



## ScrumWorks Pro – Best Practice Guide:

### Getting Started with Business Value



## Pre-requisites:

- Understanding of the product backlog, backlog effort estimation
- See: Best Practice Guide: Backlog Estimation



## Goal: Explicit Prioritization of Requirements

- “One characteristic of excellent requirements is that they are explicitly prioritized.”
- “When customer expectations are high, timelines are short, and resources are limited, you want to make sure the product contains the most essential functions.”
- “Establishing each chunk of functionality’s relative importance lets you sequence construction to provide the greatest product value at the lowest cost.”

Source: Wiegers, Karl, “First Things First: Prioritizing Requirements”, *Software Development*, September 1999.



# In practice this is challenging

- Customers want everything (now!)
  - “If left to their own devices, customers will set perhaps 85% of the requirements at high priority, 10% at medium, and 5% at low priority.”
- Forces decisions about *when* features will be delivered, since delivering “everything” is often not realistic.
- Active prioritization reduces likelihood of design death.

Source: Wiegers, Karl, “First Things First: Prioritizing Requirements”, *Software Development*, September 1999.



# Business Value Weighting helps Product Owners prioritize requirements

- Prioritize Items relative to each other using a Cost/Benefit analysis per Backlog Item
- Cost = Backlog Effort estimate
  - Team provides
- Benefit = A business value
  - Assigned by the Product Owner
    - In any units of value desired, (e.g., currency)
    - Or a relative value system (e.g., scale of 1-10)

# Relative Weight Method

- Consider both presence and absence of features

Feature	Relative Benefit	Relative Penalty	Total Value	Value %	Estimate	Cost %	Priority
API	8	6	14	42	32	53	0.79
RSS feeds	9	2	11	33	21	34	0.92
Drag-n-drop tool	3	5	8	25	8	13	1.92
<b>Total</b>	<b>20</b>	<b>13</b>	<b>33</b>	<b>100</b>	<b>61</b>	<b>100</b>	

Source: Wiegers, Karl, "First Things First: Prioritizing Requirements", *Software Development*, September 1999.



# Using ScrumWorks Pro's Business Weight feature

Create Business Weights for items:

- Relative Benefit
- Relative Penalty
- Sum of Benefit and Penalty is the Business Weight

Create Estimates

- Backlog Effort Estimates



# Using ScrumWorks Pro's Business Weight feature

- Business Weight % =
  - Business Weight of Item / Sum of Business Weights in the Release
- Effort % =
  - Effort Estimate of Item / Sum of Effort Estimates in the Release



# Using ScrumWorks Pro's Business Weight feature

- ROI =
  - Business Weight % / Effort %
- ROI is an index to help in the prioritization process
  - Cost-Benefit Analysis



# Example

- Let's look at an example in ScrumWorks Pro



+ Team
Product Backlog

Uncommitted Backlog Items/Tasks	Backlog Effort	BW	BW %	ROI
<input checked="" type="checkbox"/> 2.0 stable (ScrumWorks Pro)	Total: 145			
<input type="checkbox"/> [Estimate, Web Report...] Summary statis...	5	14	2%	2.23
		3	0%	2.39
		8	1%	3.19
		6	1%	1.2
		10	2%	1.33
		10	2%	-
		10	2%	1.99
		5	1%	1.99
		5	1%	1.99
		11	2%	2.19
		-	-	-
		7	1%	1.86
		3	0%	-
		8	1%	3.19
		9	1%	1.79
		8	1%	1.59
		12	2%	1.59
		4	1%	1.59

Edit Backlog Item
✕

**Title:**

**Description:**

user story: as a report viewer, i want summary statistics on data columns such as BW% , the number PBI effort points, and BW so that I better understand the state of the releases selected.  
  
 Done when:  
 - Summary matrix included at bottom of PBI web reports with rows for: Total, Total Remaining, Total In Progress, Total Done  
 - The following columns show summary statistics: PBI effort, BW, BW%  
 - Background color of summary matrix table offsets it from the rest of the data visually.  
 (Optional: - UI presents option to include summary

**Release:**

**Status:**

Estimates

Estimates:

**Effort:**   
in headaches (0-16)

**Benefit:**   
(of inclusion in Product)

**Penalty:**   
(of omission from Product)

Business Weight:

**Business Weight (BW):** 14  
Benefit + Penalty bw points

**BW %:** 2%  
BW / sum of all BWs in Release

**ROI:** 2.23  
BW % / Effort %