MATURITY LEVELS IN THE ORGANIZATIONAL OPERATING MODEL

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OPERATING MODEL MATURITY OBJECTIVES AT A GLANCE

LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
1) Form teams to determine minimum viable value stream operation. 2) Develop an initial minimum 3 month rolling backlog to define the product. 3) Identify a basic framework for making and meeting commitments, resulting in stable throughput. 4) Develop and radiate baseline metrics. 5) Identify and benchmark initial ready state. 6) Time for Structured Continuous Improvement is built into regular operation of value stream.	1) Improve the value stream system, focusing on teams, backlogs, working, tested product, and flow. 2) ROAM risks and prioritize dependencies to address early in the value stream. 3) System to prioritize highest value work based on both priority and sequencing. 4) Enhance 3 month rolling backlog to encourage earlier completion dates through smaller batch sizes. 5) Full engagement by business in the value stream. 6) Structured Continuous Improvement (Get to Level 3)	. 1) Prove ability to move from using PI Planning for ready state creation to ready state validation. 2) Managers shift focus from managing people to managing the flow of value (value stream engineering). Monitoring and measuring flow to improve efficiencies, need to scale, and opportunities for automation become a primary focus for managers. 3) Restructure SQA to eliminate flow latency and increase product quality. 4) Value stream team, along with delivery sub-team trend toward high maturity level.	1) Standardize interaction and collaboration with vendors to support advanced agile product delivery. 2) Enhance value stream to enable “inventory” flow model. 3) Move from “Develop on Demand” model to “Develop on Cadence, Release on Demand” model. 4) Continuous improvement becomes a first-class citizen in the value stream.	1) Single value stream is scaled to the whole organization using a workflow with multiple statuses (possibly dozens), and several distributary channels to represent programs or initiatives. 2) Teams optimize to form a “Team of Teams” model, allowing for continuous (read: daily) cross-team coordination. 3) EPMO joins and fully integrates with organizational value stream. 4) Lean Portfolio Management is enabled, allowing for Initiative vetting through the backlog that includes forecasting release dates and needed budget on a continuous basis.

OPERATING MODEL LEVEL 1 DETAIL

OBJECTIVE

1) Form teams to determine minimum viable value stream operation.

2) Develop an initial minimum 3 month rolling backlog to define the product.

3) Identify a basic framework for making and meeting commitments, resulting in stable throughput.

4) Develop and radiate baseline metrics.

5) Identify and benchmark initial ready state.

6) Time for Structured Continuous Improvement is built into regular operation of value stream.

IMPLEMENTATION PLAN HIGHLIGHTS

1) Training on Value Stream Execution (Roles and Approach)

Initial Value Stream Design, specifying execution roles and responsibilities.

2) Stream aligning the main Value Stream Team, along with Platform, Enabler, Complicated Sub-System, Vendor Teams based on program or initiative need.

3) Leadership/Business initialize team execution of the value stream using a single source of truth (the backlog).

4) Develop backlog to enable delivery team execution in an iterative fashion.

5) Take value stream through a single PI Planning. Determine execution metrics and assess.

6) Use interval and sprint planning to include continuous improvement efforts as well as efforts that deliver business value.

KEY RESULTS

Minimum viable product value stream is made operational.

Measurable baselines for predictability emerge through value stream iterations.

Orchestration efforts reveal basic parallel work capabilities.

Quality of ready state will determine entry into Phase 2.

OPERATING MODEL LEVEL 2 DETAIL

OBJECTIVE

1) Improve the value stream system, focusing on teams, backlogs, working, tested product, and flow.

2) ROAM risks and prioritize dependencies to address early in the value stream.

3) System to prioritize highest value work based on both priority and sequencing.

4) Enhance 3 month rolling backlog to encourage earlier completion dates through smaller batch sizes.

5) Full engagement by business in the value stream.

6) Structured Continuous Improvement (Get to Level 3)

IMPLEMENTATION PLAN HIGHLIGHTS

1) Manager scope modified to include actively maintaining waste identification and improvement specific backlogs.

