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PMG 622

AGILE PROJECT MANAGEMENT

LECTURE 06: ORGANIZATIONAL CONSIDERATIONS FOR PROJECT AGILITY

دكتور مهندس استشاري ادارة المشروعات

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FREE PROJECT MANAGEMENT AND RELATED RESOURCES

- Infringement of intellectual property is a violation of Project Management Code of Ethics.
- There is a free alternative to all resources requiring special license.
- Based on your specialty list the software and other resources that require a license and their free alternative.
- Could your organization recognize the free alternatives and if not what do you think are the obstacles.



INTRODUCTION

- ❑ Cultures, structures, and policies can influence both the direction and the outcome of any project.
- ❑ Project leaders are expected to navigate organizational dynamics skillfully
- ❑ Leaders can explore options for change, to increase project success
- ❑ Project agility is more effective and sustained as the organization adjusts to support it

ORGANIZATIONAL CHANGE MANAGEMENT

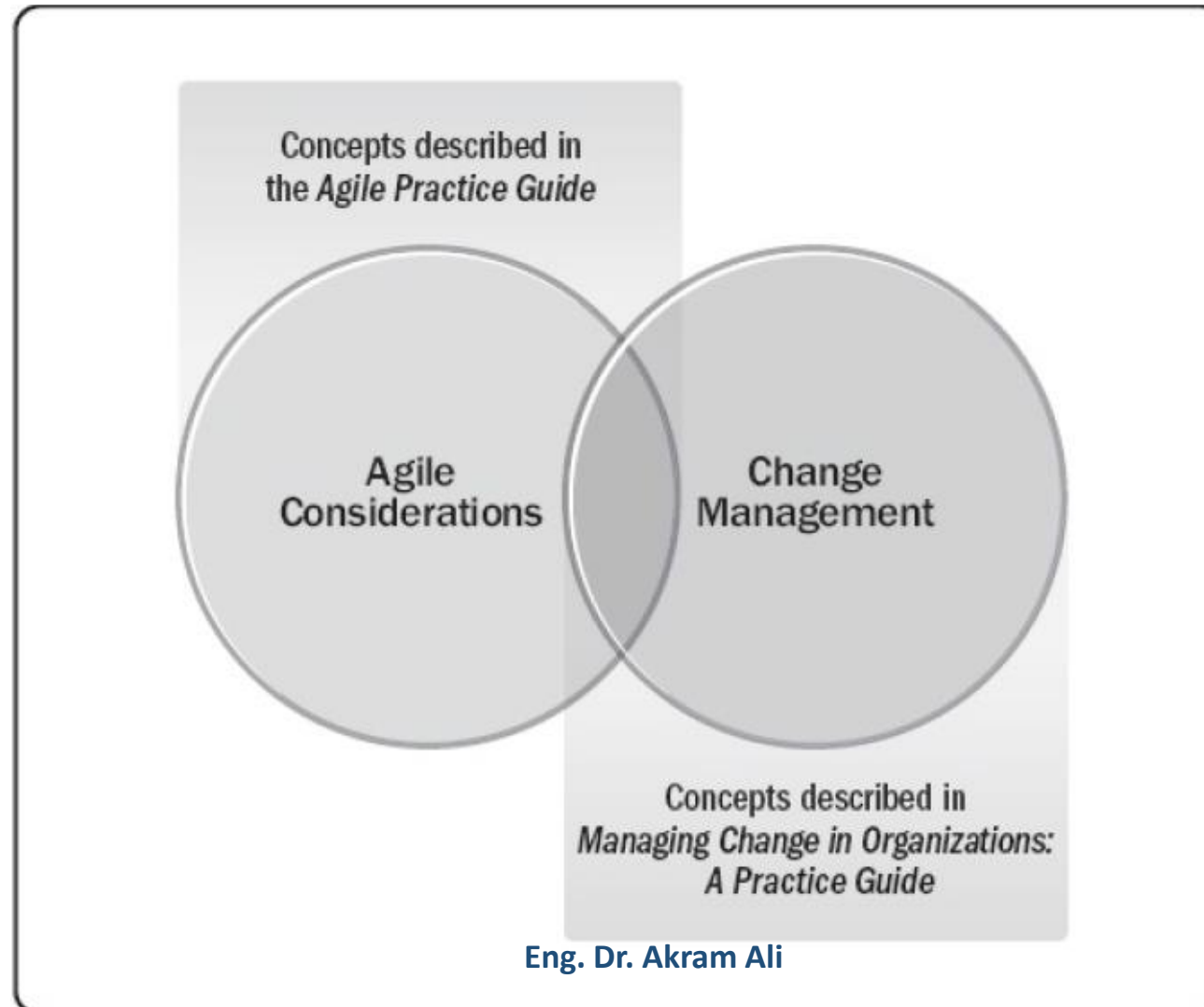
INTRODUCTION

- ❑ Organizational change management covers the skills and techniques for influencing changes that support agility

PMI MANAGING CHANGE IN ORGANIZATIONS: A PRACTICE GUIDE RECOMMENDATIONS

- ❑ Models for describing change dynamics,
- ❑ Framework for achieving change, and
- ❑ Application of change management practices at the project, program, and portfolio levels

THE RELATIONSHIP BETWEEN CHANGE MANAGEMENT AND AGILE APPROACHES



DRIVERS FOR CHANGE MANAGEMENT

- ❑ All projects are about change. However, there are two key factors that further motivate the use of change management practices in an agile context:
 - ❑ **Changes associated with accelerated delivery.**
 - ❑ Agile approaches emphasize delivering project outputs early and often.
 - ❑ However, the receiving organization may not be fully prepared to incorporate those outputs at an increased pace.
 - ❑ Customer acceptance of and alignment with project outputs becomes even more prevalent in an agile environment.
 - ❑ **Changes associated with agile approaches.**
 - ❑ Higher degrees of collaboration may require more frequent handoffs between teams, departments, or vendors.
 - ❑ Decomposing work into iterative prototypes involves rework that could be viewed negatively.
