An Executive's Guide to Leading a

LARGE-SCALE AGILE TRANSFORMATION

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LEADINGAGILE

WHY DO COMPANIES ADOPT AGILE?

Organizations have a wide variety of motivations for adopting Agile.

Sometimes it has to do with innovation and product fit. Sometimes it can simply be a matter of increasing communication, collaboration and transparency. More often than not, organizations are looking to reduce costs, improve predictability, product quality, and time to market.

The thing to know is that your company's specific goals will dramatically influence how Agile is implemented across your organization.

WHAT TYPES OF PROBLEMS IS AGILE GOOD AT SOLVING?

People often ask if Agile is best for every type of problem, or if some problems naturally lend themselves to a more waterfall process approach.

Agile is best suited for problems where there exists some degree of uncertainty, a greater need for fast feedback, and the ability to change direction if you learn something new about what you are building.

Most modern IT projects will benefit from a more agile approach.

WHAT ARE THE NECESSARY PRECONDITIONS FOR ADOPTING AGILE?

Many people look at Agile as a way of thinking, or simply a new set of processes for building projects; and to some degree that is true. However, Agile also impacts how organizations are aligned, how they coordinate work across teams, and what they measure and control.

If you only adopt an agile mindset, or agile as a set of processes, there is a good chance your adoption will not yield the business benefits you would like to achieve.

There are several foundational concepts that have to be applied consistently to get the full benefit of adopting Agile.

- You must be willing to form complete cross-functional teams at all levels of the organization from the delivery level to leadership.
- You must be willing to manage the flow of work, balance capacity against demand, and ensure teams have a well groomed backlog of work at all times.
- You must be willing to hold teams, as well as the overall organization, accountable for producing a working, tested increment of product on a regular cadence.
- You must be willing to aggressively manage dependencies and help your organization break dependencies over time. Dependencies always limit business agility.

> AGILE IS BEST SUITED FOR PROBLEMS WHERE THERE EXISTS SOME DEGREE OF UNCERTAINTY.

HOW CAN EXECUTIVES CREATE AND SUSTAIN THOSE CONDITIONS?

An agile organization is built around teams that either do the work or govern the flow of work across multiple teams.

Executives are responsible for maintaining the structure of the organization and supporting the mechanisms that enable the flow of value across many teams.

Once you've established this system of delivery, it is imperative that you hold your organization accountable for operating within the system. Do everything possible to avoid disrupting the operation when things don't go as planned. Stability is key.

Pulling people out of teams or overloading the organization's capacity to deliver will make it impossible to operate in an agile way.

HOW DOES AGILE WORK AT THE TEAM LEVEL?

With all the necessary pre-conditions in place, Agile at the team level is relatively straightforward.

Each team is focused on a particular set of business problems and they have everyone and everything necessary to solve those problems.

Each team works off of a detailed list of deliverables to produce a working, tested increment of the product, on a predefined and regular cadence.

If you know the size of the backlog, and the amount of work each team can complete every iteration, you can begin to predict the amount of time it will take to bring your product to market.

WHAT ARE THE MECHANICS OF AGILE AT SCALE?

Agile at scale is about forming teams at all levels of the organization and providing mechanisms that allow multiple teams to come together with an integrated deliverable on a regular cadence or interval

Agile at scale can look very different for different organizations. It all depends on the nature of the dependencies between the teams and the number of teams that have to come together to produce an integrated deliverable.

In an organization that has a large number of dependencies, groups of teams are supported by a special kind of team that breaks down requirements, manages the hand-offs between upstream and downstream process owners, and regulating batch size. This team has overall responsibility for coordinating the delivery of multiple, integrated agile teams across the enterprise.

By investing in your technical infrastructure and shifting your business processes and funding models, you can often begin to break dependencies and deprecate the planning and coordination overhead necessary in more tightly coupled enterprises.

Over time you'll be able to allow teams to operate with more autonomy and become more innovative.

You should note that there are several different theories in the marketplace around how to best do scaled Agile.

Determining which approach is best for your organization depends largely on the culture of your organization and the extent to which you are willing to build and sustain small, independent, loosely coupled teams.

