Hypergrowth vs LeSS:

Experience from the trenches

Denis Salnikov

- **Agile Consultant** @ Agile Expat
- **Certified Trainer** @ Co-actors
- **Head of Agile Practices** @ PandaDoc
- **Scrum Master** since 2014
- Based in **Krakow, Poland**

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01 **Hypergrowth**

What is Hypergrowth and can it be avoided?

02 **Experience from the trenches**

Stories of Hypergrowth and its implications at two startups

03 **Lessons learned**

My personal takeaways

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01 Hypergrowth

What is Hypergrowth and can it be avoided?

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What is Blitzscaling?

> "Blitzscaling drives "lightning" growth by prioritising speed over efficiency, If you're willing to accept the risks of blitzscaling when others aren't, you'll be able to move faster than they will. Creating a "first-scaler advantage."

Reid Hoffman, Chris Yeh

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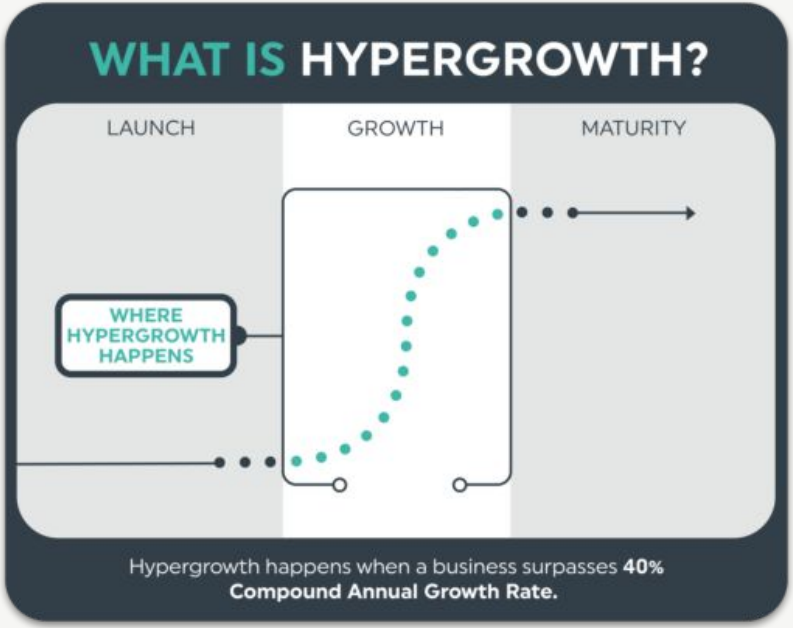
What is Hypergrowth?

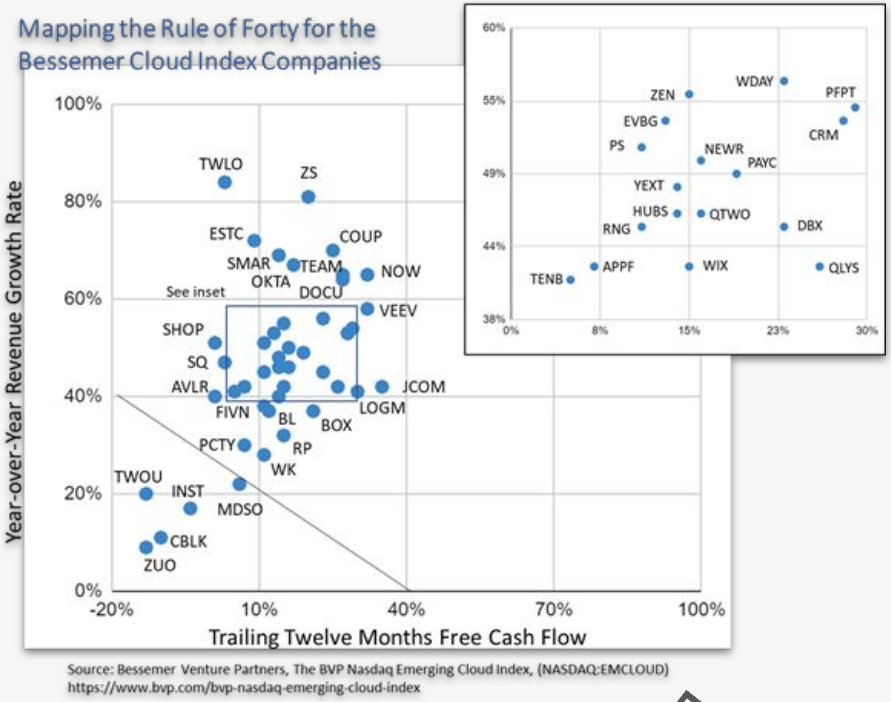
"Achieving hypergrowth means maintaining a 40%+ average annual growth rate for more than one year."