 - ❑ Leaders should consider change management techniques to address the hurdles of transitioning to the use of agile approaches.



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READINESS FOR CHANGE

ORGANIZATIONAL CHANGE-FRIENDLY CHARACTERISTICS

- ☐ Executive management's willingness to change;
- ☐ Organization's willingness to shift the way it views, reviews, and assesses employees;
- ☐ Centralization or decentralization of project, program, and portfolio management functions;
- ☐ Focus on short-term budgeting and metrics versus long-term goals;
- ☐ Talent management maturity and capabilities.

ORGANIZATIONAL ROADBLOCK TO CHANGE

- ☐ Work is decomposed into departmental silos, creating dependencies that prevent accelerated delivery instead of building cross-functional teams with guidance from centers of competencies.
- ☐ Procurement strategies are based on short-term pricing strategies, rather than long-term competencies.
- ☐ Leaders are rewarded for local efficiencies rather than end-to-end flow of project delivery or optimizing the whole (in regard to the organization).
- ☐ Employees are specialized contributors with limited tools or incentives to diversify their skills instead of building T-shaped specialists.
- ☐ Decentralized portfolios pull employees simultaneously onto too many projects at once instead of keeping them focused on one project at a time.

APPROACHES TO ACCELERATE A CULTURAL COMPATIBILITY:

- ☐ Visible and active executive sponsorship,
- ☐ Change management practices, including communication and coaching,
- ☐ Progressively pacing the adoption of agile practices on a project-by project basis
- ☐ Incremental introduction of agile practices to the team; and
- ☐ Leading by example by using agile techniques and practices where possible.



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ORGANIZATIONAL CULTURE

ORGANIZATION'S DNA

- ❑ An organization's culture is its DNA—its core identity.
- ❑ Culture will always influence the use of agile approaches.
- ❑ Organizational culture runs along a continuum, from highly predictive plans to lean startup where everything is an experiment.
- ❑ Although agile approaches fit well with the lean startup culture, a highly predictive organization can encourage empirical measurements, small experiments, and learning so they can move toward agility.

