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What is the Purpose of Estimation?

We need to remind ourselves why it is we estimate. Let's face it, estimation is mostly about planning and forecasting. There is a huge amount of baggage in most organizations associated with the process of estimation. There are also legitimate questions the business has:

- When we will get this capability?
- How much will it cost to get this capability?
- Are we making progress to delivering this capability?
- What capabilities are coming up?

From the business perspective, the main reason for estimates is to provide data to the business (through the Product Owner / Manager) to understand, manage, and forecast plans. They are trying to make sure that, for a given capacity for the organization (enterprise, program, or team), we make trade-off decisions about how to best use that capacity based on the strategy we have and the need for self-investment, and then understand progress against these decisions. A secondary reason is to help the organization understand their capacity so they do not over-commit; so they can establish a sustainable pace.

Agile requires that we provide the business (through the Product Owner / Product Manager) with good enough data, that we work to improve the estimates when they do not provide the data required. In other words, when we say “make estimation work” what we mean is that the business can easily plan using the estimates and velocity and can make informed business decisions. If the business cannot make it work, it is up to the team / team-of-teams to help fix the problem.

The agile approach to estimation stresses speed, full team involvement, and information that is accurate enough for the purpose intended, not pure precision. This is aimed at reducing the burden of estimation, while still providing the data needed.

Want to Know More?

- Why Do We Use Story Points Instead of Hours or Days?
- What is the Basis of Our Estimating Process?
- What Can We Do To Improve Our Point Based Estimates?
- Can We Trust Story Points as a Measure of Effort?
- Is Generating an Estimate a Waste of Time?
- Our Estimates are Terrible!

Team, Estimates, Forecast, FAQ, Points, EstimationApproach

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