Strategy Evaluation Document

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Organization Background

The Company

ESQ is an IT-based company with the intent to provide high-quality software applications that focus on enhancing the enterprise-based transactions within sectors such as Banking and Stock Trade Centers. We provide proactive monitoring and management of ATM and other payment structures which will help our client to respond to real-time events critical to their business.

The Proposed Strategy

AGILE is a concept of software development method that helps existing organizations streamline their focus and get rid of unnecessary steps to successfully creating a high-value product. The most important factor of this method is the open-door policy between vertical as well as horizontal hierarchies.

Within AGILE, the concept of SCRUM is the most fascinating segment that can provide high-quality results in a project management scenario. There are 3 roles in a SCRUM Team:

- Product Owner:

  Responsible for the business side of the project undertaken and ensures the team is on the right track. In a real-world scenario, he is allowed to make critical decisions to affect the competency of the project.

- Scrum Master:

  Oversees the team as a coach, he is responsible for removing impediments to progress and creates an environment for clear understanding between team members.

- Team Members:

Performing the grunt work of the project, team members decide which

person is assigned which task and work collaboratively to complete

individual as well as team tasks in an efficient manner.
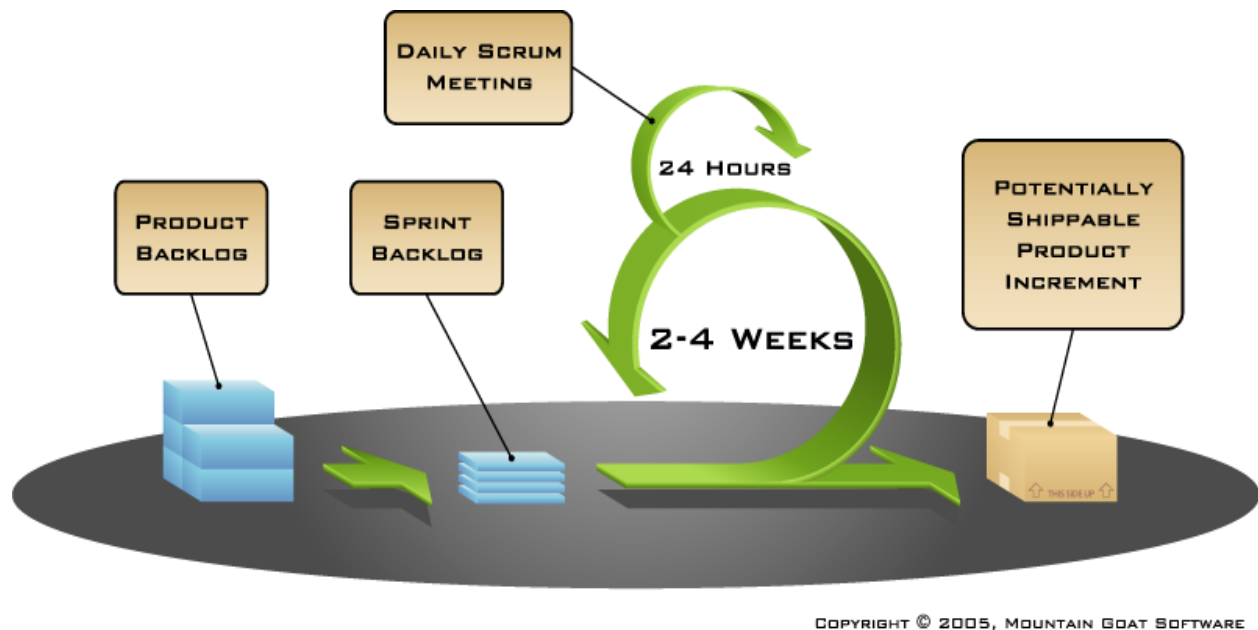
Figure 1.0: Mountain Goat Solutions[i]

The Context

Strategy Objective

The objective of the strategy to be implemented into our existing business structure was due to recent issues pertaining to the following factors:

- Employee Morale

- Product Issues Management

- Client Feedback

- Innovation Productivity

- Fiscal Improvements

We needed to find out the source of our issues and find an acceptable solution before we start leaking client contracts and since we are an entry to mid-level IT firm, the possibility that our reputation be tarnished may result in negative revenues generated.

Issue Identification

One way to assess the internal condition of the company was by **SWOT analysis**.