“CULTURE EATS STRATEGY FOR BREAKFAST”

PETER DRUCKER



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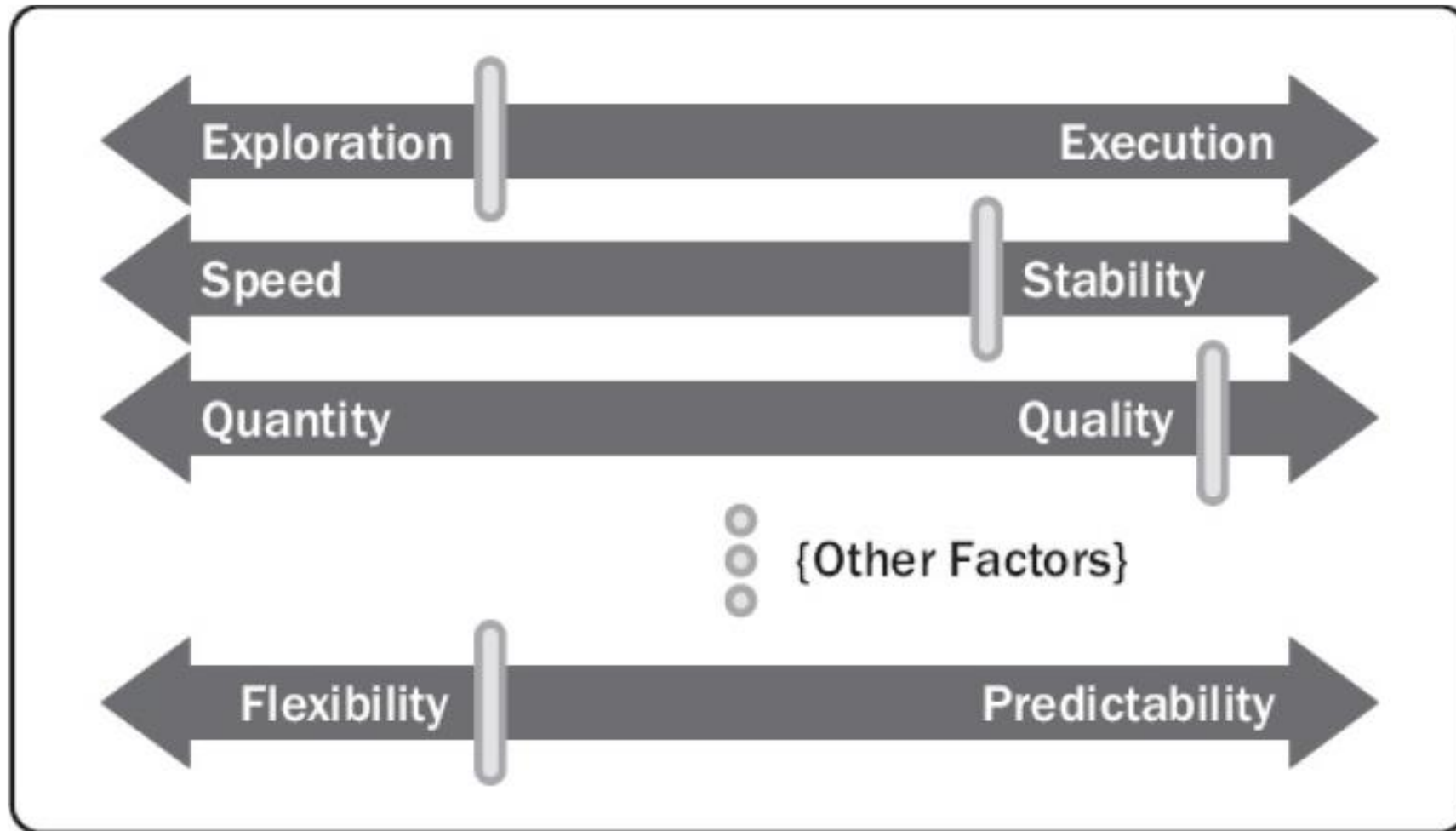
- ☐ This statement stresses the importance of people's commitment and passion for a cause.
- ☐ No matter what strategy or plan you implement with your team, its success is going to be governed by the people implementing the plan.
- ☐ If the people who are driving the strategy aren't passionate about the change, or worse, are apathetic about their job and their organization, then you stand little chance of implementing the change.

