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Agile Leadership Toolkit: Part I

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Internship/Project I
COMP-8967-01
Winter 2023

Today's Agenda

Introduction: Agile Leadership Toolkit

How Do You Set the Right Goals?

How Do You Find the Right KVIs?

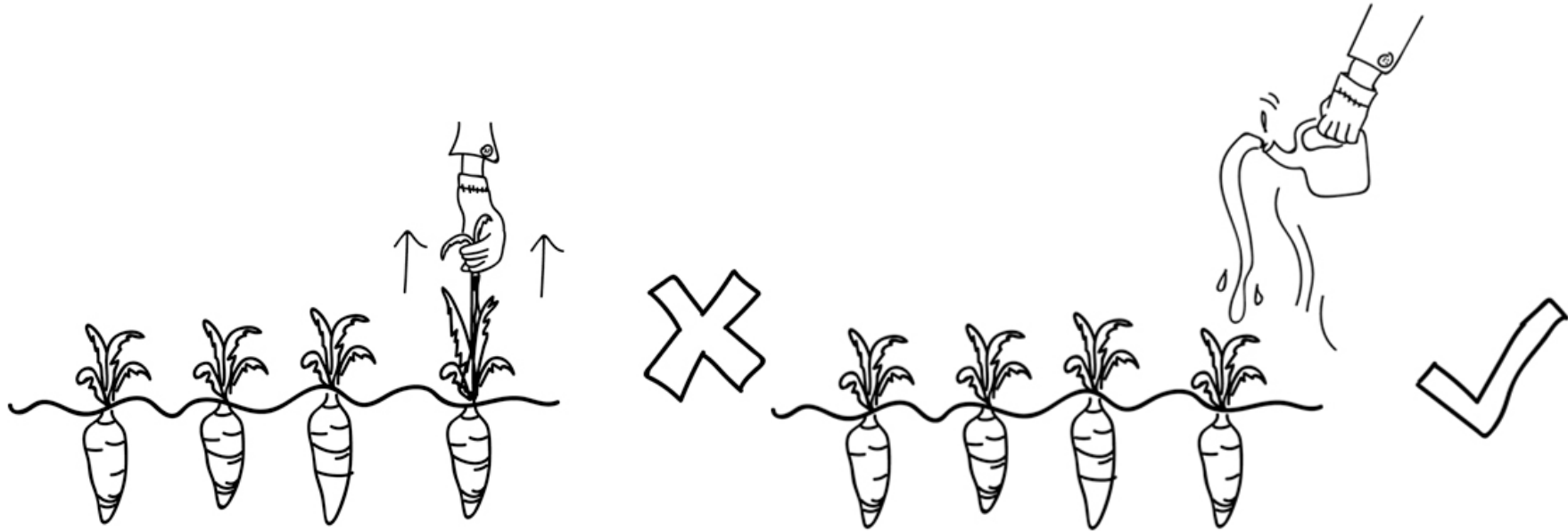
How to Visualize the Customer Impact?





Who is the (Agile) Leader?

“A leader is like a farmer, who doesn’t grow crops by pulling them but instead creates the perfect environment for the crops to grow and thrive.”



How do you create this thriving environment for **self-managing teams**?

How do you facilitate teams in such a way that they take **real ownership**?

How do you create enough structure to prevent chaos but also avoid falling back into **micromanagement**?

Is your role as a leader to sit on your hands and trust the **autonomy of the teams**?



David had been managing these teams for just over three months and was thinking about what he had to do next. The first weeks in his new role were fantastic. There was real energy and passion in the department. Most team members were interested in the new way of working and were happy that they could finally start working in an agile way as well. In order to beat the competitors and to become a market leader again, they needed to become more agile as a company. They needed to accelerate and get product improvements to the market faster. They recently had been overtaken by rivals who had been able to rapidly gain market share by responding quickly to new opportunities; they needed to change direction to regain market leadership. This new way of managing fit well with his passion. He really wanted to create an environment in which his teams could flourish, improve, innovate, and thrive—an environment of trust, inspiration, and focus on the customer.


But he was missing the answers to a few important questions.

What are proper goals that focus on the customer instead of the internal organization?

How can my teams flourish and thrive in the long run?

Which metrics or signals are indicating that my teams are doing the right things?

What do I have to do to create a culture of continuous improvement?

A man in a dark suit and light blue shirt stands on the right side of the slide, looking thoughtful with his hand on his chin. Above him is a large, red-outlined thought bubble containing text. Three smaller red circles lead from the bubble to the man's head. The background features faint, stylized icons of a target, a calculator, a lightbulb, and a person, along with a large, faint silhouette of a person's head.

How do I create the
right environment for
my teams so they can
thrive?

