

# The journey to agile: How companies can become faster, more productive, and more responsive

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Agile operating models are characterized by rapid learning and decision-making cycles. Here's how organizations can use agile practices to transform their organizations.

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**I**n [this episode](#) of the *McKinsey Podcast*, Simon London speaks with McKinsey senior partners Sherina Ebrahim and Shail Thaker on how companies can use agile practices to transform their organizations. An edited version of their conversation follows.



The McKinsey Podcast

## The journey to agile

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**Diane Brady:** Hello, and welcome to the *McKinsey Podcast*. I'm Diane Brady. Even before the COVID-19 pandemic, agility was a hot topic. Some companies came into the crisis with agile practices, and let's just say that others have had agility thrust upon them. But what does it really mean to be agile, and how can companies use those practices to transform their organization? Simon London finds out, speaking with senior partners Sherina Ebrahim, who works in New Jersey, and Shail Thaker, who's based in London. Here's Simon.

**Simon London:** Sherina and Shail, thanks for being here. Welcome to the podcast.

**Sherina Ebrahim:** Thank you.

**Shail Thaker:** Thank you.

**Simon London:** So let's just define our terms because this is a hot topic. This is a topic one reads about quite a lot. But Shail, why don't you take a first whack at this. How would you define agile?

## What is agile?

**Shail Thaker:** That's a very good question to start with. So agile started life as a set of working practices in software development that were really focused on ensuring that product development was done in a customer-focused way—so end-user centric, heavily iterative. All of those things that a lot of people associated with agile at a working-practice level. And we're in a very exciting time now where those working practices are being scaled up. Not just scaled up in IT, but actually scaled up across entire organizations.

And we are ending up with organizational constructs that look and feel quite different to what a lot of us grew up with over the past 30 years. We're in a sort of tipping point now, where a lot of companies, a lot of entities, are looking at themselves and saying, "Well, is there an opportunity for us to organize in a different way? How do we organize in a different way to get a different outcome, particularly to increase external focus, adaptability, speed, raw cycle time?"

Agile is, at its core, in its simplest, a set of almost team-based working practices. If you ask me, "What is agility at an enterprise level?" I'd say it's the scale-up of that in a meaningful way across entire organizations.

**Simon London:** So maybe, Sherina, just double-click on that. When we're talking about at an organizational level, what are some of the things that you're going to see on the ground that would define an enterprise or an organization which is becoming agile in that sense?

**Sherina Ebrahim:** I think the one thing that also is really important to think about when we think about agile organizations is to remember that it's not only about what we would typically think about as organization structure.

To really become agile, it's very much around mindsets and behaviors and really adopting a very different way of working. And so, I was just actually having a conversation yesterday with someone who said, "Well, we have cross-functional teams. It sounds basically the

same as what agile is.” And it’s not. If you have a truly agile organization, you have groups of people who are singularly focused on what we would call a mission or a value driver or task, however you want to define it.

And the right groups of people are brought together to accomplish that. So if it’s about coming together to launch a new product, the people from insights and R&D and marketing and supply chain will all come together into a squad or a team. And their job is to say, “Instead of launching a new product in three years, how do we do it in six months?” How that’s enabled is not just to say, “We came together,” and then gave them a task. It is giving them the room to make decisions quickly. It is giving them the autonomy to pull in the right people when they need them, so that they can get the right insights at the right time. And they can actually make choices to move faster than what our traditional, hierarchical, matrixed organizations will allow them to do.

**“If you’re on a team, you feel quite empowered. You feel like you have an end goal. Everyone on the team, no matter what part of the organization you come from, is incented on that end goal—not what my function or chapter expects of me.”**

— Sherina Ebrahim

If you’re on a team, you feel quite empowered. You feel like you have an end goal. Everyone on the team, no matter what part of the organization you come from, is incented on that end goal—not what my function or chapter expects of me, but we’re all driving against the same goal in the same time.

**Simon London:** Right. Now then, I think an interesting question is, how many organizations are really trying to go big on this? Because I think, as you say, there are a lot of organizations that say, “Well, we have cross-functional teams.” Or there are certain parts

of the organization—typically, software development to begin with, but other things as well—that are trying to work in an agile way. How many organizations would you say are really going big and trying to do this at enterprise scale?

