CIONET AGILE MONITOR:

What's the deal with your agile transformation?

Research Report   November 22

CIONET
What's next.   INNOCOM.

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Introduction

Why did we perform this study?

Anno 2022, it's difficult to find a business leader in Belgium who has not yet heard of agile, and most companies are applying agile concepts in one form or another. Undeniably, this way of working has earned its place in the corporate world and will stay there for a while. On the other hand, we also hear about a lot of challenges that come with agile, and the transformation towards agility. This made us wonder: how successful are we in our endeavours to become agile?

How did we do it?

Between April and September 2022, we conducted a study amongst the members of CIONET to gain more insights in their agile transformations. This study consisted of two parts:

1. A qualitative survey covering ten themes

    1.1. Organisation background

    1.2. Key Success Factors

    1.3. Practices, techniques & frameworks

    1.4. Business & customer involvement

    1.5. Leadership

    1.6. Organisation & talent

    1.7. Change management

    1.8. Devops

    1.9. Strategy, portfolio and budgeting

    1.10. Ecosystem, partnerships and contracts

2. Quantitative interviews to gather extra insights on these themes

For this study, we sent out the survey to 274 organisations, of which 30 responded. Consecutively, we conducted 13 individual interviews with senior executives. In total, this gives a response rate of 15.58%.

One could conclude that the response rate is rather low to draw correct conclusions. But in combination with our experiences, and what we hear and see in the agile ecosystem, we believe in the value of the conclusions.

For 12 out of the 13 parties we've interviewed in the 1on1 sessions, the agile transformation is today in a positive state, or they are in the process of reaching their intended benefits. We are convinced this is not a valid representation of all agile transformations within the CIONET community. Those who apply for interviews are typically organisations that are proud of their journey and their achievements. Therefore we decided to spend a considerate part of this report on sharing the learnings and best practices of why they are succeeding. Part 2 of this report especially focuses on this topic.

What's in it for you?

It's not the first time an agile survey has been carried out. Why would you be interested in this one? This survey is primarily focused on the Belgian ecosystem and is conducted from the viewpoint of the executive leaders. Unlike most of the surveys out there, we also asked questions on topics related to organisational agility, such as portfolio management, leadership, agile contracting, HR,...

In this report we will share factual information on what we've discovered but also -and foremost- some key take-aways that you can use to accelerate your own agile transformation.

Executive summary

When running a study like the "Agile Monitor", it's interesting to see how the results compare to similar studies. We took the "15th State of Agile report" as a benchmark, which is the longest continuous annual series of reviews of agile techniques and practices worldwide. We've identified similar results in different domains but also interesting differences. We have pointed out some of these similarities and differences throughout the report whenever we felt it was valuable.

Companies that started their transformations (or are running it as we speak) typically looked at existing practices and frameworks available and started to roll them out in one way or another. All of these frameworks have proved their strengths but also their weaknesses. We can state that none of them will provide a "full answer" to all of the company's needs. Agile frameworks have power but you need to use them wisely, not blindly.

The integration of DevOps is another accelerator for your agile transformation: this is clearly known by the interviewed organisations and they acknowledge its importance. During the survey and interviews, it became clear that this remains a big challenge for many due to the required investments (mindset and effort). The organisations that were able to successfully integrate DevOps are seeing a tremendous acceleration in their transformation.

When an organisation has the ambition to reach organisational agility, we see that agile cannot remain contained in one department such as IT. But even more importantly, we see that companies who have truly placed their **customers at the centre** of every activity, are reaping the benefits of their agile transformation faster than others.

Running an agile transformation has many unknowns and uncertainties which require a lot of experimenting, learning and adapting. Successful organisations in our interviews have a **change strategy** in place that is agile in itself. We noticed in our interviews that companies can successfully start with top-down & rigid roll-outs out of their agile transformations. Still, the true value comes when they start adapting their **operating model** in a co-creative mode to the specific needs of the company and teams. Conversely, bottom-up transformations require a continuous review of the operating model. Another, often forgotten, part of agile transformation is the **involvement of HR**. Having them truly involved can accelerate the success of the transformation.

According to our interviewed parties, it's even more important than before (pre-agile) to give the organisation a clear direction. Much of this direction comes directly or indirectly from how you approach strategic initiatives, budgets and priorities. If this is not done properly, the consequences can be serious for the organisation, and largely outdo the benefits of agility in IT. We notice that this is a tough nut to crack because this requires continuous alignment at the highest levels of the organisation.

Most important findings per theme

Theme 1: Organisation background

Agile experience team level

We see that 96,6% of the teams are practising agile and 79,3% have been practising agile for over 3 years.

We can conclude that the experience at team level (in years) is quite significant and is in line with the international benchmark (15th State of Agile report). **(Figure 1)**

Agile practice adopted team level

If we dive a bit deeper, we see that "only" half of the interviewed parties state that 80% or more of their teams have adopted agile practices.
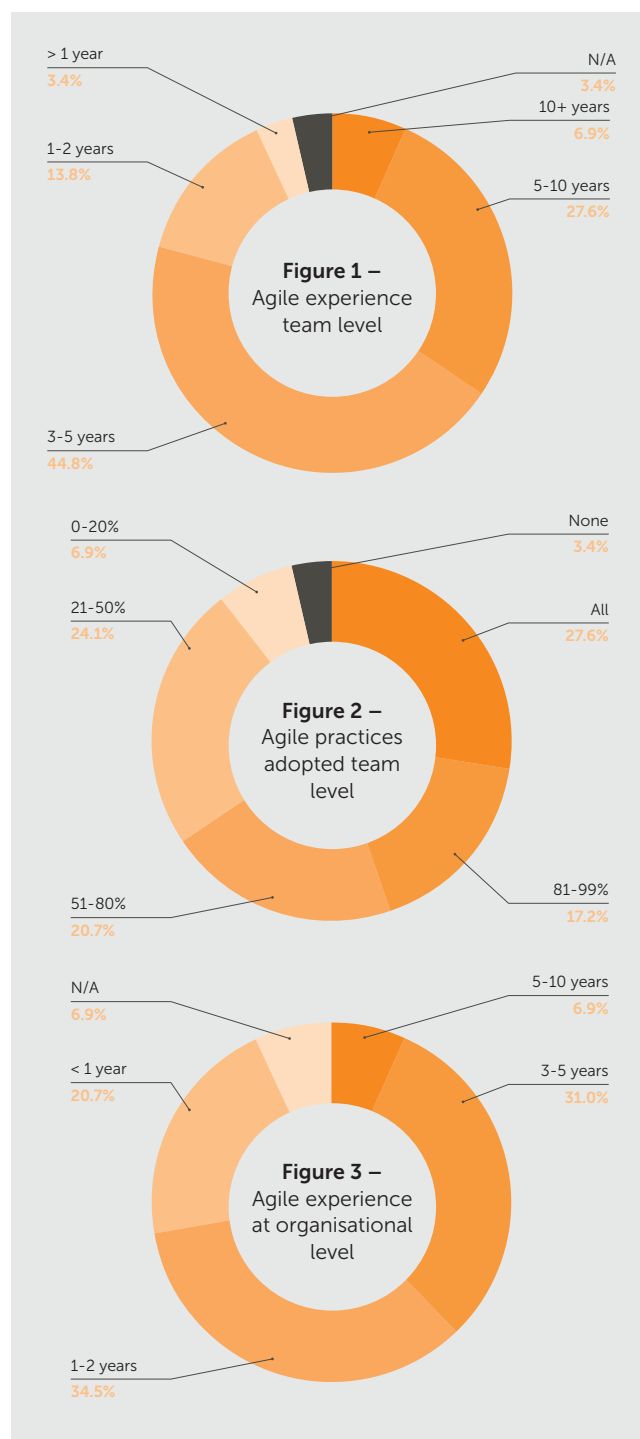
More than 30% state that only half of their teams have adopted agile practices.