On the **STRENGTH** side, ESQ benefited cost efficient and high quality products and we were reputed to have good customer service. We have almost no assets; therefore, if this strength is leveraged, we can adapt to newer techniques faster than our competitors in the market.

On the **WEAKNESS** side, we are expanding too fast for our own good as team numbers increase, it becomes harder to maintain transparency between

employees. This leads to miscommunication and eventually frustration and so on. The following diagram summarizes it.
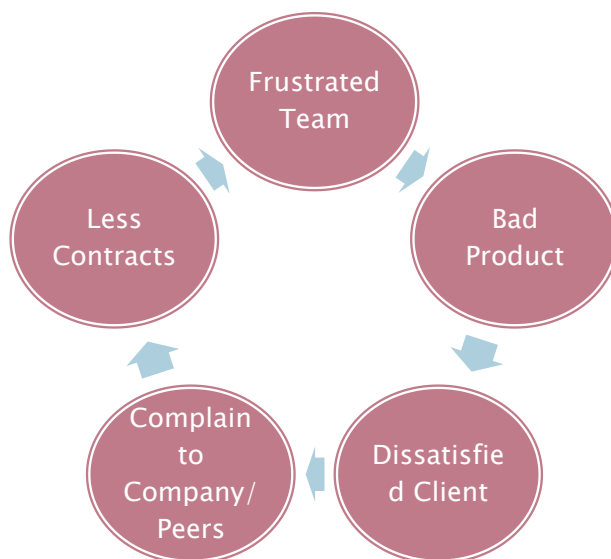
Figure 1.1: Internal Issues stemming from Miscommunication between teams

 On the **OPPORTUNITY** side, AGILE practices open door policy and so, if there are potential landmines people will bring it during discussions and a bonus is that employees who do not have management experience can run their own projects. This leads to stronger relationships within the work environment.

On the **THREATS** side, if one cannot adapt quickly to situations and keep making incremental progress, the project is bound to spiral out of scope, time, and budget. If key people leave the project, that is a big setback.

Conclusion

Current Strategy Success

In 2013 alone, ESQ had IT projected efficiency rate of

3 Times the existing rate

within the first 4 months of trial

STRENGTH	WEAKNESS
New techniques Cost-effective	Lack of transparency Miscommunication
OPPORTUNITY	THREAT
Open-door policy Management Training	Employee turnover Adaptability Quotient

Client Networks

Based on ESQ's annual internal report for the first quarter of 2014, we have acquired a total of

7 new clients as of

last year who demand high quality products with an no-wait policy.

ESQ's Red Flag

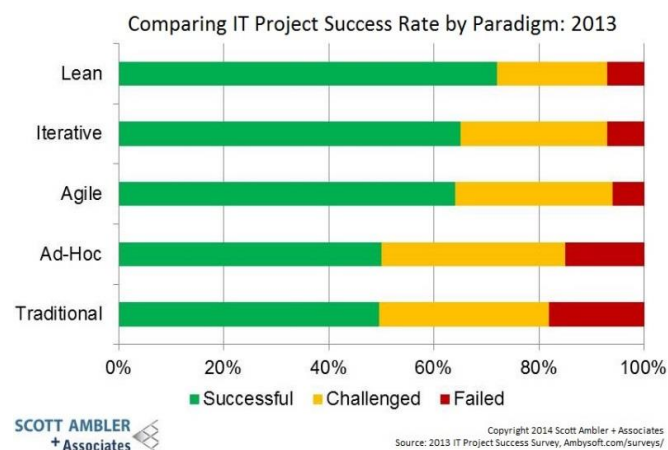At our current rate, we will lose out to customer demand in next 5 years.

Figure 1.2: AGILE VS Traditional Global Metrics[ii]

Measuring Progress

Existing Customer Relationships

Upon interview with engagement managers for 5 of our clients, the following ratings were estimated by me of our current client feedback. On a scale from 1 to 5 with 5 being the worst rating

Customer Name	Overall Ranking
	3 Reasons: Inefficient delivery mechanism with minor bugs.
	2 Reasons: Lack of innovation and haphazard maintenance
	4 Reasons: Inefficient after sales support leading to critical bugs.
	1 Note: Implemented AGILE