**Shail Thaker:** I think we have to be a little cautious around what we define as going big because the end blueprint of what one company may look like in its fully agile state could look and feel quite different to another, right? And that depends highly on industry contacts, the specific portfolio you have, a whole bunch of things—not least the legacy and sort of historic baggage that a lot of organizations have.

Now, if you asked me how many have an ambition to do this at scale, we've done recent survey work across a broad spectrum of companies, across industries, that says 70 percent of companies in some shape or form are piloting agile now.

It is a big difference from running agile pilots to actually feeling comfortable that version one of whatever your agile operating model is, is in place. And with that, it's not "I've done my architecture; now I can sit back and breathe," but it is having an ambition to say, "I'm not just doing it in IT. I'm not just doing it in these shiny, new digital areas. I'm not just doing it in these particular business units."

Almost use system thinking to say, "I can have individual teams that work in very much the way that Sherina described earlier. But actually, I need a backbone that supports them. I need an HR system that enables people to move around. I need a finance system and a budgeting system that allow me to resource reallocate. I need to have career paths defined for people." So I think there are a lot of companies—I would argue even to say most companies—that are experimenting.

And then I think there are a handful of companies around the world who have done it at enterprise scale successfully.

And interestingly, those aren't the biggest companies. Actually, the ability of some small and midsize companies to move very quickly on this agenda, where this is actually quite existential for them—you do this or you die—or indeed, they have the ability to mobilize the entire organization against this mission: those are where we see some really, really interesting case studies.

But the things that come out of them are that you are getting happier customers, you're getting a productivity uplift, and you're getting happier employees with improved engagement. So it's a long way of saying, "How many companies are trying? An awful lot are trying."

**Simon London:** It's a journey.

**Shail Thaker:** Absolutely.

**Simon London:** But there are an awful lot—maybe, like we said, 70 percent based on survey work—that are either on that journey or have an ambition to go on that journey.

**Sherina Ebrahim:** And I think there are maybe two other things to consider. The ones that we see moving faster along that journey are the ones who, in many cases, have to. It's a do-it-or-die kind of thing.

And that's maybe a little bit alarmist. And we see that, for example, in the financial-services industry and places where the external environment is changing so fast, such as digitization—how consumers are using technology and interacting with that industry. So you actually have to change in a way that is faster to respond to what's going on—meeting the needs of consumers. There's another slew of industries, whether it's consumer or healthcare, coming right behind as well. So I think that's one reason that accelerates people through the journey.

The other, I would say, is leadership. There are definitely companies that are not quite on the cusp of “we really must change.” But the CEO or a business-unit leader has recognized the power of what this could be and has started to take the organization on a journey, albeit maybe slowly, trying to really build the muscle in order to get there first.

**Simon London:** What are some companies that come to mind that are a fair way along on the journey?

**Shail Thaker:** I mean, there are some fairly talismanic examples that are high profile. So I would argue, in the banking sector, you could pick many banks. But the most publicly known is obviously ING. If you look in the telecom sector, Spark in New Zealand is a great example of leadership-led transformation.

And you could argue that, in the pharmaceutical world, Roche has been taking a real leadership stance but with a very different angle around creating agile leaders and what that means. And the list goes on. I would say those are still companies that are on a journey.

**Sherina Ebrahim:** Just to add in other industries, I think we are seeing it with Walmart, which is in a very different industry that is starting to see benefits of using that methodology.

**Simon London:** And then there are companies that were sort of born agile, like Spotify, which is one of those sorts of talismanic examples of a company that’s just done this almost since the very beginning.

**Shail Thaker:** Absolutely. And that’s where, when I refer to the historic baggage of companies, if you’re talking about a 100-person start-up, these working practices, particularly if it’s a tech-enabled company ...

**Simon London:** ... it’s probably how you work.

**“If you’re talking about a 60,000-, 70,000-person organization that is across 80 countries and has been operating in a matrix with very well-established norms, then [becoming agile is] more of a journey.”**

**— Shail Thaker**

**Shail Thaker:** It’s absolutely the most efficient and effective way of working in small groups. If you’re talking about a 60,000-, 70,000-person organization that is across 80 countries and has been operating in a matrix with very well-established norms, then that’s more of a journey.

But I would argue, that is also where a ton of value-creation potential is, because those are the companies that were built based on a simple premise: the matrix is a great structure for leveraging skill—and frankly, being the 800-pound gorilla and stomping on your competitors.

