

# REAL-ESTATE SOFTWARE PROVIDER USES EVIDENCE-BASED MANAGEMENT™ TO DRIVE ITS LARGEST REVENUE GROWTH IN 10 YEARS

DECEMBER 2018

## CASE STUDY



## THE COMPANY

A real-estate technology company located in the United States.

### The Business Challenge

The leaders of a highly successful, real-estate technology company were looking for ways to further accelerate delivery of value to their customers and investors. One of their leaders suggested they take a look at using Scrum. Curious to learn more, they searched for training that might help them get a deeper understanding of the Scrum framework.

Browsing through the [Scrum.org training curriculum](#), they selected the [Professional Scrum Foundations \(PSF\) course](#). Seven of their most senior leaders in the organization - the CEO, COO, CMO, CTO, VP of Engineering, Director of I.T., and Product Owner - attended the PSF class. The class was taught by Scrum.org Professional Scrum Trainer (PST) Ravi Verma, who provided the students with many practical insights they could apply at their organization.

After the class, the leaders began applying what they had learned and stayed in touch with Verma to share progress, discuss challenges they had run into, and brainstorm experiments to try. After about a year, the leaders felt that the improvements in their organization had stalled. It felt as if the teams had become disconnected from the spirit of Scrum and were focusing on ritualistic adoption of the Scrum Events without focusing on how the events enable delivery of value. They also perceived a disconnect between the vision >

that the leaders were trying to realize and the understanding of the Scrum Teams that were trying to execute on their vision.

## The Solution

To help them get moving in the right direction, they re-engaged with Verma to organize another on-site engagement.

Prior to the on-site visit, the leaders had a preparatory call with Verma to jointly create desired measurable business outcomes. One of the most important outcomes they wanted to achieve was increasing the delivery of business value from their teams. They began by evaluating velocity as an indicator of success. However, they soon realized that using velocity as an indicator of effectiveness might have unintended consequences and could provide a misleading sense of progress. Verma introduced the leaders to [Evidence-Based Management \(EBM\)](#) - a framework by Scrum.org that helps organizations measure, manage, and increase the value they derive from their product delivery by focusing on improving outcomes, reducing risks, and optimizing investments. It was decided that the on-site visit with Verma would be an Evidence-Based Management Workshop, and Verma provided the leadership team with some pre-workshop materials to review.

When Verma arrived for the workshop, the COO said he had an epiphany that the leadership needed to learn more about supporting their teams. After going through the pre-workshop material Verma provided, they decided to switch the focus of the five-day workshop from working with delivery teams to working with the leadership team. He informed Verma that four of the leaders in the organization - the CEO, COO, CTO, and a member of the Board of Directors - had cleared out their calendar for the entire week so they could work with Verma. Thus began their

five-day journey into understanding and applying EBM in their organization.

Verma kicked off the EBM implementation by working with them to refocus and clarify communication of top-level goals in a hands-on EBM workshop. It began by clarifying their goal so that the entire organization would understand and align behind the "why" of the company's existence. Once they defined the organizational goal, they identified the strategic pillars and allocated their portfolio investment across each pillar. Next, they identified the leading and lagging indicators of success and created a mock-up of a Value-Based EBM dashboard. Finally, they created a rank-ordered Portfolio Backlog that would help them achieve their goal.

During the course of the week, as the artifacts evolved, the leaders started bringing in representatives from different parts of the organization to get feedback on how teams might respond to the EBM approach. By the end of the week, after multiple iterations of inspection and adaptation, they were ready to share the approach using EBM with the entire delivery organization in an All-Hands meeting.

During the All-Hands, the CEO walked the delivery teams through the goal, strategy, investment, EBM scoreboard, and Product Backlog. Toward the end of the session, attendees got a chance to ask questions and share their concerns. As the attendees left the session, they provided feedback on what improvements the leaders might make.

As a way to drive the needed improvement in communication, they began holding monthly updates with the delivery teams. They began with an update on the company goals and how the company was doing from financial and operational standpoints. Representatives >

from different departments were also invited to talk about how they were working to get back on track with the clarified goals. This was then followed by an interactive Q&A session where attendees suggested ideas to help the entire organization meet their goals more effectively. The second hour of these meetings consisted of product reviews.

These meetings helped increase transparency and alignment across the entire organization. After each meeting, the leaders sent out a survey for feedback. The leaders continuously refined the flow of the meetings in partnership with the teams. Over time, the leaders saw measurable improvements in employee satisfaction. Due to the regular monthly cadence and consistent format of the meetings, there was a greater sense of awareness of what was important to the leaders and why. There was also a greater sense of ownership because the teams got an opportunity to provide feedback that altered the course of their company.

The I.T. organization used Tableau to build configurable EBM dashboards that integrated data from multiple systems of truth. By making these dashboards customizable, developers allowed users with different perspectives to add more data-sources and slice and dice existing data to provide meaningful, actionable insights for their departments. Very soon, the EBM dashboard had around 300 valuable metrics-based reports available for use.

This dashboard provided transparency to the entire organization and enabled data-driven decision at multiple levels. This exposure created more eyes on the data, which resulted in higher quality and more actionable data, driving higher operational performance. These dashboards included expense (non-payroll), revenue, product usage, and operational data.

## Results

The use of EBM transformed the way they run their business. Once they used EBM for one year, the company had its largest revenue growth in 10 years, with a 92% gain in adjusted EBITDA and an 85% gain in EBITDA margin. Additionally, they saw an increase in client satisfaction, and grew their employee [Net Promoter Score](#) from 26 to the high 60's.

## Key Factors

After reflecting back on their journey with EBM, the CEO identified some key factors that were critical to the transformation:

- **Transparency:** Clarifying the communication of top-level goals, starting with the why, and creating clear definitions of "Done". They also provided access to data across multiple levels of the organization.
- **Empowerment:** Empower the teams to collaborate on how to achieve the organizational goals set by the leaders.
- **Inspection:** Surveying attendees after each meeting to see what people found important and how they could improve.
- **Adaptation:** Applying feedback to adapt everything they could - from removing disempowering goals, to changing the agenda, to the quality of the chairs.
- **Cadence:** The monthly cadence continually reminded the whole organization of the organizational goals that were important and enabled alignment and focus. ◆



## About Scrum.org

Based on the principles of Scrum and the Agile Manifesto, Scrum.org provides comprehensive training, assessments, and certifications to *improve the profession of software delivery.*

Throughout the world, our solutions and community of Professional Scrum Trainers empower people and organizations to achieve agility through Scrum.

Ken Schwaber, the co-creator of Scrum, founded Scrum.org in 2009 as a global organization, dedicating himself to improving the profession of software delivery by reducing the gaps so the work and work products are dependable.

Read more about Evidence-Based Management by visiting:

[www.scrum.org/EBM](http://www.scrum.org/EBM)