

LEADINGAGILE

LEADING TO AGILITY

Case Study of a Major Auto Manufacturer



BUSINESS CASE FOR CHANGE



ABOUT THE CUSTOMER

Global Automotive OEM

SCALE

\$2.3 Billion IT Budget

15,000 people involved in the Transformation

7 Business Units

Global Impact

\$700 Million CapEx Reduction Target



CURRENT BUSINESS CONDITIONS

The industry is being disrupted by the rise of electric vehicles, autonomous vehicles, smart cities, ridesharing, and decreases in vehicle ownership.

The Client is experiencing poor global performance due to the lack of responsiveness to local consumer tastes and preferences.

Market cap is constrained by market share in the vehicle segment. The Client must increase market share to increase stock price.



BUSINESS GOALS

Fend off challenges from established competitors as well as new entrants into the market.

Identify new business models and revenue streams to improve stock price.

CUSTOMER CENTRICITY

Putting the customer at the center of everything they do.

VALUE AT MARKET SPEED

Sharply reducing the time it takes to respond to customer needs.

VIBRANT WORKPLACE

Increased employee satisfaction to reduce turnover and increase productivity.



STRATEGIC INITIATIVE

The Product Driven Organization (PDO) is the primary strategic initiative aimed at improving business performance through information technology and smart mobility.

PDO TRANSFORMATION CHALLENGES

FUNDING THE CHANGE

The Client must reallocate hundreds of millions of dollars to invest in smart mobility while the current business continues to run.

Pressure from Wall Street creates the need to move faster with more transparency while unfavorable global trade conditions are adversely affecting their financial performance.

FAILED ATTEMPTS

The Client had been making significant investments in organizational redesign, incorporating product alignment, technical practices, and Agile practices.

After four attempts, the Client had a host of new practices within their organization but had yet to realize any of the desired business benefits from these initiatives.

CFO CONCERNS

BIG BETS

Historically, the Client's funding process rewarded business units for developing huge multi-year project plans, which required the Client to invest hundreds of millions of dollars, but had little to no certainty as to the return.

RISKY INVESTMENTS

The Client's shifting investment focus from core commodity efforts to new strategic efforts, focused on new business models, resulted in risky investments in unproven markets—with unproven solutions.

UNPREDICTABILITY

Common cost over-runs, delayed product releases, and ever changing timelines left the Client's leaders with little ability to reallocate investments as new information and opportunities became available.



COST NEUTRALITY

The Transformation has to pay for itself through cost reduction.

KEY DRIVERS OF BUSINESS RESULTS



STABLE DELIVERY

Being able to predict how much a project will cost and when it will be delivered is critical when evaluating what investments the organization should take on next.

This requires aligning all areas of the organization toward creating value and managing the flow of work through stabilizing the teams, reducing overhead, and freeing up the capacity required to deliver work. Stable delivery both reduces costs and improves the predictability of cost.



VALUE BASED DECOMPOSITION

Breaking down the big bets by value propositions accelerate return and reduce cost over-runs by delivering results faster and creating options for eliminating parts of the plan that do not have sufficient returns.

The result is managing against ROI targets instead of the completion of features. By delivering features frequently, and creating optionality around what to build, we can create more value while building less.



MANAGE MARKET RISK WITH RAPID VALIDATION

In rapidly changing markets, speed is key. The goal is to make small investments to rapidly validate markets and solutions before making big investments.

Then actively manage the risk in the investment portfolio, adjusting investment if markets change, a product is not successful in market, or a better investment opportunity comes along.



REAPING THE BENEFITS

Incrementally delivering the Transformation moves the Client toward their business goals while freeing up cash to self-fund the Transformation.

