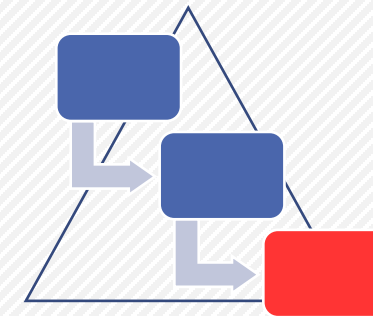# AGILE FINANCE

THE AGILE WAY

▶ Originally a set of values for software development

▶ Heavily influenced by lean thinking

▶ Main problem solved: constantly changing requirements

▶ Main way of doing that: ensuring frequent, iterative talks between customers, developers and other stakeholders

TRADITIONAL "WATERFALL" PROJECT:

full scope delivered at the end

SEQUENTIAL & MECHANIC

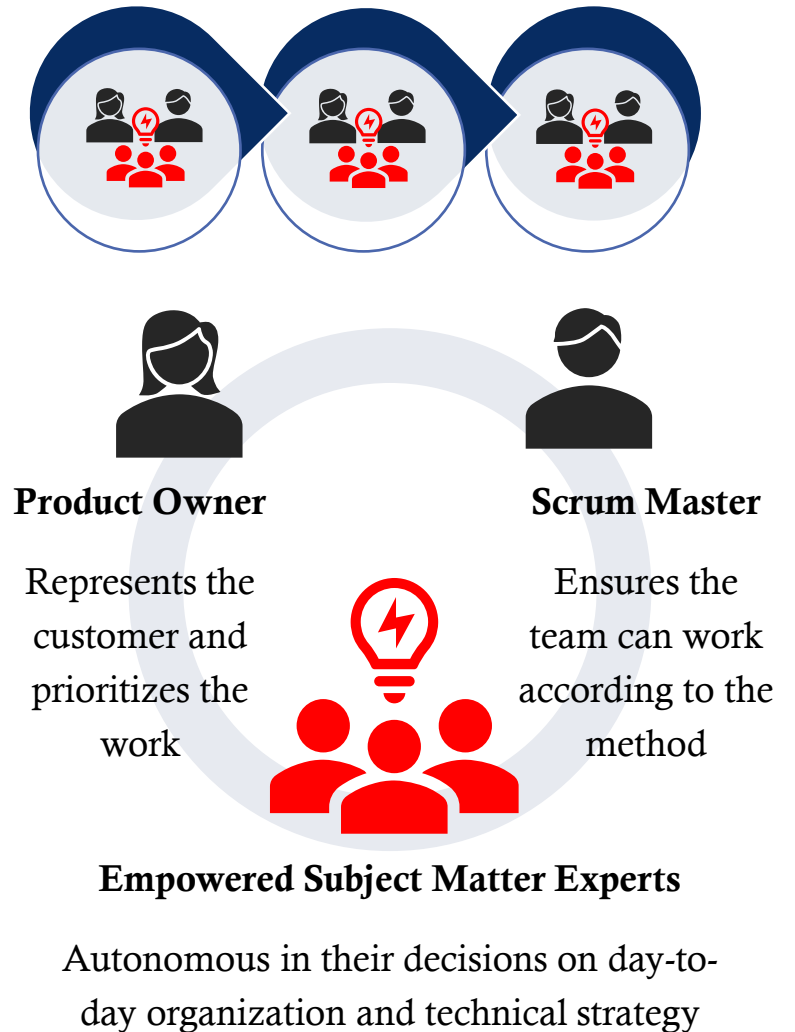**ITERATIVE & HUMAN-CENTRIC**

increment delivered in each timebox

AGILE, SCRUM AND KANBAN

▶ Agile does not provide any tools itself, but often comes "bundled" with Scrum and/or Kanban

▶ Agile is a *mindset* (mainly values, not concrete methods). The most important aspects are customer focus, human centricity, and iterative development.

▶ Scrum is a *project management* method based on iterative development and autonomy.