2) Enhance value stream to encourage early identification and action plans for risks and dependencies at the exploration level instead of same being addressed later at the delivery level.

3) Introduce and train use of Cost of Delay and Weighted Shortest Job First.

4) Smaller work items increase chances of completing work early, leading to an even more robust 3 month rolling backlog. Value stream team is trained in more fine grained identification of business value.

5) Train business to own statuses in the value stream elaboration to deprecate need for big requirements documents.

6) Value stream increases ready metrics for moving to level 3.

KEY RESULTS

For sustainability, managers take an active role operation of the value stream.

Dependencies captured and addressed early help to maintain flow and provide higher quality product.

The value stream is a resource with limited capacity for energy usage. Priority and sequencing help the stream maximize the amount of unnecessary or untimely work not done, thus providing more capacity for higher value work.

Healthy backlogs lead to continuous readiness, leaner workflows, and opportunities for teams to increase their velocity.

Healthy value streams become sustainable when the business acts as a value stream role model via direct participation.

OPERATING MODEL LEVEL 3 DETAIL

OBJECTIVE	IMPLEMENTATION PLAN HIGHLIGHTS	KEY RESULTS
1) Prove ability to move from using PI Planning for ready state creation to ready state validation. 2) Managers shift focus from managing people to managing the flow of value (value stream engineering). Monitoring and measuring flow to improve efficiencies, need to scale, and opportunities for automation become a primary focus for managers. 3) Restructure SQA to eliminate flow latency and increase product quality. 4) Value stream team, along with delivery sub-team trend toward high maturity level.	1) Prove continuous backlog ready state by eliminating planning multiple sprints and confidence votes from PI Planning agenda. 2) Coach managers to reinforce team autonomy through team meetings and ceremonies. Structure ceremonies to codify agile values (trust, transparency, commitment, continuous improvement) and show proof those values are being met. Managers focus more on improving workflows and cycle/lead times. 3) SQA plays active role in work-item backlog preparation to facilitate testing during iterations. Separate business UAT step is eliminated. Business Definition of Done is reduced to single DoD that is met at end of sprint. 4) To facilitate trending up in maturity, teams design their own Systems of Predictability, Productivity, Continuous Improvement, and Risk Management. Assessments used to verify.	Thanks to a rolling backlog, along with strong Definitions of Ready and Done, value stream teams can report readiness on demand to leadership, as opposed to waiting for PI Planning events to do same. Managers and teams work together to reduce value stream energy usage via a “trust the process” mental model. Lebron James on trusting the process: https://youtu.be/mqTL8AK2WMs Higher quality product created with lower cost is the result of directly including SQA with delivery team execution.

OPERATING MODEL LEVEL 4 DETAIL

OBJECTIVE

1) Standardize interaction and collaboration with vendors to support advanced agile product delivery.

2) Enhance value stream to enable “inventory” flow model.

3) Move from “Develop on Demand” model to “Develop on Cadence, Release on Demand” model.

4) Continuous improvement becomes a first-class citizen in the value stream.

IMPLEMENTATION PLAN HIGHLIGHTS

1) Implement plan to cover three vendor integration scenarios: full integration with teams, minimal integration represented by a proxy, and worst case: Vendor acts as “black hole.”

2) Value stream is enhanced to enable a “pull” system with Ready To Elaborate, Ready to Integrate, Ready to Deploy, and Ready to Release inventory statuses.

3) Use inventory statuses to separate development from release. Delivery teams continue filling a “deployment inventory.”

Separate release team is formed to empty deployment inventory in an on demand fashion.

4) Teams build out their own strategic refactoring and waste identification backlogs, resulting in work-items which have the same or higher priority than business value work-items.

KEY RESULTS

Vendors engagement can be governed with reduced dependencies on specific vendor operation.

Inventory flow models produce well understood and more easily optimizable means of delivering value by the organization.

The Develop on Cadence, Release on Demand pattern allows for more accurate cycle times, better forecasting, continuous improvement, and limits value stream operational dependencies.