Alright, that is a wonderful construct for that. It is not a great construct if you have to move at speed. And that’s where, as I think Sherina referred to—whether it is external regulatory pressures, whether it is shifting consumer behavior, whether it is challenge of incumbents by disruptors—this imperative around speed comes in.

**Simon London:** There’s urgency?

**Shail Thaker:** There’s real urgency, yeah.

**Sherina Ebrahim:** And what’s interesting about it is, if you think about a spectrum of “born digital,” typically, they start small and can do everything that Shail just described. And on the other end of the spectrum, we have very large global companies—highly matrixed, functional.



What's interesting is that the challenge is sort of just an area of gray. So we have already talked about how a large organization just starts to think about changing, really think about moving to an agile organization, with the right backbone.

What you see as start-ups scale themselves is that they start to run into the same questions, because you can't just keep running like that as you get bigger. So they, too, then have to ask, "Well, what's the backbone that I need to put in place in order to continue to work in this way?"

**"If you think of agile as an outcome of a particular setup where you're putting the Lego bricks around which bits are dynamic and which bits need to be stable ... start-ups have a ton of dynamic, not a whole lot of stable. Incumbents: huge amounts of stable, not a lot of dynamic."**

— Shail Thaker

**Shail Thaker:** But also, if you think of agile as an outcome of a particular setup where you're putting the Lego bricks right around which bits are dynamic and which bits need to be stable for me to be able to deliver speed and be nimble and all that good stuff, start-ups have a ton of dynamic, not a whole lot of stable. Incumbents: huge amounts of stable, not a lot of dynamic.

So it's the different ends of the spectrum, but as Sherina says, the convergent, the equilibrium point, for these—there's a lot of cross-learning to be had.

**Sherina Ebrahim:** Yeah. And I think the other thing I would add is that, oftentimes, one misconception is that agile is just to "do what you want." And it's not, actually. It's systematized. It's a pretty structured way in which to work.

And so, this notion of what should be stable and what should be dynamic is really an important distinction that people should think through, because the stable enables people to come to work. They know the framework that they're working in. They know their role and what might be their career path. And they know where their home is, if you will. And the dynamic is actually ways of working in which you can bring different people together so that they can quickly get something done and then move on to the next one.

And a pretty important success factor, I would argue, is the notion of dynamic resource allocation, which larger, more stable companies are not used to. They're used to yearlong planning cycles, budget cycles, but to be much more agile, you have to think about quarterly.

And so, it sounds easy when you say, "dynamic resource allocation." There are reams of proof that it actually is a value-creating driver. But it's a very hard thing to change—especially if—you're not used to it at all.

**Shail Thaker:** I think, to dig into the point around dynamic resource allocation as an example of the types of things that are different, there's absolutely a hardwiring piece. Finance organizations are not built to move money around. We don't have the management information systems that allow us to track.

We don't have the forums and meeting cadence and business calendar that free up enough time to make real trade-offs. We haven't trained leaders to have the right discussions around this. But sitting above all of this is also a massive change in management mindset.

We have an entire cadre of leaders. I will paint this in black and white, just to point out the extremes: "I have been successful as a leader because I was given my budget, and I delivered or overdelivered on my budget." That is very different from an enterprise-leadership mindset, which is essentially, "We're all in service of a mission."

To do that, I accept that, if things change, the budget I thought I had, the financial and human capital, can and should be reallocated. And that is a massive shift from “my number and budget commitment is my bond as a leader, and that is my commitment to the enterprise too.” I am now a participating leader in service of a mission.

**Sherina Ebrahim:** Another difference is very much how you think about incentives.

**Shail Thaker:** Absolutely.

**Sherina Ebrahim:** So in Shail’s story, for example: if you’re incented on making your budget, that’s what you’re going to do. Whereas if you think about an organization that’s agile, you’re not incented on your function. You’re not incented on your box. You’re incented on the purpose, the mission, which is very clearly tied to the value creation of the company. That changes the entire mindset and behaviors of the people. Again, easy to say. Not very easy to flip the switch when you’ve grown up in an organization.

## The blueprint for a new operating model

**Simon London:** So let me just pick up on a term you used earlier, Shail. You talked about a blueprint. That implies to me an overall mapping of the different elements of this end state that you want to get to. Just double-click on that for us. What are the elements in the blueprint?

**Shail Thaker:** I think the blueprint is quite a key step in a company’s journey. It’s not always the first step, but it is a key step. Companies can start by piloting. But without a 60 percent, 70 percent view of how all the building blocks come together in the enterprise level, it’s quite hard.

