



Scrum.org™  
The Home of Scrum

# The Agile Product Operating Model (APOM)

*Aligning Incentive programs with value*

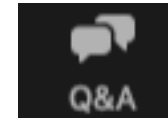
Dave West - CEO, Scrum.org

Special Guest – Darrell Fernandes - Exec Advisor

July 10<sup>th</sup> 2025

# Quick Guidelines

- Your microphones will be muted throughout
- This session is recorded. The recording and slides will be available after the webinar within 24 hours.
- Please ask questions!
  - Submit questions by selecting the Q & A icon:



# Who Is Scrum.org

Mission:  
*Helping People and  
Teams Solve  
Complex Problems*



**Ken Schwaber**  
Scrum.org Founder,  
Chairman and  
Co-creator of Scrum



# Look Who's Talking



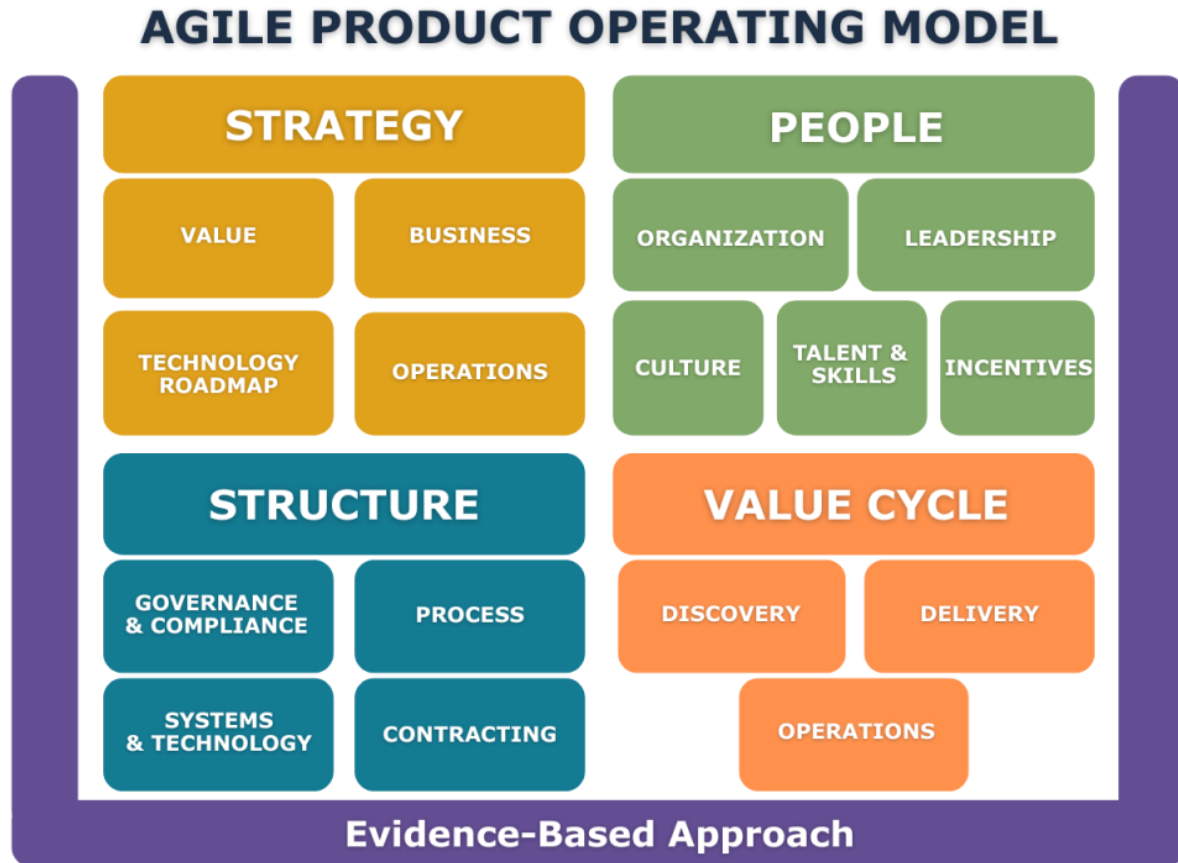
- Dave West
- CEO Scrum.org
- [Dave.west@scrum.org](mailto:Dave.west@scrum.org)
- [Linkedin.com/in/davidjustinwest](https://www.linkedin.com/in/davidjustinwest)