This teaches us that a high degree of experience (in years) does not automatically mean that the quality, width and depth of agile implementation is correspondingly high. This relates to "theme 2: key success factors" where the lack of skills in agile practices scores second highest in the area of blocking factors for the agile transformation. **(Figure 2)**

Agile experience at organisational level

If you compare the level of experience at team level with the level of experience at organisational level, you see an interesting difference. 93.1% are practising agile at organisational level which is more or less similar than at team level but only 37,9% have significant experience at organisational level.

Knowing from the previous point that experience in years is not the same as the quality, width and depth of the agile implementation, there is still a way to go for organisational level agility. This got clearly confirmed during our individual interviews. **(Figure 3)**

> 1 year
3.4%

N/A
3.4%

10+ years
6.9%

1-2 years
13.8%

5-10 years
27.6%

Figure 1 –
Agile experience
team level

3-5 years
44.8%

0-20%
6.9%

None
3.4%

21-50%
24.1%

All
27.6%

Figure 2 –
Agile practices
adopted team
level

51-80%
20.7%

81-99%
17.2%

N/A
6.9%

5-10 years
6.9%

< 1 year
20.7%

3-5 years
31.0%

Figure 3 –
Agile experience
at organisational
level

1-2 years
34.5%

Conclusion

The majority of the organisations have been practising agile for quite some time, which is confirmed by the international benchmark. However, if we dig a bit deeper, we see that:

- Agile at organisational level is much "newer" and less explored.
- More years of practising does not necessarily translate into a higher maturity.

An agile transformation takes time and requires constant attention and investment.

"Practising agile is no IT party"

Bart Van de Walle, DHL

Theme 2: Transformation goals, blockers and key success factors

Our survey is showing very similar results as the international benchmark when looking at:

- The reasons why companies start adopting agile
- Success factors of agile transformations
- Obstacles in adopting agile

Five out of seven of the main reasons why adopting agile are the same in both surveys. Interesting is that "business-IT alignment" is the top objective in our survey where in the international benchmark it comes "only" in 4th place. Also during our interviews, we noticed that "business and IT alignment" is not self-evident and remains a constant challenge and point of attention.
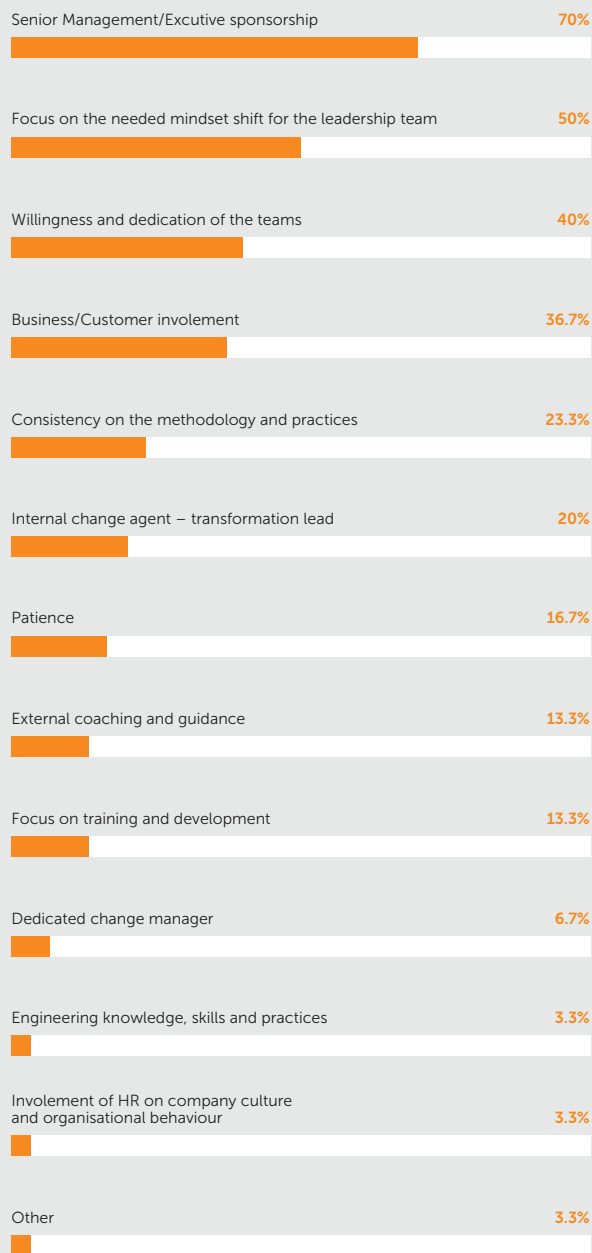
Reasons why adopting agile	
CIONET	**15th State of Agile report**
1. Improve Business-IT Alignment	1. Enhance ability to manage changing priorities
2. Accelerate software delivery - faster time to market	2. Accelerate software delivery
3. Enhance ability to manage changing priorities	3. Increase team productivity
4. Change towards a culture of collaboration and accountability	4. Improve business and IT alignment
5. Improve customer/business satisfaction	5. Enhance software quality
6. Enhance delivery predictability	6. Enhance delivery predictability
7. Increase productivity	7. Improve project visibility

When looking at the obstacles in adopting agile, we see a similar picture. Four out of six top obstacles are in line with the international benchmark. The lack of skills and experience is very interesting because we learnt that we have a high degree of experience in practising agile in the previous chapter. Another interesting fact is the presence of "Too much an IT-only transformation" which relates to the reasons for starting the transformation in the first place (improve business-IT alignment).

Obstacles in adopting agile	
CIONET	**15th State of Agile report**
1. Resistance to change from the teams	1. Inconsistent processes and practices across teams
2. Lack of skills and experience with agile methods and practices	2. Organisational culture at odds with agile values
3. Wanting too much too fast	3. General organisation resistance to change
4. Too much an IT-only transformation	4. Lack of skills/experience with agile methods
5. Inconsistent practices throughout the organisation	5. Not enough leadership participation
6. Lack of Senior Management/Executive sponsorship	6. Inadequate management support and sponsorship

When we look at the most significant success factors for an agile transformation, we see that senior management/ executive sponsorship and the mindset shift for the leadership team complete the top 2. Knowing that the majority of our target group are senior managers or members of the leadership team, this result could contain a bias. On the other hand "Lack of Senior Management/ Executive sponsorship" is also mentioned as a top blocker so it's clear that this is an essential factor for agile transformations. (Figure 4)

Conclusion

On both "reasons for starting agile transformation" and "blockers for agile transformations" our survey score is very similar compared to the international benchmark, but we clearly attach more importance to business - IT alignment. The importance of senior management/executive sponsorship and leadership participation remains valid and an attention point.

Figure 4 – What are the 3 biggest success factors for the transformation?