CREATING AN ENVIRONMENT OF SAFETY

- ❑ The most important cultural norm in an organization willing to try any new method or technique is enabling a safe work environment.
- ❑ Only in a safe, honest, and transparent environment can team members and leaders truly reflect on success and failed projects in order to apply lessons learned.



ASSESSING ORGANIZATIONAL CULTURE



TIP: CULTURE VERSUS STRUCTURE

- *Some people insist new organizational structures be installed before any cultural shift can begin.*
- *Others maintain the opposite—those new organizational structures are only superficial adjustments until the collective culture moves in a meaningful direction.*
- *In reality, one cannot progress without the other.*
- *Project leaders wanting to achieve agility should consider the current and future states of both of these aspects in their organization.*



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PROCUREMENT AND CONTRACTS

CUSTOMER–SUPPLIER RELATIONSHIP

- ❑ “customer collaboration over contract negotiation”
- ❑ A shared-risk-reward relationship, where all sides win rather than a perspective of winners vs. losers
- ❑ It is possible to create agile contracts.
- ❑ Agile is built on a synergy of collaboration and trust.
- ❑ The supplier can help by delivering value early and often.
- ❑ The customer can help by providing timely feedback.

MULTI-TIERED STRUCTURE

- ❑ Project parties can achieve more flexibility by describing different aspects in different documents.
- ❑ Mostly fixed items (e.g., **warranties, arbitration**) can be locked in a **master agreement**.
- ❑ Meanwhile, all parties list other items subject to change (e.g., **services rates, product descriptions**) in a **schedule of services**.
- ❑ The contract can reference them in the master services agreement.
- ❑ Finally, more **dynamic** items such as **scope, schedule, and budget** can be formalized in a **lightweight statement of work**.
- ❑ Isolating the more changing elements of a contract into a single document simplifies modifications and thus flexibility.

EMPHASIZE VALUE DELIVERED

- ❑ Many vendor relationships are governed by fixed milestones or “phase gates” focused on intermediate artifacts, rather than a full deliverable of incremental business value.
- ❑ Often, these controls limit the use of feedback to improve the product.
- ❑ Instead, milestones and payment terms can be structured based on value-driven deliverables in order to enhance the project's agility.

FIXED-PRICE INCREMENTS

- ❑ Rather than lock an entire project scope and budget into a single agreement, a project can decompose the scope into fixed-price microdeliverables, such as user stories.
- ❑ For the customer, this gives more control over how the money is spent.
- ❑ For the supplier, it limits the financial risk of over-commitment to a single feature or deliverable

NOT-TO-EXCEED TIME AND MATERIALS

- ☐ Customers incur unwanted risk from a traditional time and materials approach.
- ☐ One alternative is to limit the overall budget to a fixed amount.
- ☐ This allows the customer to incorporate new ideas and innovations into the project not originally planned.
- ☐ When customers want to incorporate new ideas, they will have to manage to a given capacity, replacing original work with new work.
- ☐ Work should be closely monitored as hours allocated reach their limit.
- ☐ Also, additional contingency hours could be planned into the maximum budget if considered helpful

GRADUATED TIME AND MATERIALS

- ☐ Another alternative is a shared financial risk approach.
- ☐ In agile, the quality criteria are part of what done means.
- ☐ Therefore, the supplier can be rewarded with a higher hourly rate when delivery is earlier than the contracted deadline.
- ☐ Conversely, the supplier would suffer a rate reduction for late delivery.