Analysis and Trial Runs

Most of the clients mentioned above have a similar experience when working with ESQ. The end product delivered is not up to scratch and there are times when they are delayed or buggy upon deployment.
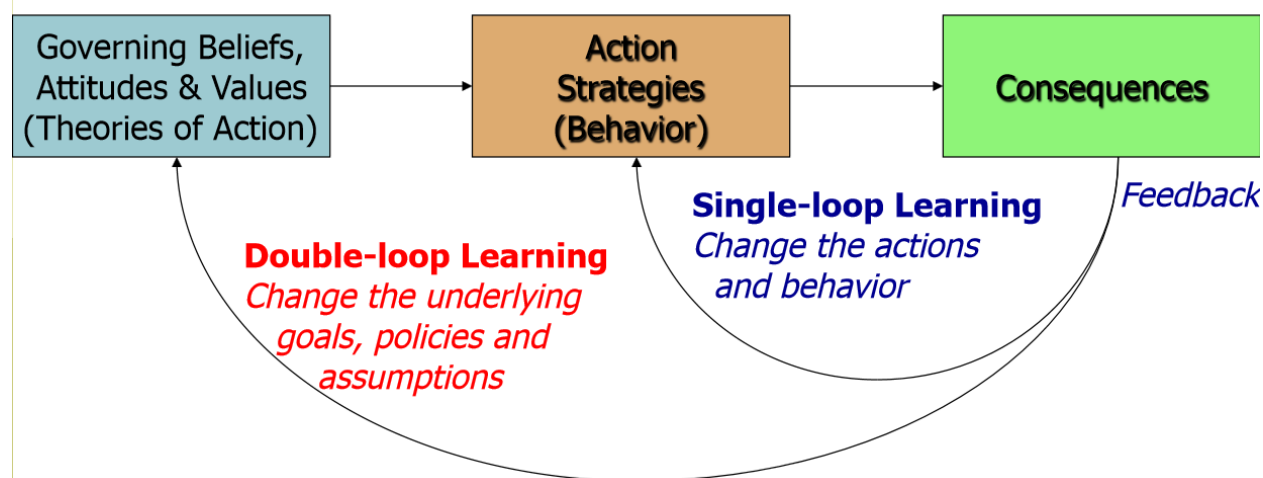

Figure 1.3: Double-loop Model[iii]

As mentioned above, since the internal hierarchy is based on Single-loop learning i.e. fix a problem once it has reached critical status, we had never embarked on analyzing such data about our internal mechanics. Now, since the issues are in the limelight, the new strategy should be focused towards double-loop learning so that the same errors are not repeated again.

The root (as mentioned before) is that the rate at which our teams as well as clientele expand leads to disruption in the existing infrastructure due to lack of transparency while development. The following statistics proves my deductions:
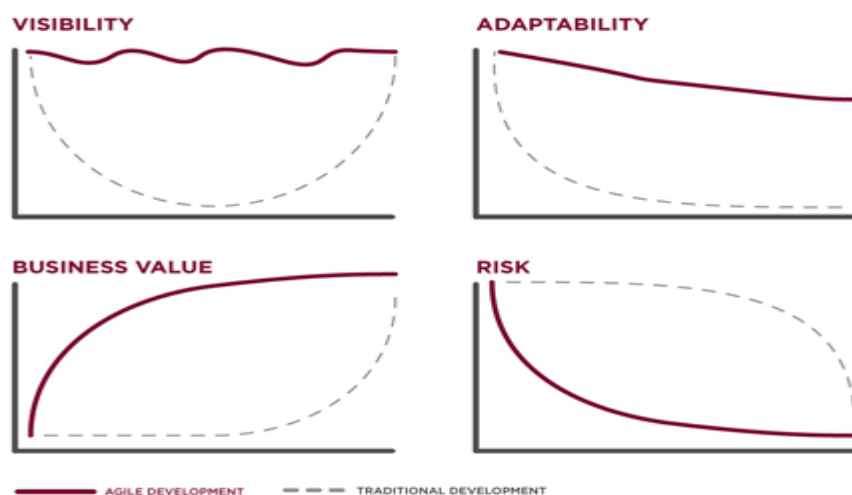
Figure 1.4: VersionOne Analytics[iv]

Now, from ESQ's internal statistics we can see that there is a huge difference in the Customer's Experience (Tagged Buyer Experience) as a before and after look of implementing AGILE.

