

THE JOURNEY TO TRANSFORMATION

CASE STUDY 01
Technology Company



THE CLIENT AT A GLANCE

Client specializes in providing point-of-sale

financing and payment solutions to merchants, consumers, and banks. The technology they provide is intended to make it easier to apply for and issue loans for things such as home improvements, solar installations, and healthcare. Recently, they have expanded their offering to cover elective medical procedures as well.

Client is also one of the few companies who doesn't use their own capital to provide loans. Rather, they have a partnership with 14 banks with whom they have issued over \$5B in loans since 2012. Their proprietary technology provides an infrastructure for the entire transaction lifecycle, including credit application, underwriting, real-time allocation to their bank partners, document distribution, funding, settlement, and servicing functions.

In essence, Client is supplanting the need for credit cards to create opportunities for focused spending on consumer projects that have a fixed rate within a fixed payback period.



**TECHNOLOGY
COMPANY**



**FOUNDED
IN 2006**



**ATLANTA,
GA**



**1,000
EMPLOYEES**



**\$420M/YR.
IN REVENUE**



AN ORGANIZATION IN CRISIS

In 2014, we were referred to Client through a connection at the Georgia CIO Leadership Association (GCLA). They asked us to come in, run an Assessment, and provide some suggestions to improve their delivery. After spending a few days with them, we were able to diagnose some improvement opportunities. Client was told they needed to do three things, or they were going to be bleeding money within two years.

- *Form Stable Teams*
- *Implement a Governance Model*
- *Improve Product Management Practices*

Client thought our recommendation was overly complicating the problem, so they declined our offer. They believed that Test-Driven Development would solve most of their issues, and the teams would eventually self-organize out of the chaos. But that hypothesis would prove to be inaccurate.

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Four years went by and our grave prediction came to pass. Their technical practices had failed them, and they were now facing an integration nightmare. Client had six different teams who were all making things up as they went. They touched shared common code with little communication amongst employees and were now operating in an ad hoc delivery mode within a low trust, “firefighting” environment. They had no adaptability and no flow of work.



MAKING MOVES TOWARD IMPROVEMENT

By 2018, the organization was, no doubt, still thrashing, but they had begun to make some moves to improve. The old CTO had been replaced. They brought in a new Head of Development and a new Product Manager, all in an effort to implement better governance and improve delivery and product practices, which is exactly what we said they needed four years earlier.

In a strange turn of events, the new CTO and Product Manager had both worked for past clients of ours. When asked what they did in their previous positions to solve the types of issues Client was facing, they said, “We brought in LeadingAgile.”

And so, their journey to an Agile Transformation commenced.



**THE
JOURNEY**
at a glance

TWO-DAY
DISCOVERY
WORKSHOP

ACTIVATED EXECUTIVE
STEERING COMMITTEE
& TRANSFORMATION
LEADERSHIP TEAM

TWO CONCURRENT
THREE-MONTH
PILOTS

SIX-MONTH
PRODUCT COACHING
ENGAGEMENT



GOALS OF TRANSFORMATION	BENEFIT RATIO	RECURRING BENEFIT
Predictability	5%	\$800,000.00
Quality	9%	\$1,440,000.00
Product Fit	2%	\$320,000.00
Lower Costs	3%	\$480,000.00
Innovation	0%	\$480,000.00
Total Benefit	22%	\$3,250,000.00



**THE
RESULTS**
at a glance

CLEARING A PATH TO SUCCESS

After the two-day Discovery Workshop, these were the findings:

- 1. Progress on improving technical practices had taken place, but there were obvious opportunities to improve ROI, Predictability, and Quality.*
- 2. Planning and Governance processes combined with unplanned work was causing significant misalignment in capacity, demand, and prioritization, causing delays and changes in scope.*
- 3. Measuring progress and benefits realization was almost non-existent, making it difficult to align projects and activities to value.*

GETTING PREDICTABLE & IMPROVING QUALITY

The first thing we helped Client with was to establish an

Executive Steering Committee (ESC) and a Transformation Leadership Team (TLT). The ESC and TLT are structures that consist of various leaders from all levels of the organization with whom we partner to set goals for the Transformation. These structures also assist us in socializing, tailoring, and implementing the Change Model.

