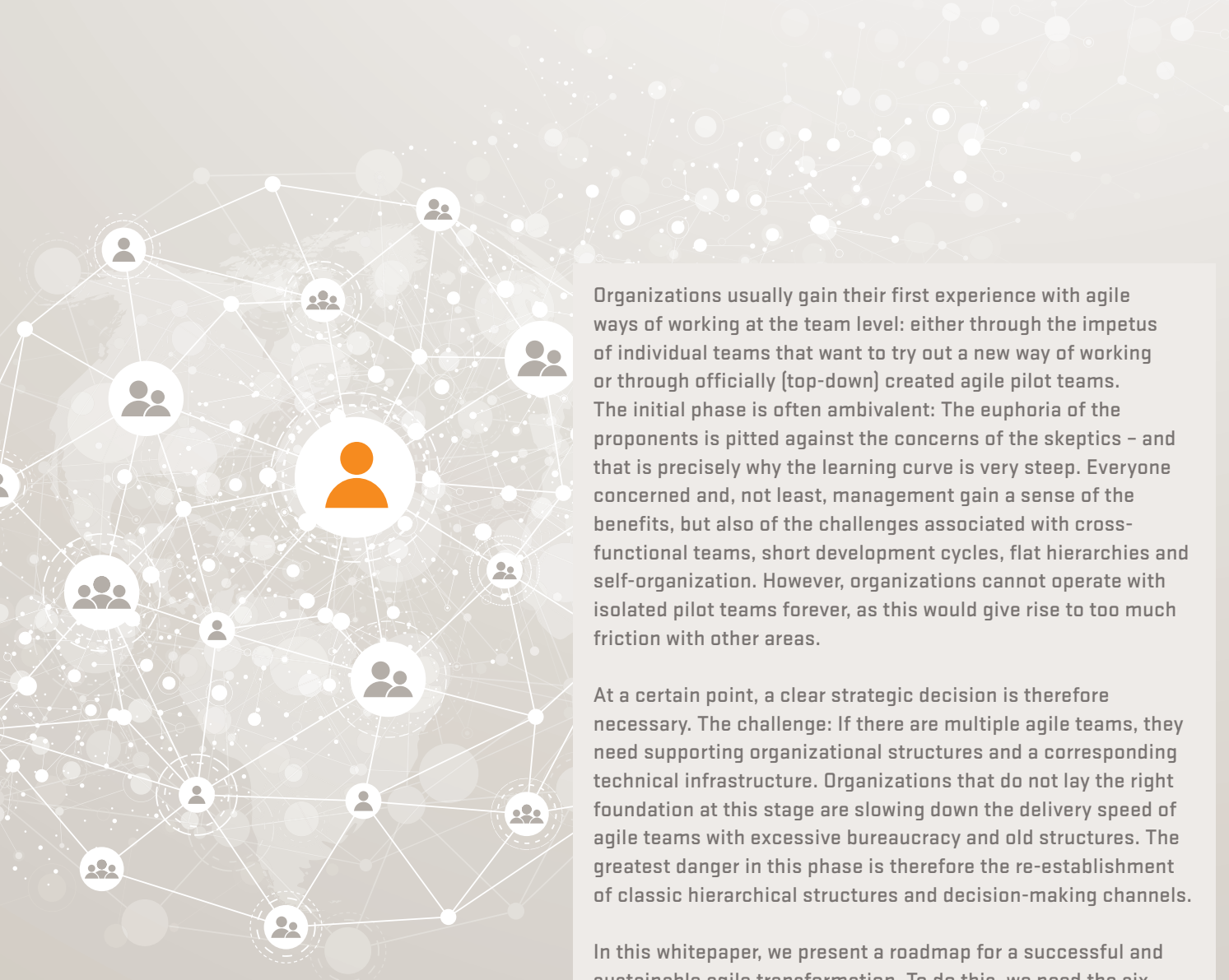


WHITEPAPER

THE ROADMAP TO A CUSTOMER-CENTRIC AGILE ORGANIZATION

BY CARSTEN RASCHE & CHRISTOPH SCHMIEDINGER



Organizations usually gain their first experience with agile ways of working at the team level: either through the impetus of individual teams that want to try out a new way of working or through officially (top-down) created agile pilot teams. The initial phase is often ambivalent: The euphoria of the proponents is pitted against the concerns of the skeptics – and that is precisely why the learning curve is very steep. Everyone concerned and, not least, management gain a sense of the benefits, but also of the challenges associated with cross-functional teams, short development cycles, flat hierarchies and self-organization. However, organizations cannot operate with isolated pilot teams forever, as this would give rise to too much friction with other areas.

At a certain point, a clear strategic decision is therefore necessary. The challenge: If there are multiple agile teams, they need supporting organizational structures and a corresponding technical infrastructure. Organizations that do not lay the right foundation at this stage are slowing down the delivery speed of agile teams with excessive bureaucracy and old structures. The greatest danger in this phase is therefore the re-establishment of classic hierarchical structures and decision-making channels.

In this whitepaper, we present a roadmap for a successful and sustainable agile transformation. To do this, we need the six building blocks of the agile organization, a stringent schedule, and a coordinating transformation team.



THE 6 BUILDING BLOCKS OF AN AGILE ORGANIZATION

Our experience shows that simply orchestrating multiple agile teams using a scaling framework such as LeSS or SAFe® is not enough for the transformation into an agile organization. While the orchestration is an important aspect, a stable foundation needs a few more building blocks. The 6 building blocks of the agile organization¹ serve here as a guide for the further development of one's own organization. What do these 6 building blocks consist of?