The World Economic Forum



The Rule of 40

"... is a principle that states a software company's **combined revenue growth rate and profit margin should equal or exceed 40%.**
SaaS companies above 40% are generating profit at a rate that's sustainable, whereas **companies below 40% may face cash flow or liquidity issues.**"



Source: Bessemer Venture Partners, The BVP Nasdaq Emerging Cloud Index, (NASDAQ:EMCLOUD)
https://www.bvp.com/bvp-nasdaq-emerging-cloud-index

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What it takes to achieve?

> "The kind of growth involved in blitzscaling typically means major human resources challenge. Tripling the number of employees each year isn't uncommon for a blitzscaling company."

Reid Hoffman, Chris Yeh

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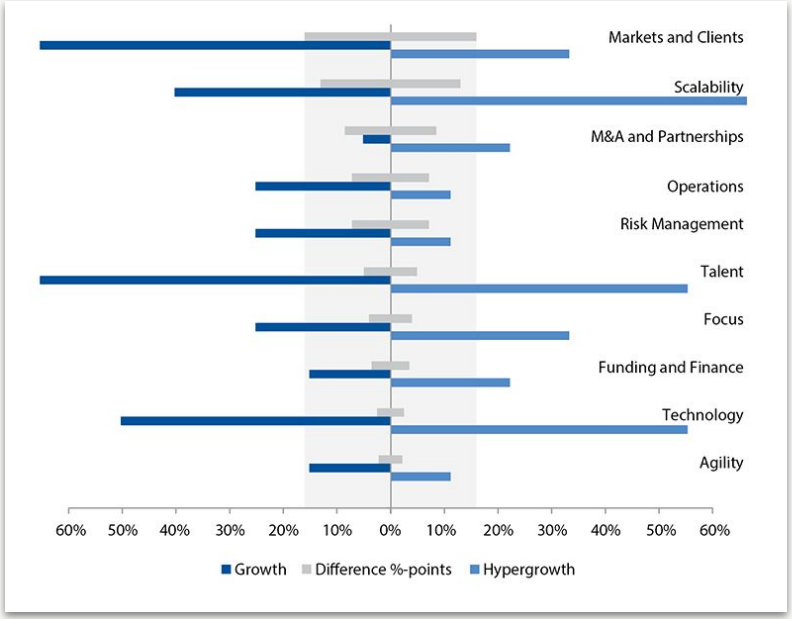
Focus during Hypergrowth

The top priorities of hypergrowth companies are **Scalability**, **Talent**, **Technology** and **Clients**.



Content

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Case One

Current structure:
Unknown

Growth rate:
From 35 to 200
people in 10 months

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Dec ‘18

1 team (7 Developers)

One-team Scrum in a single location

Dec ‘18

1 team (7 Developers)

One-team Scrum in a single location

Apr ‘19

3 teams (~20 Developers)