And that's why we think a blueprint is important. Now, what is in a blueprint? You don't do agile for the sake of it. Your agenda around applying agile working practices is strongly linked to the ability to create value.

And that refers to which parts of your business system actually could create more value by being faster or more adaptable and, indeed, which ones could create more value by having more dynamic resource reallocation. So it's almost through this value-creation lens that you look at your business.

**Simon London:** So that's the first step?

**Shail Thaker:** And you identify nodes. So there are bits of your business for which agile working practices are massively relevant and create a huge opportunity. There are, frankly, other bits which don't matter so much, and agile's not going to transform them, because they are actually steady, consistent. Now, they play an important role in the system. But the blueprint first identifies these nodes of value. Where is agile going to make a difference?

**Sherina Ebrahim:** People will say, "We want to become agile." And so, I think, you have to ask, "To what end and where?"

**Shail Thaker:** Absolutely.

**Sherina Ebrahim:** And if you are not clear on that—and again, it seems very simple, but people are not clear—it really isn't a critical underpinning of success as a starting point.

**Shail Thaker:** Yeah, absolutely. So let's take step one of the blueprint as understanding where value is created by the application of agile working practices. The second piece is, "If I have those, I have a set of options of almost dynamic Lego bricks"—that's a visual I use.

And you may think that agile working practices equal a cross-functional team. The reality is, that's not at all true. There are plenty of working models that contribute to agility—by the way, going all the way back to lean working practices and some quite old-fashioned

but very relevant concepts.

There are quite a few more Lego bricks than you might think. The step two of the blueprint is, you apply these dynamic models and choose the right model for the right node of value to create the most value, right?

And once you've got that right, it's great. You have almost a patchwork. Then you have to think, "What's the minimum backbone I need to put in place to actually get the system working?" And it's important to think of the backbone in this blueprint as something other than the organizational units you currently have. Often, it could be shared vision, common career path—think job descriptions.

It's actually thinking expansively about the backbone in the system that holds the system together. As an enterprise leader, you can take a step back and say, "Am I comfortable that this is all building to an end point that makes sense?"

**Simon London:** So three steps I'm hearing. Number one, really figure out and agree as a leadership team where value is created to your application of more agile working practices—where could it be transformative?

Number two, what are the working practices we're going to apply, where? And to your point, it's not always just one thing. It's not like everything's going to work on a scrum basis.

And then third, what are the more stable elements? What is the backbone? What are the enablers that we're going to need to allow us to scale this? Is that right, broadly?

**Sherina Ebrahim:** And the one thing I think is implicit in your number one, when you said the leadership team really has to be clear on the vision, the implicit value is that the leadership team really understands what they're about to embark on. And so, what kind of scale or vision of transformation are they thinking of?

That doesn't mean they have to know today that we want to become 70 percent agile or whatever it is. But they do need to have a sense of, "What are we trying to accomplish if we go down this journey?" Because just doing one or two pilots here or there, that might get you something.

But if you have a bigger vision, if you're trying to turn the company or a part of the company in a different way, being clear on what that is and how they will have to lead in a different way is actually a very important thing for them be very aligned around.

**Shail Thaker:** I mean, we look at the success factors, and it's also the failure modes. And one of the biggest is actually ambivalent leadership commitment. It's really easy to sit back and say, "Look, I've got a whole bunch of pilots going on. We'll sit back and see how they turn out."

The reality is, after a while, you can create a huge amount of value in a localized agile pilot. But to some extent, it's like entropy. You're shifting the complexity to a new set of interfaces. And you rely on the energy and enthusiasm of the people to sustain that pilot.

That is not indefinite. So pilots can run out of steam, and organizations can lose their window, because agile becomes a dirty word or a failed-pilot word in the organization. And it's not about learning; it's actually just that thing we tried a few years ago. So you can't pilot your way to scale. At some point, leadership has to commit. At some point, there will be—particularly when it comes to the backbone—a switching of how the organization is wired, and that takes commitment.

**Simon London:** So at some point, you've got to make a leap of faith? I mean, not without evidence.

**Shail Thaker:** Yeah, well, I would say it's not so much a leap of faith as an understanding of what the consequences of this are going to be for the organization and you as a company.

# Agile at scale

**Simon London:** And the consequences are profound, if you're going to do it at scale?

That's the point.

