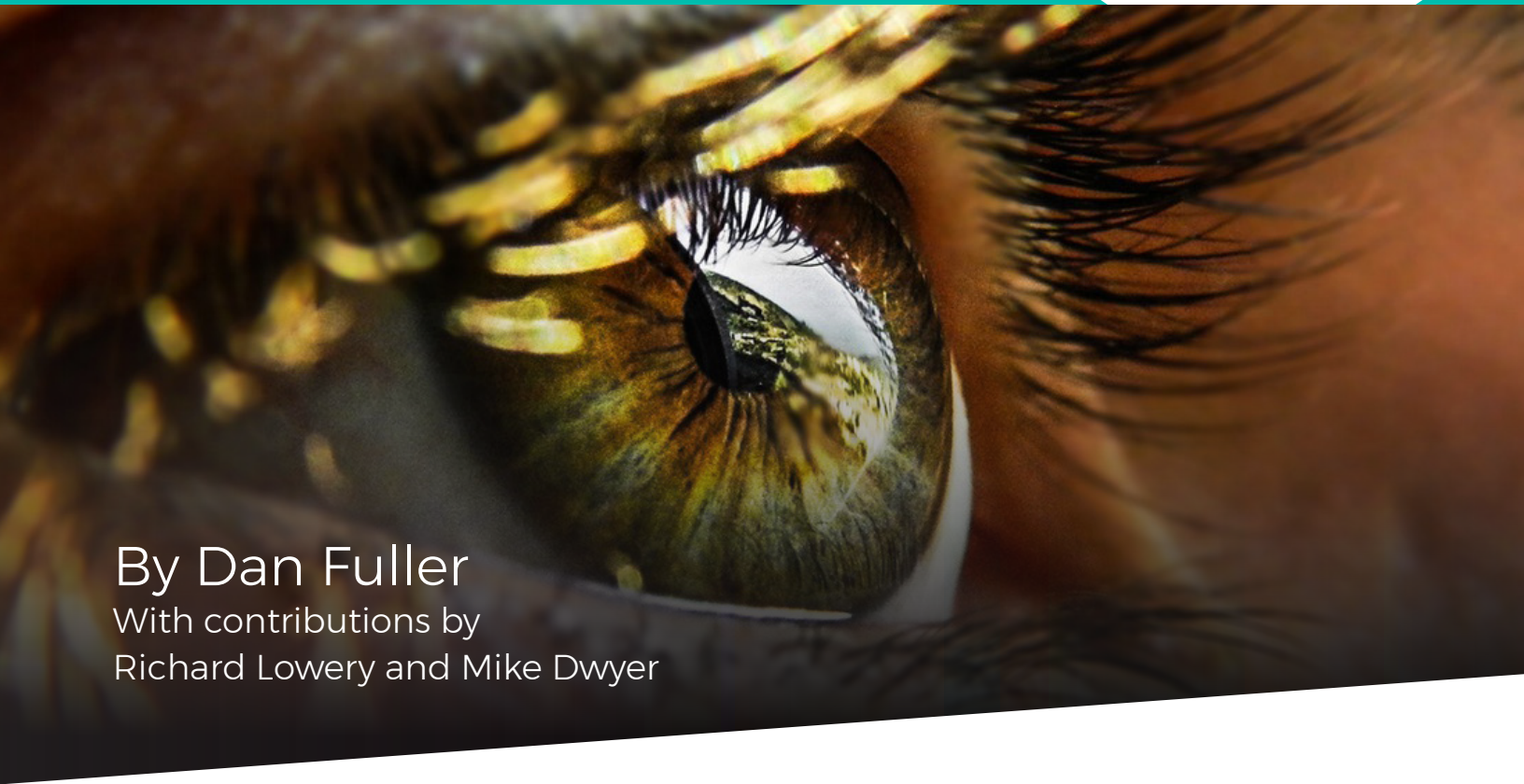


SolutionsIQ

Insights into Agile Transformation Success



By Dan Fuller

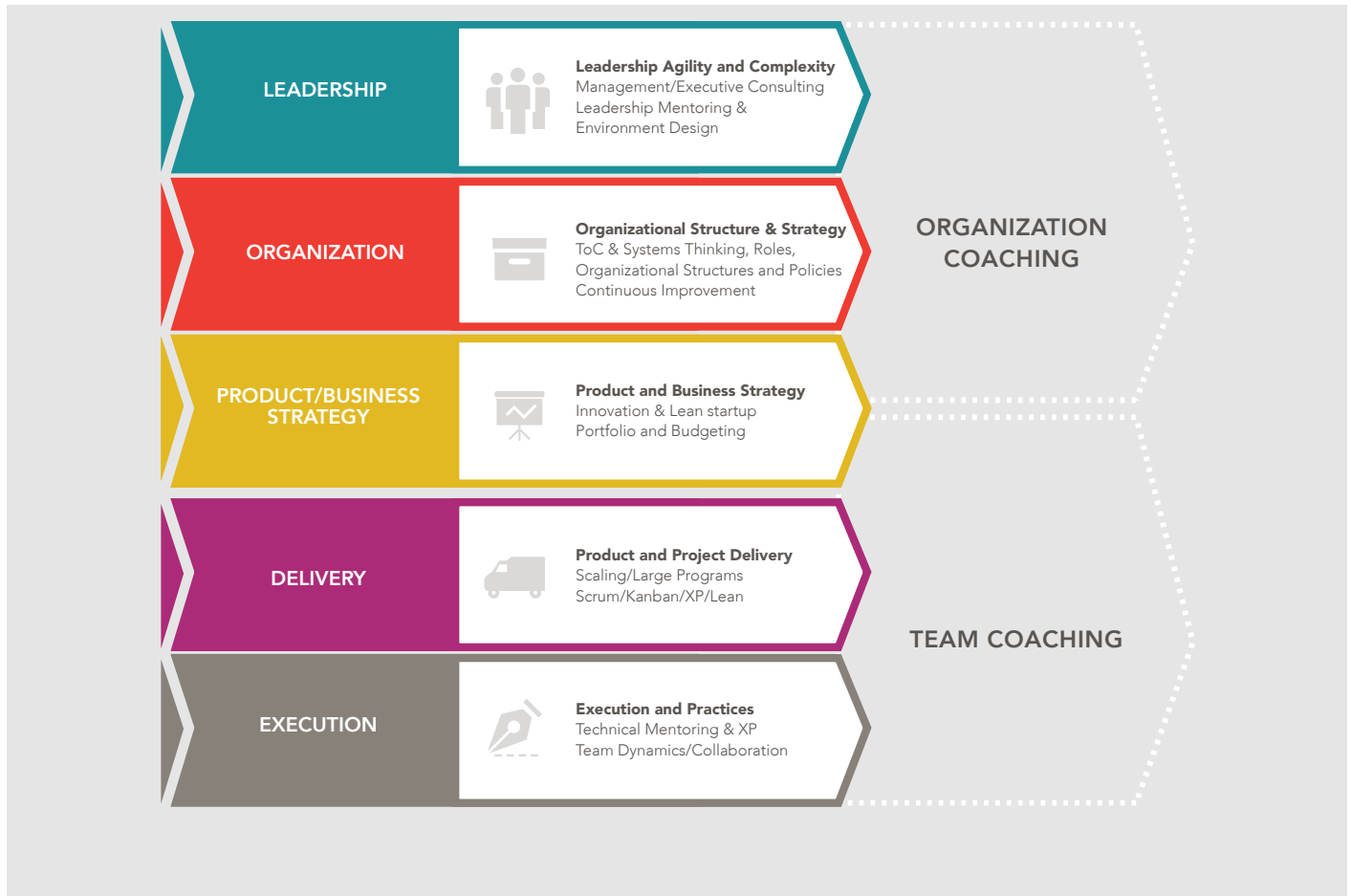
With contributions by
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Abstract

In this white paper we share some of the common elements of a successful Agile transformation in five primary focus areas: leadership, overall organization, product and business, delivery, and technical execution. We demonstrate where successful Agile organizations place emphasis and offer insights for what aspiring Agile enterprises can start doing to get the real business results they seek.

