



MOVING AGILE FORWARD.
BUILDING A LEAN LOOP.



Law of Diminishing Returns in Agile

WHEN ADDING MORE PEOPLE TO THE TEAM SLOWS IT DOWN.



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#From Idea to Value



History

A Classical Economic Law

The **Law of Diminishing Returns** has its roots in 19th-century economics, with thinkers like **David Ricardo** and **Thomas Malthus** applying it to agriculture. They observed that if you continually add more labor to a fixed plot of land, the increase in crop yield will eventually get smaller and smaller.

It's a foundational concept that simply states: **at some point, adding more of a single input to a fixed resource will yield a progressively smaller output.**



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Definition

The Point of Saturation

In modern terms, the law of diminishing returns states that as you increase one factor of production while keeping others constant, the **marginal gain from each additional unit of that factor will eventually decrease.**

Think of it this way: The first new developer added to a team might dramatically increase output. The second provides a solid boost. But the eighth or ninth new developer, without adding more infrastructure or tasks, might actually slow things down due to **communication overhead**, and their marginal contribution will be much lower.



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Agile Paradox

The Project That Never Gets Done

Agile aims to **maximize value**, but blindly adding resources can have the opposite effect.

✗ **Adding More People to a Project:** Beyond a certain point, adding more developers to a project doesn't make it go faster. Instead, it can lead to more meetings, increased complexity, and slower progress—a phenomenon known as the "**mythical man-month**."

✗ **Endless Retrospectives:** The first few retrospectives in a new team can be transformative. But a poorly run one every week may yield diminishing returns, as the team struggles to find new problems or becomes disengaged.

The paradox is that a strategy for growth can become a source of inefficiency if not managed thoughtfully.



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Agile Paradigm

Finding the Sweet Spot

The key to a truly effective agile organization is not to add more, **but to optimize the resources you have.**

1. **Identify the Limiting Factor:** Is the bottleneck truly a lack of people, or is it a lack of tooling, poor communication, or a technical hurdle? Address the core constraint before adding more of a single input.
2. **Break Down the Work:** Instead of one large project, break it into smaller, more focused initiatives. This allows teams to find the "sweet spot" of productivity for each segment.
3. **Ruthless Prioritization:** Regularly ask if you've reached the point of diminishing returns on a feature or initiative. If the marginal value of additional effort is low, move on to the next high-impact task.



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By acknowledging this law,
you can build a sustainable,
effective agile practice that
focuses on maximizing value,
not just adding more
resources.

Will you give
this a try?

LEAVE A  COMMENT BELOW



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