**Shail Thaker:** We believe that they are. Yeah.

**Sherina Ebrahim:** Absolutely.

**Shail Thaker:** It's a transformation, and it is very, very different from how organizations operate today. But that is not to say that the people who are operating our organizations today are irrelevant to the future organization. It's just that you have to be signed up for the journey.

**Sherina Ebrahim:** Yeah. I think that's a really important point, Shail, because I fundamentally believe—and obviously, I'm biased—that whether it's five years down, X years down, every organization is going to have to embody some components of agile.

The external world, the consumer environment, is just moving in a way that means we have to change. And so how do you actually move from what are fairly monolithic organizations today—everyone has their role, everyone has their function, et cetera—to one where everybody really embraces that it's actually quite different and dynamic and it will continue to change? That is the point. So how many of our clients, our companies, today go through reorganization number one? And then before that one's just finished, you're on to reorganization number two.

Because you're trying to get it right in terms of what you need to respond. And if you actually get it right from an agile perspective, you will never have to do a reorganization, because that is the fabric of how you work. You should be able to shift and change. And maybe today you work in a stable part of the business, and tomorrow you'll be on an agile team. If you can just sort of paint that picture, it's quite different from what it is today.

And therefore, to your point, it's quite a shift. But at the same time, as you're on that journey, it's really important to make sure that people come along, understanding where they are and their place in the organization as well.

**Shail Thaker:** And to build off that, as we go back to the mindsets and why is this sometimes difficult, there is a perception—and I'll use the word “perception”—of risk around this, because it feels like moving from classical command-and-control systems to much more decentralized systems. Now, the reality of the risk versus fully accounting for the cost of doing nothing has to take into account that this isn't throwing all the pieces in the air. It's actually quite a regimented but different way of working. So there's that piece around risk that is quite important: around getting this sort of mindset shift.

And the second is, you're talking about redefining how people value themselves and value impact in businesses. So I am in a system where, if I do well at my job, I'll also get a pay raise, but I'll get a new title. And with that new title comes more people. And I manage bigger and bigger things.

One of the outcomes of more fluid resource reallocation and really focusing almost the body mass of the organization around the biggest priorities is that you don't have as large of a management layer in between. And that delaying is quite disorientating for people who say, “But hang on, if I'm great at my job, there are all of these roles that I could've got into.” So this links to some of the things like incentives or career pathing. How do you reward, recognize, and give people progression in a world that is fundamentally more dynamic? So these are all the types of challenges.

**Simon London:** This underlines for me a couple things. Number one, why it's transformation if you're going to do it at scale, because it has to touch all of these: systems, mindsets, processes—I mean everything. And the other thing is, what you're



talking about there again is backbone in a way, isn't it? Thinking about rewards, career progressions, different roles, and having fundamentally different ways of being recognized for impact compared to a traditional organization.

**Sherina Ebrahim:** Absolutely. I think it's to make it really real. For many current employees, it's very much tied up in how they value their own self-worth, right? My title, my number of people. And so, as you say, I think the backbone parts are all of those things.

And what's interesting is, the younger employees of today actually prefer to work in a much more fluid, more information-based environment. That's how they grew up, right? And so that's also going to play into this as organizations grow.

I think what we haven't touched on enough, as you think about the backbone, is processes. So this implies that quite a few processes actually have to change, right? One we already touched on was how do you think about budgeting—resource reallocation, right? That needs to be reengineered.

**Simon London:** Yes, because if you've got a plodding budgeting process, you're not going to be able to allocate capital in an agile way.

**Sherina Ebrahim:** Technology infrastructure underneath it to help you do it dynamically, right? That's one of the barriers today: the system doesn't allow you to be that fast. So budgeting is one of them. You've already talked about career pathing and career planning. To some, it's blasphemous to not necessarily know in three or five years where I should be going. And people have to get comfortable with some of those things—again, not in all parts, but in how to live in a world that has some of these other things. So I think some are going through transformation, and some processes will stay the same.

**Shail Thaker:** Car-rental policies.

**Simon London:** Yeah, right. Just as an example.

**Shail Thaker:** Yeah, company carpools. There's going to be a whole bunch of background stuff that speed and adaptability will not impact in any shape or form.

**Sherina Ebrahim:** Right. Not everything will change. There are some that will need to, and many others will stay the same.