Introduction

Throughout 2016, SolutionsIQ helped a growing number of companies successfully kick off and execute many large-scale Agile transformations. Having done this now with dozens of enterprises, we decided to retrospect on some of the common elements of a successful Agile transformation. We've summarized our findings along the Five Layers of Agile Transformation.



Five Layers of Agile Transformation

1. Leadership – Traditional industrial-age management styles (e.g., Taylorism) are not effective at maximizing performance in a modern, digital organization of knowledge workers. Modern pressures to move and change fast require a different mindset, one that engages employees and challenges them to exploit innovation for competitive advantage. Agile leadership facilitates the emergence of organizational constructs that enable enterprises

to adapt in the face of ambiguity and constant change. The Agile leader also exhibits leadership styles that create a culture of transparency, decentralization, engagement, collaboration and accountability.

2. Organization – Business Agility refers to an organization's ability to sense and respond to change in ways that allow it to thrive and innovate. Understood in this way, organization-wide agility is constituted by a set of capabilities. These capabilities are embedded within the organizational structures, policies, and practices, as well as within the cultural beliefs and individual mental models through which an organization functions. This includes on-boarding, employee reviews and incentives; finances and accounting; and everything that enables the enterprise to operate as a healthy living organization.



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3. Product & Business – How clear is the product strategy to the people that are implementing it? What is the connection between the strategy and the daily software development work? Crucial for this connection is the Product Owner role and Product Management skill sets and the way that the enterprise specifies and prioritizes work for the software development team.

4. Delivery – Agile began as a way to speed up software product delivery and as a result this is the area that is (unfortunately) considered the full extent of what is possible with Agile. As seen in our paradigm, however, the Delivery layer is only one segment that benefits from Agile transformation. Focusing on the practices and processes of teams and groups of teams delivering a project, program or product, Delivery encompasses how well individual teams and sets of teams are using Agile frameworks like Scrum and Kanban, how Lean

principles are being applied to value streams, and how successfully we are applying scaling patterns and frameworks like the Scaled Agile Framework (SAFe).

5. Execution – The purpose of Agile is to deliver high-quality value to the customer quickly. At the foundation of this product creation pyramid are the technical execution practices and principles that enable development teams to produce high-quality products. This includes the technical practices used in constructing, verifying, validating, and deploying software-based products, which are known in Agile as Extreme Programming (XP) and, more recently, DevOps. Executing within a disciplined Agile framework across the whole value stream can help improve project management discipline, value delivery, and predictability. It helps organizations to identify gaps in their capabilities and to highlight impediments that prevent them from achieving peak performance.

In order for an Agile transformation to provide lasting transformative results, the employed approach must be holistic and comprehensive. When we help organizations layout their Agile transformation strategy, we typically anchor that strategy around these five major dimensions of capabilities. Now that we know what the goal is, let's look at each of these five dimensions in a little more detail to reveal some learning insights into the patterns we have observed in enterprises achieving lasting results with Agile transformation.

Modern pressures require a different leadership mindset that engages employees and challenges them to exploit innovation for competitive advantage.

Leadership

In addition to adopting new leadership behaviors and styles that are congruent with the modern expectations of knowledge workers, leaders of organizations in the middle of a successful Agile transformation have committed to a few key leadership activities, starting with a clearly articulated vision of the future state you are trying to reach. Questions to pose to your board and leadership include:

- » Why is the company undertaking an Agile transformation in the first place?
- » Is it to achieve parity with peers?
- » Is it to leapfrog the competition in terms of time to market and/or quality?
- » Is it to achieve a level of disruptive innovation and enter new markets?



"Leaders empower people to resolve problems and only intervene when issues are escalated to them."

Being clear on "why" is important, as is making sure the entire enterprise from top-level leadership to middle management and down into delivery teams is aligned and bought into that vision. When you achieve that level of alignment, you can realize some pretty far-reaching and transformative future states.