# Look Who's Talking



- **Darrell Fernandes, Executive Advisor**
  - Scrum.org & Planview
- Former
  - Head of Product & Platform Technology, TIAA
  - CIO Strategic Investment Platforms and Data, Fidelity Investments
- “Agilist” since 1995 & “Product Modeler” since 2007
- Mentor, Women Unlimited
- Board Member: UNH CEPS, WV Foundation

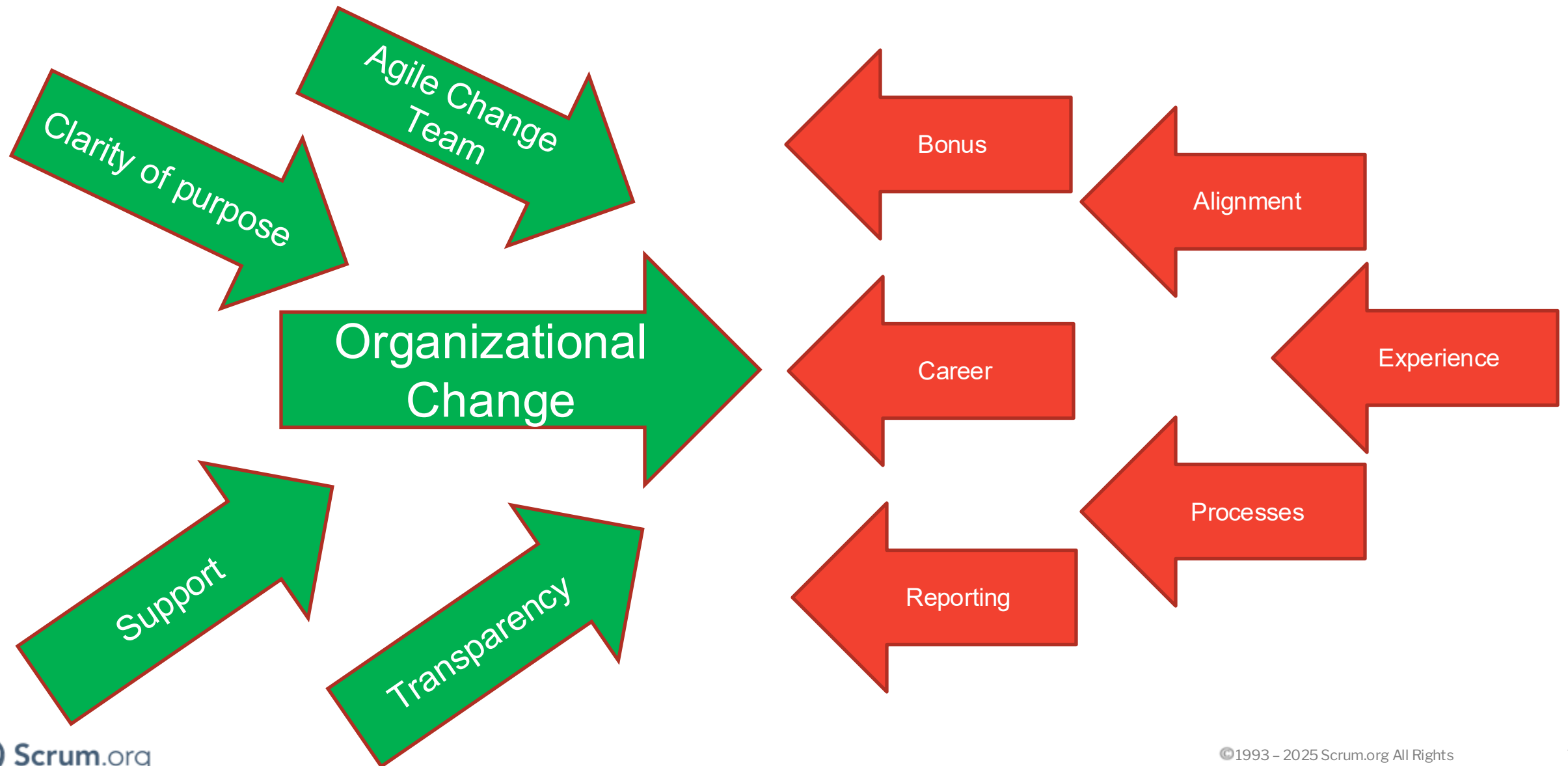
# What Is APOM?



