



Applied
Frameworks

Prioritizing for Profitable Growth

Our Agenda

01 / Why prioritize?



02 / Attributes and weights



03 / SAFe® WSJF



04 / Prioritizing for Profit



05 / Leveraging Miro





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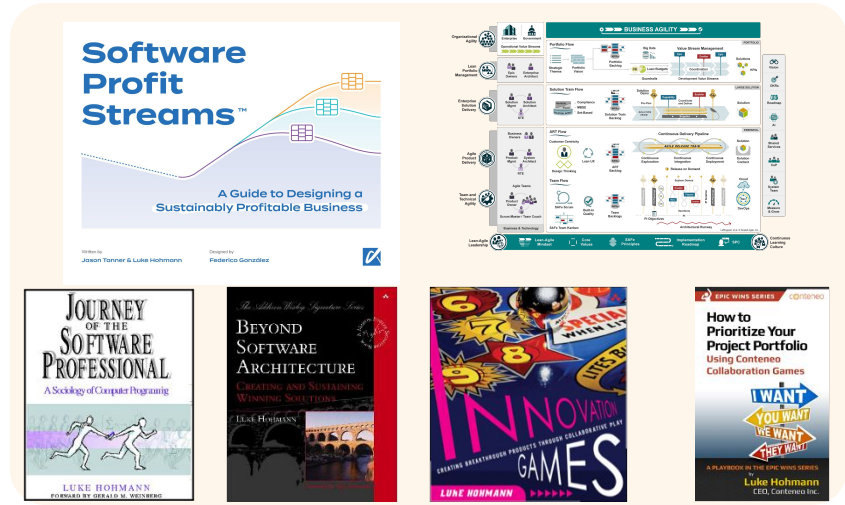
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Why Prioritize?

You can't always get what you want, but if you try
sometime, you just might find, you get what you need.