Responsibility of an Agile Leader

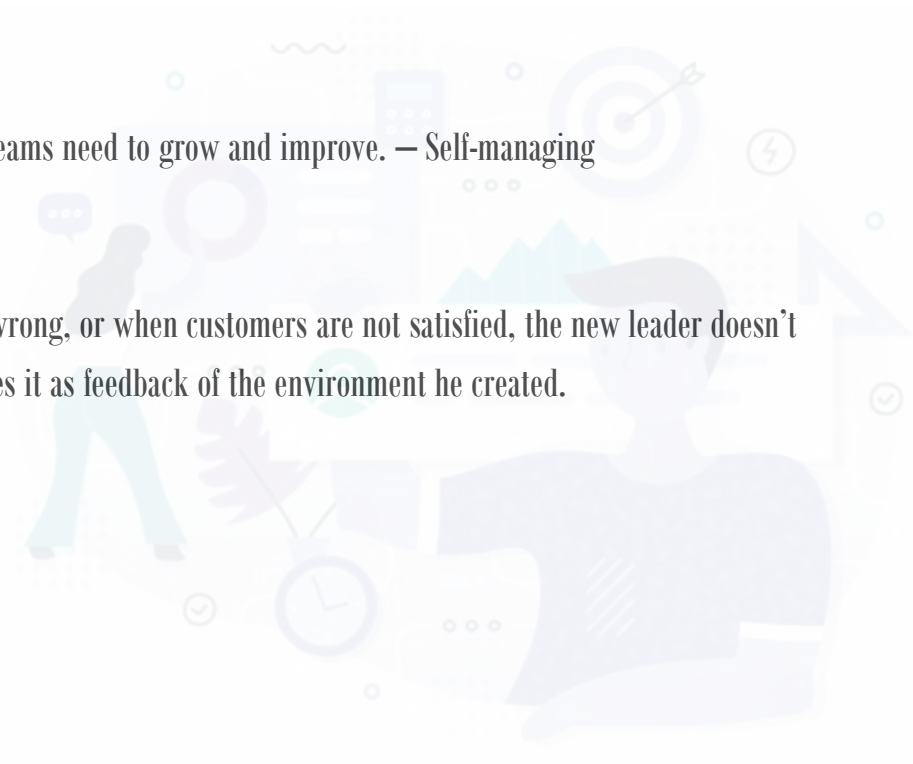
Agile leaders lead their teams in a totally new way.

They create precisely the environment that the teams need to grow and improve. — Self-managing

Agile teams are agile in and of themselves.

The agile leader is the architect of this environment.

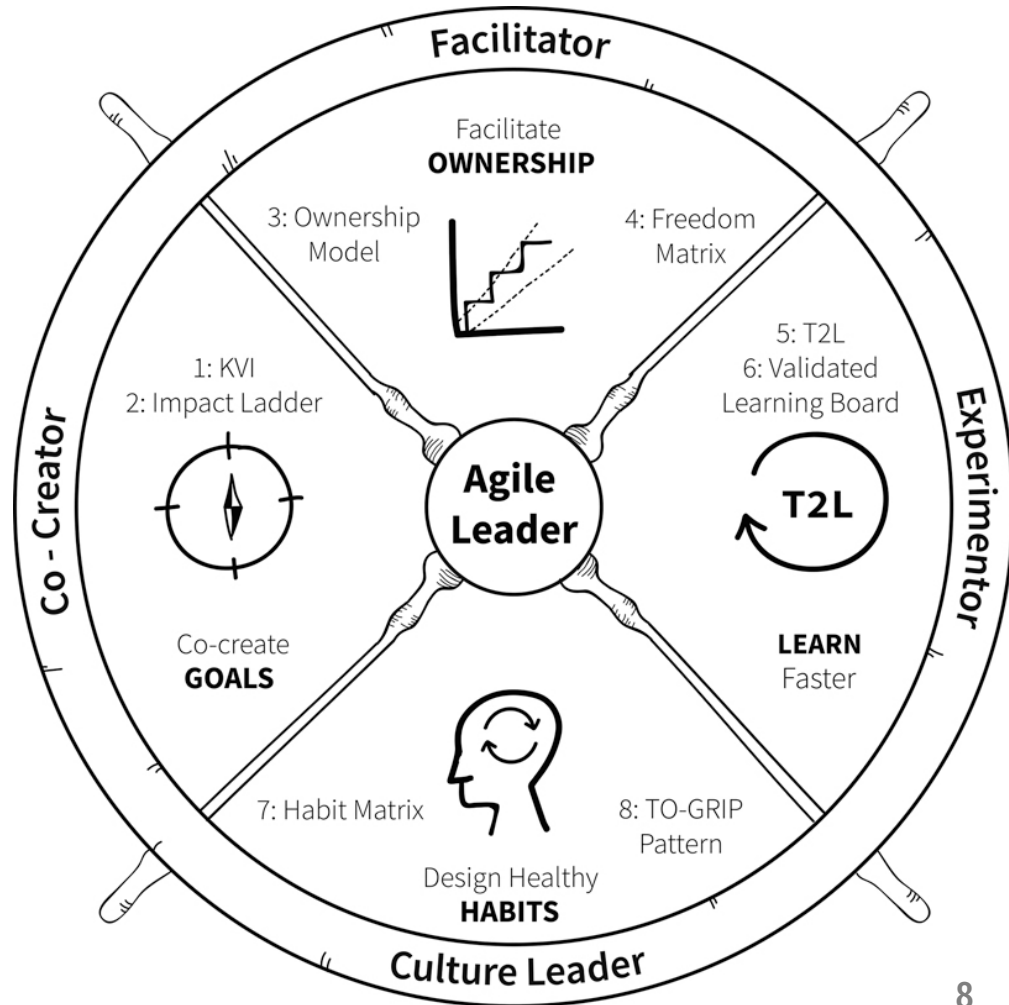
When the teams don't flourish, when things go wrong, or when customers are not satisfied, the new leader doesn't punish his people for doing wrong things; he sees it as feedback of the environment he created.