Organizations are always a mirror of their communication structures². Communication and the flow of information are the basis of agile working, which is why the **organizational and product architectures** take on a special role. Building on this, agile teams must be enabled by a supporting **infrastructure** to exchange information smoothly among themselves. This is what makes fast deliveries possible in the first place. Essential to high-quality deliveries are, of course, the necessary **skills and expertise** to get the job done. Resistance usually develops where fear and concerns about not being able to do something accumulate. The strengths must be aligned in terms of **customer orientation** in order to optimally meet user needs for products and services. This can be achieved with the help of **management frameworks** such as scaling methods to control and keep an eye on the overall system of the organization. Finally, the transformation can only succeed if the company's **leadership and culture** evolve and agile values and principles are integrated into a modern understanding of leadership.

Designing an as-is analysis in the form of a retrospective

First of all, it is necessary to determine the position: What is the maturity level of the company in each of the 6 dimensions? Which points need to be further developed in the course of the change project? We usually collect the information for this as part of a retrospective with a representative cross-section. This means that representatives of all affected departments and all levels take part, from employees to managers. Depending on the size of the group, we either conduct a group interview or ask participants to write down the points on sticky notes and then present them. The questions we ask in both cases are these:

1. What works well in the organization and should be maintained despite transformation?
2. In which areas do we need to improve? What is currently preventing us from doing so? Are there any initial ideas on how to implement these improvements?