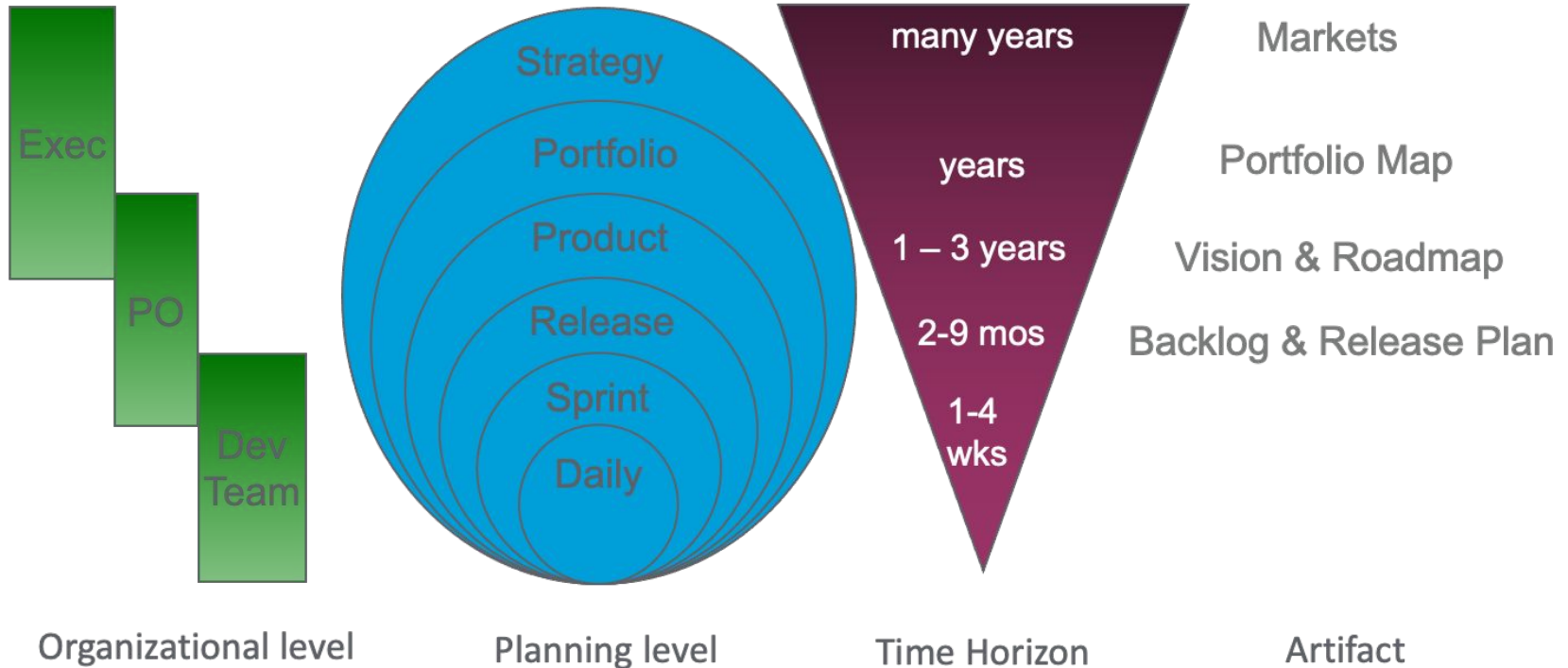
- The Rolling Stones

You can't always get what you want, but if
you **prioritize**, you just might find, you get
what you need.

- Applied Frameworks



We prioritize at every time horizon

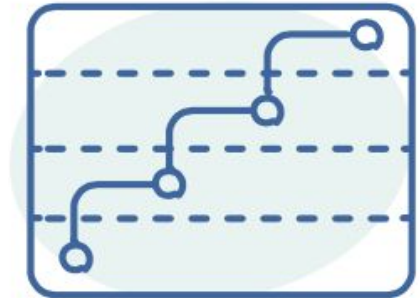


We prioritize big items



Customers want “big chunks” of value - like a new backyard pool and then a new bathroom and then a new car and then...

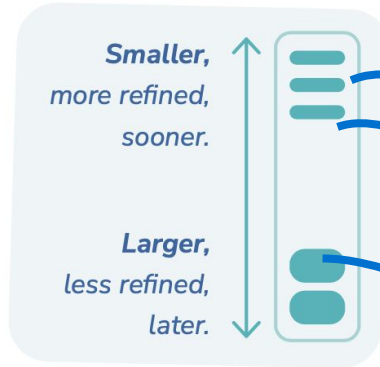
These “epics” belong in your roadmap prioritized by time and market opportunity.



We prioritize small items

Agile / Scrum teams want “smaller items” that fit into a sprint.

These items go into the product or team backlog.

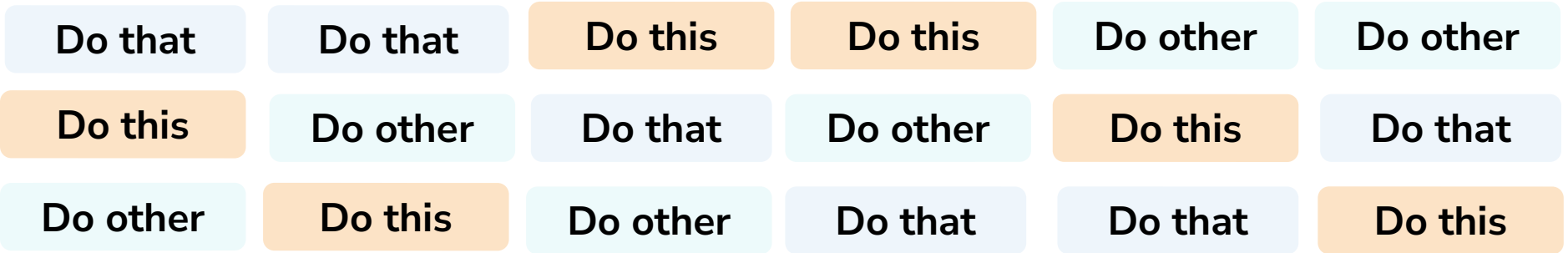
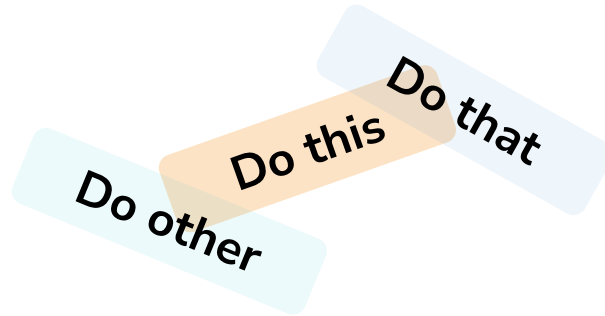


