Using Lean Startup Principles to Guide all Agile Adoptions

For Management and Teams
Product Portfolio Management
Lean for Executives

Lean Enterprise

Business

Team

technical

Manage

tment

Kanban / Scrum
ATDD / TDD / Design Patterns

Lean Management
Project Management

ASSESSMENTS
CONSULTING
TRAINING
COACHING

NetObjectives

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NetObjectives
AlShall
@NetObjectives.com

@alshalloway
Essence of the Lean Startup

• Eliminate Uncertainty
• Deliver Quickly
• Validate Learning
• Invite Customers To Be Part of the Process

• Started by Eric Ries
Eliminate Uncertainty

What to build
How to build it
How long it will take
Size of the market

Short, focused, releases guide decisions
Create a Minimum Viable Product
economics of responsiveness

Investment Period

Payback Period

Profit Period

Cash flow

First Release

Breakeven

Time

Mark Denne and Jane Cleland-Huang, *Software by Numbers*. 

from Denne and Cleland-Huang, *Software by Numbers*. 

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Staged Releases

Cash flow

Time

Investment Period
Payback Period
Profit Period

First Release

Release 1 Net Return
Staged Releases

Cash flow

Time

Profit Period

Investment Period

Payback Period

Release 1 Net Return

Release 2 Net Return

Second Release
staged releases
increased profit

- Staged Releases
- Single Release
- First Release
- Breakeven

Cash flow vs Time
when competition is intense
Learning in the market
Learning what’s needed
Learning what’s not needed
Learning how to build it quickly
Learning how to build it so it can extended

validate learning
invite customers to be part of the process
“You cannot **build** the right thing if you have not **discovered** it first!”
standard development sequence

do the most important half first
When do customers know what they want?

How can we get them to know what they want earlier?
standard development sequence

do the most important 25% first

More important

Less important
Deliver in Stages when possible

focusing on the known, valuable features

gives greater certainty

produces greater value

lowers risk of mis-building and over-building
enterprise agility
Agile is about Discovery

- What to build
- How to build it
- Building it
- Discovery what’s next
Discover what customer wants

Build it

software product development

Discover how to build it
The goal of Lean is to create a learning organization. Learn how to:

deliver the right products
without delay resulting in
greater efficiency and
lower cost

but how?
Lean-Agile
creates a culture that executes
in order to achieve
Business Value
quickly and meaningfully
Applying Lean-Startup to Agile

- Focus on core value
- Discover as you go
the software value stream

Product Portfolio Management

**Managing here**

**Lean-Agile**

**Reduces induced waste here**
Pulling it all together

**Technically-driven vs. Feature-driven**

**Iterative** = Start with what we know, implement some, show the customer, adjust

**Incremental** = Feature Driven ... Value in short cycles ... Slices vs. Layers

**BIG** Batch

**UX**

**Client**

**Server**

**DB schema**

**small** Incremental VALUE

**UX**

**Client**

**Server**

**DB schema**

MORE BUSINESS VALUE ... OR DONE
ACH
(automated clearinghouse)

ACH is our electronic network to clear credit and debit transactions with other institutions

**Primary Objective:** *By Year’s end, process 100% of all loans*

**Primary Objective:** *Reduce the number of checks required by 25%*

**Key Feature:** *0.0001% error rate*
Business Backlog for ACH

Goal: 100% of Loans

Loans

25% Reduction in Checks

Checks

High

Low
Business Backlog for ACH

Goal: 100% of Loans

Loans

Outbound

Inbound

High

25% Reduction in Checks

Checks

Withdrawals

Terminations

Low

1 4 2 3
## Business Capabilities for ACH

<table>
<thead>
<tr>
<th>Outbound - Loans</th>
<th>BF - Web</th>
<th>MMF – Web &amp; Call in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manage Bank Info</td>
<td>Web</td>
<td>Call in</td>
</tr>
<tr>
<td>Redirect from chk to ACH</td>
<td>IBVR</td>
<td>Paper</td>
</tr>
<tr>
<td>Bank Notify</td>
<td></td>
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Business Backlog for ACH

Goal: 100% of Loans
- Loans

25% Reduction in Checks
- Checks

Outbound
- MMF
  - Web | Call in

Inbound
- 4

Withdrawals
- 2

Terminations
- 3

High
- Release 1

Low
- Release 2

BF
- IVR

BF
- Paper

- Release 3
## Business Features to User Stories

### MMF – Web & Call in

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### User Story

Manage banking info for a Web-initiated outbound ACH transaction
Business Backlog for ACH

Goal: 100% of Loans

- Loans

25% Reduction in Checks

- Checks

Outbound
- MMF
  - Web
  - Call in

Inbound
- 4

Withdrawals
- 2

Terminations
- 3

Release 1
- Manage Bank Info

Release 2
- Beware!

Release 3
- BF
  - IVR
- BF
  - Paper

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10 Months

Pareto vs Parkinson’s

Must Do Nice to Do
Advantages to the customer:

learn if what you think you need is actually what you need
be able to incorporate lessons learned into the product
uncover risks early and drive costs down
The question “how do we get better, faster and cheaper” is not as easy to answer as “how do we focus on building only useful product while avoiding delay in our workflows?”
Focus with MMFs and proper portfolio management

Limit work levels to capacity

Remove delays

Encourage thinking at all levels
SUMMARY

The Lean Startup
Focus on value
Mitigate risk
What customer wants
How to build it
Going down the wrong path
Eliminate waste
Questions

alshall@NetObjectives.com
@alshalloway

Webinars:
Capturing Business Rules in Stories. Amir Kolsky. TBD

Courses: Lean-Agile Project Management.
Atlanta April 3-5
Seattle April 3-5