**Shail Thaker:** There is an important clarification. It is absolutely true that the younger generation of workers adapt to this. They've sort of grown up in this environment and are adapting to it a lot more quickly, and it's natural to them.

That is not to say that, irrespective of age, engagement doesn't go up. So when we look at what the data shows, it's not that the younger workers are really happy working this way, and the older workers find it terrible. It's that teams, irrespective of age, see massive increases of engagement. I'm talking about 20 points, 20 percentage points plus, right? So people enjoy working in this as long as the rest of the system allows them to do it and does not massively penalize them or make their life considerably complicated.

**Simon London:** I was going to ask a devil's advocate question, actually. I mean, the younger generation adapts to this easily—big generalization, but a lot of younger people, particularly having come into the workforce in the last ten years, have been forced to do gig work, and gig work is almost a form of agile outside any organization. Are we talking here in some way about bringing gig work inside?

**Shail Thaker:** The gig economy has come up now. I would say “forced” is a very strong word. So that sense of compulsion when we talk about the gig economy is always dangerous territory to get into.

But absolutely. The facts are that there is an element of flexibility and an element of uncertainty on what you're going to be doing on a day-to-day basis. What I would say is, there isn't one element of the gig economy, which is uncertainty of income. And actually, that sort of uncertainty stretches so far.

But you still have the security of being part of a mission, right? And this again becomes part of the stable backbone. There are elements of purpose, elements of mission, and elements of security that sit around this way of working that actually allow people to step away from a lot of the insecurities of the day-to-day work in a big company that are negative. It frees up a lot of the positive energy, which is where we see the uplift.

**Sherina Ebrahim:** I completely agree. I think it's very important to reinforce this notion of security, for lack of a better word. It's not necessarily job security as we know it today. But we do know the fundamental fabric of the company that you're working for and what they're trying to do, how they're trying to do it—whether it's processes, how you're treated, the ways of working.

And so, yeah, I may not know exactly today that tomorrow I'm going to be in a different mission. But I know that's how I work. And that baseline of security, which all people want, is one that's an important thing not to miss. Otherwise, it feels like it's a bit of a free-for-all, and it's not.

**Shail Thaker:** I'll play devil's advocate back to you, which is to say that, ultimately, the reason we see the engagement scores go up in the way they do is a greater sense of fulfillment: a greater sense that an individual worker's time is spent on things that are more value adding, plus a greater connection to a mission that feels more relevant.

Those are things that far outweigh almost the comfort blanket of the old way of doing things, with "I know exactly where I fit into the big system." So the devil's advocate back would be, yes, there are elements of the gig economy. But the engagement scores of the outcome show that one of those factors significantly outweighs the other.

**Simon London:** So I think a takeaway for me out of this conversation is that I assumed that to do agile, you had to be sort of doing squads, scrums, chapters, guilds—the bunch of core processes that you just have to do if you're going to claim to be doing agile. It sounds

like, actually, as this is scaling across different industries and different sectors and different companies, it's more heterogeneous than that.

**Sherina Ebrahim:** Absolutely. It's definitely more heterogeneous than that. And I think the way to think about it may be to walk away from all the terminology and the vernacular. There are just core concepts in different ways of working, as we've talked about.

There's, whether we call them tribes or squads, the right people coming together to accomplish a mission. There's what we would call self-managing teams, who sort of run themselves. There's flow-to-work models.

There are a number of different models. And even when you do things that have a construct, which many call tribes, squads, or chapters—frankly, people are starting to use the terminology that works for them—I would try not to get caught up in the language but to ask, “What are the principles around ways of working that really help unlock the value?”

**Shail Thaker:** There are two things that have been particularly important, I think, when I've worked with companies on this. One is really defining for your company how the Lego bricks come together. And that's which of the Lego bricks are most relevant, because you don't want to create a whole bunch of additional complexity by doing things in a different way, in a different part of the organization to achieve the same end. And then the second piece is how you solve for an individual team, but that blueprint piece is really, really important.

**Simon London:** Let's discuss how you begin. Let's say, as a management team, after doing an offsite, you're beginning to think, “We've got to go for this.” How do you start?

**Sherina Ebrahim:** I think there are a couple things, at least, if you're that management team. When you say, “We've got to start,” I would ask that first question on our blueprint, “Agile to what end? Where is the value creation? What are we trying to get to? And over what period of time?”