Agile Leadership Toolkit

The tools, workshops, metrics, and examples form a cohesive toolkit for the agile leader.

The toolkit is the new steering wheel to redefine how today's organizations could be led.



Agile Leadership Toolkit

The eight toolkit tools are as follows:

1. **Key Value Indicator (KVI).** The KVI is for the teams and is the most important indication that they deliver value.
2. **Impact Ladder.** The Impact Ladder is used for brainstorming and visualizing the customer impact. This supports teams in continuously improving products and services to increase the benefit for the users.
3. **Ownership Model.** The Ownership Model visualizes what teams need to take ownership.
4. **Freedom Matrix.** The Freedom Matrix visualizes the freedoms and responsibilities of the team.
5. **Time to Learn (T2L).** T2L measures the speed of learning. It is a calculation of the time it takes from when it is built until the team learns from actual usage by customers.
6. **Validated Learning Board (VLB).** A VLB is used to visualize the learning flow of the team.
7. **Habit Matrix.** The Habit Matrix supports culture change and the designing of new habits.
8. **T0-CRIP.** This tool supports the agile leader in making big changes and improvements in the environment.

Agile Leadership Toolkit

The four skills are as follows:

1. **Co-create.** The ability to co-create the vision and the direction in which to go. Together with the agile teams, the leader creates the focus on delivering value for the customers and company.
2. **Facilitate.** The ability to facilitate ownership not by enforcing it but by facilitating the process of continuously improving ownership.
3. **Experiment.** The ability to create a safe environment in which teams run experiments. This is not an environment in which teams are blamed for their mistakes but one in which the leader mentors the teams, so they continuously learn from customers and improve.
4. **Lead the culture.** The ability to create a healthy culture and lead people not by telling them what to do but by leading the culture.

Discussion: The Right Tools for the Job!