Another best practice we have observed is establishing a communication plan. This is more than just a broadcast from leadership; it's a bidirectional feedback loop that communicates intent, invites and receives feedback transparently, and objectively measures progress.

Lastly, one of the other key success indicators for an Agile transformation is a greater degree of empowerment throughout the enterprise:

- » Leaders empower middle managers to resolve problems at the sub-executive level and only intervene when management escalates issues.
- » Management empowers teams to provide guidance in terms of best practices to yield optimal results and only intervenes

when the team escalates issues.

- » Team members empower each other to be informed about what high quality means at the development level and how to achieve it. Team members are also empowered to request resources to achieve their goals while actively radiating progress.

VISION ALIGNMENT COMMUNICATION PLAN EMPOWERMENT

TRUST METRICS
COMMAND AND CONTROL
BUSINESS CHAMPION
CULTURE

Emphasis Areas for Agile Leadership

This is no easy task. It takes a well-conceived strategy communicated by a dedicated leadership continuously and unwaveringly in order to achieve the desired results. That is partly why, in [“The Third Wave of Agile”](#), SolutionsIQ Chairman Charlie Rudd calls for the role of management and leadership to be redrafted to account for the explosive growth of Agile teams and Agile adoption in general.

Naturally, leadership cannot accomplish anything without individuals actually doing the work, so let's turn to the people in the organization. In particular, we look now at some of the key success indicators in the Organization layer.

A communication plan is a bidirectional feedback loop that communicates intent, invites and receives feedback transparently, and objectively measures progress.

Organization

For many enterprises, Agile transformation is the largest organizational change it will ever undertake. The results are deep and broad, including structural and behavioral changes, as well as the introduction of new mindsets that may fundamentally alter the overall culture of the organization – and in a good way.

However, these sweeping changes don't just happen. In order to become a learning organization with high degrees of transparency and collaboration, the enterprise needs to have a strategy for designing, executing and maintaining change. Many of the organizations enjoying success with Agile transformation owe it in part to using some classic organizational change management models and frameworks, including:

- » John Kotter's 8-Step model
- » Prosci's ADKAR framework
- » Jason Little's Lean Change Management, a newer emergent model that is starting to get a lot of attention

What makes organizational change management so thorny is that people – many, many people, all with their own capabilities and fears – are the focus. Change, as will surprise no one, is something that few people enjoy. Often leadership, specifically, creates a corporate culture against change, because fluctuations of even the smallest degree can affect the bottom line. Operating under a traditional world view where the market is wieldy and fluctuates little to not



Emphasis Areas for the overall Agile Organization

at all, stability is the only important metric. However, in today's continuously changing business world, only those institutions – and those people – who are capable of learning and growing and changing as quickly as possible have a horse left in the race. In other words, organizational change management must be a part of any successful enterprise's survival kit. Otherwise, any and all success will be short-lived. This is where departments traditionally seen as “support” (HR, finance, recruiting – even sales and marketing) are brought into the change equation. In organizations who want to attract people

resilient to and even adept at change, for example, human resources and recruiting has to be better at finding and keeping this type of candidate. In addition, to achieve long-lasting changes to mindsets, culture and behavior, enterprises must fundamentally rethink their overall incentive programs – and this is exactly the trend we are witnessing with many of our clients. The corporate value of collaboration becomes suspect when individuals are rewarded and promoted at the expense of their own team mates. Fortunately, we have seen a handful of our clients switch to more team-

based rewards so as not to undermine their hard-earned successes achieved through Agile transformation. Positive, managed changes throughout the organization like these require consistency and transparency, which creates an even stronger imperative to leverage tried and true change management models.



"To become a transparent and collaborative learning organization, the enterprise needs to have a strategy for designing, executing and maintaining change."