LeSS-like setup with a single PO and three teams at two different locations

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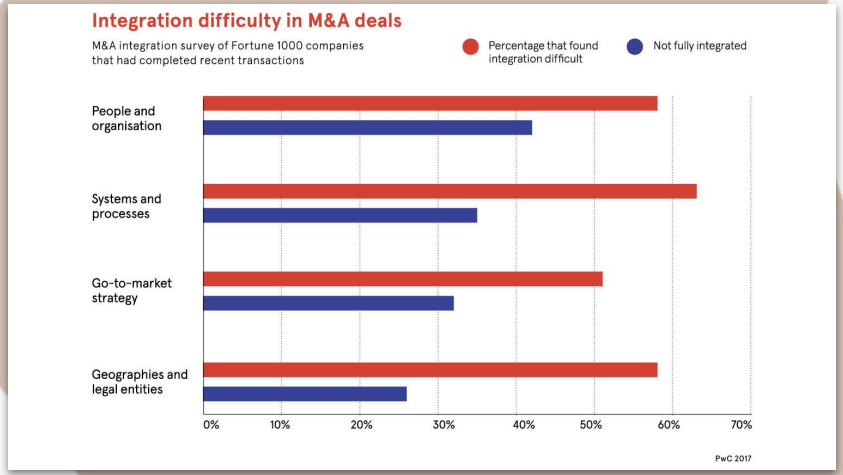
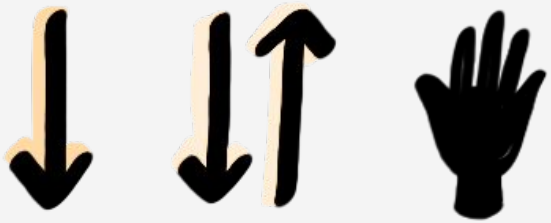
Post-M&A culture clash

> "Culture has emerged as one of the dominant barriers to effective integrations. In one study, culture was found to be the cause of 30 percent of failed integrations."

"Cultural issues in mergers and acquisitions" by Deloitte



Temporary parallel org



"...you keep your existing organization as it is and gradually build the new organization next to it, starting with a few feature teams or one Requirement Area..."

LeSS Guide of Parallel Organization

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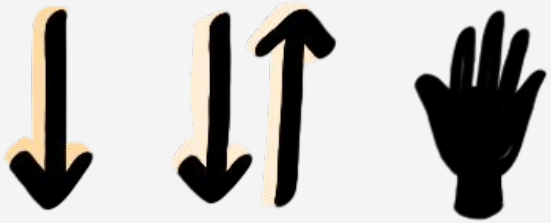
Temporary parallel org



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LeSS Guide of Parallel Organization

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Retaining existing teams

"A Team stays together 'forever.' Anyone who has ever been on a real long-lived team knows that teams get better as the team members get to know each other and learn how to do and improve work together."

LeSS.works website

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LeSS.works website

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One-team Scrum in a single location

Apr ‘19

3 teams (~20 Developers)

LeSS-like setup with a single PO and three teams at two different locations

Sept ‘19

5 teams (~40 Developers)

LeSS setup with a single PO and five teams at three different locations

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If you want to learn more about this case

Check out my
case study from the
LeSS Day Europe 2020.

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Case Two

Current structure:
LeSS Huge of
45 teams in 8 RAs

Growth rate:
From 150 to 800 people
in 1,5 years

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Sept ‘20

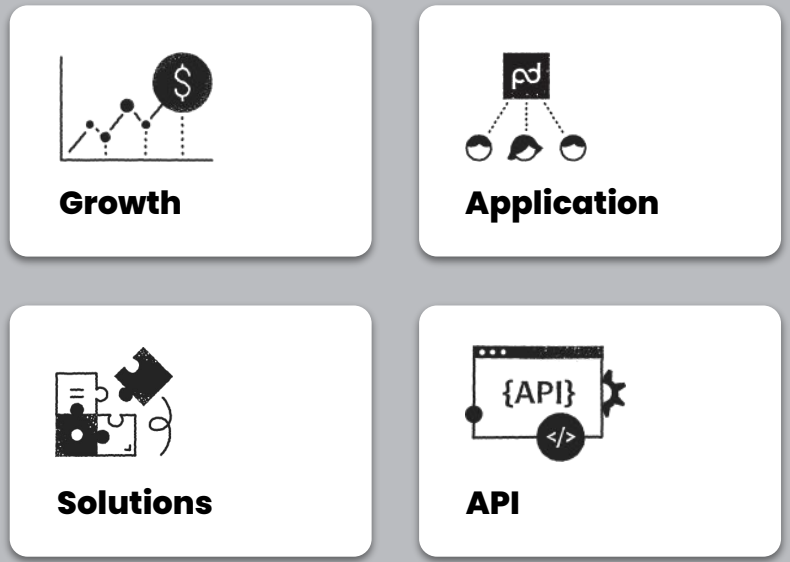
12 teams (~100 Developers)