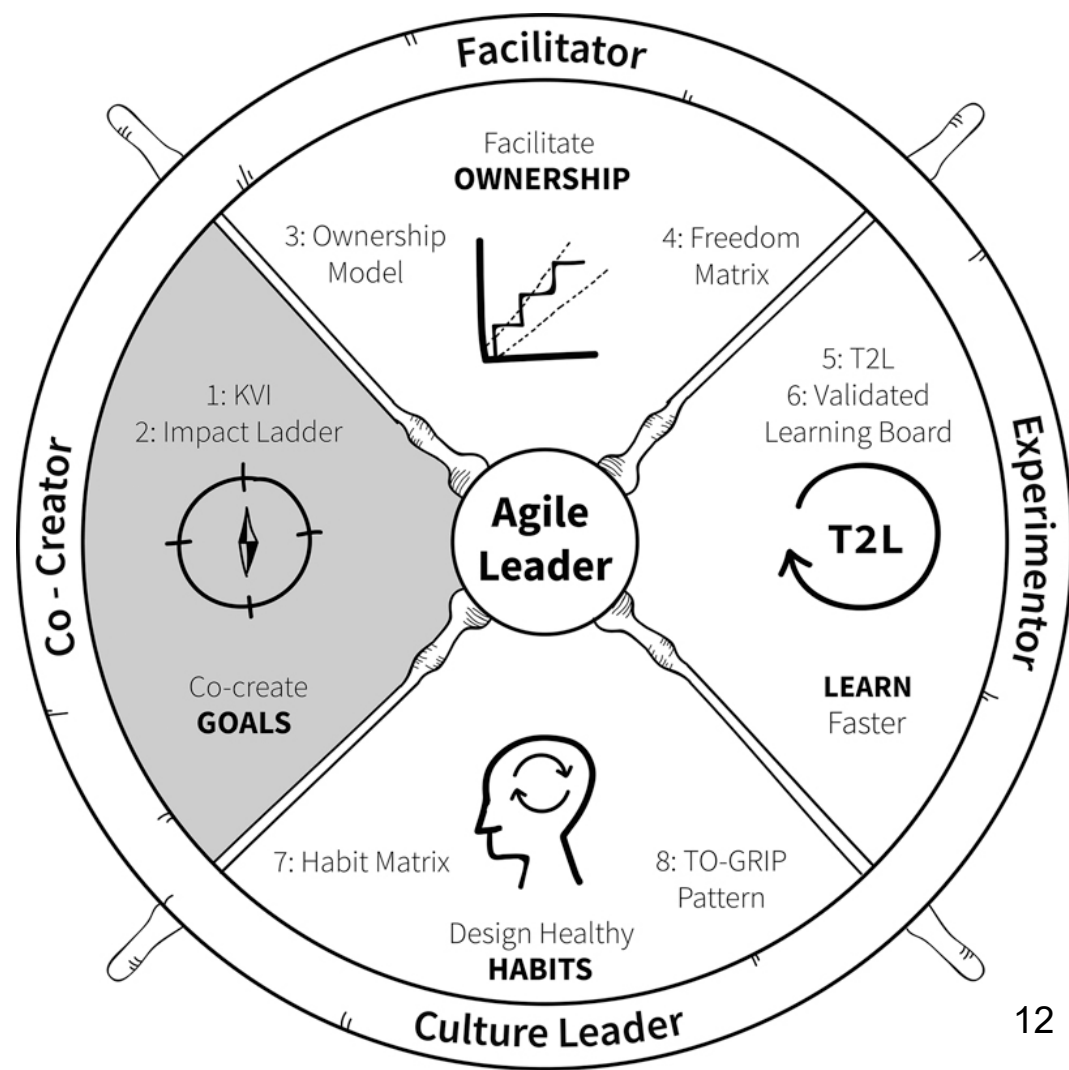
A key aspect of team-based software development is to have the right tools for communication (chat, conference), scheduling, sharing code, maintaining multiple versions, backups, bug tracking, project and task tracking and assignments, and other evaluation and visualization tools.

There is no shortage of commercial and open-source tools to do various tasks essential to the teams. No doubt in your past studies you have worked in a group and encountered the need to use various tools to help manage your team and keep the project coordinated.

In this discussion, I like to draw on your past individual experiences to share some of the tools, and a sense of your assessment of these tools after using it. Was the tool useful? where did it help the most, and where did it fail you (if that applied)?

The objective is to leave with a list of the right set of tools that you (and colleagues) have found most useful in pursuing a competitive edge in team-based software management

Part 1: Co-Create Goals



How do you Set the Right Goals?

“Teams without clear goals will not achieve their goals clearly!”

Introduction Questions:

1. What does “winning the match” mean for your teams?
2. What metric indicates that the teams are working smarter and are more successful?
3. Does this metric show that the customer impact has increased?



Co-Create Goals: Introduction Story

The author opens with an introduction story about a Phil, who opens up to his employees with his expectations only to soon find out that his KPI's (Key Performance Indicators) are not clearly or uniformly received across the employees. More specifically, due to the lack of clarity, each had his/her own interpretations and even own approach that the leadership teams were taking away. Here KVI, or Key Value Indicators, are ways to turn ideas of the teams to make objectives that are more concrete and inspiring.

The goals must help the teams to really focus on the customer and deliver a positive customer impact.

The KVI indicates for the teams whether they win the competition or whether they successfully create value for the customers and for the company. The teams were able to take independent initiatives, evaluating the advantages and disadvantages of their approach, ultimately increasing the agility and productivity of the teams. This ultimately leads to an increase in the value of the company.



Did you work with Agile leaders that are able to successfully create an environment in which clear, inspiring, and measurable goals are achieved?

Key Performance Indicator (KPI)

Key Performance Indicators (KPIs) are the critical (key) indicators of progress toward an intended result. KPIs provides a focus for strategic and operational improvement, create an analytical basis for decision making and help focus attention on what matters most.

How to define a KPI?

Follow these steps when defining a KPI:

- What is your desired outcome?
- Why does this outcome matter?
- How are you going to measure progress?
- How can you influence the outcome?
- Who is responsible for the business outcome?
- How will you know you've achieved your outcome?
- How often will you review progress towards the outcome?