Senior Management/Excutive sponsorship — 70%

Focus on the needed mindset shift for the leadership team — 50%

Willingness and dedication of the teams — 40%

Business/Customer involement — 36.7%

Consistency on the methodology and practices — 23.3%

Internal change agent – transformation lead — 20%

Patience — 16.7%

External coaching and guidance — 13.3%

Focus on training and development — 13.3%

Dedicated change manager — 6.7%

Engineering knowledge, skills and practices — 3.3%

Involement of HR on company culture and organisational behaviour — 3.3%
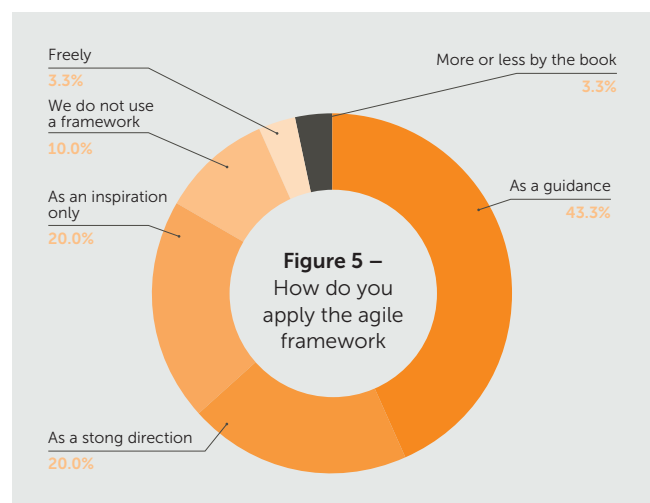
Other — 3.3%

Theme 3: Practices, techniques & frameworks

Comparing the scaled frameworks used by our surveyed parties we see that the Scaled Agile Framework (SAFe) is the most popular. No surprises there. More interesting is the second place "None, we do not use a framework". On this part, we certainly differ from the international benchmark.

CIONET	15th State of Agile report
1. SAFe	1. Scaled Agile Framework (SAFe®)
2. None, we do not use a framework	2. Scrum@Scale/Scrum of Scrums
3. Spotify Model	3. Enterprise Scrum
4. Custom/Hybrid	4. Spotify Model
5. Scrum@Scale	5. Agile Portfolio Management (APM)

When taking a closer look at how we use these frameworks, we see that the majority of the surveyed parties (63.3%) are using the available frameworks as guidance or inspiration. Only 23.3% use it as strong guidance or implement it more or less by the book. (Figure 5)

Freely 3.3%
We do not use a framework 10.0%
As an inspiration only 20.0%
As a stong direction 20.0%
More or less by the book 3.3%
As a guidance 43.3%

Figure 5 – How do you apply the agile framework

Conclusion

Blindly copying or implementing a framework by the book does not provide the needed value for our interviewed parties. Using the strengths of the different frameworks and creating an operating model that fits the specific context of the company is clearly the preferred way. Although it became clear in our interviews that it's not wrong to start implementing "by the book" because it can provide the needed kickstart for the transformation, as long as you adapt it in a continuous and iterative way.

Theme 4: Business & customer involvement

53,3% of the interviewed parties indicate that there is today a strong to very strong involvement of business. 30% of the respondents indicate that they have poor to very poor business involvement.

Seeing these results, we better understand why business & IT alignment remain the number 1 goal of agile transformations today. (Figure 6)

If we dive deeper into this business involvement and zoom in on the most significant challenges, we notice that prioritisation is present in 3 out of the top 5 challenges. This also explains why this topic is number 3 of the goals of agile transformations today. (Figure 7)

Conclusion

As we know from the interviews, business involvement grows during the transformation and is not there immediately from the start. We can safely conclude that a majority of our interviewed parties are moving towards their goal of better business & IT alignment. During our individual interviews it also became clear that companies that have truly placed their customers at the centre of every activity are reaping the benefits of their agile transformation faster than others.
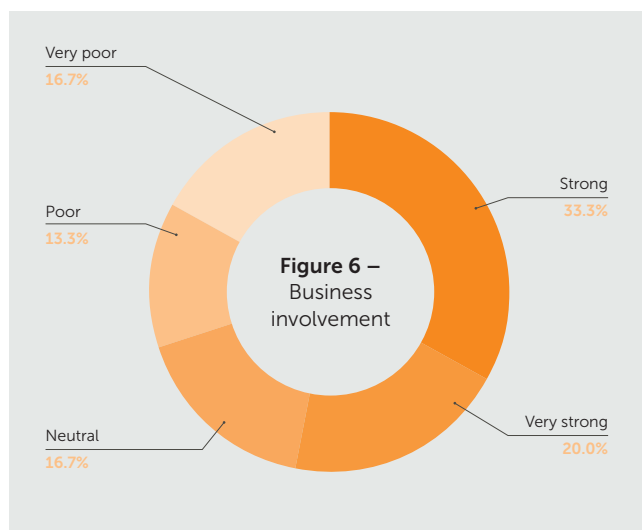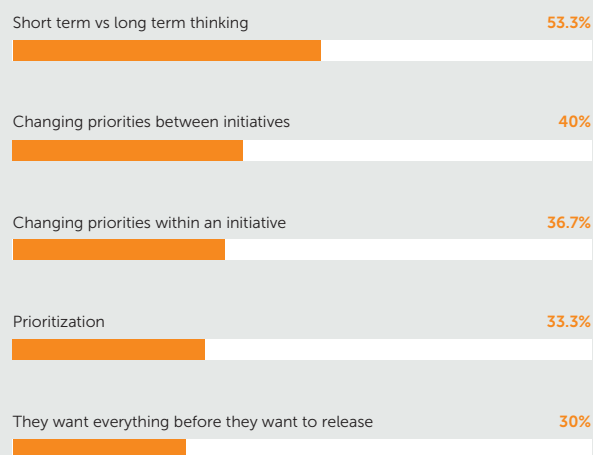
Very poor
16.7%

Poor
13.3%

Neutral
16.7%

Strong
33.3%

Very strong
20.0%

Figure 6 – Business involvement

Figure 7 – Whats are the biggest challenges with the business involvement / bus-IT alignment? 30 out of 30 answered

Short term vs long term thinking — 53.3%

Changing priorities between initiatives — 40%

Changing priorities within an initiative — 36.7%

Prioritization — 33.3%

They want everything before they want to release — 30%
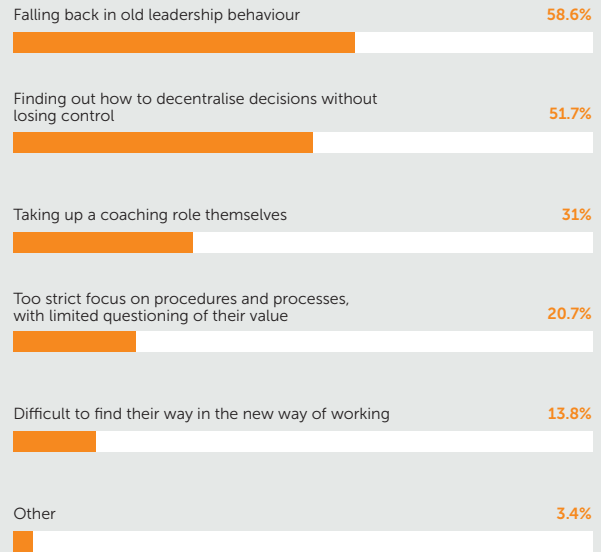
Theme 5: Leadership

Very interesting to see is that the top 3 essential leadership skills of our survey are exact the same as the top 3 leadership skills that our respondents indicated to be further developed:

1. Confidence and trust in teams, give them real empowerment
2. Strong communication – storytelling and listening
3. Ability to inspire and motivate others

36,6% of the IT leadership did not receive any coaching or training on these subjects while the majority of leadership did.