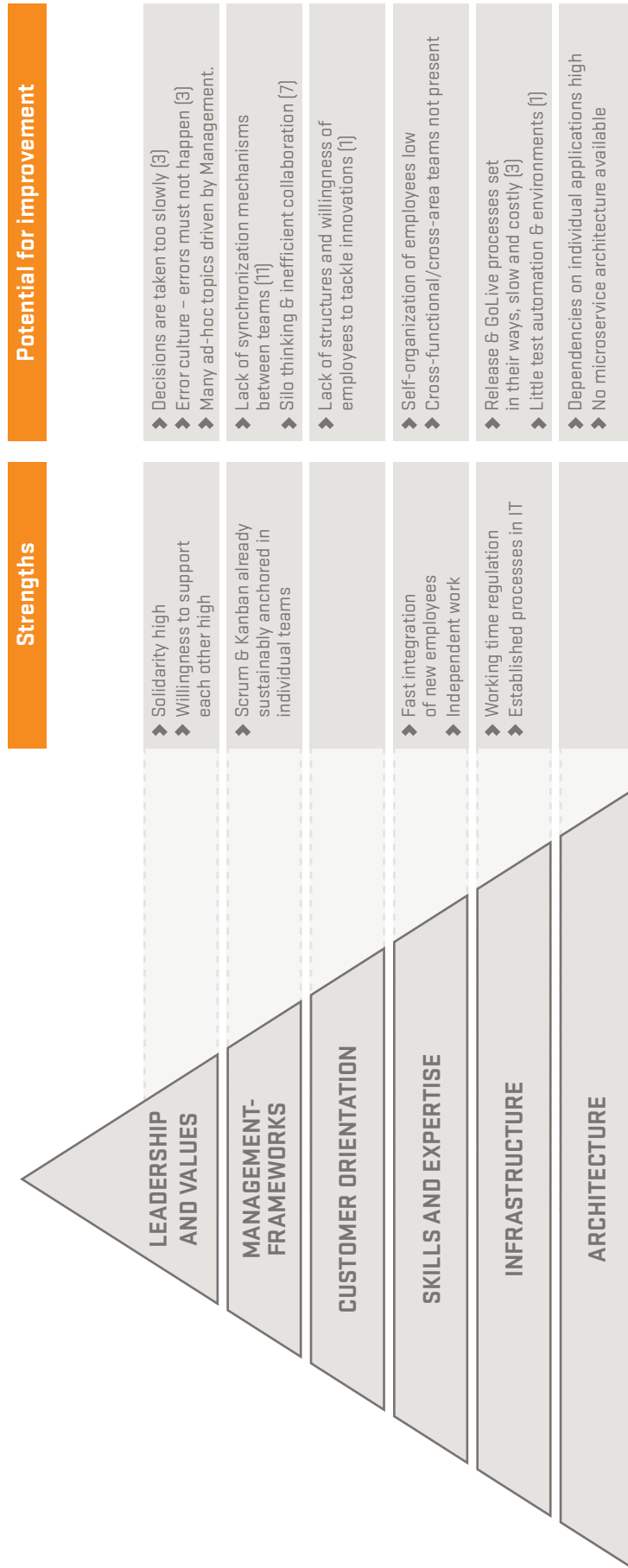
Optionally, in the last step, we ask participants to prioritize the areas in which they see the greatest potential for improvement and/or the most urgent need for action. For this purpose, we cluster the items from question 2 in advance and then have the individual clusters evaluated with a corresponding umbrella term.

The following figure shows exemplary results of this analysis, divided into strengths, improvement potentials and prioritization.

¹ For a detailed presentation, see Gloger, B. (2017): Scrum Think big: Scrum für wirklich große Projekte, viele Teams und viele Kulturen.

[Scrum for really big projects, many teams and many cultures.] Carl Hanser Verlag: Munich. <https://amzn.to/2G0VZKL>

² Cf. Conway's Law – <https://bit.ly/2v3IAvs>



(Number) - Voting at the end of the retrospective: These topics should be tackled first

The 6 building blocks in detail

What exactly is behind the 6 building blocks of an agile organization? Here you will find a list of the main points.