EARLY CANCELLATION OPTION

- ☐ When an agile supplier delivers sufficient value with only half of the scope completed, the customer should not be bound to pay the remaining half if the customer no longer needs it.
- ☐ Instead, a contract can offer the customer to buy the remainder of the project for a cancellation fee.
- ☐ The customer limits budget exposure and the supplier earns positive revenue for services no longer required

DYNAMIC SCOPE OPTION

- ❑ For those contracts with a fixed budget, a supplier may offer the customer the option to vary the project scope at specified points in the project.
- ❑ The customer can adjust features to fit the capacity.
- ❑ Then the customer can leverage innovation opportunities, while limiting the supplier's risk of over commitment

TEAM AUGMENTATION

- ❑ Arguably the most collaborative contracting approach is to embed the supplier's services directly into the customer organization.
- ❑ Funding teams instead of a specific scope preserves the customer's strategic discretion on what work should actually be done

FAVOR FULL-SERVICE SUPPLIERS

- In order to diversify risk, customers may seek a multi-supplier strategy
- However, the temptation will be to contract the work such that each supplier does only one thing, which creates a web of dependencies before any usable service or product emerges.
- Instead, place an emphasis on engagements that deliver full value (as in the idea of completed independent feature sets)



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BUSINESS PRACTICES

POLICIES AND PRACTICES CHALLENGE

- ☐ Once teams start to work in a cohesive and cooperative manner, they will challenge internal management policies.
- ☐ Human resources may notice individual incentives make less sense, and managers may struggle with the performance appraisals of self-organizing employees.
- ☐ In each case, these are opportunities to review the degree to which existing practices support agile ways of working.
- ☐ As organizations progress to greater agility, there will be obvious needs for additional business units to change the way they interact and perform their responsibilities.
- ☐ The changes that have benefited other areas of the organization should now be embraced so the effectiveness of the entire organization can be realized.



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MULTITEAM COORDINATION AND DEPENDENCIES (SCALING)

FRAMEWORKS

- ❑ The guidance of the most widespread agile methods such as Scrum and eXtreme Programming focus on the activities of a single, small, usually co-located, cross-functional team.
- ❑ While this is very useful for efforts that require a single team, it may provide insufficient guidance for initiatives that require the collaboration of multiple agile teams in a program or portfolio.
- ❑ A range of frameworks (such as the Scaled Agile Framework, Large Scale Scrum, and Disciplined Agile) and approaches (e.g., Scrum of Scrums) have emerged to cater to just such circumstances.
- ❑ More details on these can be found in Annex A3.

CONSIDERATIONS

- ☐ There is more than one way to scale work.
- ☐ The team might need to scale the work of several agile projects into a single agile program.
- ☐ Alternatively, the organization can design a structure that supports agile approaches across the entire portfolio.
- ☐ Teams can achieve successful outcomes even when everything is not completely transformed into an agile approach.
- ☐ Regardless of the approach, a critical success factor is the healthy agile team.
- ☐ The goal of large-scale agile projects is to coordinate the efforts of different teams to bring value to customers.
- ☐ Teams may use a formal framework or apply agile thinking to adjust existing program management practices.



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AGILE AND THE PROJECT MANAGEMENT OFFICE (PMO)

AN AGILE PMO IS VALUE-DRIVEN

- ❑ Any project should deliver the right value, to the right audience, at the right time.
- ❑ The PMO's objective is to facilitate and enable this goal.
- ❑ An agile-based PMO approach is based on a customer-collaboration mindset and is present in all PMO programs.

AN AGILE PMO IS INVITATION-ORIENTED

- ☐ In order to accelerate progress on a value-based charter, a PMO may be tempted to mandate certain solutions or approaches, for example, to make everyone do it the same way to get some quick wins.
- ☐ However, a more deliberate perspective incorporates the desire for employee engagement.
- ☐ This is achieved by inviting only those interested to engage with PMO services.
- ☐ Higher engagement with PMO practices makes it easier for those practices to be “sticky.”
- ☐ If the PMO is delivering value to its clients, it is more likely that clients will request its services and adopt its practices.