The top challenges for the leadership team are clearly "falling back in old leadership behaviour" and "finding out how to decentralise decisions without losing control". (Figure 8)

**Figure 8 –** What challenges did the leadership team experience?

Challenge	%
Falling back in old leadership behaviour	58.6%
Finding out how to decentralise decisions without losing control	51.7%
Taking up a coaching role themselves	31%
Too strict focus on procedures and processes, with limited questioning of their value	20.7%
Difficult to find their way in the new way of working	13.8%
Other	3.4%

> " *An organisation suffers if decisions are made by people who don't have the required knowledge* "
>
> *Wim Ravijts, AXA Bank*

Conclusion

Referring to theme 2 where we concluded that senior management/executive sponsorship and leadership participation remain very important, we see a strong validation of this matter in this topic. Working agile requires a different type of management and the risk of falling into old habits is always around the corner. Openness to being coached and trained on these aspects is growing but a large part of IT leadership still needs to receive coaching or training on it.
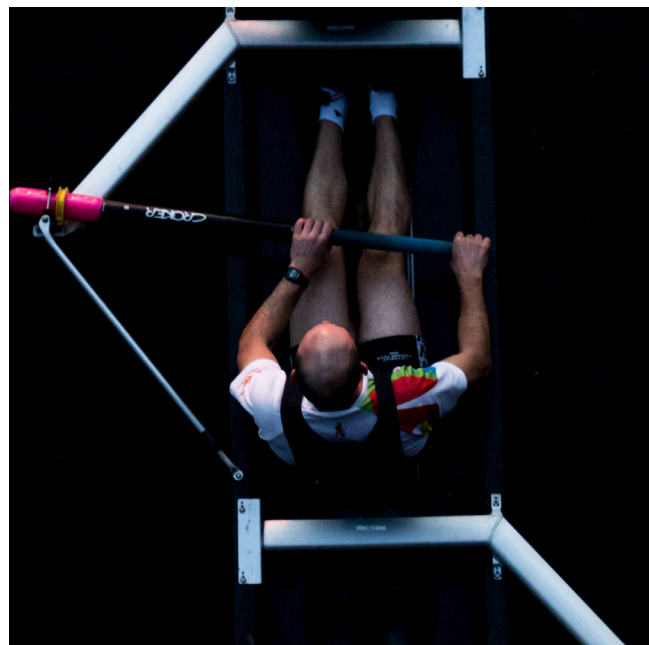
Theme 6: Organisation & talent

73,3% of the respondents indicate that employee satisfaction went up with the agile transformation. Even though it is not indicated as a top transformation goal, it is certainly a very welcome side effect. The most significant areas where the transformation positively impacted the employee satisfaction are: (Figure 9)

- Collaboration within the team
- Collaboration with other teams
- Knowledge of the business context

> Note: during the interviews we identified that you have to be aware that a dip in employee satisfaction can happen due to the nature of transforming/change. Persistence is needed when seeing this effect.

82,7% indicate that their organisational design has changed due to the agile transformation and for the majority of these companies the change was significant. The most significant change is happening for the teams and roles but also for management and departments. (Figure 10)

Even though people are going through some significant changes during this kind of transformation, we note that in only 17,2% of the cases HR is heavily involved. During the qualitative interviews we identified that HR can be a transformation accelerator when done well.

Conclusion

We can safely conclude that working in an agile way has, in many cases, a positive effect on employee satisfaction, or at least it won't hurt. Agile transformations have a significant impact on the design of the organisation and the effect on the people should not be underestimated. Why do so many organisations so poorly involve HR? Interesting question, knowing they could make a big difference when correctly involved.

Figure 9 – How does the agile transformation impact the empoyee satisfaction?
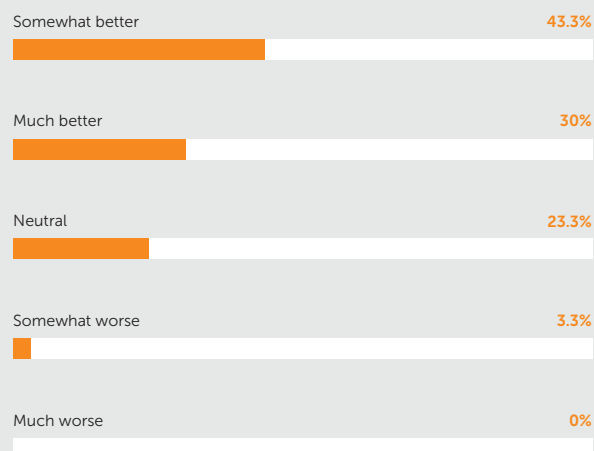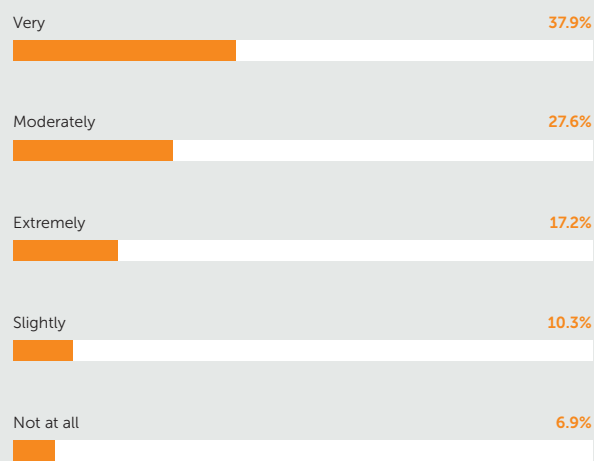
Somewhat better	43.3%
Much better	30%
Neutral	23.3%
Somewhat worse	3.3%
Much worse	0%

Figure 10 – How does the agile transformation impact your organisatioal design?

Very	37.9%
Moderately	27.6%
Extremely	17.2%
Slightly	10.3%
Not at all	6.9%

" *Employee satisfaction and autonomy and ownership are intimately linked to each other* **"**

Wim Ravijts, AXA Bank

Theme 7: Change management

About half (48,2%) of the interviewed organisations have reached 70% or more of their intended objectives with the transformation. (Figure 11)

If we take a deeper look at the maturity of the different parts of the organisation we see that the portfolio and program level has the most room for growth.

Maturity level

Teams: 86,2%*
Program: 67,9%*
Portfolio: 51.7%*
Leadership: 79.3%**

*average and above average maturity
**The score on leadership maturity is quite high; we have to be aware of the bias of the audience to which we asked this question.

78.6% of the respondents indicate that they are using a change approach. During our qualitative interviews, we captured that an adaptive change approach that takes the current context continuously into account has a better chance of success. We also see two different change approaches: top-down vs bottom up. Both of these approaches have value and should be used when appropriate. See more in part two. (Figure 12)

Conclusion

Running an agile transformation has many unknowns and uncertainties, which require a lot of experimenting, learning and adapting. Successful organisations in our interviews have a change strategy in place that is agile in itself. Only half of the interviewed organisations are almost there in reaching their intended objectives. We can conclude that agile transformations are not over yet and investment is still needed.

> **"** *It's good where we are today as long as we are doing better in 3 months from now* **"**
>
> *Bruno Brusselmans - Luminus*

