



# Age of Agile: More Value, Less Work and the Power of Small Teams

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Course #4181A

Business

2 Credit Hours

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# AGE OF AGILE: MORE VALUE, LESS WORK AND THE POWER OF SMALL TEAMS

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Companies that embrace Agile management can deliver instant, intimate, frictionless value on a large scale. Topics covered in this course include the premise of Agile management and the common practices of Agile management teams.

## LEARNING ASSIGNMENTS AND OBJECTIVES

*As a result of studying each assignment, you should be able to meet the objectives listed below each individual assignment.*

### SUBJECTS

**Chapter 1: More Value From Less Work**

**Chapter 2: The Law Of The Small Team**

Study the course materials from pages 1 to 40

Complete the review questions at the end of each chapter

Answer the exam questions 1 to 10

### Objectives:

- Identify the premise of Agile management.
- Recognize common practices of Agile management teams.

## NOTICE

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## EXAM OUTLINE

- **TEST FORMAT:** The final exam for this course consists of 10 multiple-choice questions and is based specifically on the information covered in the course materials.
- **ACCESS FINAL EXAM:** Log in to your account and click Take Exam. A copy of the final exam is provided at the end of these course materials for your convenience, however you must submit your answers online to receive credit for the course.
- **LICENSE RENEWAL INFORMATION:** This course qualifies for **2** CPE hours.
- **PROCESSING:** You will receive the score for your final exam immediately after it is submitted. A score of 70% or better is required to pass.
- **CERTIFICATE OF COMPLETION:** Will be available in your account to view online or print. If you do not pass an exam, it can be retaken free of charge.

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# CHAPTER 1: MORE VALUE FROM LESS WORK

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## Chapter Objective

### After completing this chapter, you should be able to:

- Identify the premise of Agile management.

*What we need is an entrepreneurial society in which innovation and entrepreneurship are normal, steady, and continuous.*

—PETER DRUCKER<sup>1</sup>

For Spotify—the fast-growing Swedish music streaming service with over 100 million active users and more than 30 million paying users—the true value of Agile management became dramatically apparent in mid-2015. Spotify had embraced Agile management since its launch in 2008, with swarms of self-organizing teams intent on delivering steadily more value to Spotify’s users. The premise of Agile management is that empowering bottom-up innovation will steadily add significant value for customers and the firm. Accordingly, the teams at Spotify—some 2,500 people as of mid-2016—seek to learn everything about you as both a listener of music and as a user of Spotify, and then find interesting ways to appeal to you on both levels. Sometimes they do that by matchmaking, by telling you at the right moment about a great playlist, or a great new feature, or some new content that they think you will like. Other times, they do it by creating new listening experiences.

Innovations generated by Agile teams had fueled Spotify’s growth for seven years. But in March 2015, a couple of Spotify’s software engineers—Chris Johnson and Ed Newett—came to Matt Ogle, a senior product leader with two degrees in English literature and a background as an engineer, with an idea that turned out to be a game-changer. They had thought of a way of solving a problem that had stumped Spotify and other music streaming services like Pandora and Apple Music for years: How could users find the music they would really love in a library of millions of songs without wasting time browsing through music they didn’t like?<sup>2</sup>

In 2013, Spotify had introduced a feature called News-Feed in which users received personalized recommendations of albums and artists. This was progress, but it still took a lot of effort on the part of users to engage with the recommendations and get to listen to the music.

In 2014, Spotify had offered a feature called Discover, which grouped the recommendations into strips, as on Netflix. This was easier to use than News-Feed, but it also required active user effort. Studies showed that users were still spending more time listening to playlists that Spotify’s editors had created.

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1. P. Drucker, *Innovation and Entrepreneurship* (New York: Harper & Row, 1985), 313.

2. C. Johnson, “Who Are We?? Chris Johnson from Idea to Execution: Spotify’s Discover Weekly,” *SlideShare*, November 15, 2015, [http://www.slideshare.net/MrChrisJohnson/from-idea-to-execution-spotifys-discover-weekly/2-Who\\_are\\_WeChris\\_Johnson\\_Edward](http://www.slideshare.net/MrChrisJohnson/from-idea-to-execution-spotifys-discover-weekly/2-Who_are_WeChris_Johnson_Edward).

Now the two engineers had another idea. What if, they asked, we could completely remove the friction for you as a user? What if we took the music you had listened to in the past and sorted it into micro-genres? What if we analyzed the billions of playlists created by other users and algorithmically matched preferences with your playlists, so we can then create a new playlist specifically designed for you? What if we delivered this personalized playlist of songs for you once a week? What if, every time you skipped a track, we learned from that and made sure that your next weekly playlist would appeal to you even more? What if we did this not just for you but for every one of our tens of millions of active users? Would that be possible? Or would it just produce noise? This was the embryo of the wildly successful idea on Spotify that became known as Discover Weekly.

