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Can We Trust Story Points as a Measure of Effort?

Many people worry that Story Points do not help us estimate effort. They are, after all, “estimates” with the additional problem of being “unit less” - how does that work? The reality is that point based estimates provide a more realistic view than time tracking systems.

It turns out that a story point view of estimated effort is highly correlated with actual work time. Agile practices help teams drive toward high correlation between estimated points and actual time. One goal of agile is to improve overall forecasting starting with the commitment made during sprint planning. Teams that embrace agile estimating principles examine their estimation points and outcomes, trying to ensure that their sprint forecasts are roughly met by the sprint result. If there is wide variation, teams would discuss improvements at a retrospective (see What Can We Do To Improve Our Point Based Estimates? for specific ideas on this).

In many ways the approach leads to better tracking of effort. When we track stories, estimation points and completion dates (sprint end dates), we know exactly which team did the work, we usually have a day-by-day task burndown and we have a proportional allocation (see How Do I Convert Points and Velocity to Dollars? for more information). The stories are well documented and understandable (thanks to the user voice form). Team members say the same thing executives say when asked about work as there is a common language and understanding. This means when someone sees something a report and want to ask more detailed questions, no matter where that query leads, there will be a common understanding.

Interestingly, if you do the analysis, and create frequency charts (e.g. How long does it take to complete a 2 point story) the data reflects this consistency. (A version of this kind of analysis can be seen at Our Estimates are Terrible!)

Want to Know More?

- How Do I Convert Points and Velocity to Dollars?
- Our Estimates are Terrible!
- What Can We Do To Improve Our Point Based Estimates?

Team, Estimates, Forecast, FAQ, Points, EstimationApproach, Capitalization

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