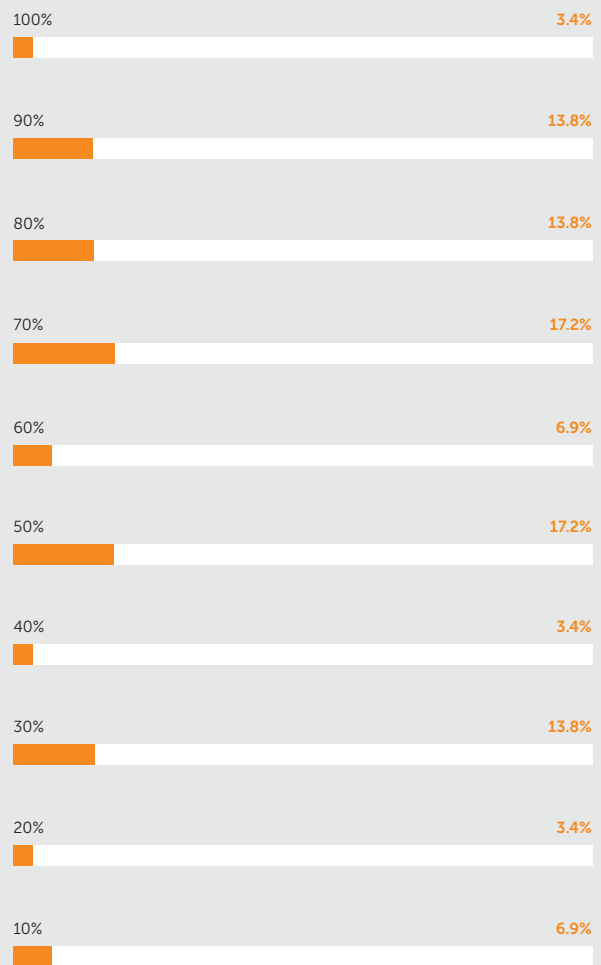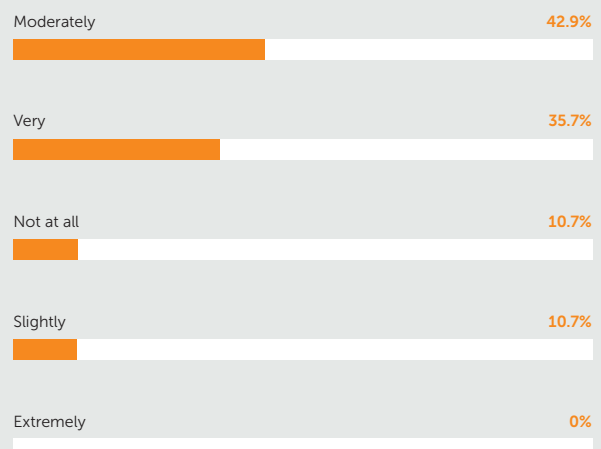**Figure 11 –** Where are you currently in the agile transformation in terms of reaching the intended objectives?

100%	3.4%
90%	13.8%
80%	13.8%
70%	17.2%
60%	6.9%
50%	17.2%
40%	3.4%
30%	13.8%
20%	3.4%
10%	6.9%

Figure 12 – How structured is your change approach?

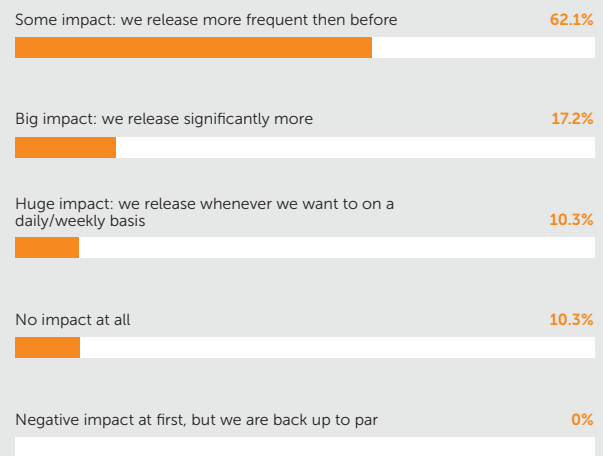|	
Moderately	42.9%
Very	35.7%
Not at all	10.7%
Slightly	10.7%
Extremely	0%

Theme 8: DevOps

Only 34.4% of our respondents have a significant integration of DevOps in their organisation, and the majority indicate that the release frequency has increased since their agile transformation. This data is contradictory because one would expect DevOps integration to be linked with the release frequency. During our interviews, we captured that the increased release frequency could be an effect of working more iteratively and has less to do with DevOps initiatives.

We also captured that only in 3 out of 13 interviews DevOps are in a good-enough to excellent state. Others are taking the first steps or still need to start. (Figure 13)

Conclusion

During the survey and interviews, it became clear that for many the integration of DevOps in their organisation remains a big challenge due to the required investments (mindset and effort). The organisations that successfully integrated DevOps are seeing a tremendous acceleration in their transformation.

Figure 13 – What impact has the agile transformation had on your release frequency?

Some impact: we release more frequent then before — **62.1%**

Big impact: we release significantly more — **17.2%**

Huge impact: we release whenever we want to on a daily/weekly basis — **10.3%**

No impact at all — **10.3%**

Negative impact at first, but we are back up to par — **0%**

Devops integration

1. Slightly (31%)
2. Moderately (24.1%)
3. Very (24.1%)
4. Extremely (10.3%)
5. Not at all (10.3%)

Theme 9: Strategy, portfolio and budgeting

For the majority of our respondents (89.6%) the way they deal with portfolio management has changed; for 44,8% of them it has changed significantly.

71,4% of our respondents agree that your portfolio management and budgeting practices have to change to be successful in your transformation. (Figure 14)

The most significant changes to the portfolio process happened in priority setting, business involvement and connecting to the strategy. (Figure 15)

Conclusion

You can not ignore strategy and portfolio management in your transformation if you have the ambition to reach organisational agility. Mastering these aspects within an agile way of working is a tough nut to crack because this requires alignment at the highest levels of the organisation.

Figure 14 – How heavily has your portfolio management changed during the agile transformation?

Very — 37.9%

Moderately — 24.1%

Slightly — 20.7%
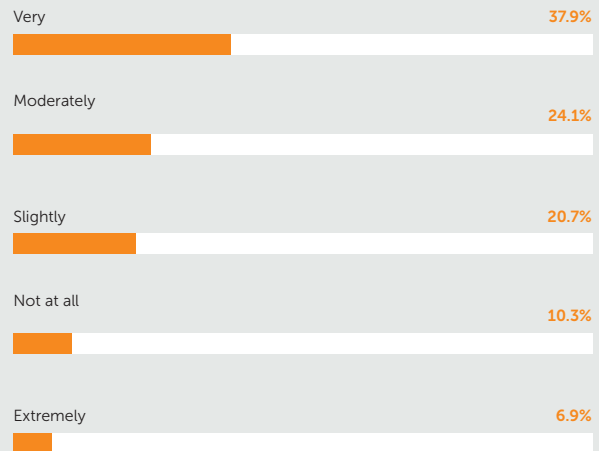
Not at all — 10.3%

Extremely — 6.9%

Figure 15 – How strong do you agree with this statement: "When scaling Agile, it's crucial that your portfolio management and budgeting practices changes as well"?

Agree — 46.4%

Strongly agree — 25%

Somewhat agree — 21.4%

Disagree — 7.1%

Strongly disagree — 0%

> **"** *It's impossible to decide large initiatives without it being 'in competition' with other ones. We are forced to enter into a constructive dialogue and make the right choices* **"**
>
> *Jo Coutuer, BNP Parisbas Fortis*
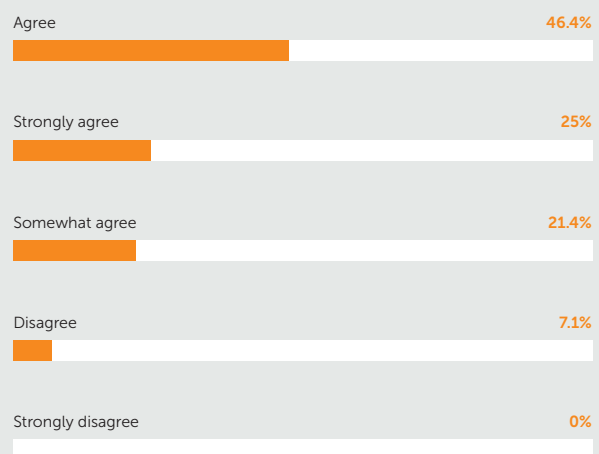
Theme 10: Ecosystems, partnerships and contracts

We see that the relationship with suppliers did not change much during the transformation but there are some challenges such as:

- Joint planning
- Communication
- Estimations of work to be done
- Cost of deliverables

58,6% of the respondents say it's very important that the supplier is also working in an agile way. Another 31% says it's moderately important and only 10,3% says it's not important.