Organization and product architecture

- ◆ Flexible product and service-oriented organizational structures with flat hierarchies. This means: Units designed with product orientation in mind to strengthen autonomy, cross-functionality and end-to-end accountability
- ◆ Central support units with the task of supporting the product-oriented units as internal customers
- ◆ Flexible, small-scale and modular product architectures that are loosely coupled and thus strengthen resilience
- ◆ Business- and technology-savvy teams that continuously evolve the product architecture
- ◆ A communication structure that supports the intended organizational and product architectures and is not hierarchy-bound

Infrastructure

- ◆ A state-of-the-art technological infrastructure to support product development in the best possible way
 - Continuous delivery tool chain, automated testing and self-provisioning as examples for software development
 - 3D printing, simulation and maker tools for hardware product development
 - Modern collaboration and communication tools (knowledge management systems, video and chat tools)
- ◆ A spatial infrastructure in which creativity can flourish (open design principles, retreat, meeting and encounter zones as well as modern work tools such as whiteboards and flipcharts)
- ◆ Modern workstations and equipment (mobile working concepts for free choice of seating and equipment)

Skills & expertise

- ◆ Domain knowledge (industry knowledge, changing business models, trends, etc.)
Technological knowledge (state-of-the-art technologies, knowledge of technological alternatives, modern infrastructures for development, etc.).
- ◆ Methodological knowledge (modern development and control methods, facilitation, workshop designs, etc.)
- ◆ Soft skills (development and promotion of team performance, communication, conflict resolution, etc.)

Customer orientation

- ◆ Product development focused on customer value, supported by an inspiring vision, user-centric innovation processes such as design thinking and data-validated personas
- ◆ Focus on the customer experience and identification of innovative solutions through customer journeys
- ◆ Early delivery of customer benefits through consistent thinking along the lines of minimum viable products
- ◆ Regular and early learning through continuous testing of initial results with real users

Management frameworks

- ◆ Iterative and data-driven governance tools with a focus on shorter decision, delivery, and learning cycles
 - Objectives and Key Results (OKRs) as an exemplary instrument for the strategic level
 - Scaling frameworks such as SAFe® or LeSS as methods for the coordinative level.
 - Scrum and Kanban as exemplary methods for the operational level
 - Bottleneck-oriented approaches in portfolio management and flexible variants of budget allocation to initiatives and projects
- ◆ Agile methods for operational teams and for managing larger projects with a focus on coordination and dependency management

Leadership, culture & values

- ◆ Focusing management on markets and results with the help of vision and strategic priorities
- ◆ A modern view of people, corresponding leadership principles and a resulting change in the behavior of managers (from mere management to genuine leadership)
- ◆ An open and transparent corporate culture to strengthen trust and motivate employees to assume responsibility for themselves