Please note that these statistics are 4 month into the trial period and so the results are skewed towards the positive side. The literal values are incorrect but the different is apparent.
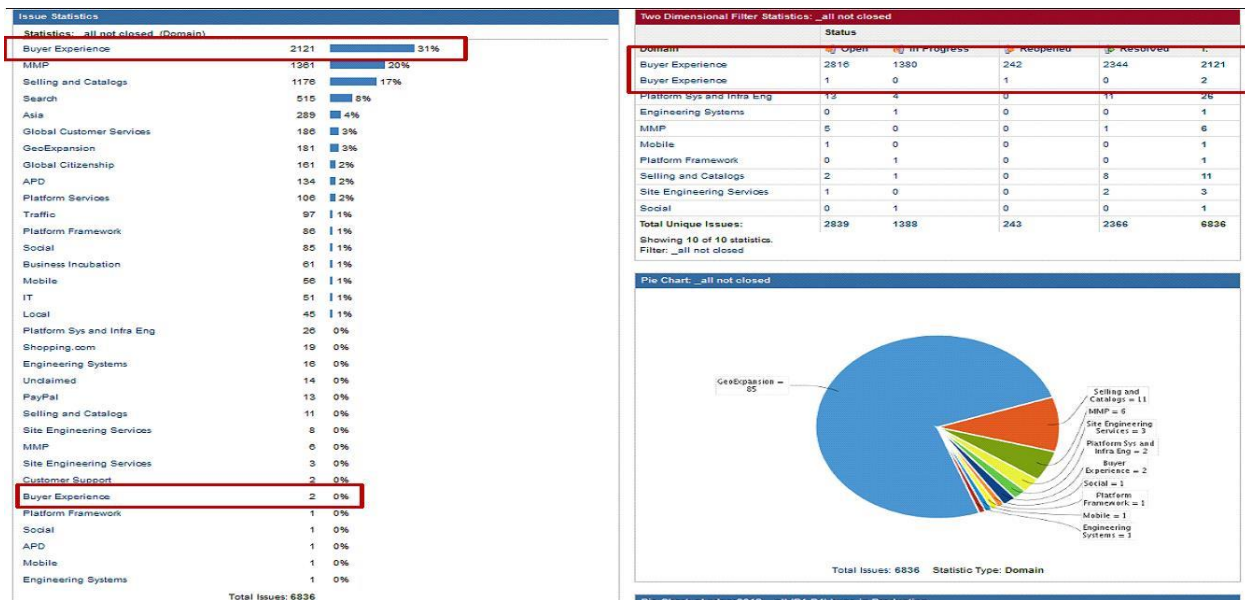
Figure 1.5: JIRA Evaluation Statistics[v]

Keeping this in mind, we can move onto the performance measurement metrics.

Performance Metrics

We have to realize that implementing AGILE not only affects the development phase of a project but it is a change in the entire operational structure of the organization. After frequent tutorials and expert suggestions, we came up with the different methodologies to measure performance at different avenues in the implementation structure

Please refer to the below mentioned table for metrics utilized and the results obtained by them.

Process	What Works	Results
VELOCITY: Planning Phase	Rate of completed work per unit of time Measures the output not the outcome	Before, systems logged 10 design statements per week; today that number has skyrocketed to

	Estimates size of backlogged items in a Sprint.	approximately 100.
SPRINT GOALS: Development Phase	Achieving goals pre-specified in a Sprint Cycle. Missing it shows where team is lacking as well as the reason.	Almost instantaneous results with under-performing teams and related reasons shown in the spotlight.
LOW BALL COMMITMENTS: Delivery Phase	Estimated expenses for each sprint cycle with Product Owner. Setting a fixed value leads to realistic expectations	Product Owners know exactly what to expect leading to an overall positive feedback from clients.
T-SHAPED SKILLS: Feedback Phase	Team members are exposed to different dimensions of work leading to horizontal and vertical skill building.	Employee turnover rate is kept at a minimum since they are always learning something new and increasing their overall value in the company.