Waste identification and strategic refactoring ultimately lower product operating costs, along with energy required to maintain production operations and development execution.

OPERATING MODEL LEVEL 5 DETAIL

OBJECTIVE

1) Single value stream is scaled to the whole organization using a workflow with multiple statuses (possibly dozens), and several distributary channels to represent programs or initiatives.

2) Teams optimize to form a “Team of Teams” model, allowing for continuous (read: daily) cross-team coordination.

3) EPMO joins and fully integrates with organizational value stream.

4) Lean Portfolio Management is enabled, allowing for Initiative vetting through the backlog that includes forecasting release dates and needed budget on a continuous basis.

IMPLEMENTATION PLAN HIGHLIGHTS

1) Networked value stream allows for integration across the enterprise. Specific integration teams are formed to meet needs for multiple team networks.

Integration teams will identify healthy dependencies, eliminate duplicated work, allocate budget, and track cycle times to determine release dates and operating costs.

Value streams are refactored into three distinct areas (Investment, Portfolio, Delivery), each flowing seamlessly from one area to the next.

2) Teams of Teams daily scrum standups will be formed to orchestrate teams at different levels on a continuous basis. This model provides early detection of dependencies and impediments which could disrupt continuous flow.

3) EPMO begins operating at the Investment level of the organizational value stream backlog, serving as an operational stream role model.

4) Initiative vetting includes use of specific guardrails to determine “Cost of Guardrails” and “Guardrail Weight” to inform go/no go decision for execution of initiative.

Forecasting becomes a backlog analysis function based on cycle times and cost per story point.

KEY RESULTS

Integration teams further deprecate need for PI planning via enhancing coordination and best use of budget on a continuous basis as opposed to four times a year.

Via the “Teams of Teams” pattern, organizations are much better equipped to scale up or down to any value delivery challenge, providing much more efficient expenditure of budget and energy. Saab Inc. for example.

The backlog can only represent a “single source of optimized truth” once all components, including the EPMO of the organization work in concert in the same value stream with that shared backlog.

The data produced by this coherent value stream deprecate the habit of “asking” when something can get done and how much it will cost. The most accurate forecasts of release dates and cost can be found directly in the backlog.

EXECUTE THE FINDINGS

OBJECTIVE

The operating model is proved via a single-instance value stream that becomes the “reference” value stream for the organization.

Every sub-team in the reference value stream team will act as a general template for sub-teams playing similar roles throughout the organizational value stream.

IMPLEMENTATION PLAN HIGHLIGHTS

Findings in the form of templates, assessments, and documents generated by the reference value stream team will be recorded and curated in the Agile Operating Model library.

Value stream teams and sub-teams throughout the organization will be trained using the Agile Operating Model curriculum.

Organization will apply the curriculum via operation of a Steering Committee working at the organizational level to prioritize programs and initiatives for training.

A coaching kanban workflow, supported by a backlog, will be employed by coaches to lead teams through the curriculum.

The Kanban workflow should be capable of scaling linearly by simply adding more coaches.

KEY RESULTS

Organization now has a fully coherent strategy for rolling out agile product delivery capabilities to the whole organization without dependencies on size of the organization.

ORGANIZATIONAL TRANSFORMATION KEY RESULTS (THE TLDR)

Design and develop a system of delivery which codifies and scales the following qualities...

- Leadership alignment.
- Stakeholder engagement.
- Efficient communication that deprecates need for meetings, and minimizes decision latency.
- Embraces change management as part of continuous execution, not as an event.
- Makes organizational design and change easier to implement as a continuous improvement platform.
- Facilitates move from managing people to managing the flow of value.
- Make delivering business value look easy, requiring as little energy as possible (or at least trending that way).

“Becoming agile involves knowing the difference between being quick or hurrying, moving with ease or difficulty, being in or out of balance, graceful or awkward, adaptable or rigid, resourceful or resentful.” Joshua Kerievsky, *Joy of Agility*