THE PHASES OF TRANSFORMATION

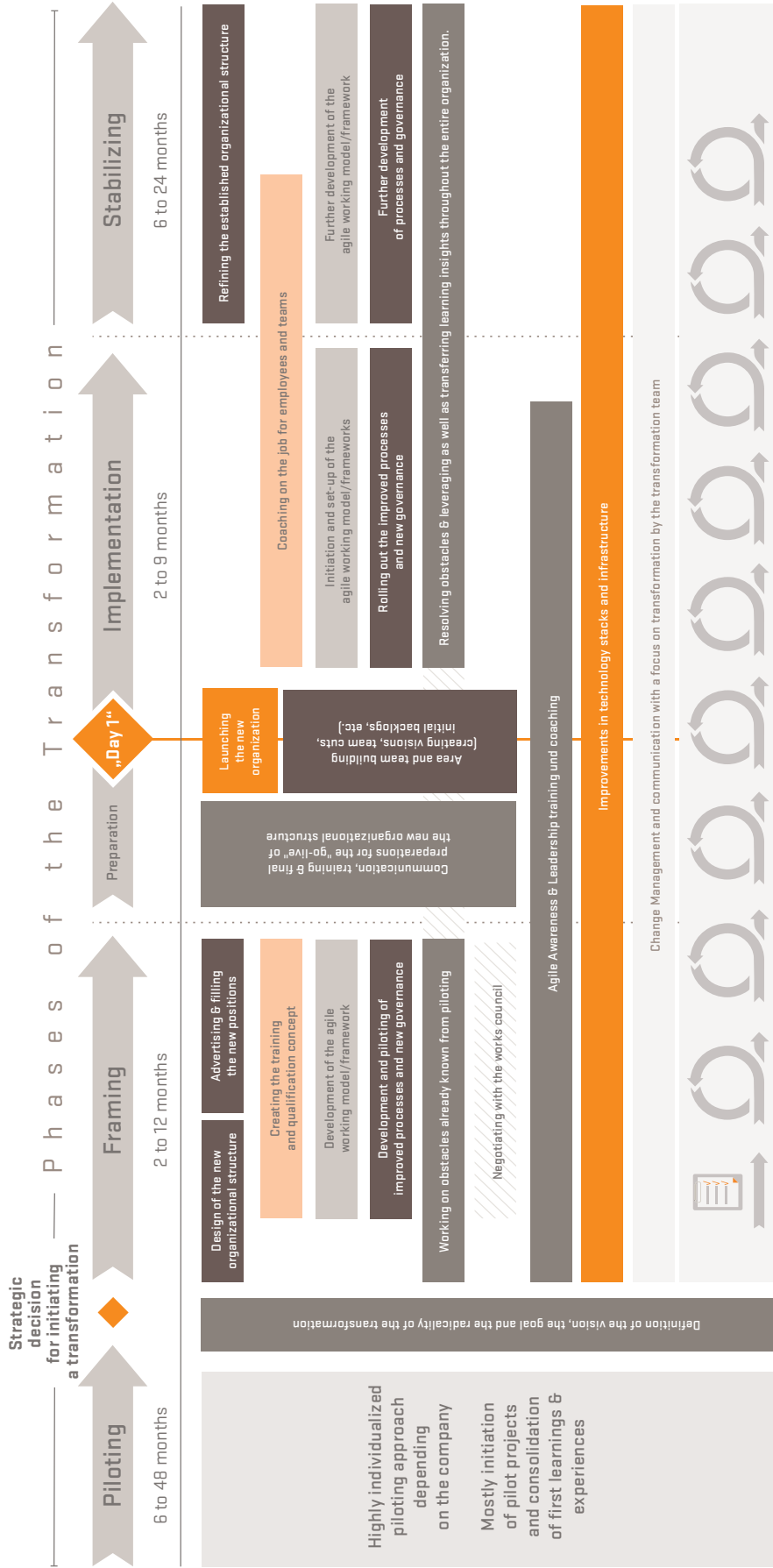
The as-is analysis provides a good overview of the issues that need to be prioritized in a transformation, as preventing the system from being able to deliver quickly and continuously.

Based on transformation projects from various industries, we have derived a prototypical timeline that describes the phases of the transformation as well as the content of the transformation. What is clear is that every organization must take a close look at its own transformation journey in order to derive an appropriate plan. Our version, which contains the major rollout of a new structure across large parts of a company, is therefore intended merely as a stimulus for your own transformation.





The path to a (customer-centric) agile organization



- Legend**
- Culture, mindset & strategy
 - Skills & expertise
 - Organizational structure (structural and process organization)
 - Agile management frameworks
 - Product architecture & technology infrastructure
 - Overlapping activities

For the most part, organizations have already tackled agility in some way over the past few years. Individual teams may have experimented with agile practices such as Kanban boards; and for some time now, IT teams have often been working with Scrum out of their own interest. We call this phase **piloting**. This phase varies greatly in terms of time from organization to organization (half a year to 4 years). Ultimately, however, the experiences gained from the individual pilot projects will lead to a strategic decision in favor of transformation – provided that agility offers advantages for the organization.

At this point, the **framing phase** starts, in which a representative team of all stakeholders – the transformation team – defines the vision, the goals and the radicality for the transformation³. Subsequently, a target vision for an agile organizational model is developed and ideally tested in individual teams in order to further develop it on this basis. The framing also includes possible coordination with committees, such as the works council, and preparations for the gradual introduction of the new organizational model.