Conclusion

In the quantitative part, it was hard to draw conclusions on this theme. It is clear that we have expectations towards our partners and suppliers when working in an agile way. During the individual interviews, we noticed subtle, but important, changes in how they deal with suppliers. In general the suppliers became more partners where the consultants became more "part of the organisation". One drawing example is the fact that external consultants are being provided with training just as the internal employees. Another example is that fixed price contracts are becoming rare. One company in particular stated that in the beginning of their transformation they shifted to "smaller" suppliers because they were more flexible.

Key take-aways for accelerating your transformation towards organisational agility

From the results of the quantitative survey and the series of interviews, we came to a number of key take-aways that can help the readers in their (next phase or continuous) agile transformation.

Of course, there are many other things you need to consider. Below are the 4 key take-aways we could distil with confidence from the study.

Prerequisites

We first need to give a warning: As Ash Maurya stated: You don't get a gold star for following a process, but for achieving results. We would like to add to this statement *'together with happy customers and employees'*.

We have seen - and in all honesty, in the earlier days also been part of - numerous transformations that were inward looking. Where the success of the transformation was solely measured by the implementation of a framework, methodologies, processes and procedures. Everyone knows those are only means to an end, but one easily steps into the trap of measuring the success of the means, rather than the outcomes at the end.

As a first prerequisite, we note: Make clear for yourself and the organisation why the transformation is needed, and what exactly you want to achieve with your transformation. Also, define how you will measure the progress in terms of business results, customer satisfaction and employee engagement. More about this in take-aways 1 and 3.

The second prerequisite is: Make sure there is alignment about the transformation across the EXCO. Again, this is obvious. And yet, it is one of the key challenges, as we already pointed out in Part 1.

How can something so obvious still be such a struggle? You will read more on this in take-aways 2, 3 and 4.
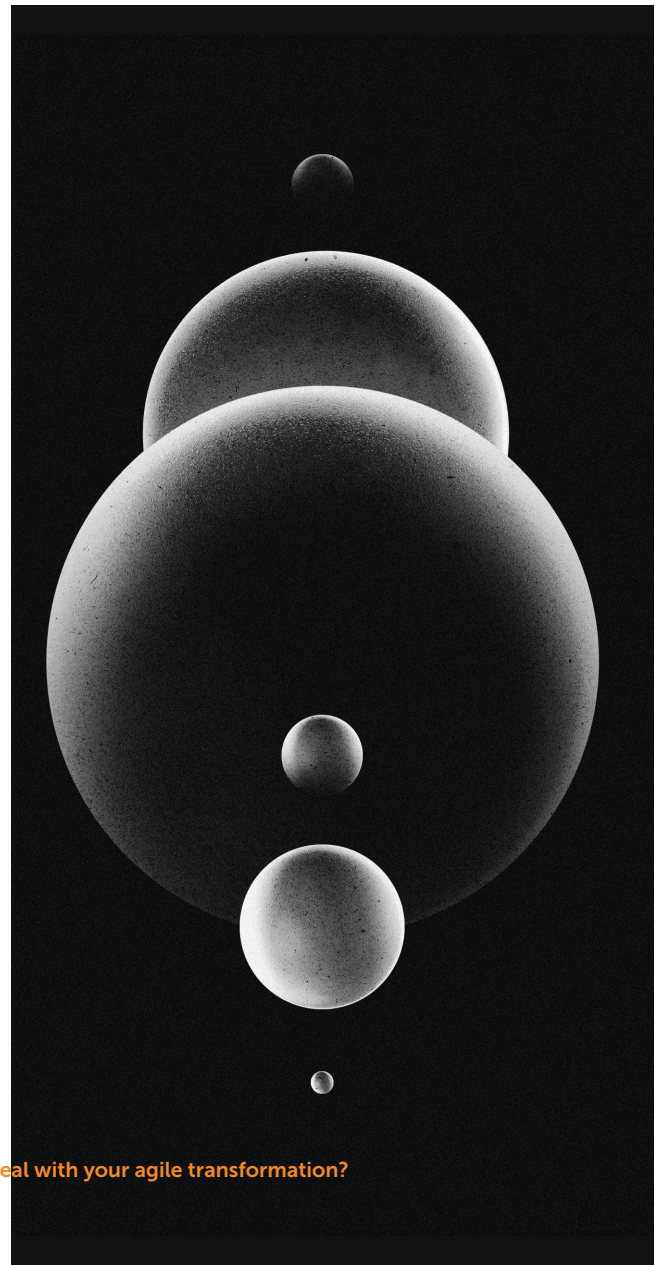
The take-aways

Based on the learnings from part 1 and our own experiences, we concluded on 4 key take-aways for your transformation to obtain organisational agility.

One can start a transformation bottom-up without taking those 4 into account and achieve quite some benefits. But those benefits would be limited to IT-delivery mainly. And those benefits will soon result in frustrations. Frustrations from the teams who see their progress blocked because of the interactions with other parts of the organisation. Because, obviously, the work in IT-Delivery cannot be seen as separate from the rest of the organisation. Your transformation is a systemic endeavour.
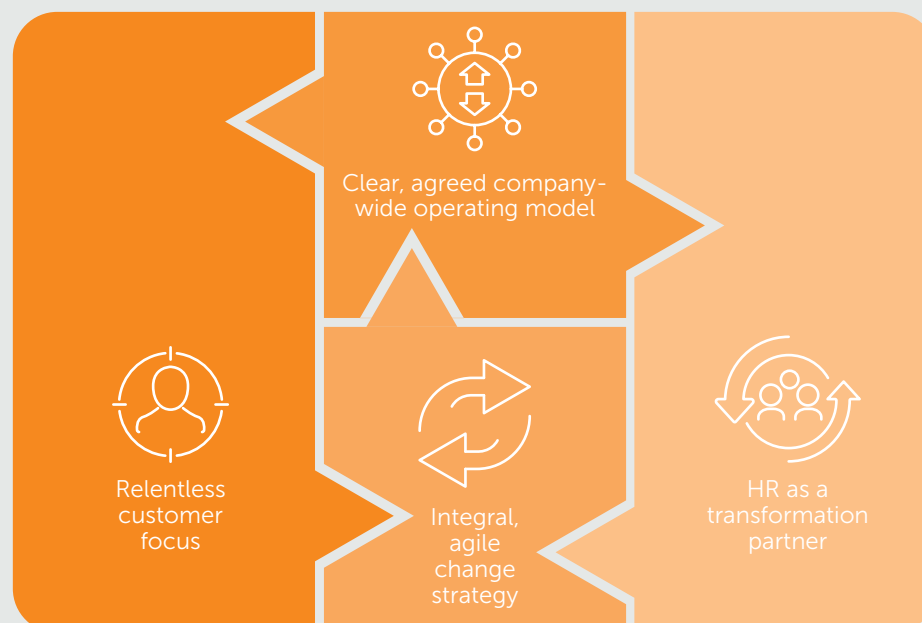
Full organisational agility requires:

1. Relentless customer focus
2. A clear, agreed company-wide operating model, including
   • An agile way of working (Mindset and governance)
   • An Intentional organisation (re)design, aligned with that operation model (Structure and governance)
3. An integral, agile change strategy
4. HR as a transformation partner

(Figure 16)

Besides those four key take-aways, introducing DevOps practices and tooling can be seen as a push in the back and amplifier for the transformation, when it is taken into account early into the transformation. On the other side, we also acknowledged successful transformations with limited progress in DevOps. Therefore, we were reluctant to include this as a key take-away.

If you don't make DevOps part as of the beginning, you should consider this a transformation debt you'll have to pay off at some time. As with technical and any other debt, it is best to consider upfront whether it's a good idea to build debt, and how much debt is tolerable. As stated above, from the interviews only 3 out of 13 considered themselves in a good-enough position. None of the others indicated that the transformation debt in DevOps became too much to handle and started backfiring.

