

Collaboration At Scale – Cost of Decision Delays

11.07.2018

1. #Challenge: scrum team members in different time zone and location

Luke: This is always a challenge. But there are tools and techniques that you can use to help distributed teams work together. Conteneo has development team members located around the world: Berlin, Germany and multiple cities within America. We periodically meet as a team and we rely on communication tools like slack, google hangouts and good task tracking systems.

César: Dislocation can easily affect your team's ability to make timely decisions, complete features and deliver value, yet it is the reality for a lot of us. In some cases the team is in different locations because that is truly where the expertise is found and therefore such a distributed team can make faster progress than a collocated team that lacks a key skill. However, a very common motivation for organizations to increase the team dislocation is to find cheaper labor at a comparable skill level, but often ignore how the dislocation affects overall speed and the net effect is then way more inactive value.

2. Who is determining the value?

Luke: The most accurate determination of value comes from customers and stakeholders. Product Managers and Product Owners are often useful proxies, but their opinion should never be considered as actionable as primary market research.

3. Would you not also factor in development costs in inactive and active value calculations?

César: We certainly want to make sure that the teams are activating value that more than covers their costs, but the common trap is to optimize just for "cheap" instead of optimizing for "fast within a investment rate". Let's say that the team's feature or product is expected to activate a peak value of \$26m per year. This means that for every month that the team can deliver earlier, it is worth a little over \$2m. Is there an investment that could accelerate the feature or product by at least one month? We might be willing to invest \$2m to achieve that. Note that pulling in this feature by one month would also pull in the rest of the entire portfolio by a month.

4. Isn't value lost infinite before the first feature?

Luke: That's one way to look at it, but this feeds into the discussion at the end of the webinar: Waiting to make a decision is a significant cost / lost opportunity.

César: The approach is to anchor the calculation at the point when a decision is made possible by the arrival of information. A while ago we calculated that the Peak Value of a client's most desirable program of work was a whopping \$13m per week. Unfortunately, the size and complexity of the program had resulted in such indecision that they had been kicking the can down the road for eighteen months and nothing had been started. They were clearly shocked when they realized that they were already over the \$1Bn mark in terms of Inactive Value that was gone and never going to come back. However, the new perspective brought the needed focus to "the program to deliver without delay."

5. Can I get the method by which you calculated Value Rate for study?

Luke: The method of calculating the specific value rate for A/B/C is not critical. The important point is that the teams focused on determining the value and then focused on the cost.

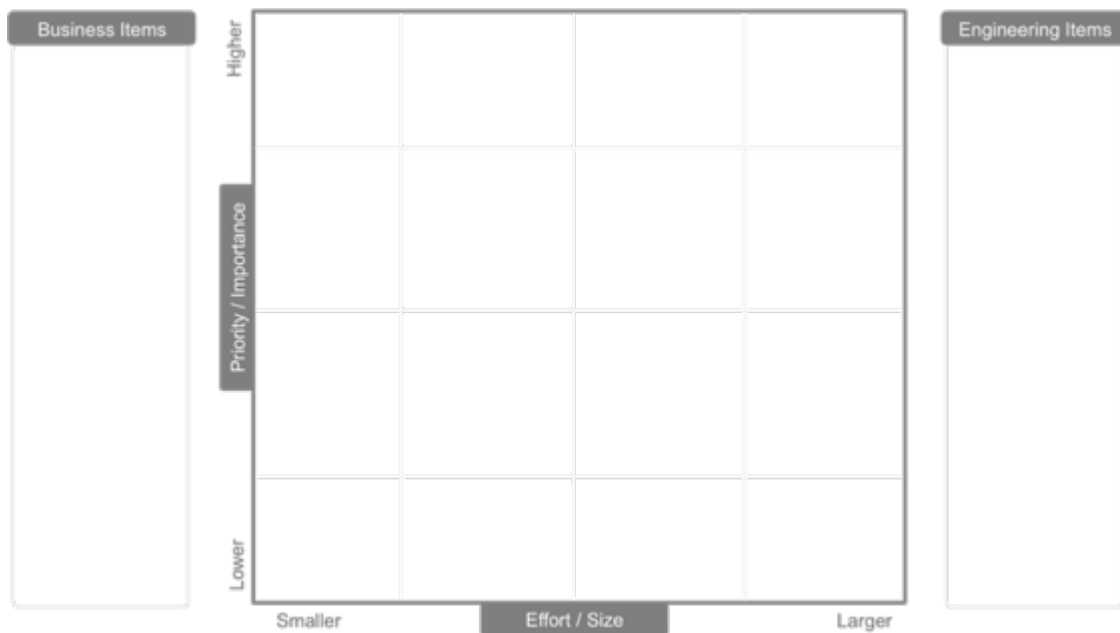
César: The rate calculation is the peak value generated by the feature, divided by the shortest possible duration. All other things being equal, features should then be done in order of highest value rate. The most valuable feature should be done without delay and work on all other features should be subordinated to the most valuable.