Example: let's say your objective is to increase sales revenue this year. You're going to call this your Sales Growth KPI. Here's how you might define the KPI:

- To increase sales revenue by 20% this year
- Achieving this target will allow the business to become profitable
- Progress will be measured as an increase in revenue measured in dollars spent
- By hiring additional sales staff, by promoting existing customers to buy more product
- The Chief Sales Officer is responsible for this metric
- Revenue will have increased by 20% this year
- Will be reviewed on a monthly basis

KPI examples

Educational Services KPI examples

Average daily participation percentages
Distance learning enrollment
Institutional debt per student
Number of degrees awarded

Customer KPI examples

Customer Retention Rate.
Customer Profitability Score.
Customer Lifetime Value.
Customer Turnover Rate.
of Customer Complaints.

Financial KPI examples

Gross or net profit margin
Operational cash flow
Current accounts payable or receivable
Growth in revenue (GIR)

Marketing KPIs examples

Monthly website traffic
Number of marketing qualified leads (MQL)
The conversion rate for social media marketing campaigns.
Number of social media or blog posts generated
Social media marketing / PPC return on investment (ROI)

Objectives and Key Results (OKRs)

The OKR methodology is a simple process of setting and aligning company and team goals (Objectives) and connecting each Objective with 3-5 measurable results (Key Results) to measure progress.

1. **Objectives** are ambitious and may feel somewhat uncomfortable
2. **Key results** are measurable and should be easy to grade with a number (Google uses a scale of 0 – 1.0)
3. OKRs are public so that everyone in the organization can see what others are working on.
4. The “sweet spot” for an OKR grade is 60% – 70%; if someone consistently fully attains their objectives, their OKRs aren’t ambitious enough and they need to think bigger
5. Low grades should be viewed as data to help refine the next OKRs
6. OKRs are not synonymous with employee evaluations
7. OKRs are not a shared to-do list

OKR examples

Examples of team-specific OKRs:

Objective: Increase brand awareness

Key Result: Drive 1M web visitors

Key Result: Increase social media following by 10x

Key Result: Recruit and onboard 1,000 community members

Examples of QA Engineer OKRs:

OBJECTIVE: Maintain an Agile Process

Key Result: Create and implement workflow graph

Key Result: Install new Migration field

Key Result: Create Knowledge Base documentation

Examples of personal OKRs:

Objective: Have more quality family time as measured by:

Key Result: Getting home for dinner by 6 pm, 20 nights a month.

Key Result: Being present by turning off the internet router to eliminate distractions.

Examples of QA Engineer OKRs:

OBJECTIVE: Grow our business

Key Result: Grow revenue to \$3M

Key Result: Launch the new product

Key Result: Reduce churn to <5% annually through customer success

KPIs vs. OKRs

Watch: <https://www.youtube.com/watch?v=91T8cMy8CaY&t=319s>

The power of these tools is that they give focus.

They often measure the efficiency and quality of the **internal process**.



Think of a company and check how they define OKRs to have a successful business.

Slow-changing VS Fast-changing markets

Relatively stable correlation between what a company produces, the benefit for its customers, and the value for the company.

Metrics to measure the performance of departments and teams- internal key performance indicators (KPIs).

E.g.:

of cars produced

of phone calls made

of FTR

of software functionalities delivered

This correlation is often unknown.

Defining what the team has to do don't make them successful. Rather, objectives must indicate what the team must achieve.



“Agile leaders create an environment in which goals are clear, inspiring, and measurable on what has to be achieved; this gives a stable direction even though the solution is uncharted and yet unknown. “



Slow-changing VS Fast-changing markets

How can leaders give these types of goals to teams?

How can leaders use the collective thinking power of the team to continuously monitor, adapt, and improve while preventing the team from setting the wrong priorities, making the wrong choices, or having the wrong focus?

How can leaders give their teams a compass to go in the right direction in uncharted waters?



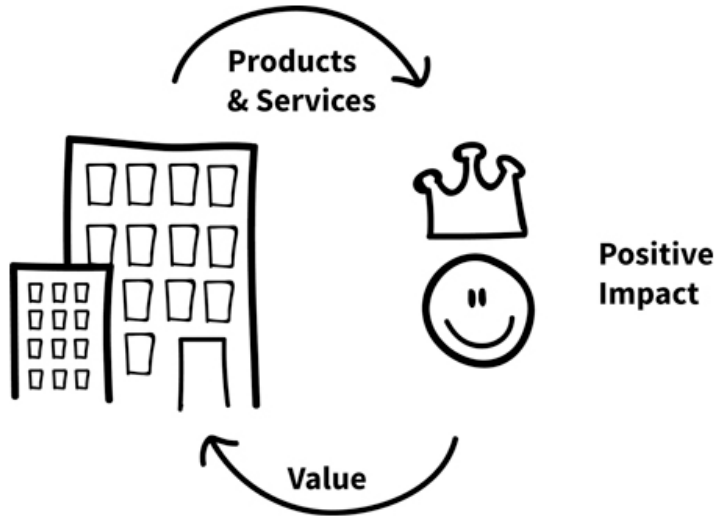
Stop looking at internal KPIs and start looking at the customers.