LeSS setup with
co-located teams

Defining and forming RAs

> "Feature teams scale nicely, but when their number goes above eight teams additional structure is needed. Requirement areas provide this structure and complement the concepts behind feature teams."

LeSS.works website



Volunteering

"Use volunteers! True volunteering is a powerful way of engaging peoples' minds and hearts. It's underused, probably due to the feeling of loss of control by managers. But for people in teams it feels empowering."

LeSS.works website

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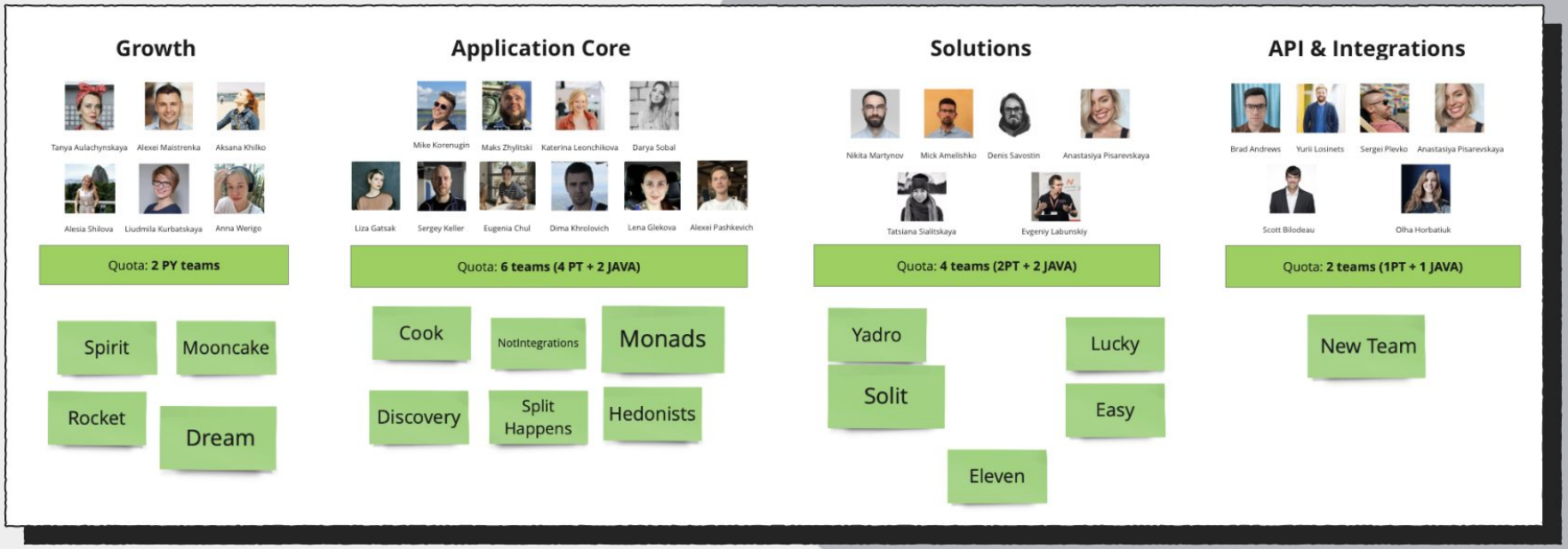
RAs self-design