6. Please repeat how you determined value rate

Luke: See previous point.

7. Is duration the key focus in prioritization to drive active/inactive value?

Luke: Once a team has identified value they should focus on duration. The ensuing conversation should focus on the best ways to preserve the highest possible value while reducing effort / duration. This is why I am such a fan of the Impact-Effort matrix:



<http://bit.ly/Impact-Effort>

8. Is the calculation of value outside the scope of this presentation?

Luke: We discussed the qualitative determination of value in this webinar. A detailed exposition on the quantitative determine of value is beyond the scope of this webinar, but an overview of such techniques is included.

9. The key to effective and reliable use of this tool seems to be the accuracy of the "value" placed on each of the alternatives. What are the best methods to assess value?

Luke: We discussed the qualitative and quantitative determination of value in this webinar.

10. Was the context of this Cost of Delay that the Scrum Master uses these concepts?

Luke: I believe that the business leaders (Product Managers/Product Owners) should be using these concepts to sequence the work to create the greatest value possible.

César: The core concern for the Scrum Master is the throughput of the team so they help optimize their flow, eg removing interruptions and impediments. This has the effect of making durations shorter and more predictable, which makes the Value Rate be higher.

11. Is Delay in UAT by SMEs considered a cost of delay or can that be calculated?

Luke: It could be calculated. An especially lengthy UAT process could provide data for investments that create a greater return for the organization.

César: It is absolutely a delay. Some organizations skimp on SMEs for this purpose, or they are too busy with other work. Taking the earlier example, suppose that the product is awaiting UAT for two weeks while a SME becomes available and that it takes one SME two months to complete UAT. First of all, unless that SME is working on something with a higher Active Value than \$2m per month, they should probably stop what they are doing and start this UAT without the two weeks delay. That will activate roughly an extra \$1m for the same amount of work. In addition, we would want to figure out whether two or three SMEs could complete the UAT in half the time, which would activate an extra \$2m because it would be in market a further one month earlier. Again, if those SMEs are working on a product that has, say, \$10m/month of active value, then it is probably correct that they subordinate this \$2m/month feature UAT to the more valuable one.

12. Cost of \$133000 in your example is fine. But we also need to look at the cost of automating that particular feature. If we are paying more than \$133000 to automate that feature, then in reality, there is no CoD?

César: The measure units are dollars per week. The neutral case might be if the automation has a run rate of \$133k per week to operate in perpetuity, which would be unusual. We tend to leave the investment side out because organizations tend to have a reasonably stable investment level and what needs to be optimized is the prioritization of where to focus that investment using a value measure.

13. Has the "Buy a Feature" game have a notion of a real cost and the amount given to participants have a relationship?

Luke: Yes. The ideal version of *Buy a Feature* uses real costs. In lieu of real costs, you can use T-shirt sizes or story points and use these to project reasonable cost estimates. That said, we want to strongly encourage you to put more effort into determining value instead of costs.

14. In the scenario of soft and hard deadlines, how can we estimate CoD's importance?

Luke: Joshua Arnold from Black Swan Farming explores the impact of deadlines in this post: <http://blackswanfarming.com/urgency-profiles/>

César: In addition to the great content in that link, I would add that CoD will have most deadlines for breakfast. There is one thing and one thing alone in your portfolio that your teams should be doing without delay and, all other things being equal, everything else should be subordinated to that. Let's call that Product A. I think we would easily agree that we shouldn't need a deadline for Product A, since that is the thing we must do without delay, right? Then we might also agree that putting a deadline on anything else in the portfolio only puts Product A at risk, since all other deadlines have the potential to conflict with the need to do Product A without delay. So if Product A does not benefit from deadlines and all other deadlines can only delay Product A, why do we have deadlines again?

15. What happens if your product owners or key stakeholders are not available - you make a decision and allocate resources to an effort - but the stakeholder comes back and denies your decision. Then your resources have wasted time that should have been focused on other priorities... What then??

Luke: This can, and probably does, happen more frequently than we like. If the duration (size) of the items is reasonably small than the impact of a suboptimal decision is limited. If the duration (size) of items is very large than the organization should consider stopping development and moving to the higher value item. If you're doing Scrum, then even this is not a terribly negative choice as you're building software to "Done, Done" every Sprint and can therefore release the partial value of the work completed.

César: In addition, the loss of active value tends to dwarf the wasted cost of running the team. The maximum inactive value in your example would be the peak value per week of the entire team's backlog, times the number of weeks that were wasted. The value is not deferred or even delayed. It is gone forever because any time periods that the value is not active never come back! Unless we put value at the center of our decisions, however imprecise it might be initially, even product owners and stakeholders will be prioritizing other things rather than making a timely decision. The value will hemorrhage and they won't even know it.