In the **preparatory phase** before the **launch of the new organization**, new roles are advertised and filled. Employees are prepared for their new roles in training sessions and workshops. In addition, a lot of time is spent on communication so that not only job titles change, but the specific tasks in these new roles are understood as well.

After the launch, **implementation** begins: Larger parts of an organization (e.g. an area) start working in the new structure. It now becomes clear how well the employees have been familiarized with what is new during the preparation phase and to what extent the organizational framework is already well suited to the agile way of working. Confusion will almost inevitably arise at this stage, and individual employees may start to resist. It is therefore particularly important during this time that teams and managers are equally accompanied by coaching. However, the original organizational model may also change: Only by walking the path does it become clear at which points incorrect assumptions were made.

It is usually within two to nine months after "Day One" that it becomes apparent how quickly the system will move into the **stabilization phase**. Gradually, the new processes are not only being lived, but continuously developed and improved. The areas are trying things out to improve the effectiveness of the system. Often, lessons learned about what works well are passed on to other parts of the organization that may not yet have begun the transformation.

³ For more information, see Schmiedinger, C. (2018). Die digitalagile Transformation – 3 Wege in die Zukunft. [The digital-agile transformation – 3 routes into the future.] Whitepaper – <https://www.borisgloger.com/publikationen/whitepapers/>

The Phases of Transformation

The phases of the transformation – shown with different colors in the illustration on the phases of transformation – are mainly based on the 6 building blocks of the agile organization (see section 1).

- In holistic agile transformations, more than just the organizational structure and processes change. One topic area must be continuously attended to during the transformation – and beyond: culture, mindset and strategy and/or agile awareness & leadership training and coaching⁴.
- The people involved need new skills and expertise which can be built up through training and qualification concepts as well as on-the-job coaching.
- In the course of a transformation, the existing organizational structure (structural and process organization) will be changed as a rule. This point primarily plays an important role during the framing phase.
- Agile management frameworks are selected during the framing phase and adapted to the context of the organization. Working models are being worked out and further developed in the ongoing transformation process.
- The speed benefits of agile working only emerge once the appropriate infrastructure has been established with continuous delivery and test automation. For this reason, an organization must inevitably deal with the further development of the product architecture and technology infrastructure in the course of the transformation.
- In addition to the items already listed, there are other overarching activities. These include, above all, change management and continuous communication about the transformation within the company. According to our transformation model, this is mainly the responsibility of the transformation team.

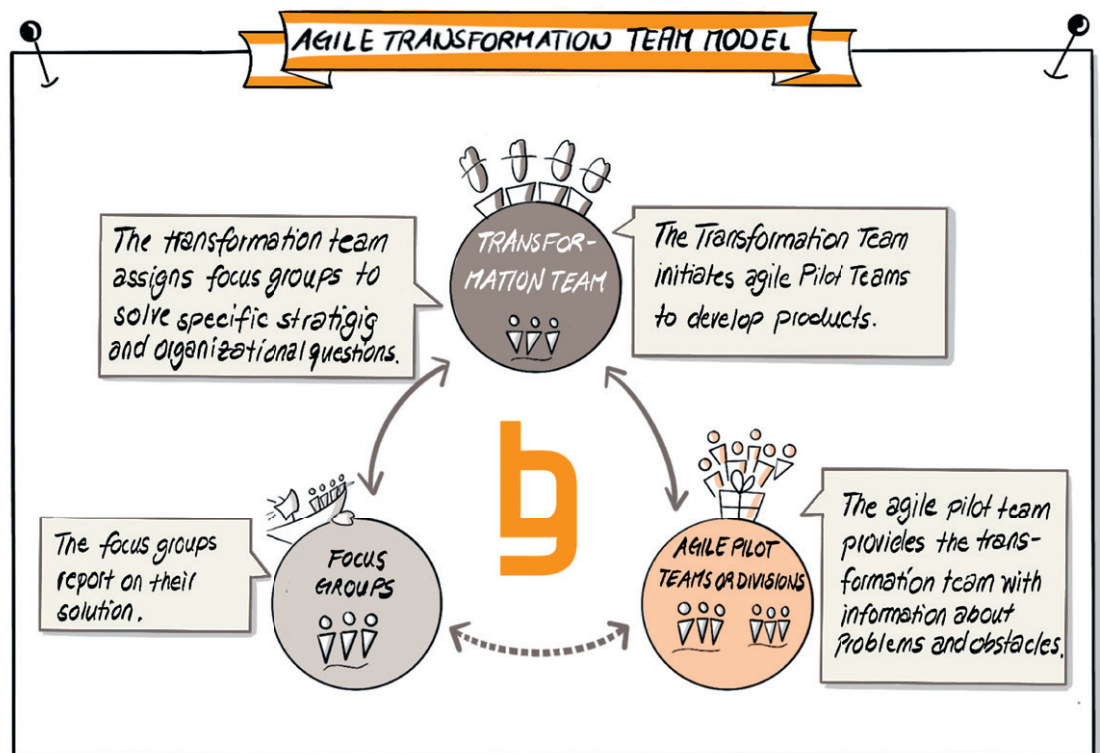
⁴ For more information, see Rasche, C. (2019): Sein statt Schein: Woran Sie ein agiles Mindset erkennen und wie Sie es fördern können. [Essence, not appearance: how to recognize and promote an agile mindset.]
Whitepaper – <https://www.borisgloger.com/publikationen/whitepapers/>