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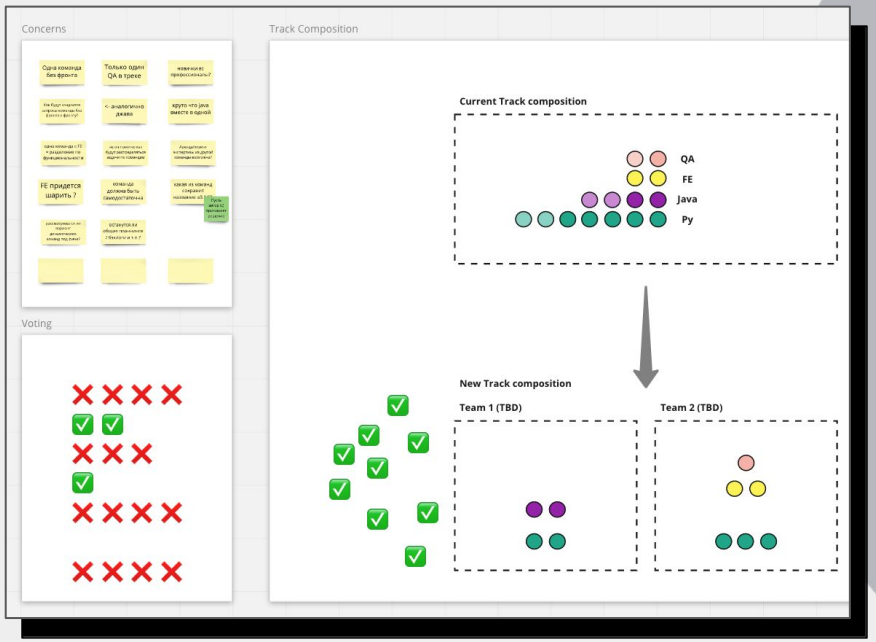
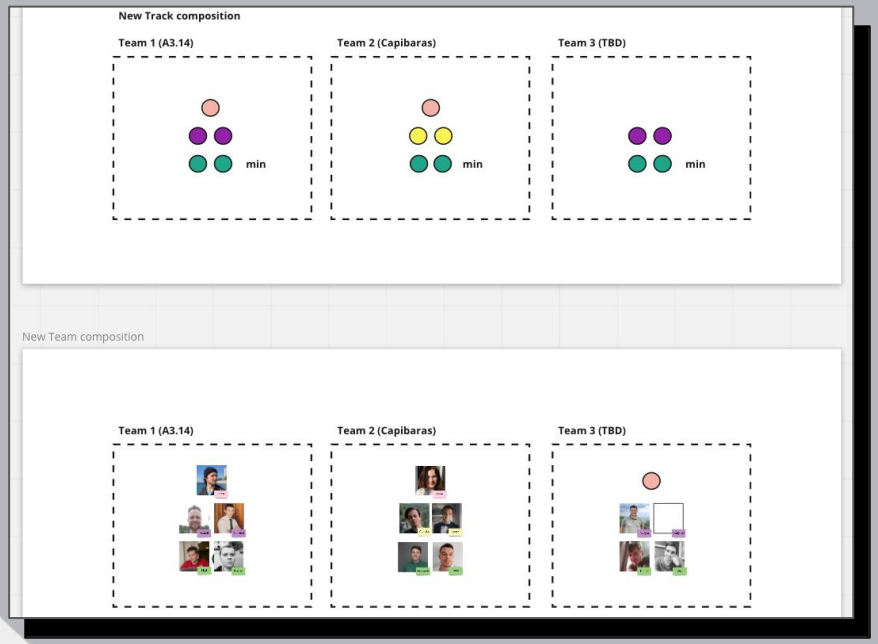
Teams self-design





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LeSS.works website

LeSS conference

Mar ‘21

19 teams (~140 Developers)

LeSS Huge setup with 5
RAs (fully remote)

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Onboarding newcomers

> "Feature teams scale nicely, but when their number goes above eight teams additional structure is needed. Requirement areas provide this structure and complement the concepts behind feature teams."