<https://www.scrum.org/agile-product-operating-model>

- Products become the primary way in which digital value is organized
- Each product has its own operating model
- Characteristics of the model
  - Unique
  - Holistic
  - Empowered Teams
  - Built to change
  - Complete
  - Empirical
  - Evidence based

# Adopting APOM Requires Change



# What Are Incentives

## Tangible

- Base salary
- Short term incentives
  - Bonus
  - Commissions
  - Profit share
- Long term incentives
  - Stock options
  - Restricted Stock Units
- Title & Position

## Intangible

- Authority
- Autonomy and control
- Peer recognition and esteem
- Resume additions (skills, public materials)
- Purpose and meaning

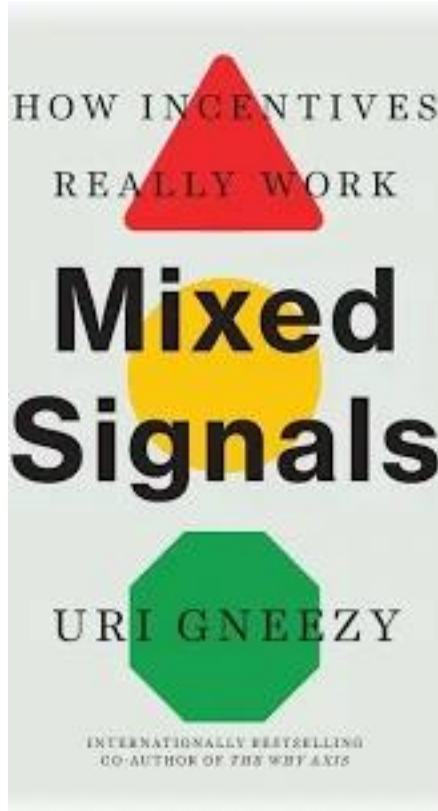


# Incentives & Change

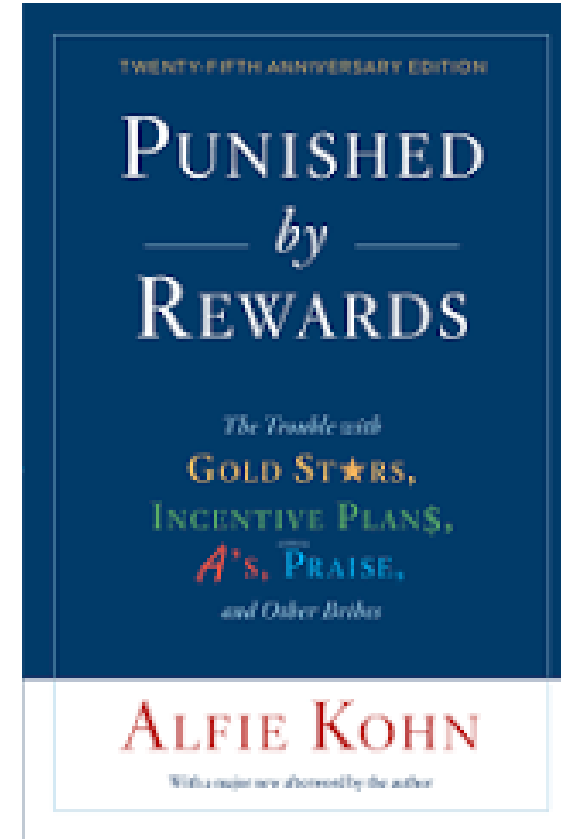
1. Incentives drive short term compliance not lasting change
2. Incentives can override other motivation
3. Incentives can shift focus from meaningful work to achieving targets
4. Misaligned incentives can lead to unethical behavior
5. The wrong incentives can lead to unintended consequences

**Incentives always exist but without careful thought they can undermine any change**

# Lots of Debate On The Value of Incentives



“If you want innovation and risk-taking, don’t send a mixed signal by punishing failures — reward them!”