Product

We have observed a direct correlation between the level of investment in the Product Owner role and the overall degree of success in achieving the desired outcome of an Agile transformation. The correlation between Product Ownership and Agile Product Management, however, is not one-to-one, as traditional product and portfolio management roles change in an Agile enterprise. In our findings, enterprises that invest heavily in product ownership and product management skill sets tend to have the most enduring and pervasive success with Agile transformation. In particular, Product Owners champion the new Scrum roles of the teams they support, which includes embracing the responsibilities of their own role. Some POs also invest in

training and coaching people to be successful in their new roles. A solid product ownership foundation is critical because only by getting the basics down can the enterprise unlock certain higher-order capabilities, including portfolio management, product vision and product roadmaps.

Moreover, these product management best practices are crucial because in many organizations the people fulfilling the Product Owner role have no formal training or background in classic product management. Focusing on creating a clear, effective working relationship between product ownership and product management is another indicator of success for Agile transformation.



Emphasis Areas for Product & Business

Delivery

Delivery focuses on the practices and processes of teams and groups of teams delivering a project, program, or product. This includes how well individual teams and sets of teams are using Agile frameworks like Scrum and Kanban, how Lean is being applied to other aspects of value streams, and the enterprise's success with Agile scaling patterns and frameworks like SAE.

In our findings, the enterprises succeeding in their Agile transformation pay much attention to getting the core Agile foundations right from the start. This is critical given that key success indicators such as release planning and scaling patterns are all built on top of solid foundations of Agile-Lean knowledge of Scrum, Kanban, and XP. Enterprises that have lasting success with Agile transformation typically have a small army of highly effective ScrumMasters who are evangelizing both the core foundations of the frameworks as well as the overall goals for that enterprise's Agile transformation.

It is critical to focus heavily on the Agile foundations at the team level. Many enterprises will first introduce Agile coaching

at the team level in a pilot program so they can first understand the sets of impediments that are likely to prevent team success. Then, when that is understood clearly and the team starts to see change in the right direction, the organization can build upon this success with a much broader team coaching plan. Eventually the enterprise builds in a scaling solution that will allow the organization to deliver quickly and responsively on a large scale.

One company we recently worked with showed a lot of capability at the Delivery layer and can serve as a model for other organizations to emulate. The company came

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to the realization that it was critical to invest in foundational Agile training for teams. They decided to offer Agile coaching for teams and to create a cadre of highly effective ScrumMasters. In addition, they had dedicated teams with focus and little to no context switching. These investments in laying down a firm Agile foundation and developing competent Agile teams allows them to execute multi-team release planning events today with a high degree of effectiveness and predictability.

FLOW SUSTAINABILITY ESTIMATION ALMTOOLS METRICS SILOS CYCLE TIME WORKING AGREEMENTS
CONTEXT SWITCHING PRIORITIZATION TRANSPARENCY
IMPEDIMENTS PLANNING COLLOCATION CONTINUOUS IMPROVEMENT RELEASE PLANNING
AGILE FOUNDATIONS
SCALING PATTERNS SELF ORGANIZING
WORKING SOFTWARE HANDOFFS SCRUMMASTER ROLE