AN AGILE PMO IS MULTIDISCIPLINARY

- ☐ Some organizations have been transforming their PMOs into agile centers of excellence that provide such services as:
 - ☐ Developing and implementing standards
 - ☐ Developing personnel through training and mentoring
 - ☐ Multi-project management
 - ☐ Facilitating organizational learning
 - ☐ Managing stakeholders
 - ☐ Recruiting, selecting, and evaluating team leaders
 - ☐ Executing specialized tasks for projects



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ORGANIZATIONAL STRUCTURE

KEY CHARACTERISTICS

- ☐ Geography
- ☐ Functionalized structures
- ☐ Size of project deliverable
- ☐ Allocation of people to projects
- ☐ Procurement-heavy organizations



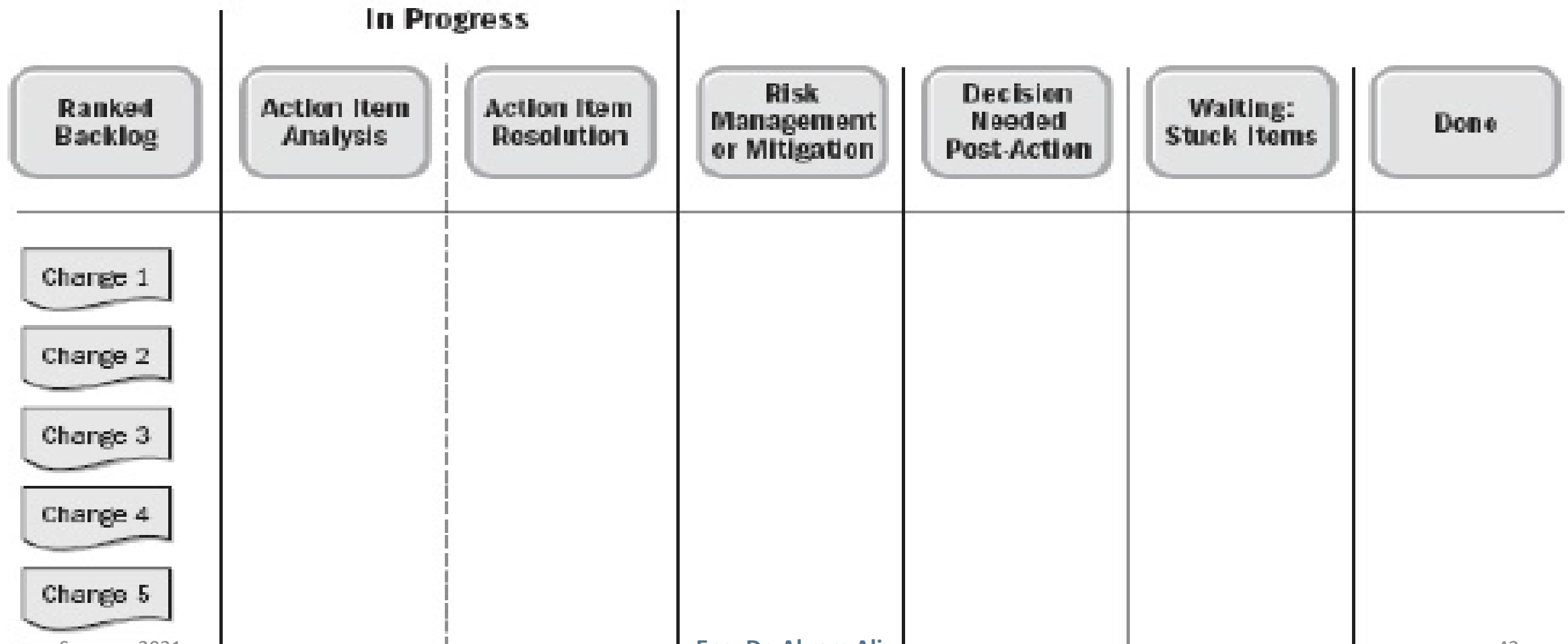
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EVOLVING THE ORGANIZATION

INITIAL RANKED BACKLOG FOR CHANGES



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USING BACKLOG AND KANBAN BOARDS TO ORGANIZE AND TRACK CHANGE WORK



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