Move from Implementation to Evaluation

Financial Picture

From a fiscal perspective, there is a definite difference between the before and after AGILE implementation methods. Based on the analysis performed, there are no direct correlations between revenue and AGILE implementation but intangible values can still be quantified. The financial records are sealed so they cannot be displayed them here but the following graph charts were created using JIRA's analytics tool:
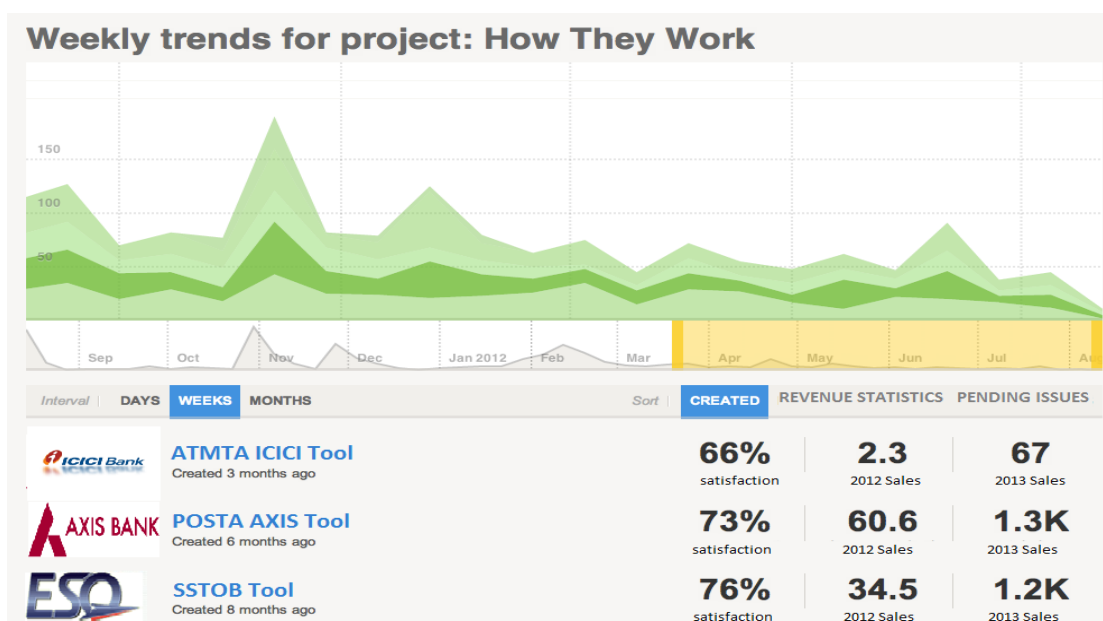

Figure 1.6: JIRA Analytics Copyright ESQ

Based on above mentioned data, we can clearly see that there have been increase in sales within each product line. For example: ATMTA Tool revenue sales increased from ₹ 2,300 to ₹ 67,000. Internally, removing the cost to production would lead **to increased profit margins of 56%.** The remaining products have similar margins but during that time, more products were introduced into the customer's pipeline so the values are skewed up dramatically.

Customer Response

The above mentioned satisfaction metric does not quite measure satisfaction but the rate of issue resolution on a week basis. This is an adept way of evaluating an intangible value such as Customer Response or Satisfaction level. Simply put:

Quicker Issue Resolution → Faster Product Deployment → Happier Customer Feedback
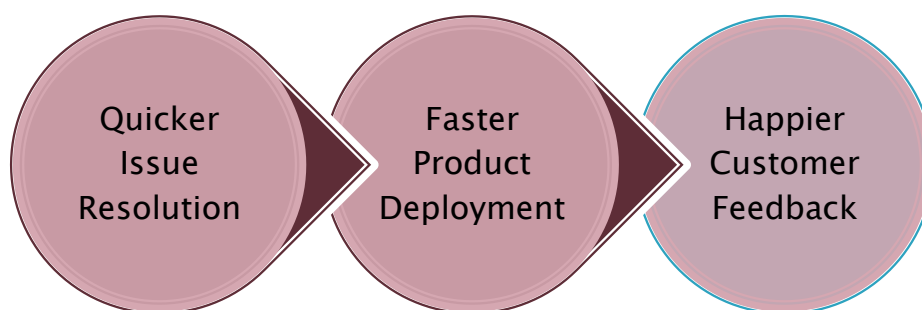
Figure 2: Intangible Value Proposition

So, if ATMTA for ICICI Client had an aggregate issue resolution 66% faster than last week, the improved product will reach the customer that much faster resulting in a 60-66% (adding margin for error) more positive feedback. Based on those assumptions, AGILE implementation has performed an average of 70% more positive feedback than before.