1. Create the foundation
 2. Lay the concrete
 3. Create the waterfall
 4. Create the paths
- ...
- X. Landscaping...



Attributes and Weights

Prioritization means ordering



*We strive to backlogs relatively small
because there are $n!$ ways to order a backlog of n items...*



To order
we need
attributes

Do that

Do this

Do other

Cost?

Value?

To whom?

Time?

**Who can
deliver it?**

**Who asked
for it?**



To sort we need values

	Cost	Duration in Sprints	Revenue from New Customers	Revenue / Value from Existing Customers	Operations (Cost Reductions)
Do this
Do that
Do other



These are often interchangeable in Agile if the same teams are doing the work. You might have an external contractor doing the work so understand internal Cost (fully loaded salary) vs. external Cost.



Values are *Quantities*: a number and a unit

	Cost	Duration in Sprints	Revenue from New Customers	Revenue / Value from Existing Customers	Operations (Cost Reductions)
Do this	\$1.0M	3	\$4M	\$2M	\$0
Do that	\$1.5M	5	\$5M	\$0	\$0
Do other	\$1.2M	4	\$1M	\$8M	\$0



We need to add time

	Cost	Duration in Sprints	Revenue from New Customers	Revenue / Value from Existing Customers	Operations (Cost Reductions)
Do this	\$1.0M	3	\$4M	\$2M	\$0
Do that	\$1.5M	5	\$5M	\$0	\$0
Do other	\$1.2M	4	\$1M	\$8M	\$0

When is the revenue forecasted to start?

When might it end?

Does the revenue 'ramp up' over time?



We need to agree on how we set the values

Collaborative estimates by dev team?

	Cost	Duration in Sprints	Revenue from New Customers	Revenue / Value from Existing Customers	Operations (Cost Reductions)
Do this	\$1.0M	3	\$4M	\$2M	\$0
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Statistically significant market research?

*Where did the values come from?
What process was used for these value?*








SAFe® WSJF

Which attributes should we choose?

Scrum is silent on which attributes should be used to order (prioritize) the backlog.

SAFe recommends WSJF, a simplified form of economic prioritization.

User-Business Value	Time Criticality	Risk Reduction and/or Opportunity Enablement
 <p>What is the relative value to the Customer or business?</p> <ul style="list-style-type: none">• Do our users prefer this over that?• What is the revenue impact on our business?• Is there a potential penalty or other negative effects if we delay?	 <p>How does user/business value decay over time?</p> <ul style="list-style-type: none">• Is there a fixed deadline?• Will they wait for us or move to another Solution?• What is the current effect on Customer satisfaction?	 <p>What else does this do for our business?</p> <ul style="list-style-type: none">• Reduce the risk of this or future delivery?• Is there value in the information we will receive?• Enable new business opportunities?



The SAFe WSJF formula

Cost of Delay = User - Business Value + Time Criticality + Risk Reduction and/or Opportunity Enablement

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WSJF = $\frac{\text{Cost of Delay (relative)}}{\text{Job Size (relative)}}$

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Putting this together...