Figure 16 – The 4 key take-aways for organisational agility

Clear, agreed company-wide operating model

Relentless customer focus

Integral, agile change strategy

HR as a transformation partner

1. Relentless customer focus

Customer focus

Chances are that you are not a software provider. So make sure to distinguish between the product or service customers are buying from your organisation and the (digital) products you are building to make this possible. For the products you are building: who are the decision-makers, who are the intermediaries, who are the actual end-users of the system, who benefits how from that use, and who is (indirectly) paying for the use of the system? How does all of this benefit the organisation's customers who are buying your products or services?

Don't forget to match this with your strategy. Where do you serve your customers best by focussing on cost-efficiency, and where by focussing on functionality, usability etc.?

SD Worx for instance sees building more effective products as the most crucial accomplishment of the transformation. They relate that to a shift in focus from technology execution (feature factory) towards product- and strategic thinking, based on customer and user interactions.

If, like in most cases, there is no 1-1 mapping between the team(s), products, systems, platforms and end-customer needs; àorganizing according to customer value streams really helps.

Relentless focus

Do not only focus on your solution design. Techniques like Design Thinking are quite established there, and still strongly recommended. But from this study we can conclude that organisations with a relentless focus on the customer made more progress on their path towards organisational agility than those without.

At Luminus, for example, senior frontline agents (who have customer interactions as their primary role) take an active part in the scaled agile operating model. Other organisations also encourage the management team to have regular direct customer interaction. At TUI, all managers work in a customer agency for at least one day each month. This way, they hear and feel directly how their colleagues work and what customers are asking and looking for.

DHL takes this one step further. Given the company credo 'Don't worry about competition, worry about your customer', all managers, up to the exco, are required to take the phone and call back at least one selected customer every month who has expressed the wish for further contact.

> **" Put someone in front of a customer, and all of a sudden the problem looks completely different "**
>
> *Bart Van de Walle, DHL*

In those organisations, typical metrics like Net Promoter Score are not limited to frontline customer service employees. They are part of the objectives of a big part of the employees, sometimes even for everyone in the organisation, including the developers in the software team.

The superlative of relentless customer centricity is community management. At Mobile Vikings they continued and deepened the vibe of close customer relation from the time as a startup. They call themselves customer-obsessed rather than customer-centric. They don't serve customers, they build communities.

We cannot conclude that companies who made more progress towards organisation agility achieved that because they already had customer centricity as part of their DNA, or introduced it as a part of their transformation. It's probably not black/white anyway. But we can conclude that those who scaled beyond the typical IT department have a relentless customer focus, and vice versa.

> **Make clear** *how the customer will benefit from your transformation. Make this a key metric of your organisation and a goal of your transformation.*

2. A clear, agreed company-wide operating model

With an agile transformation, you are re-architecting (part of) your organisation's inner operating model; whether you are consciously aware or not.

Like any agile endeavour, one best starts with a minimal viable agile operating model, inspect and adapt, define your next version, and repeat.

Depending on the size of your organisation - and the scope of your transformation, this can be a minimal and light-weight governance with simple and basic structures. Some people in the large agile community are allergic to the word governance because that "isn't agile". Our interviews confirmed however, that some governance is beneficial even for smaller organisations.

> **"***Without structures and governance, you can't steer, and without the possibility to steer, you can't be agile***"**

When a company like Mobile Vikings started an agile transformation, a key driver was the necessity to bring some clarity, structure and a minimum of uniformity in the way of working, as they were suffering from growing pains.

In bigger organisations with well-established governance, one can't just ignore that with a simple statement saying *'it's not important for now, and it will be taken care of when the problem occurs'*. One of the interviewed organisations shared that the lack of an agreed operating model between IT (with their new agile way of working) and the rest of the organisation resulted in loss of control.

It is crucial to get the scope of the first phase of your transformation right. Do you limit it to IT-delivery? , Is infrastructure part of it? And what about IT-operations? Are any business departments joining the transformation, or will they just have to align differently with IT? What about 'functions' like Legal, Risk, Compliance, Audit and Finance?

We have seen different flavours in the interviews. From organisations that start with a scope limited to IT-delivery (at first), over transformations for the whole IT department, to organisations that restructured all the business departments and their way of working as part of the agile transformation. Most of the organisations we interviewed that limited themselves to IT are planning to extend this further to other parts of the organisation. Others are still undecided or need some time to take the next step.

In any case, as often, there is no right or wrong approach. Both the full-blown organisation-wide and more top-down approach as the scaling-up-step-by-step approach can work. Just make sure to align your change management with the approach. (Figure 17)

With an agile transformation, it is precisely the objective to break the interfaces because the current interface wouldn't match at all with the refactoring of your component. So you need to consider this from the beginning and agree on a new operating model.

As stated earlier, don't over-engineer this in the beginning. Start small, inspect and adapt, and grow in this together with the counterparts. Also if your transformation includes all business departments, portfolio and budgeting, etc. as from the start, it is best to use the simplest version possible and evolve from there.

Figure 17 – Refactoring your operating mode

Area in transformation

If you start with a focus on IT only, we learned that it is essential to contain your transformation clearly. When that's clear, it is important to agree on the new operating model with the areas of the organisation that are not part of the transformation.

It is like refactoring software. As long as you don't break the interfaces with other components, there's no problem. But when you need to change the interface, you'd better talk about that upfront, explain the need, your reasoning, and agree on a new interface. Then give everyone time to adjust and a grace period once you introduce the new interface.

In this newly defined operating model, make sure to include the following:

A. An agile way of working (mindset and governance)
B. An intentional organisation (re)design aligned with that operating model (structure and governance)

A. Agile way of working (mindset and governance)

It's obvious that an operating model as part of an agile transformation includes an agile way of working. We couldn't tell from the respondents to the survey and from the interviews, but we have seen and heard about quite some organisations where the use of agile methodologies was very mechanistic. Implementing some processes and procedures, without living the underlying values and principles, is setting up for failure.

The risk of this largely increases when there's a lack of knowledge and understanding in the organisation. In part 1 we learned about the indispensable need for formal training, and the struggle due to lack of skills and experience. Most of the organisations we interviewed got intensive coaching for their transformation, be it via external consulting or by hiring internal coaches. All of them stressed the value and need for coaching.

As we learned from the survey (see part 1), a lot of people -including leaders, of course- tend to fall back to old habits if things don't work out just fine as of the start. Company culture all too often is a negative amplifier of this. This is exactly why coaching is important, especially for the leaders of your company.

" *Coaching is of utmost importance. Without coaching, don't even start* **"**

Wim Ravijts, AXA Bank

" *A common way of working and common values are important. Taking the time to discuss how you collaborate also brings cohesion to the (leadership) team* **"**

Ruben Smolders, SD Worx

**B. Intentional organisation design
(structures and governance)**

The interviews clearly supported the 5th of Larman's laws of organisational behaviour: "In large organisations, culture follows structure. And in tiny young organisations structure follows culture.

For BNP Parisbas Fortis, for example, the restructuring led to accountability. "Before, we had a director for everything, but nobody was accountable for the full picture. With the change of their missions, everything changed."

" *Structures indeed make a big difference* **"**

Jo Coutuer, BNP Parisbas Fortis

Also, Luminus, AXA Bank, SD Worx, TUI, DHL, Borealis and ING pointed directly to the importance of restructuring as part of re-alignment with the broader organisation. The common denominator in their restructuring? They were market and/or customer-focused. This bridges nicely back to the previous take-away.

Note that this does not necessarily imply big changes in formal reporting lines. At AXA Bank and Luminus, for instance, the organigram and the Agile Release Trains don't match, and they're perfectly fine with this.