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Source: Brandon Hall Group

Onboarding newcomers

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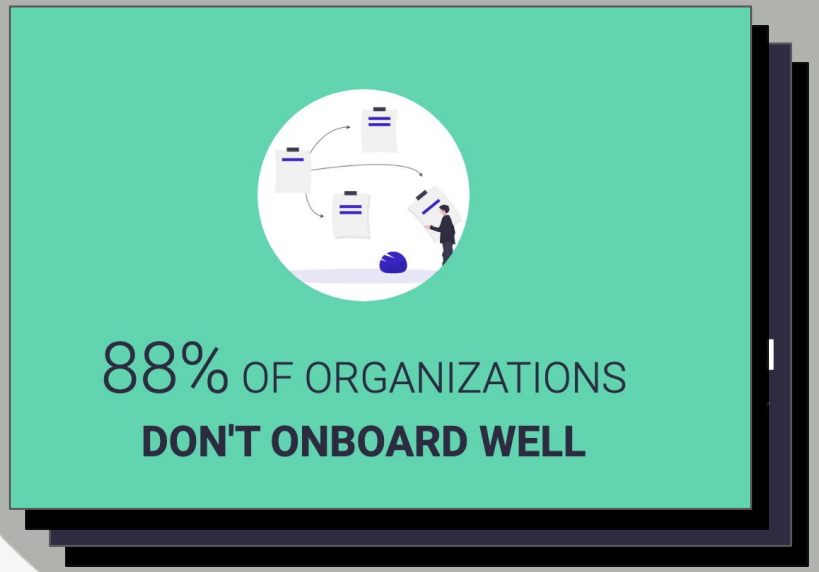
LeSS.works website

Source: Gallup



Source: Brandon Hall Group

Engineering Bootcamp

"An Engineering Bootcamp starts every Sprint for all engineers who have just joined the company. A team is formed from newcomers, who work through the stages of PBR, Planning and other Scrum events."

PandaDoc knowledge base

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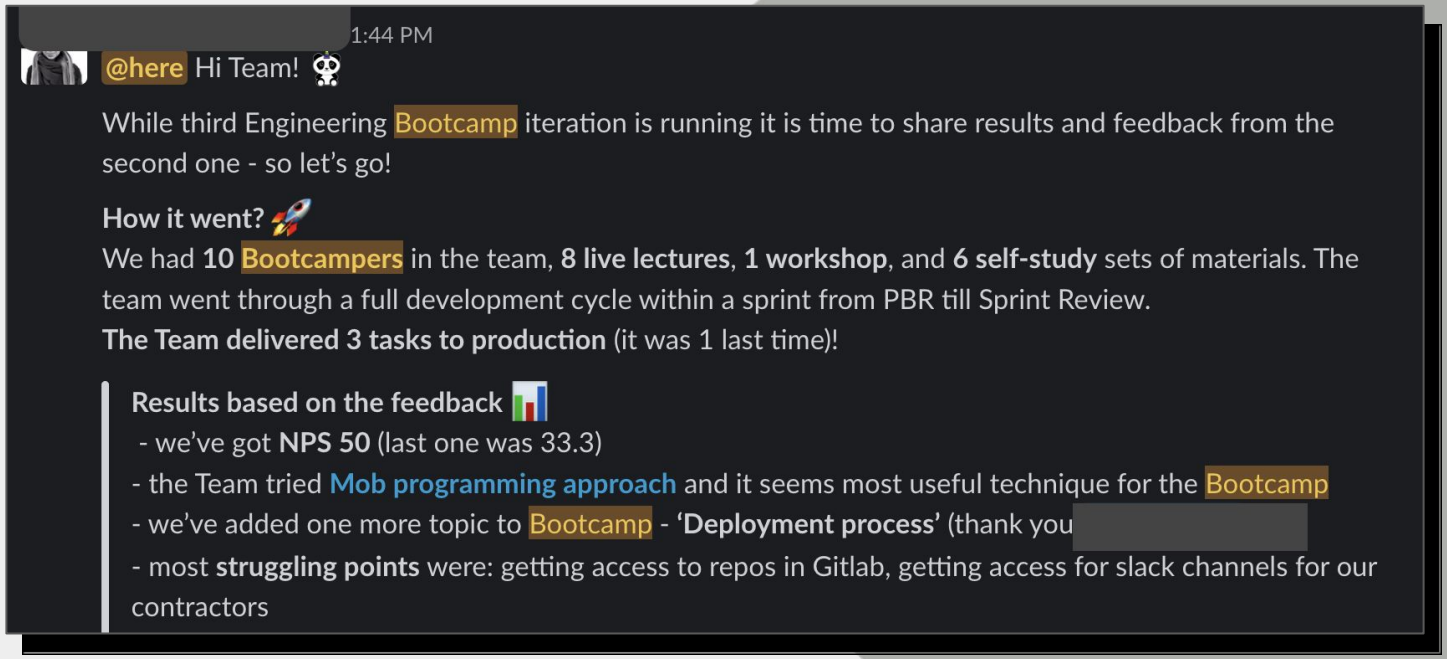
Bootcamp feedback