▶ Kanban is a *work optimization* method based on Lean Manufacturing ideas.
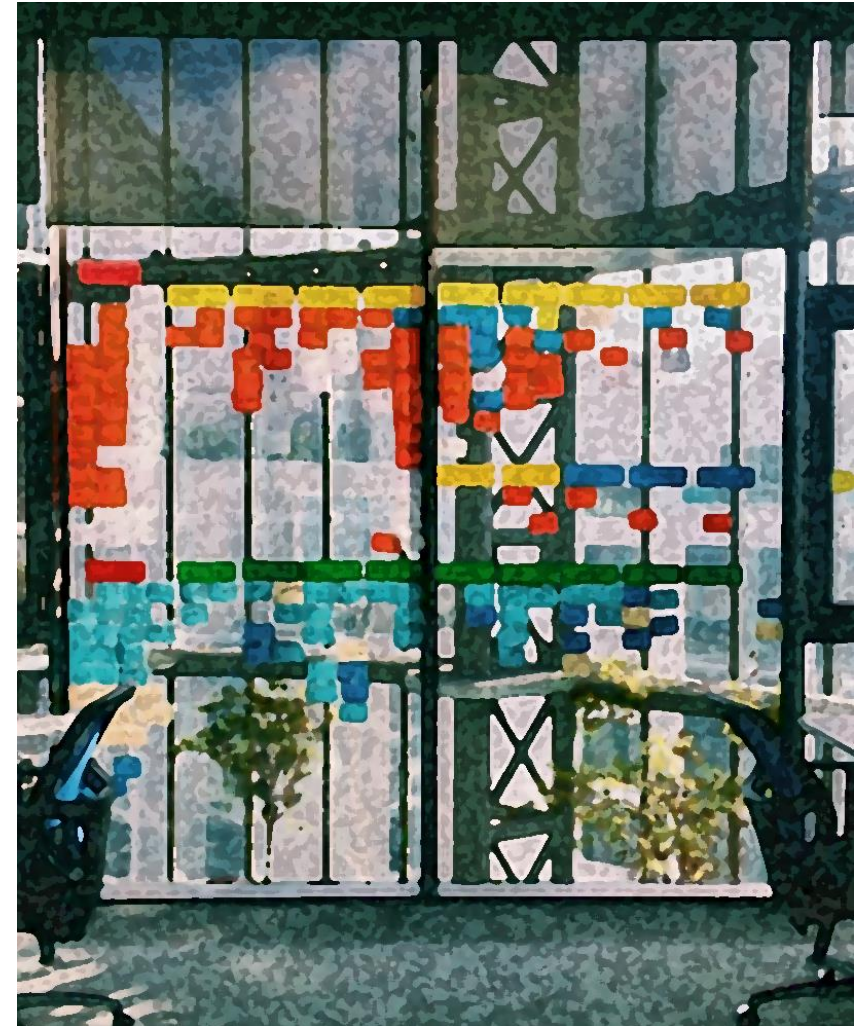
WHAT IS SCRUM

▶ It is timeboxed (for example in sprints and daily standups).

▶ One person represents the customer and prioritizes the backlog (product owner).

▶ Another person is the safeguard of the method and facilitates the communication & reflection (scrum master)

▶ All technical and organizational decisions are made by empowered subject matter experts

▶ In scrum, there is *no role for line managers.* This makes agile adoption very dependent on top management buy-in!

Product Owner

Represents the customer and prioritizes the work

Scrum Master

Ensures the team can work according to the method

Empowered Subject Matter Experts

Autonomous in their decisions on day-to-day organization and technical strategy

WHAT IS KANBAN

▶ Kanban is taken from *lean management*.

▶ It does not define any roles and relies on the principles that any work in progress is pulled, visualized, **limited,** and evenly distributed.

▶ It can be implemented within project or routine teams, but gives less guidance.

▶ The most prominent feature is the **Kanban board**.

▶ It can be implemented standalone or alongside Scrum.

AGILE AND FINANCE

Agile originated with software development in mind, but Finance & Administration has many commonalities that make Agile work:

▶ It is data-driven, fast-changing and complex with new challenges every period

▶ Work can be thought in constant streams or in larger *"user stories"*, making it possible to employ Kanban as well as Scrum

▶ It often hosts many strategic digital transformation projects

▶ In most companies, it already has a **steady rhythm** through monthly closing activities in accounting

EXAMPLES FROM PAST PROJECTS

ACCOUNTING

Scrum
- Creation of monthly backlog
- Definition of cut-off times by the team rather than using central deadlines

Kanban
- Pulling items before peak closing period

Lean
Scrum
- Reflection: *"gemba walks"* during closing and discussion with neighboring departments later on

Scrum
- Transition of team leaders to product owner role

FP&A

Lean
- Automating validations to avoid wasting time

Agile
- Budgeting and forecasting: visibility of the **future** (business cases and aggregates) with constantly **updated assumptions**, rather than analyzing the past

Agile
- Linking business decision to process improvement, e.g. for business cases

Lean
- Relevance over accuracy – do less to achieve more

Lessons learned: There is no "right" way to implement Agile in finance & administration teams – it depends on the client and needs to be matched to their CFO's **expectations and company culture**

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