THERE IS NO SILVER BULLET.

HOW CAN I EFFECTIVELY MANAGE MY BUSINESS WITH AGILE?

Once we establish the underlying processes and structures necessary to support an agile delivery model, managing your organization begins by defining key metrics and success criteria, taking a baseline of your current performance, and regularly assessing progress toward those goals.

If you are managing for predictability and need to regularly make and meet commitments, you will need to focus on stabilizing velocity at the team level, reducing batch size, and managing flow across the enterprise. Cycle time and standard deviation are key performance indicators that determine success.

If your goals are to become more innovative, you will measure for outcomes over the delivery of specific requirements. You will invest in smaller increments and allow teams to innovate quickly to achieve those goals. If the team is not innovating fast enough or innovating in the wrong direction, you can choose to pivot, changing direction based on what you've learned.

Most organizations need a mix of predictable product delivery and innovation into new products. Agile can support both kinds of goals but will require a somewhat different operating framework to be successful.

HOW DO I CREATE AN AGILE TRANSFORMATION STRATEGY?

Creating a transformation strategy involves first understanding your business goals and then establishing a plan for how you will form teams, govern project work, and define the metrics necessary to measure the organization's progress toward your business objectives.

Effective transformation is a multi-phased process, with tangible intermediate goals, where metrics are used to track operational improvements and business performance. LeadingAgile calls these intermediate goals 'basecamps'. We have defined five basecamps common to many organizations:

BASECAMP 4

Address governance issues and introduce team based funding. Introduce changes to how the organization capitalizes software.

BASECAMP 3

Aggressively decouple the organization by focusing on business process flows, organizational design, and legacy code refactoring including Devops and continuous integration and delivery.

BASECAMP 5

Place smaller bets, fund teams to solve specific business problems, invest to learn and introduce a culture of innovation and adaptation.

BASECAMP 2

Begin reducing batch size organizationally by only funding and approving smaller projects, introduce release planning, begin technical practices.

WILL WE NEED ALL FIVE BASECAMPS?

Not every organization needs to go through all five basecamps. Your business goals and end-state vision determine what path you take.

If you have minimal dependencies, are building an organization from scratch, or have the organizational-will to make radical changes immediately; you could move straight to your desired end-state rather quickly.

The challenge is to understand exactly where you are, and what is realistic in terms of getting the organization where it needs to be. Basecamps help articulate the iterative nature of the changes.

BASECAMP 1

Become predictable by using agile teams and lean governance process flows. Manage dependencies and plan forward as necessary.

WHAT DOES CHANGE MANAGEMENT FOR AN AGILE TRANSFORMATION LOOK LIKE?

For most organizations, change will be incremental and take time.

LeadingAgile starts by breaking the organization down into sub-units called 'expeditions'. Expeditions represent a complete vertical slice of the organization and exercise all the frameworks and assumptions around the structure, governance, and metrics model define your end-state vision.

Expeditions move step-by-step through basecamps, developing operational maturity as they go. Expeditions are selected based on their importance to the business and ability to show improved economic outcomes as early as possible in the process.

CHANGE WILL BE INCREMENTAL AND TAKE TIME.

This iterative and incremental approach allows you to demonstrate early success, help people learn, and give the organization the ability to change direction as you learn something new; all without disrupting the flow of your current business model.

HOW WILL I KNOW IF AGILE IS TAKING HOLD IN MY ORGANIZATION?

While forming teams, creating backlogs, and having the ability to produce a working tested increment of product is incredibly important, the presence of these is not sufficient. You need a way to measure the sustainability of the practices necessary to actually execute the plan.

LeadingAgile has a proprietary competency model for determining how well Agile is taking hold in your organization. We assess your teams against five core competencies and 25 sub-competencies to get a sense for the sustainability of the practices.

The 5 main competency areas are:

- Product Definition
- Metrics & Management
- Technical Practices
- Organizational Enablement
- Change Management

HOW DO I KNOW IF AGILE IS IMPROVING MY BUSINESS OUTCOMES?

Early in the transformation, a set of business metrics are identified and a tooling strategy is introduced, so you can begin to gather metrics and establish a performance baseline for your organization.