They can brainstorm and run experiments on how to improve in the next period.

Use a practical tool to measure the relation between what the teams deliver, how this benefits the customer, and how that brings value to the company.

“In a complex and dynamic market, it is important that teams focus on the customer. That is why a **customer-oriented tool** is necessary to enhance the power of KPIs and OKRs. “

Tool 1: Key Value Indicator (KVI)



The KVI is the most important indicator for the team to find out whether they generate value.

- Preferably it is ONE METRIC.
- Visualized in a trend line.
- Relates customer impact and value for the company.

Essentially, the **KVI measures the consequences of the team's actions!**

The most important KPI indicates the positive customer impact and how that brings value to the company is a KVI.

Example of KVI

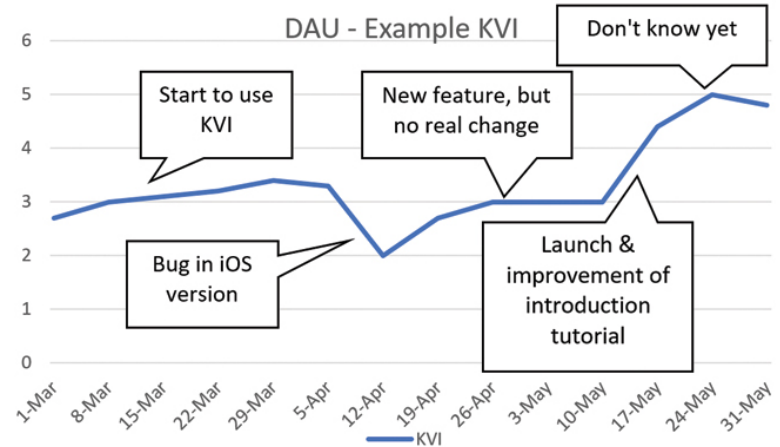
Conversion: the conversion (%) on the website. Of the 100 visitors, how many buys from them.

Daily active users (DAU): the number of (millions of) users that use the app every day.

Daily active minutes (DAM). the number (millions) of minutes that the app is used.

Manual actions (MA): the number of manual actions that have to be carried out per week by the office staff because the software does not yet fully support this.

Number of calls per week per 1,000 customers (CPkC). Number of times that 1000 customers call per week because the website is not very clear whether the self-service does not support everything yet.



How Do You Find The Right KVLs?

“A fuller plate doesn’t make the food tastier”

Introduction Questions:


1. In which way are the metrics motivating the team to work smarter?
2. Which three customers are really more successful because of using the product?

What is a Good KVI?- Case Study

Gordon Ramsay is world famous for his cooking skills, books, films, and above all restaurant-consultancy skills. In the series Hell's Kitchen, he helps restaurants to be successful again. He works with restaurants that provide poor quality, have customers walk away, are losing money, or for other reasons almost have to close their doors. In the course of a few days, he ensures that the restaurants can be successful again. Gordon saves many restaurant owners from bankruptcy, and they are very grateful to him.

What makes him so unique and successful?

Besides being an excellent chef, he is focused on the needs of the customers who come to eat. As a result, he can make the restaurant a unique and popular place, and customers are happy to pay for that.



What are the basis of a successful restaurant?

The basis of a successful restaurant:

delicious food,
a full stomach, and
a good atmosphere for a suitable price

What is delicious food now?

What is a good atmosphere for that neighborhood?

What is a reasonable price for these guests?

Gordon designs different recipes, a different restaurant format, and other prices depending on the specific situation. **That makes him very agile:** he is able to answer the client's needs each time.

How do you develop and find a good KVI?

The new way is to **co-create the metric**. Together with a few people and a workshop, the first KVI can be discovered. After a few months, this first version can be improved with new insight and experience.

The crafting of a good KVI consists of three steps that can be done in a workshop that is usually two to four hours. The steps in this workshop are as follows:

Step 1: Create a clear customer impact.

Step 2: Visualize how this creates value for the company.

Step 3: Define a metric that increases the focus on the customer.



How do you develop and find a good KVI?

Step 1: Create a clear customer impact.

Starts with clarifying the customer impact for the situation. Clarify how the customer benefits by using the products or services.

Does it **give** them a certain gain? or

Does it **relieve** a certain pain, stress or hassle?

The team members indirectly deliver a positive impact to their users by creating and improving products and services that are beneficial for them.

Example:

Netflix used a KVI like the number of movies actually watched, vs traditional video store that measure movies rented.

Cars are bought for convenience a feeling of freedom, cargo space, status, safety vs for New technologies.

Focus on the customer impact - a key factor for teams in the dynamic market.



How do you develop and find a good KVI?

Step 2: Visualize how this creates value for the company.