Emphasis Areas for Product & Business



Execution

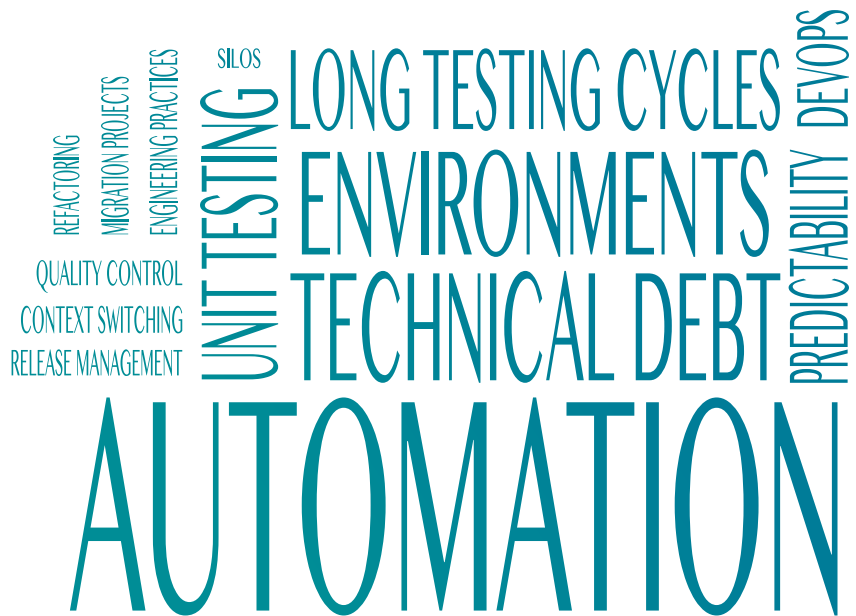
For every company that has had success with the Delivery side of an Agile transformation, there are just as many who aren't seeing that success because they haven't made the commitment to transform into a modern Agile software development shop. This is why we put so much emphasis on technical execution in our Agile transformation strategy. Simply put, Execution (excellence in software development) is what enables the enterprise to see faster delivery cycles, higher quality with fewer defects, etc. Other benefits seen include a higher degree of innovation, higher collaboration and transparency, and more dependable delivery estimations. The technical practices that yield these results stem mainly from Extreme Programming (XP), including test-driven development with test automation, refactoring, code smells and technical debt remediation.

In our findings, the organizations investing heavily

in test automation are having large-scale success with Agile. They also ensure that:

- » Software engineering best practices such as unit testing are being used all the time.
- » Technical debt is being tracked and time is set aside to remediate this debt.
- » Delivery progress is transparent and radiated to all stakeholders.

Clients seeing the most success have also made investing in their software development and testing environments a priority.



Emphasis Areas for Technical Execution

In the future, through such an investment, they will be able to use higher-order modern software engineering practices such as Unit Test Driven Development, Acceptance Test Driven Development (ATDD), pair programming, mob programming, and self-organized cross-functional teams. These high-performance practices are

made possible directly and indirectly from transformative changes at the organizational and leadership levels. A higher expectation of peer involvement, knowledge sharing and collaboration within teams is a key element of Agile transformation, which gives rise to an improved sense of community that expands well beyond the development teams.

Execution is what enables the enterprise to see faster delivery cycles and higher quality with fewer defects.



Summary

Looking back on 2016, SolutionsIQ continues to be thrilled by how many of our clients have achieved enduring and pervasive success with their Agile transformations. Very little of that success was pure luck. In every example of success, there was a deliberate and focused strategy for how to establish and execute the transformation to Agile. To this end, we have identified five key dimensions in a successful Agile transformation strategy: leadership, the overall organization, product and business, delivery and technical execution. Enterprises succeeding in their Agile transformation are putting emphasis on these areas as follows:

Enterprise Dimension	Emphasis Areas Leading to Success
Leadership	<ol style="list-style-type: none">1. Creating and communicating a vision to guide the Agile transformation2. Getting alignment and buy-in from executive leadership3. Clear communication plan4. Empowerment by leadership and managers of their reports to resolve problems that don't require escalation
Organization	<ol style="list-style-type: none">1. Change management models and frameworks (new and/or existing)2. Becoming a learning organization3. Revising incentives to encourage new desired organizational behaviors
Product	<ol style="list-style-type: none">1. Mature product management capabilities such as product vision, roadmaps and portfolio management2. Leveraging the full potential of the Product Owner role
Delivery	<ol style="list-style-type: none">1. Establishing a solid foundations of Agile values, principles and practices at the team level2. Leveraging the full potential of the ScrumMaster role3. Finding scaling patterns that work with organizational goals
Execution	<ol style="list-style-type: none">1. Developing software craftsmanship as a competency2. Leveraging modern software engineering best practices including but not limited to unit test coverage and automation3. Optimizing development environments, tools and operations to support Agile software development

If your enterprise is about to start your own Agile transformation, or you're concerned that you have not been realizing the long-lasting success you had originally hoped for from your Agile transformation, consider replicating some of these success patterns as part of your overall strategy and roadmap.

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