Ogle liked the idea. He discussed with the engineers different ways of making it work. They brought in a designer who played the bad cop in the discussion. “Why should this feature exist?” he asked. “We already have too many things for users! What will it do that we’re not already doing?” Those questions helped the team get clearer on what the new idea was for and what value it might add.

Ogle’s team had all the elements in place to conduct a quick experiment. Spotify had already collected data on active users—which then numbered some 75 million. They had also built high-level capabilities in machine learning and artificial intelligence. They had already developed micro-genres of music and classified its entire vast repository of music and its billions of playlists.

But most important, Spotify had created an organizational culture of Agile management in which autonomous cross-functional teams were encouraged to experiment and create new ways of adding value to customers. With Agile management, Ogle and his team didn’t need to prepare a detailed cost-benefit proposal and seek a series of approvals up a steep management chain before they could try out their idea. They were used to working as a team, with radical transparency among the team members. They were already tightly focused on the user experience: They knew how to test alternatives and learn from the tests. Within a couple of weeks, the tiny cross-functional team had pulled together a quick prototype and tried it out on Spotify’s own staff—all active Spotify users.

The result? Spotify staff just loved it. Ogle himself became a huge enthusiast. On one of his very first playlists, he recalls listening to a song by Jan Hammer, the composer of the *Miami Vice* theme. “It starts off with this poppy thing, then the strings,” said Ogle. “When the vocals came in, I thought, holy shit, we have to ship this feature. Whatever just served this song needs to be out in the world.”<sup>3</sup>

Ogle and his team did another quick experiment on one percent of the active Spotify users—close to a million people. Again, the response was strongly positive. Amazingly, 65 percent of respondents found “a new favorite song” in their personalized weekly playlist. As a result, Spotify’s management was ready to introduce Discover Weekly for all Spotify listeners.

Scaling up the Discover Weekly algorithms from one million users to 75 million users in twenty-one languages in multiple time zones each week proved to be more of a challenge than the engineers expected. Nevertheless, working in an Agile fashion totally focused on the goal, the team took only a couple of months to complete the work. When Discover Weekly was deployed to all Spotify users in July

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3. Adam Pasick, “The Magic That Makes Spotify’s Discover Weekly Playlists So Damn Good,” *Quartz*, December 21, 2015, <http://qz.com/571007/the-magic-that-makes-spotifys-discover-weekly-playlists-so-damn-good/>.

2015, just four months from the initial concept, it was a wild success—beyond anything Ogle and his engineers had imagined.

In fact, Discover Weekly has become a global phenomenon. It has resulted in a massive boost for Spotify's brand and a huge influx of new users. It is more than just another feature—it is almost a new brand in itself, with foreign-language countries clamoring for "Discover Weekly" rather than a label in their own language. Every Monday morning, Spotify users—now more than 100 million of them—receive a playlist of thirty songs that feels like a gift from a talented and knowledgeable musical friend who understands their taste in music and who has searched the world to put together a handpicked playlist of the very best music they will adore.

Users say it's spooky how fresh and familiar their Discover Weekly playlists feel. A common reaction is, "How come Discover Weekly knows me better than myself?" Within the first six months, songs from Discover Weekly had been streamed several billion times.

"If you're the smallest, strangest musician in the world, doing something that only twenty people in the world will dig," says Ogle, "we can now find those twenty people and connect the dots between the artist and listeners. Discover Weekly is a compelling new way to do that at a scale that's never been done before."<sup>4</sup>

Discover Weekly gives Spotify a massive brand advantage over competitors like Pandora and Apple Music, which also have vast catalogs of music but without Spotify's personalized approach to help you find music you will enjoy. Yet Spotify knows it can't rest on this success. It knows that its competitors will soon emulate Discover Weekly. In the spirit of Agile, Spotify is already racing ahead with further innovations that will bind its user community ever more tightly to the music streaming service they have come to love. Spotify's management knows that it will only survive if it continues to pursue Agile management and innovates faster than its competitors.



At first glance, the idea that Barclays—a 327-year-old transatlantic bank with more than 100,000 employees—could become as Agile as Spotify and deliver an instant, frictionless, intimate banking experience at scale might seem ridiculous. The bank operates in a difficult environment. It's highly regulated. It's recovering from a major financial crisis. And it has new challenges coming its way as it grapples with what Brexit means for the future. It's a transatlantic bank offering products and services across personal, corporate, and investment banking, credit cards, and wealth management, with a strong presence in its two home markets: the United Kingdom and the United States. The bank operates in over forty countries. One-third of payments made in the U.K. pass through Barclays.

Despite its size and reach, Barclays, like all the big global banks, finds itself in a world in which its customers are coming to expect the same kind of instant, intimate, frictionless responsiveness at scale that they experience with Spotify's Discover Weekly playlist. What they would like from a bank are prompt, helpful responses, not just to simple questions like, "What's my bank balance?" but also, "Should I spend this money on this car? Should I buy, lease, or get a loan? What sort of insurance do I need? What impact will this have on my savings? How is my retirement looking?"

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4. *Ibid.*