Once those structures were in place, the next thing Client had to change was how they structured their teams. When we showed up, they had project-based teams working around 15 different product ideas. It was chaos. Within the first week, we helped them build a system with only five product groups and formed complete, cross-functional teams that could each focus their efforts on a particular group.

Next, Client needed to establish a flow of work for the teams and begin building a well-articulated backlog. This meant that Client would need to get better at prioritization, limiting WIP, writing Stories, Features, and Epics, and would need to make significant investment in DevOps, especially with regard to unit testing and automation.

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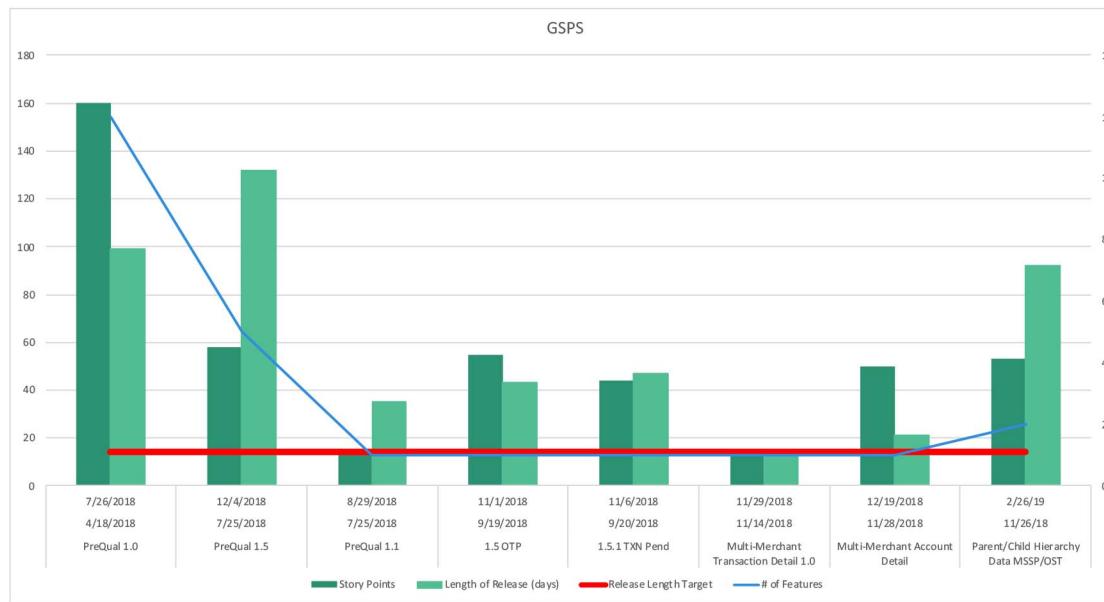
Meanwhile, we assisted Client in building a governance team around architecture to do early management of dependencies and competing concerns.



Within a couple of months after stabilizing the system, forming the right kinds of teams, implementing an appropriate governance model, and building the capability to do better Sprint and Release Planning—Client was no longer having to fight against dependencies and each other. The thrashing had ceased.

DEFECTS PLUMMETED.

On average, before LeadingAgile helped them regain control, Client was seeing between 200 and 400 defects in a given month. Now? Less than 30. And with improvements in quality and the ability to make and meet commitments, their throughput exponentially increased as well.



When we first met Client, their release cycles were 14 weeks and were bundled with 160 points worth of work. By focusing on the highest value items and building both iteratively and incrementally, Client was able to reduce time and size to 20 points every two weeks. This enabled consistent delivery to the customer.