[redacted] 1:44 PM

@here Hi Team! 💀

While third Engineering Bootcamp iteration is running it is time to share results and feedback from the second one - so let's go!

How it went? 🚀
We had **10** Bootcampers in the team, **8 live lectures**, **1 workshop**, and **6 self-study** sets of materials. The team went through a full development cycle within a sprint from PBR till Sprint Review.
The Team delivered 3 tasks to production (it was 1 last time)!

> **Results based on the feedback** 📊
> - we've got **NPS 50** (last one was 33.3)
> - the Team tried Mob programming approach and it seems most useful technique for the Bootcamp
> - we've added one more topic to Bootcamp - **'Deployment process'** (thank you [redacted]
> - most **struggling points** were: getting access to repos in Gitlab, getting access for slack channels for our contractors

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Engineering Bootcamp

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PandaDoc
knowledge base

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“Onboarding” teams

“Self-managing teams do not just happen, they need the right environment. The organization is responsible for supporting the team development by creating the conditions needed for teams to succeed.”

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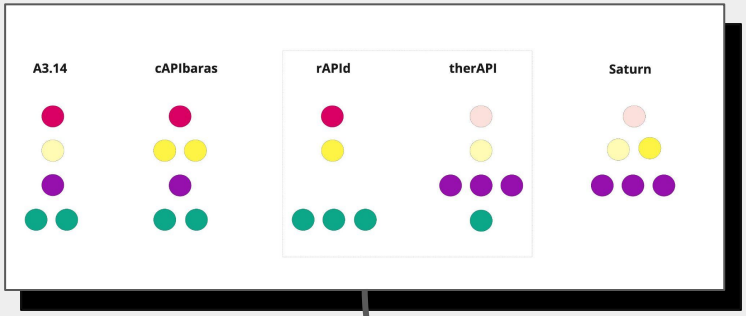
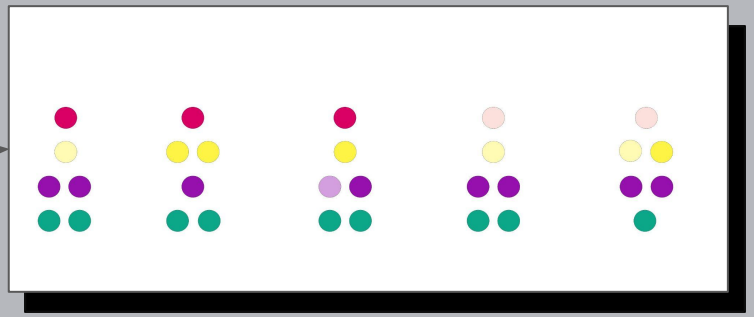
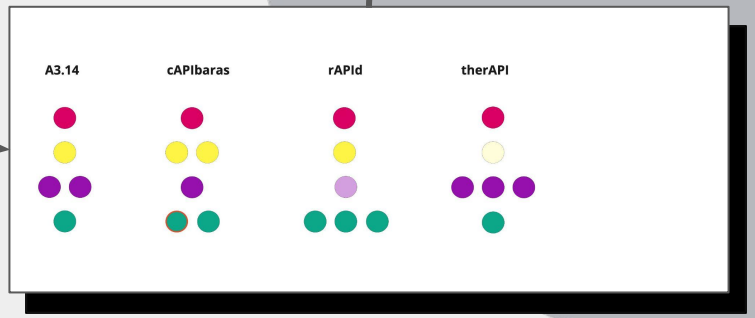
Chosen via volunteering