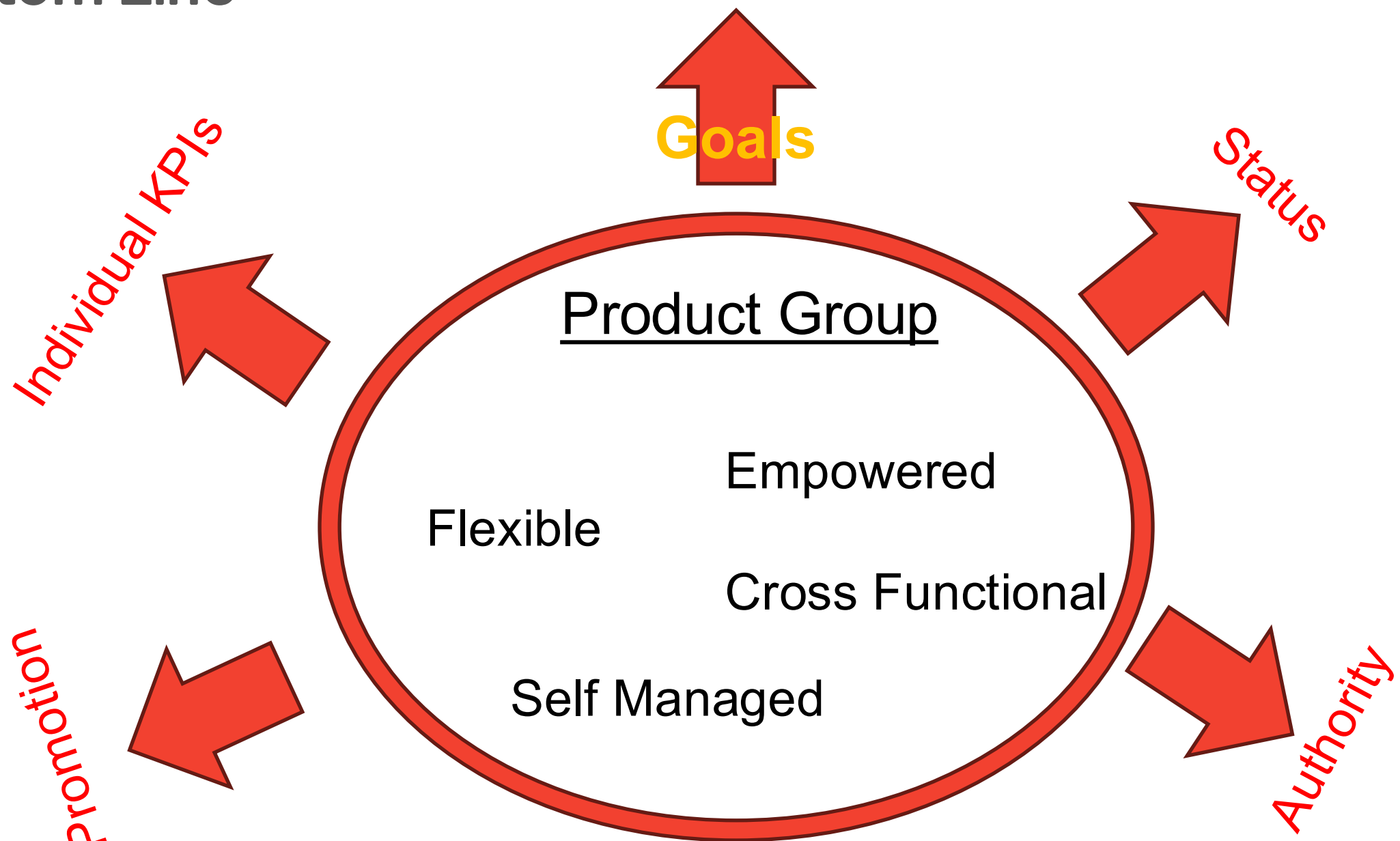
“If I offered you a thousand dollars to take off your shoes, you’d very likely accept and then I could triumphantly announce that ‘rewards work’ But as with punishments, they can never help someone develop a commitment to a task or action, a reason to keep doing it when there’s no longer a payoff.”