The entire business process is visualized: from harvesting new ideas and improvements to sketching solutions, building the best ideas, and gathering feedback from actual users.

The self-managing agile teams need insight on this overall process and their role in it.

	Do	Products and Services	Customer impact	Value
Restaurant	Cook, serve, clean, welcome, handle reservations	Meals	Filled stomach, relaxation, romance for a fair price.	Very happy and satisfied customers pay. Next, they are ambassadors for the company.
Car manufacture	Designing and making car parts and mounting them to a car	Working cars	Faster from A to B. Or: status, luxury, safety.	
Clothing manufacture	With cloth and other materials, design and build cloths	Cloth like trousers, blouses, and pants	Warm and neat. Or also: status, ego, first impression, luxury, or safety.	

Examples of the relationships between what the teams do and the value for the company.

How do you develop and find a good KVI?



Step 3: Define a metric that increases the focus on the customer.

If it is known how the work of the team increases the customer's impact and how this provides value for the company, the KVI can be chosen in the third step.

Determining this metric is often a creative process, whereby it helps to combine the ideas of various employees into a concrete KVI.

Often in this process, several KVIs are tried out for several months in order to make the KVI better and better.

How Do I Know We Have An Inspiring KVI?

It's a complex discovery!

An inspirational KVI generates energy, motivates out of the box thinking, and drives synergy.

Sketching ideas and working with a certain KVI for several months will give the feedback and learnings to improve.

This is called: **sketch --> go --> learn loop**, to discover the proper KVI.

The 5×I (five Is) for inspirational KVIs include the following:

1. **Influence.** The teams feel that they can influence the metric.
2. **Insight.** The metric is tangible and visual. Team members update the metric themselves and are eager to know the latest numbers.
3. **Ideas.** The metric causes ideas to thrive. It stimulates out-of-the-box thinking. Teams have a list of ideas, innovations, and disruptive features to improve.
4. **Intent.** The intent behind the metric is also clear. The team members can explain the purpose or mission behind what they want to achieve.
5. **Impact.** It focuses on the customer, and it can be explained to the customers or users that it serves them.

Pitfalls When Choosing and Using KVIs

No feedback on choices made this week

No influence

Management dashboard only

Waiting for the best possible KVI



How Do I Give Inspiring Goals?

1. Dream : passion, an inspiring vision
2. Customer focus
3. Vulnerability: thus, showing courage
4. Exploration: not a detailed plan, but a voyage of discovery and exploration
5. Pain: honest about the effort and cost



Discussion

Did you work with Agile leaders that are able to successfully create an environment in which clear, inspiring, and measurable goals are achieved?

How to Visualize the Customer Impact?



Introduction Questions:

1. What makes the customers of your company more successful?
2. In which way is making the customers more successful a motivation for your teams and department?

Case Study: Farm-Drone

Matthew founded a startup company for developing a new sophisticated drone to help farmers in gathering insight in their crops. He wanted to support farmers so they didn't have to travel throughout their land and check the status of the crops but could get a daily update without leaving the house. The drone would fly over the crops and gather all kinds of data. It would save time and give more accurate insight because the drone could check more land in less time than the farmer with his tractor.

He was searching for investors to realize this product. After pitching the idea, many investors weren't enthusiastic because they couldn't believe the drone would be either accurate enough or worth buying. Early calculations would make the drone very expensive, and investors didn't think it would be bought by farmers.

Hearing all the feedback from the investors, he started to doubt his idea. He gave it some thought and took another look at his notes. His notes were all about the technical details of the drone, the requirements of the battery, the wind speed it could deal with, the algorithm for the optimal autopilot routes, and how the drone could get regular software updates. He was pretty proud of his technical analysis. He also discussed these details with farmers, and many farmers agreed with his specifications.

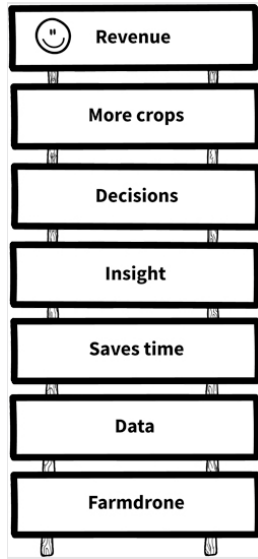
Why couldn't he convince many investors?



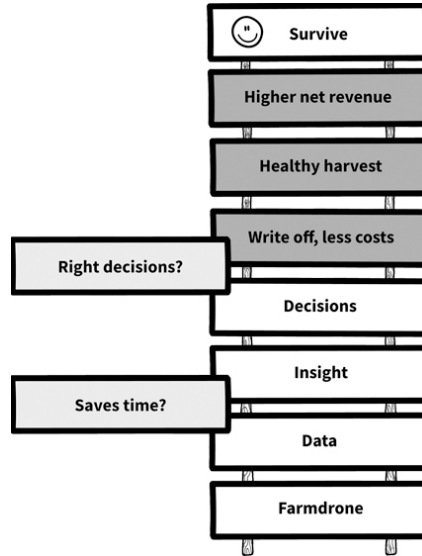
How the Farm-drone relates to the customer impact?