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19 teams (~140 Developers)

LeSS Huge setup with 5
RAs (fully remote)

Sept ‘20

12 teams (~100 Developers)

LeSS setup with
co-located teams

Sept ‘21

37 teams (~270 Developers)

LeSS Huge setup with
9 RAs (fully remote)

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Kicking-off new RAs

> “ ...in the early stages of growth, a startup focuses on doing one thing and doing it well ... as they continue to pursue lightning-fast growth it becomes necessary to introduce multiple product lines or even business units.”

Reid Hoffman, Chris Yeh

Small Requirement Areas

"LeSS Huge is the second LeSS Framework, which is suitable for LeSS adoptions of more than eight teams. Conceptually is it LeSS scaled up further by having multiple (smaller) LeSS frameworks stacked on top of each other."

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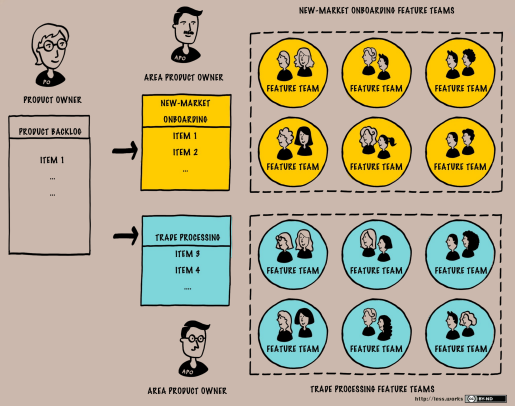
More with LeSS



"Tiny areas ... reduce visibility into overall product-level priorities, increase local optimizations, increase coordination complexity, ... and lack the flexibility to take on the emerging highest-value items from a company perspective."

Craig Larman, Bas Vodde

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Small Requirement Areas

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LeSS Huge setup with
9 RAs (fully remote)

Sept ‘22

45 teams (~320 Developers)

LeSS Huge setup with
8 RAs (still fully remote)

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If you want to learn more about this case

Join me and Evgeniy Labunskiy in this room **tomorrow, 11:30 am. :)**

20 examples of unintended consequences of LeSS experiments

Track: Experience Room: SALA MARMUROWA

Date: September 23, 2022 Start Time: 11:30

Length: 45 minutes

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Experiments

01 Parallel Org

Might be a good strategy for the M&A scenario

02 Retaining existing teams

Might not be the best choice for the M&A scenario

03 Engineering Bootcamp

Nice-to-have practice if you have sufficient number of newcomers to batch them

04 Use volunteering

Stories of Hypergrowth and its implications at two startups

05 “Onboarding” teams

Nice way to spread existing culture amongst newcomers

06 Small Requirement Areas

Having too small RAs undermines organisational adaptiveness.

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My takeaways

- Look for a **“healthy” new joiners ratio** when hiring for Hypergrowth
- Prioritise **Cultural Fit over Expertise**
- Do not treat M&A and “regular” Hypergrowth **the same way**
- LeSS practices and experiments (combined with common sense) **work in such conditions too**

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Q&A time

The idea of this topic was born at the LeSS Coach Camp.
Join us in Malaga, Spain next May!

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Thank you!

Denis Salnikov
denis@agileexpat.com
+48 571 062-112

Agile Expat