# Skinnerian Management & Complex Work

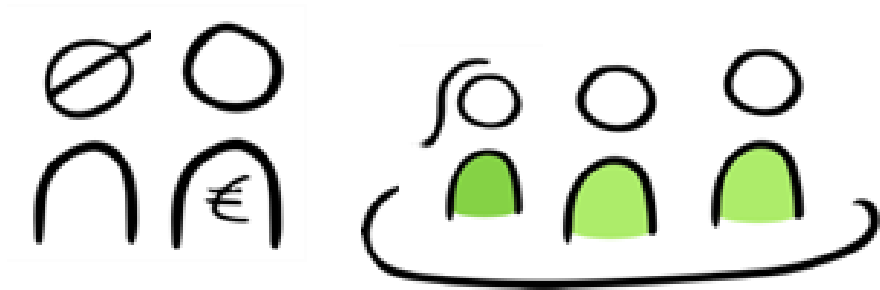


- Using reinforcement, punishment and extinction (withholding reinforcement)
- Consequence driven – Past behavior influences future behavior
- Clear expectations
- Systemic approach involving measurement
- But can lead to
  - Manipulative and dehumanizing
  - Demotivates intrinsic motivation
  - Short term focus
  - Does not work for complex tasks where outcomes and work is hard to measure
  - Avoids the why!

# Bottom Line



# Incentives and Motivation



What motivates people?

1. Autonomy
2. Mastery
3. Purpose

- Incentives can provide short term motivation pushes
- The wrong incentives can undermine motivation from the start
- Any incentive can undermine long term motivation and alignment
- Incentives, goals, vision, mission, personal goals, career goals can confuse and blur what our focus is

Source: Daniel H. Pink, *Drive: The Surprising Truth About What Motivates Us*, Riverhead Hardcover, 2009

# Start Ups and Incentives



1. Salary – Enough to get the talent you want but not as much as the big companies
2. Options – Everyone is on the same page to what our goal is
3. Bonus – Short term, annual incentives to keep people on board