Future Recommendations

Better Planning Mechanics

AGILE has improved the internal mechanics of ESQ a lot, that is a given. But, that's not without its flaws. Some of the key issues isolated after AGILE implementation are as follows:

1. AGILE overly encourage change and that leads to cost leakage due to expenses incurred in the change curve of the sprint cycle.

2. Employees may have to adapt to rapid changes in domain due to IT expansion, AGILE conforms one to a specific task set and leaves little time for other avenues.

Focusing on improved planning methodologies is an extremely crucial factor now that will reduce cost leakages due to changes made during analysis, design, communication, white boarding etc.

Categorization of Tasks

Based on personal experiences, the issue management system in AGILE is flawed, it accepts that the user has complete knowledge of the task he/she is assigned to, that is generally not the case. This leads me to suggest a different feature categorization based on the following:

- Known Knowns
- Known Unknowns
- Unknown Unknowns
- Unknown Knowns

We generally cannot estimate (or wrongly estimate) unknowns which leads to a chance of blowing up the schedule, focus on these first. Having done them, the rest of the schedule becomes relatively predictable.

For the unknown unknowns, set up a timeline as appropriate.

For the unknown knowns utilizing the experience and customer feedback should be added to review missing requirement.

> *"We adapt to change, but we manage the change and changing requirements, not let change for the sake of change, or even worse, change due to ineptitude or laziness manage us."*
>
> - *Anonymous*

APPENDIX 1.1: ATMTA and POSTA Information

The following information has been extracted from ESQ's Product Brochures[vi]

ATMTA:

The ESQ ATMTA provides Business Operations Managers and IT staff of ATM network operators with a sophisticated yet easy-to-use solution for achieving high levels of ATM availability allowing businesses to improve customer satisfaction.

POSTA:

The ESQ POS Transaction Analyzer increases POS availability and improves customer satisfaction to drive better bottom line results

Key Product Features

• Determine instantly if transactions are executing as expected

• Provides a breakdown of the types of transactions being processed

• Reduce mean time to repair by quickly isolating problems in critical business transactions

• Real-time decision support

• Data mining and data analysis in real time

• Includes Visualization/ Dashboards, Scorecard

• Facilitates capacity planning for future growth

• Uses ETL for real time data gathering

• Supports Industry standard data access methods (ODBC, JDBC, OLAP)

APPENDIX 1.2: References

[i] Mountain Goat Solutions:
http://www.google.com.sg/url?sa=i&rct=j&q=&esrc=s&source=images&cd=&cad=rja&uact=8&docid=K2BQaWA1f5RlqM&tbnid=wljHY49oFTmeaM:&ved=0CAUQjhw&url=http%3A%2F%2Fwww.mountaingoatsoftware.com%2Fagile%2Fscrum%2Fimages&ei=azg4VILPKMWIuATvyIIY&bvm=bv.77161500,d.c2E&psig=AFQjCNHJgIfqObRObQHt3XPNAs0pHekRmA&ust=1413056994190102

[ii] Global Metrics Reference: Effective Practices for Extreme Programming and the Unified Process John Wiley & Sons ISBN#: 0471202827

[iii] Reference: Strategic Management Class Notes under Prof. Neo Boon Siong

[iv] VersionOne Analysis:
http://www.google.com.sg/url?sa=i&rct=j&q=&esrc=s&source=images&cd=&cad=rja&uact=8&docid=_OaZWHXdODUpVM&tbnid=vPsGJxg049tAMM:&ved=0CAUQjhw&url=http%3A%2F%2Fwww.versionone.com%2FAgile101%2FAgile-Software-Development-Benefits%2F&ei=mTc4VPzfKcOhugSSsoAY&bvm=bv.77161500,d.c2E&psig=AFQjCNHQCvwI9UNEPpk1ysiZfZemRH8HgA&ust=1413056792503121

[v] ESQ Analysis: http://jira.esq.com

[vi] Source: ATMTA:
http://www.google.com.sg/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&cad=rja&uact=8&ved=0CCUQFjAB&url=http%3A%2F%2Fwww.esq.com%2Fdownloads%2FESQ%2BATMTA-NA%2Bwhitepaper.pdf&ei=XGo5VNKREZSUuQSx2oLwDw&usg=AFQjCNF0DZgzRA5u0pp_RA0FyROP34W5tg&sig2=dz2RyWp0qpBlB9ihKw9KuQ&bvm=bv.77161500,d.c2E

POSTA:
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