SAFe recommends a modified Fibonacci sequence

Jobs	User-business value		Time criticality		RR OE Value		CoD		Job Size		WSJF
Single-sign on	5	+	8	+	1	=	14	/	3	=	4.70
Move to cloud	3	+	5	+	3	=	11	/	8	=	1.38
Mobile app	1	+	1	+	5	=	7	/	1	=	7.00

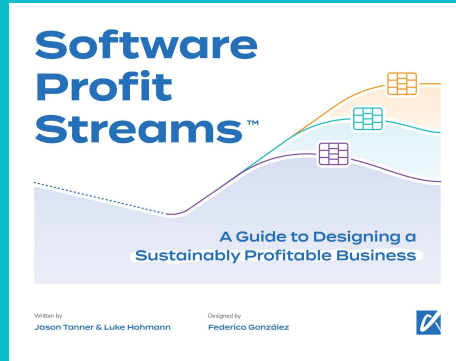
Notes:

- Scale for each parameter: 1, 2, 3, 5, 8, 13, 20 (subset of the modified Fibonacci sequence)
- Do one column at a time, start by picking the smallest item and give it a “1”
- There must be at least one “1” in each column
- The highest WSJF is the highest priority item





Prioritizing for Profit



Prioritizing for Profit

*Investments
designed to attract
new customers*

NEW CUSTOMERS

*Investments
designed to leverage
profit engines
(existing customers)*

PROFIT ENGINE

*Investments
designed to lower
costs and improve
operational efficiency*

OPERATIONS



When items are 'equal'...

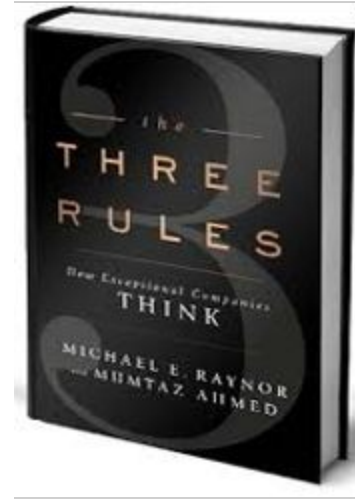
1. **Better before cheaper.**

When you must decide between making something better or cheaper, choose to improve rather than cut prices.

2. **Revenue before cost.**

When you must decide between finding a way to increase revenue or reducing cost, choose to look at ways to increase revenue.

3. Change anything to follow Rules 1 and 2.



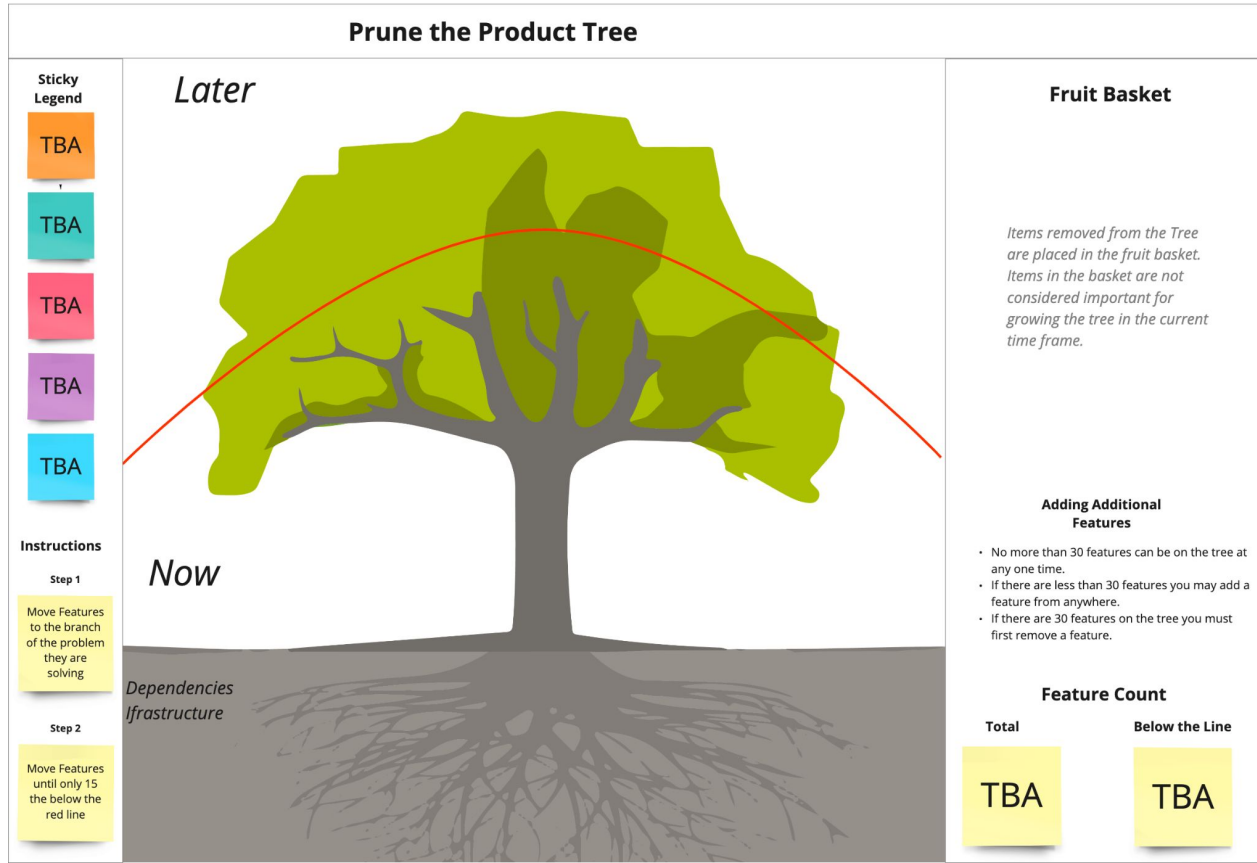
Why? Read the article or book.