*Simple, clear, transparent and maybe fair*

# Establishing “Small Business Accountability”

**Value Driven**

*Revenue + Cost + Risk*

**Aligned to Success**

*Urgency of Survival, everyday*

**Sense of Pride & Ownership**

*Anyone will do what it takes*

**Clarity of Mission & Vision**

*Why!*





# Driving “Small” Accountability in a “Large” Organization





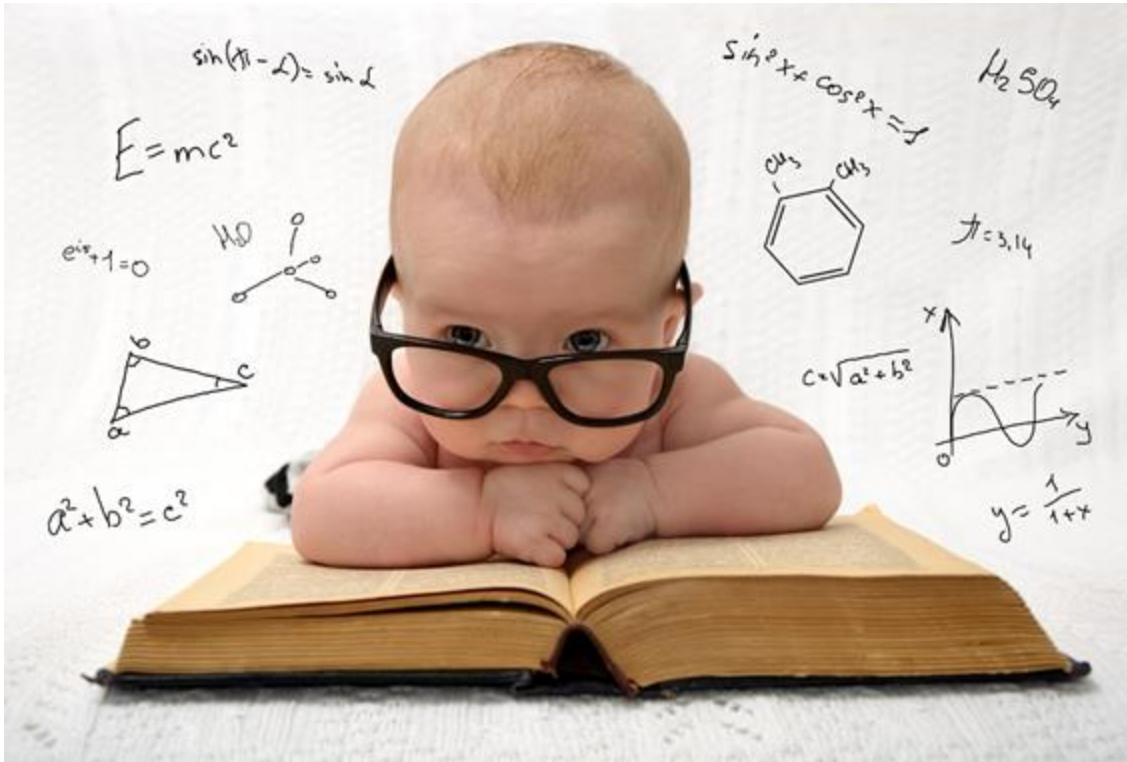
# Principles For Success

- Incentives are unique to the individual understand what the tangible and intangible incentives are for that person
- Simple transparent tangible incentives
- Product goal must be part of incentive in some way
- Team incentives should be more important than individual incentives
- Individual incentives (if present) should focus on helping others, flexibility and building skills
- Balance short term and long term goals