And in that decision, I would actually make sure you, as a team, really understand what it looks like for both the management team and the mindsets and behaviors, how you have to lead, and what that might imply from an organization perspective.

I think once you get your mind wrapped around that—and it doesn't have to be perfect, but you need to get at least in the right zip code, if you will—then you can take one or two or three of those value-creating levers and say, “What might we actually start to pilot or try within the organization?”

But then really know that it is a bit of a proof of concept. It's not a pilot in the sense of “we want to try it and let it go.” It's, “How do we want to prove some of these things to build conviction for ourselves and the organization?” And then know that, at some point, you'll want to, as Shail said before, think about how to flip the switch and start to scale.

**Shail Thaker:** The one thing I would add is there is no substitute to going and actually seeing a company that's done it. Like, because we can talk about this. You can see it on a page; you can do a workplace.

Until you actually see the deployment of this at any form of scale, go and talk to leaders who have done this before and what their journey has been like. That needs to be pretty high on the list of to-dos for the leadership team you described, because it's great that they all held hands and said, “We've got to do this.” But unless they really know what “this” is or what it could be, it's meaningless.

**Sherina Ebrahim:** Yeah, it's actually step one before you have that conversation. To have a sense of what you're starting to embark on, go see.

**Simon London:** This sounds negative, but the failure-modes question is often very revealing. So what are a couple of failure modes that you see?

**Shail Thaker:** One, I would say, is one we talked about a lot: leadership conviction. And if that leadership conviction isn't there or you allow the proliferation of pilots but don't have the convictions of leadership ...

**Simon London:** ... you're never really going to flip the switch.

**Shail Thaker:** Do not pass go; do not collect \$200. It won't go anywhere.

The second piece is the blueprint. You let leaders who have the conviction do things in their own way. If you don't define enough guardrails around what the way will be—the right, scalable way—then you won't get any practices scaling up sufficiently to warrant the backbone change.

The third one is, you hope to pilot your way to scale. And actually, as a result, you don't design the backbone.

The fourth one is capability building. We have talked a lot about this being a massive shift in capabilities, at an individual level but also at an institutional level—both the rewiring of processes and also giving people the skills to thrive in this new way. This is, for most organizations, going to be an unprecedented way of working, an unprecedented capability-building challenge, because you're talking about a large number of people needing to learn how to do things.

**Simon London:** Yes, and the agile coach has become a role in its own right, right?

**Shail Thaker:** Absolutely.

**Simon London:** At a lot of organizations, in the same way that it used to be the Six Sigma Black Belt world, now you've got to have agile coaches.

**Shail Thaker:** And then the final one I think I would add is actually, look, this is a transformation. And that means some of the classical transformation tool kit is very relevant. But also, some of it isn't. So thinking that in the classical organizational design, where I'm going to lock myself up with a small program of people in a room I'm going to design and architect, I'm then going to execute for a period, and bang, we're going to have day one and hit a new structure. Really understand it's a transformation, and take the right elements of the transformation tool kit that are relevant for what you're trying to do.

**Simon London:** Anything you'd add, Sherina?

**Sherina Ebrahim:** Doing the hard work to change the underlying culture, mindsets, and behaviors is a pretty big failure mode. Not doing enough of it. There is such a thing as not quite failing but not quite achieving the promise of agile. And what I mean by that is, I think we're seeing more and more people recognize a need to do it.

But sort of reading the book, hiring maybe one agile coach or something says, "We're going to change the labels. We're going to make some teams. And we're going to check the box for agile." No way. Right? Really, you can't just surface-level get there. You have to do the deeper work.

**Shail Thaker:** They are doing performative agile, not really doing agile.

**Sherina Ebrahim:** I encounter a number of people who say, "Oh, we're agile," and then you ask the leadership team, "OK, you say you're agile; what does that mean?" Ten people around the table will give you ten different definitions. "It means we have open space. It means we have three teams." That's something I would guard against. If you're going to do it, really do the deep work. And it's not a little bit of work to do.

**Simon London:** Awesome. Well, we are out of time; I should let you go. Thank you. That was great fun.

**Shail Thaker:** Thank you very much.

**Sherina Ebrahim:** Thank you very much.

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**Sherina Ebrahim** is a senior partner in McKinsey's New Jersey office, and **Shail Thaker** is a senior partner in the London office. **Diane Brady**, based in the New York office, and **Simon London**, based in the Silicon Valley office, are members of McKinsey Global Publishing.

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