs for iterative work.
- Metric reporting suited for iterative work can be viewed at several levels of the organization.