# FAIR

*Not as simple as you think*

# New Bottom Line – People are Complex!



If we want to change incentives we have to use an agile process

1. Understand their effect on the system (people)
2. Build a goal
3. Experiment
4. Make the team part of the solution

Partnering with HR is crucial

# What Is Important For APOM?

- Incentives must align to outcomes needed

Flexible

Willing to  
take risks  
and  
empirical

Cross  
functional  
& can  
deliver

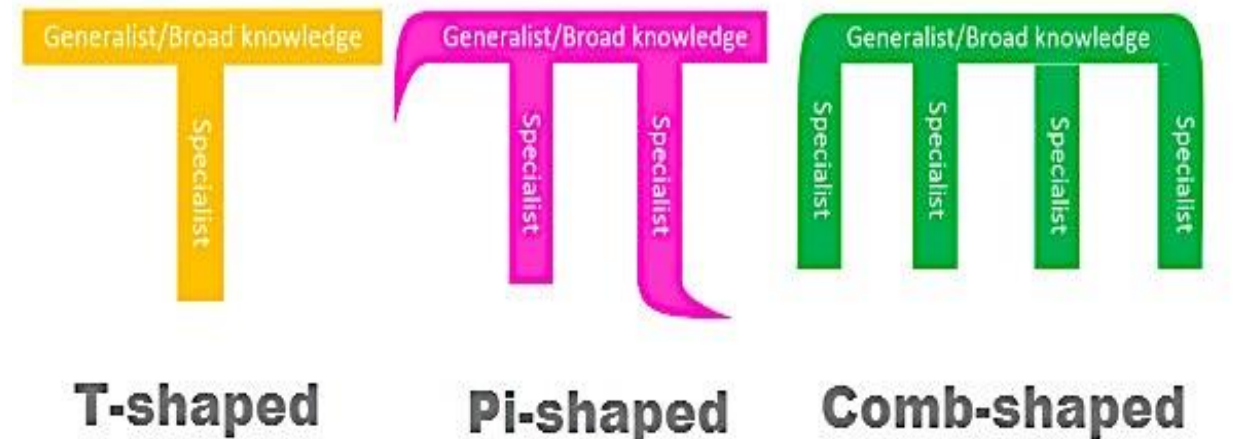
Focused  
on the  
Goal

# Customer / Business + Skills = Magic!

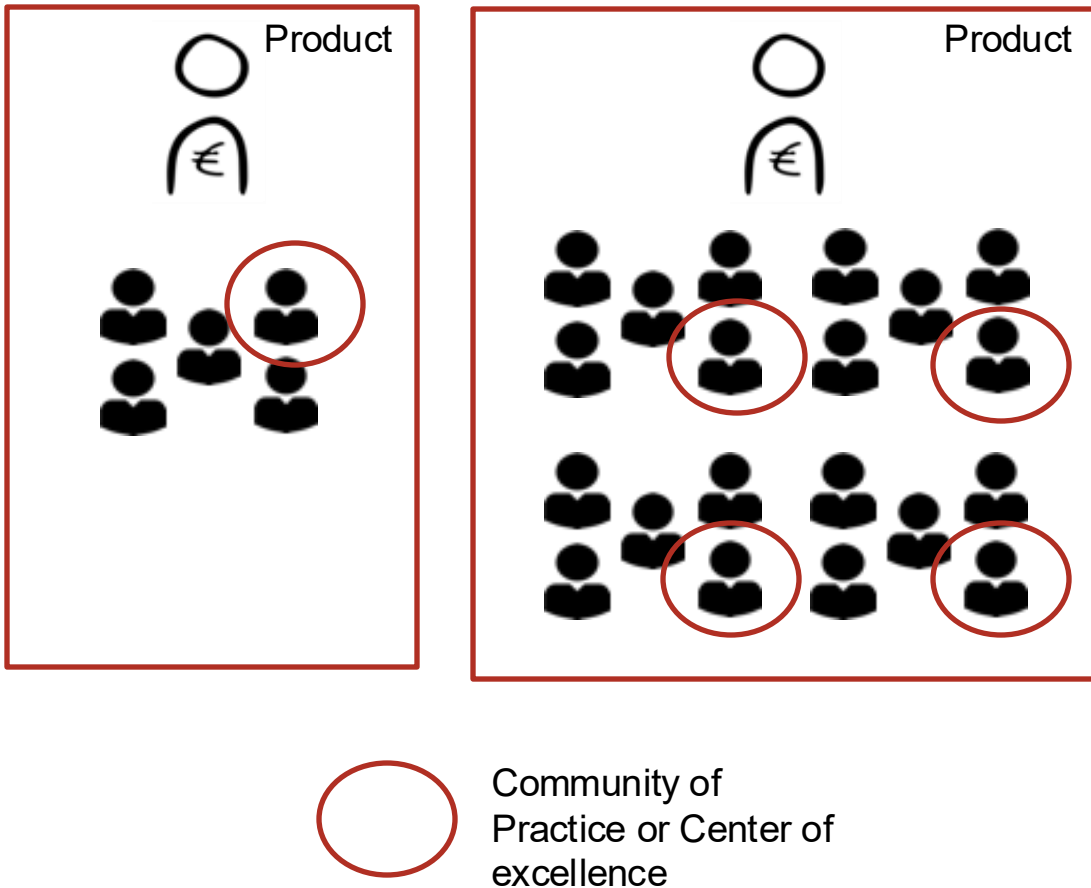
Good Understanding of the Context / Business

Specialist Skills

- Everyone needs to know the customer / context / business
- Individuals bring specialist skills and experience to the mix
- Specialist skills are supported by community (inside and outside of the organization)

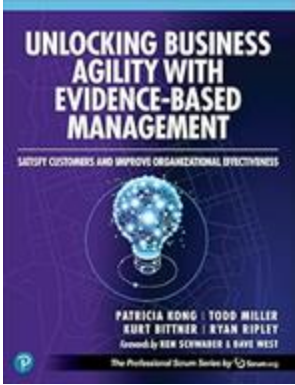


# People Centric



- Separate Talent Mgt from Work Mgt
- Promotion and development can be achieved by mastery and mentorship
- Ask not what I have done, but who have I helped
- Provide time, space money to develop technical and skill-based community
- Similar to the enabling team's idea from Team Topologies

# Measures That Help Drive Success



## Evidence Based Management (EBM)

- Unrealized Value (UV)
- Current Value (CV)
- Ability to Innovate (A2I)
- Time to Market (T2M)

## Flow Metrics



### Flow Velocity

- Flow Efficiency
- Flow Time (T2M)
- Flow Load
- Flow Distribution

# Summary



Think holistically

- Incentives always exist and over time will undermine any change that is not aligned with them
- Focus on incrementally removing negative incentives
  - Make impact transparent
  - Use systems approach
  - Measures can help
- APOM is a people centric approach so think about the people!

**And they will change**



# Connect with the Scrum.org community



**Forums**  
Scrum.org



**X**  
@scrumdotorg



**LinkedIn**  
LinkedIn.com/  
company/  
Scrum-org



**Facebook**  
Facebook.com  
/Scrum.org



**RSS**  
Scrum.org/RSS



**YouTube**  
@ScrumOrg