> *Your operating model will be -and should be- continuously evolving during the transformation. Start from a minimal viable version, and make sure the current version is always very clear to everyone involved.*

3. An integral, agile change strategy

Bottom-up vs top-down change approach

We see the two approaches: bottom-up and top-down. No surprise that everyone agrees both are necessary and need to meet one another, but there's always a clear centre of gravity.

From the interviews, we learned that (really) large, established companies need a top-down approach. They can start bottom-up in some pockets left and right, or even for the whole of IT-Delivery. But given the organisational complexity and linked governance, the move towards organisational agility requires a top-down approach.

Also, as pointed out in the prerequisites: when you want to scale out of IT, there is no way to do so without exco-wide support and sponsorship. Putting the money where the mouth is, brings that clarity to the whole organisation.

If there's no organisation-wide transformation initiative (yet), one can start bottom-up. A clear take-away from the interviews is that in that case, it is advised to focus on the willing, ensure it works and is fun - then will spread like a virus. Don't be tempted to take on too much at once. Focus on a limited scope, make good progress on that and then move on.

> **"***Just work with the 20 attractors, and ignore the 50 detractors. Focus on areas where you have a direct impact, and downplay the rest***"**
>
> *Bruno Brusselmans, Luminus*

Smaller companies can more easily succeed by using a bottom-up approach. Of course, this still requires exco alignment and support. Even for Mobile Vikings, more or less agile by birth, the key success factor for the step towards organisational agility was exco support, with a vital role for the CEO.

When working bottom-up, it is important to know where there will be friction so you can anticipate where possible. Find your ally, be transparent and honest about where you expect difficulties, and what you think both of you should do about it. And, of course: persevere. Be prepared for it to go wrong, because it will go wrong at first.

Referring back to key take-away 2, it is obvious that a top-down, organisation-wide approach, including restructuring and changed governance, is faster. There's no need for constant reviews of and discussion on the interfaces between different parts of the operating model. However, a top-down approach is always experienced as a shock. Those transformations are perceived to be 'enforced on' the organisation often resulting in a temporary decrease in employee engagement and happiness. From the interviews, we learned that this takes 2 to 3 years.

Be conscious about this choice, and ask yourself which approach fits your organisation best at what point in time?

Cross-functional change team as part of a Transformation Office

In both approaches, it is critical to set up a cross-functional change team to guide the transformation. The members of this team have different roles in the organisation under transformation, and will act as the typical change agents and ambassadors for the transformation. If you hire agile coaches to guide the transformation, this is the typical home base from where they teach, guide and coach the different teams and roles.

Don't limit the members of the change team to the parts of the organisation where the transformation is taking place. Thinking about the interfaces mentioned before, make sure to include the key decision makers of the parts of the organisation who will be impacted by the transformation. Make sure to have them on board as of day 1. Probably, those people will have slightly different roles in the team than the ambassadors. But if you know you'll have to change the interface, make sure those colleagues are continuously aligned with the goals, approach, reasoning etc., of your transformation. Only when they understand all of this, can they easily co-create a new interface.

The setup of an independent Transformation Office, which is not part of any department, is also considered to be very important for the transformation towards organisational agility.

As long as the transformation is mainly limited to IT with a review of some organisational interfaces, the cross-functional change team with key decision makers of other parts of the organisation will do very fine. Once you want to scale this towards organisational agility (or as from the beginning if you have a company-wide, top-down transformation), a transformation office is key.

> **"** *The fact that the Transformation Office and HR are seen as neutral has been an absolute key success factor* **"**

Steve Goossens, Vivium

At Vivium, this resulted in the fact that, no matter if you asked the question to someone from business, IT or portfolio, you always got the same answer.

Note that this transformation office can be temporary. At BNP Paribas Fortis, for example, the office made itself redundant after a couple of years.

Integral and agile approach

Your transformation towards organisational agility should be agile in itself. It is about leading by example. - of course. But with a more top-down approach, there's the apparent lure towards a plan-driven, implementation roadmap for the transformation. This opens the door to measuring the success of the transformation based on the follow-up of the roadmap, rather than by achieving value from the transformation.

Set business objectives, make sure to measure your objectives (see prerequisites), define intentions, but avoid a full-blown roadmap.

Also, as pointed out earlier, stipulate what you intend and might need to do later but will not do from the beginning. The list of not-(yet)-to-dos is as important as the one with the to-do's. Start with the basics first, add the rest later.

As a transformation leader, give intentions and objectives to the teams, provide them autonomy and support, and trust them to do the job. If it doesn't work out, keep the trust, and give them more support.

With an agile approach, comes the feedback loop. Make sure to set up those loops. At TUI, for example, everyone is allowed to put some items on the backlog of the change team. Once they do, they are involved in finding a possible solution and its implementation. Adjust your roadmap based on the feedback and your transformation metrics.

> **"** *Work in a culture of ownership and autonomy. With freedom and responsibility, one can do beautiful things* **"**

Brecht Stubbe, Riziv/Inami

> ❝ *'Installing' an agile mindset in people is the biggest challenge. It is counterintuitive - you need to recalibrate intuition* ❞

Kris Steegmans, Mobile Vikings

No doubt you've heard numerous times that Agile is mainly a mindset and culture thing. But all too often, an agile transformation is mostly about processes and methodologies. During the interview, we heard a handful of people explicitly saying that they do pay attention to the more intangible and unobservable things, that are typically hard or impossible to measure.

At Vivium, they explicitly recognise that everyone has a different starting point, which calls for different speeds.

> *Your transformation is an agile endeavour in itself. Lead by example, and drink your own champagne.*

4. HR as a transformation partner

Make sure to position HR as part of the transformation. Ideally, they are committed from the start and act as a key transformation partner. Even if you start bottom-up in IT-delivery only. If for some reason that's not possible yet, make sure to find a way to work around it, and consider changes that are happening in the area of HR as 'positive collateral damage', as one of the interviewees stated.

Do know that you'll need full commitment from HR for organisational agility. So make sure to work with them and find out when and how they can join the transformation. Forcing HR to join the transformation without the right motivation can be a showstopper.

As you might remember from part 1, the survey revealed that only 17,2% indicated that the HR department was very or extremely involved. Our interviews showed that in the large majority, HR wasn't involved or, at maximum, only operationally supporting. It's clear that it is very challenging for HR departments to see what the transformation exactly is about and what role they can or should play. So as transformation leads we need to acknowledge that, most likely, HR is not yet in a good position with an adequate understanding of what a transformation to enterprise agility means. Probably just like other areas of the organisation.

At a certain point, they'll have to be involved. You'll have to start discussing roles, functions, organisation design, reporting lines, re-skilling, redeployment, etc.

On the other end of the spectrum, those organisations where HR was really part of the transformation, clearly expressed that this was a key success factor. At Vivium, for instance, the transformation was accompanied by an ongoing company culture track. They joined in from the beginning for role assessment, development and coaching. The introduction of peer-based learning in competence circles was a hand-in-hand effort between the transformation office and HR.

> *Early involvement from HR can be a real accelerator for your transformation towards organisational agility.*

THE
INTERVIEWS

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Thank you.

Sincerely,

Mattias and Benjamin

In order of appearance:

Jo Coutuer, BNP Paribas Fortis

Bruno Brusselmans, Luminus

Inès Herbosch, FOD Justitie

Wim Ravijts, Axa bank

Steve Goossens, Vivium

Ruben Smolders, SD Worx

Koen Willems, Sodexo

Bart Van de Walle, DHL

Kristof Caekebeke, TUI

Gert Lemmens, Borealis

Bahadir Samli, ING

Brecht Stubbe, Riziv/Inami

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