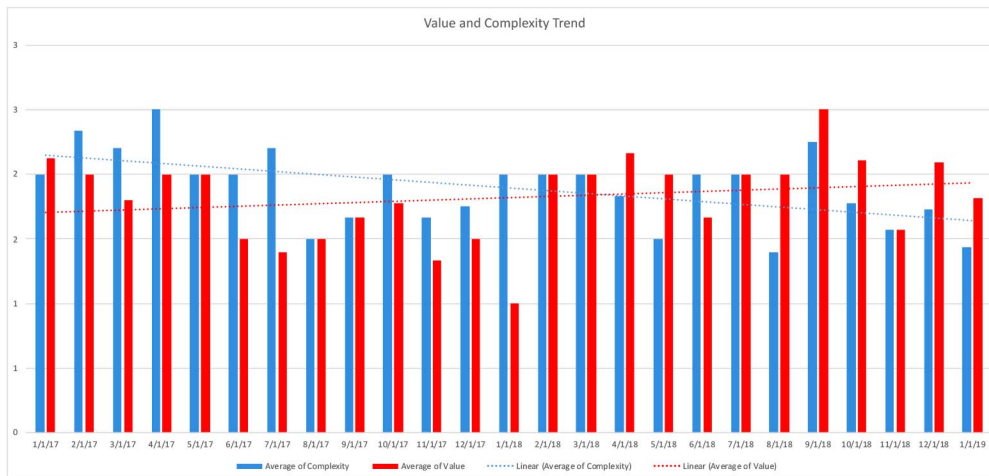


ACHIEVING EARLY ROI

To achieve an earlier return on investment, Client had to

first reduce batch size and improve the flow of the system of delivery to get product into the market faster. To do this, Client needed to be able to exploit the system to maximize the flow of value.

Exploiting the system required the development of smaller backlog items—which was accomplished by looking for Minimum Viable Products (MVPs) and Minimum Marketable Features (MMFs). By focusing on small increments of value and iterating on them where possible, Client saw tremendous improvements in many areas. They could orchestrate around dependencies and constraints to sequence and plan work. They could focus on further clarifying specific business outcomes and refining backlog items for specific MVPs and MMFs that would support those desired outcomes. The actions taken by Client tripled throughput, which resulted in a recurring benefit of \$4M of revenue year after year.



In addition to delivering more projects, Client's teams got better at breaking larger initiatives into smaller, value-added deliverables and releasing them to market faster. Client also has an increased focus on partnering with the respective business owners to identify higher-value, lower-complexity problems.

NEW PRIORITIES ARISE

Even though the System of Delivery had been stabilized and was delivering with better speed, more predictability, and fewer impediments; these enhancements hadn't completely unlocked the benefits of Agility. More work needed to be done but not necessarily at the delivery team level. We helped Client see the disconnect between what the delivery teams were building and the value return to the customer.

We illustrated this disconnect with what we called the Swiss Army Knife analogy. Client was building a 150-item Swiss Army Knife, but the customer only requested a 10-item knife. This meant Client was burning effort on 140 items that had little to no value to the customer. Worse still, the delay in delivery for that 150-item knife meant the customer was left with no knife at all. This dedication to trying to build everything for everyone all at once resulted in huge losses in capacity. Not to mention that different lines of business were tackling the same problems and effort was being lost through doing the same work twice—or more.

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After some root cause analysis, we helped Client discover the origin of the variance and volatility:

1. *The Product Organization didn't and couldn't speak the language of optionality, i.e. If we change x it means y; or if we change priority, it will take x length, delay project y, etc.*
2. *Client trusted the delivery teams to build stuff but didn't trust the Product Organization to make decisions. This resulted in a Us vs Them mentality and only increased the volatility.*

To remedy this situation Client would have to remove both Product Owners and Product Managers out of the daily weeds of the Sprint and allow them to build options for the business. But they were going to need some help.

We provided in-depth Product Coaching, which mainly focused on story mapping to understand MVPs and MMFs and teaching product roles for release iterations. There was some apprehension on the part of the Product Owners who weren't too keen on sharing business, let alone customers, but eventually, through dedicated coaching, they began to understand the value of feedback in the design process.

Leveling up and synchronizing the Product Organization in this way turned asynchronous employees into problem solvers and enabled them to collaborate with the business instead of simply designing and building without a clear plan or process. In turn, this unlocked Client's ability to chase after new markets and focus on activities and projects that would connect markets to customer problems, and customer problems to solutions.



CONCLUSION

The real success story here was how quickly the change

was made and how absolute the change was. The client totally bought into the plan that we laid out for them and executed on it, almost flawlessly, every step of the way. The timeline covered in this case study, starting with the two-day workshop, was a mere fifteen months. It was truly a testament to what Agile can do for an organization when leadership buys-in and drives the Transformation.

