



# QUESTION & ANSWER

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**Exam:**            **PAL-EBM**

**Title:**            Professional Agile  
Leadership - Evidence  
Based Management (PAL-  
EBM)

**Version:**        DEMO

1. An organization manages a portfolio of products across multiple industries. The organization is also trying to evaluate the effort and risk of launching a new product in a new market. The product has less competition and it is wondering if it should pursue these untapped opportunity. The company wants to know if it should make further investments.

Which KVA should the organization evaluate? (Choose the best answer)

- A. Current Value
- B. Time to Market
- C. Unrealized Value
- D. Ability to Innovate

**Answer: C**

**Explanation:**

Unrealized Value suggests the potential future value that could be realized if the organization could meet the needs of all potential customers or users.

The goal of looking at Unrealized Value is for the organization to maximize the value that it realizes from a product or service over time.

When customers, users, or clients experience a gap between their current experience and the experience that they would like to have, the difference between the two represents an opportunity; this opportunity is measured by Unrealized Value.

Questions that organizations need to continually re-evaluate for unrealized value are:

1. Can any additional value be created for our organization in this market or other markets?
2. Is it worth the effort and risk to pursue these untapped opportunities?
3. Should further investments be made to capture additional Unrealized Value?

The consideration of both CV and UV provides organizations with a way to balance present and possible future benefits. Strategic Goals are formed from some satisfaction gap and an opportunity for an organization to decrease UV by increasing CV.

Example: A product may have low CV, because it is an early version being used to test the market, but very high UV, indicating that there is great market potential. Investing in the product to try to boost CV is probably warranted, given the potential returns, even though the product is not currently producing high CV.

Conversely, a product with very high CV, large market share, no near competitors, and very satisfied customers may not warrant much new investment; this is the classic cash cow product that is very profitable but nearing the end of its product investment cycle with low UV.

2. Which of the following statements about EBM (Evidence-Based Management) are true? (Choose all that apply)

- A. Based on best available evidence, EBM (Evidence Based management) helps organizations improve their ability to make decisions on ways to improve.
- B. Evidence-Based Management improves the quality of managerial decision-making through the integration of current best evidence with practical experience and human values.
- C. EBM (Evidence Based management) does not need the measures of current conditions nor does it need the measure of experimental impacts.
- D. EBM (Evidence Based management) enables organizations to systematically improve their performance over time and refine their goals based on better information.

**Answer: A,B,D**

**Explanation:**

Using intentional experimentation and evidence (measures), EBM enables organizations to systematically improve their performance over time and refine their goals based on better information. EBM helps organizations to consider the best available evidence (to help them make decisions on ways to improve):

1. By measuring current conditions.
2. Setting performance goals.
3. Forming small experiments for improvement that can be run quickly.
4. Measuring the effect of the experiment.
5. Inspecting and adapting goals.

Evidence-Based Management improves the quality of managerial decision-making through the integration of current best evidence with practical experience and human values. The gathering, appraisal and application of evidence permit to better forecast the likelihood of business success and of achieving company goals. It permits organizational optimizations through the ongoing discovery of better practices and the removal of dysfunctional practices.

3.Which are the three types of goals described in the Evidence-Based Management framework?

(Choose three)

- A. The Strategic Goal.
- B. Nexus Goals
- C. The Intermediate Goal.
- D. Tactical Goals.
- E. Sprint Goals

**Answer:** A,C,D

**Explanation:**

Complex problems require organizations seek solutions toward in a series of small steps, inspecting the results of each step, and adapting their next actions based on feedback. This model has several key elements:

1. Strategic Goals: A Strategic Goal, which is something important that the organization would like to achieve. This goal is so big and far away, with many uncertainties along the journey that the organization must use empiricism.
2. Intermediate Goals: Because the Strategic Goal is aspirational and the path to it is uncertain, the organization needs a series of practical targets, like Intermediate Goals, achievements of which will indicate that the organization is on the path to its Strategic Goal. The path to the Intermediate Goal is often still somewhat uncertain, but not completely unknown.
3. Immediate Tactical Goals: Immediate Tactical Goals, critical near-term objectives toward which a team or group of teams will work help toward Intermediate Goals.
4. Starting State: A Starting State, which is where the organization is relative to the Strategic Goal when it starts its journey.
5. Current State: A Current State, which is where the organization is relative to the Strategic Goal at the present time.

4.Unrealized Value is a gap which can be measured by looking at the difference between: (Select one)

- A. All of the above / listed options.

- B. Current product / service market size when compared to the total market size.
- C. Actual user's experience when compared to the user's desired experience.
- D. Product gap when compared to the roadmap.

**Answer: C**

**Explanation:**

Empiricism asserts that knowledge comes from experience and making decisions based on what is known. Scrum employs an iterative, incremental approach to optimize predictability and control risk. The Strategic Goal is usually focused on achieving a highly desirable but unrealized outcome for a specific group of people that results in improved happiness, safety, security, or well-being of the recipients of some product or service. In EBM, we refer to this as Unrealized Value, which is the satisfaction gap between a beneficiary's desired outcome and their current experience. As the guide states: When customers, users, or clients experience a gap between their current experience and the experience that they would like to have, the difference between the two represents an opportunity; this opportunity is measured by Unrealized Value.

5. Organizations run experiments that are intended to advance them towards their current Intermediate Goal. As they run these experiments and gather results, they use the evidence to: (Select two best answers)

- A. Evaluate their existing strategic, intermediate and immediate actionable goals and determine their next steps to advance toward these.
- B. Create a work plan for the entire release.
- C. Validate or reject a hypothesis.
- D. Create reliable estimates.

**Answer: A,C**

**Explanation:**

Let's take this opportunity to understand hypothesis. Hypothesis by definition is a supposition or proposed explanation made on the basis of limited evidence as a starting point for further investigation. Hypothesis-driven development is based on a series of experiments to validate or disprove a hypothesis in a complex problem domain where we have unknown-unknowns. We want to find viable ideas or fail fast. Instead of developing a monolithic solution and performing a big-bang release, we iterate through hypotheses, evaluating how features perform and, most importantly, how and if customers use them. A hypothesis statement is a way of expressing assumptions in testable form. Once the team has a prioritized list of assumptions, the team would need to transform each assumption statement into a format that is easier to test: a hypothesis statement.

Example 1: We believe that users want to be able to select different themes because it will result in improved user satisfaction. We expect 50% or more users to select a non-default theme and to see a 5% increase in user engagement.

Example 2: We believe that creating an efficient communication system for recruiters and employers will achieve a higher rate of contact success and an increase in product satisfaction. We will know this is true when we see an increase in the number of replies from job seekers to recruiter contacts and an increase in the number of messages initiated by recruiters in our system.

Every experiment must be based on a hypothesis, have a measurable conclusion, and contribute to feature and overall product learning.

Organizations run experiments (which involve forming hypotheses) that are intended to advance the

organization toward their current Goals. As they run these experiments and gather results, they use the evidence they obtain to evaluate their existing strategic, intermediate and immediate actionable goals and determine their next steps to advance toward these. Based on the results, hypothesis are also validated or rejected.