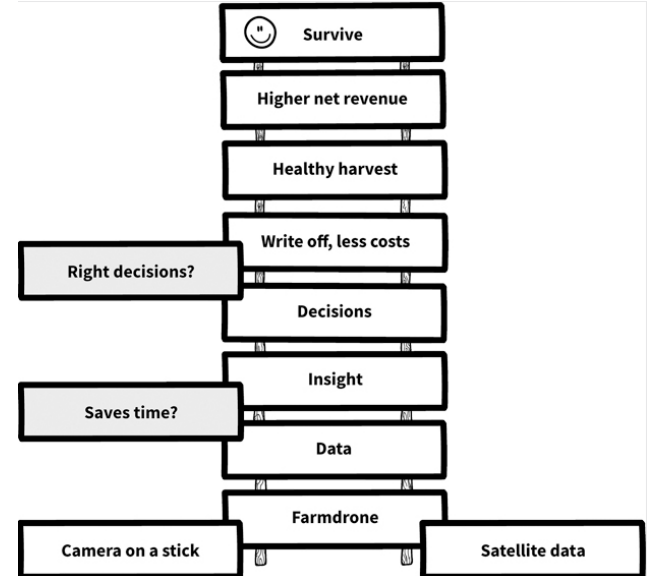
How the Farm-drone relates to the customer impact?



How the Farmdrone relates to the customer impact



Why the Farmdrone really has a positive customer impact



Alternatives for the Farmdrone

Complex Customer Impact

In real life, it can be difficult to clearly understand the customer impact, especially when the customer is another company.

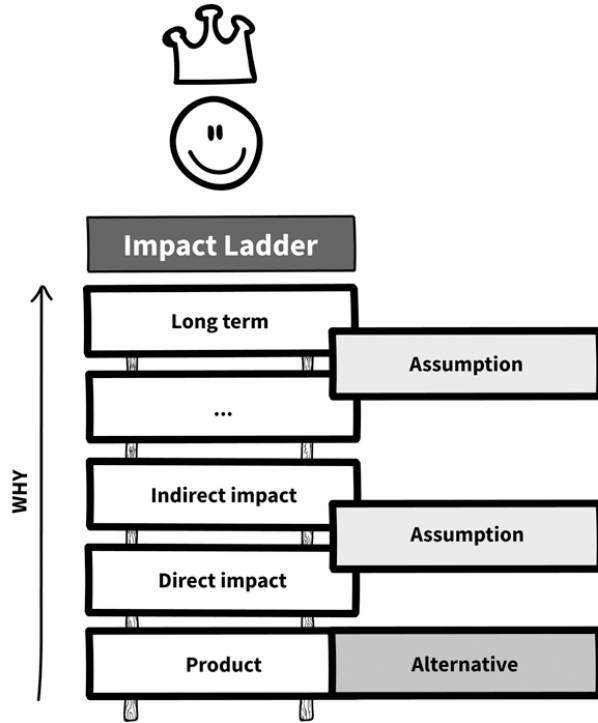
Teams must be clear on how the product delivers value to the customer.

Successful agile leaders make sure that the agile teams really understand how they are beneficial for the customer.

Impact Ladder tool visualizes the customer impact and the assumptions accordingly.

Serrat O. (2017) **The Five Whys Technique**. In: Knowledge Solutions. Springer, Singapore. https://doi-org.ledproxy2.uwindsor.ca/10.1007/978-981-10-0983-9_32

Tool 2: Impact Ladder



It is to make very clear how a product or service contributes to a positive impact for the customer. The Impact Ladder supports brainstorming and provides insight into the most important assumptions. The tool can be used for new and existing products and services. The Impact Ladder also makes it easier to switch between different types of users and target groups.

The Impact Ladder consists of three parts:

1. **Impact levels:** show step by step how a product or service contributes to the success of the customer.
2. **Assumptions:** If the impact levels have been added to the Impact Ladder, the assumptions can be displayed.
3. **Alternatives:** several ways to realizes the same customer impact.

Summary

How Do You Set the Right Goals?

Slow-changing VS Fast-changing markets

Key Performance Indicator (KPI), Objectives and Key Results (OKRs) and Key Value Indicator (KVI)

How do you develop and find a good KVI?

1. Create a clear customer impact.
2. Visualize how this creates value for the company.
3. Define a metric that increases the focus on the customer.

How to Visualize the Customer Impact?

Impact Ladder