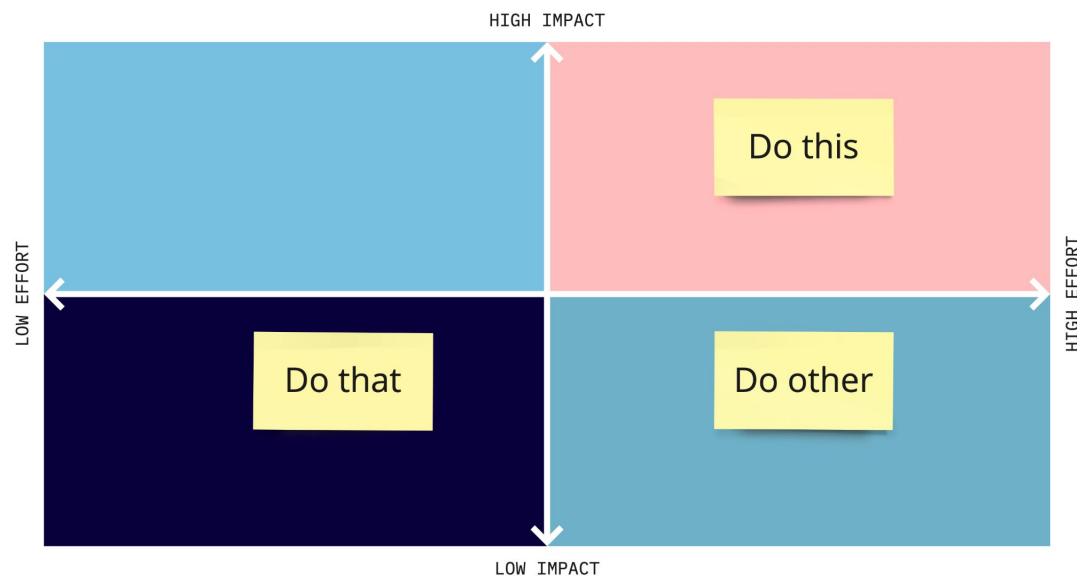


Leveraging Miro

Prioritizing over time: *Prune the Product Tree*



Collaborative estimation in Miro



Estimation



< 1 of 3 >

Following 

Change your vote

0	1	2
3	5	8
13	21	?

L



Discussion