Over time, as you form stable teams, get proficient at producing backlogs, and establish the capability to produce a working tested increment at the product of each sprint; as you do the work of breaking dependencies across the organization and maturing your governance frameworks; you should see improvements in the sustainability metrics and the business metrics of the organization.

HOW DO I GET STARTED?

Once we understand the mechanics of our change management strategy, it is straightforward to plan and execute an Agile transformation. The work is difficult, and the specifics of the transformation will emerge as you engage your organization. However, the basic approach holds across all organizations.

STEP 1 – DEFINE THE END-STATE

This is where you set business goals for the transformation, define a pattern for forming teams, identify process flows, establish governance, and create a metrics and tooling strategy to baseline performance and measure improvement over time.

At the end of this phase, the organization will have identified the first expedition to run an end-to-end pilot and have identified the basecamps necessary to implement the changes.

STEP 2 – PILOT AND ROLL-OUT

This step involves forming, training, and coaching teams over time to help them move progressively through basecamps. All aspects of the end-state vision are implemented, baseline metrics are gathered, and improvement is measured and communicated as teams mature.

STEP 3 - SUSTAIN THE CHANGES

As the organization begins to harden its structure, governance, and metrics and establishes an internal set of best practices, it is valuable to begin documenting those items in a central location for future reference. This can include training materials, handouts, process cheat-sheets, as well as strategies for onboarding internal coaches, as well as methods to conduct ongoing organizational assessments and establishing remediation strategies.

HOW DO I EXECUTE AND MANAGE STAKEHOLDER EXPECTATIONS?

Once the strategy is set and the pilot identified, LeadingAgile recommends establishing a 90-day planning cadence, 30-day checkpoints, and weekly status updates.

The 90-day planning meetings keep the entire transformation team and the organization focused on the detailed activities scheduled to take place over the next three months.

The 30-day checkpoints allow the team a formal opportunity to assess progress and adjust the plan as needed should anything need to change.

Weekly status reports keep everyone informed regarding the progress of the transformation and where they might help remove impediments along the way.

A FINAL NOTE ON LEADING CHANGE IN DIFFICULT ENVIRONMENTS

Most of the executives we talk to understand that the core challenges in their organizations are not simply process related. While process may exacerbate some of the dysfunction, these executives recognize that they have alignment problems. They have clarity problems. They have accountability problems. They have transparency and visibility problems.

Furthermore, solving these problems is highly political, expensive, and risky. Some people will be threatened by the changes. Some people will want to resist the changes and wait for things to go back to normal.

Change is difficult under the best of conditions, let alone when you are attempting to fix the underlying delivery mechanisms for your entire organization. People will feel at risk and afraid.

The problem is that if we don't address the fundamental issues truly driving the need for change, the change will be empty and ineffective. You will burn the same amount of political capital, spend the same amount of money, take the same amount of risk… and fail.

The LeadingAgile transformation approach is designed to educate leaders on how to prepare for and manage an Agile transformation initiative. It is designed to create space for change to take place and help you manage your business through these changes with minimal economic disruption.

Change is never easy. Our goal is to make it as safe, predictable, and as plan-driven as possible; so your team will support the changes and help to make them successful.

WHO IS LEADINGAGILE?

LeadingAgile is a company dedicated to helping larger, more complex organizations achieve better business outcomes through the systematic application of agile delivery methods across the entire enterprise.

Our company is primarily focused on the transition patterns and intermediate states necessary to safely and pragmatically lead any company through a structured and planned transformation.

We are committed to engaging in a way that respects where each company is today, while laying a foundation for where it needs to be in the future. LeadingAgile takes the magic out of agile transformation.

WHO IS MIKE COTTMEYER?

LeadingAgile founder and CEO, Mike Cottmeyer, is passionate about solving the challenges associated with Agile in larger, more complex enterprises. He and his team are dedicated to providing large-scale Agile transformation services to help pragmatically, incrementally, and safely introduce Agile methods. He spends most of his time leading and growing LeadingAgile, doing sales and business development, developing content, and providing strategic coaching for key clients.