THE TRANSFORMATION TEAM AS NAVIGATOR AND DRIVER OF TRANSFORMATION

No matter which approach is chosen and pursued for the transformation of a company: The approach should always be structured. In designing change, we have made the best experiences with cross-functional change teams that iteratively drive organizational development in the direction of the target vision in accordance with agile principles. We call these teams "transformation teams", since what they deliver is the transformation of the business.

In the model, the transformation team is expanded to set-up agile pilot teams. These test agile methods in the company and thus act as trailblazers. They discover both the opportunities and benefits of agile ways of working and the problems and impediments in their application. It is therefore important that the exchange between the agile pilot teams and the transformation team is close and intensive. Only in this way can the learnings quickly feed into further transformation and help the agile pilot teams overcome their obstacles.

The third element of the approach are so-called focus groups. These take care of complex issues that due to their scope and complexity cannot be handled and delivered by the cross-functional transformation team. To this end, for each respective issue a further cross-functional team is formed which is entrusted with the mission of solving the assigned challenge. One example is the design of career paths for new agile roles such as ScrumMaster and Product Owner.



The mission

The most important prerequisite for the work of the transformation team is to receive a mandate from top management to design the future organization and the associated transformation. The more radical the transformation approach, the more top management itself must be involved. It starts with a bright vision that guides the team along the way and provides a sense of direction. Furthermore, clearly defined framework conditions are necessary, e.g., designating certain organizational structures that must remain in place.

The members

A transformation team should be composed of members who are as heterogeneous and at the same time as impactful as possible. Potential team members come from the areas of product development, but also from strategy, management, HR development, sales, and operational units. However, it is not a prerequisite for membership in the team that one sees the change only positively. Besides enthusiastic supporters, constructively scrutinizing colleagues should also be part of the team so as to enliven the discourse. However, all members should be aware that a time commitment is essential to being part of the team. The more radical the transformation, the more focus is needed. In our experience, transformation team members should be allowed to work on transformation topics at least 1.5 days per week.

The mode of operation

Like any agile team, the transformation team breaks its vision into smaller work packages and prioritizes them in a transformation backlog. These packages are then worked on and delivered in iterations in order to gather stakeholder feedback during reviews. It is important to focus on the delivery of MVPs (Minimum Viable Products), i.e. concrete first results, even if only a small part of a larger delivery is worked on, for example training measures. Another success factor is the early involvement of executives and top management for designing the contents through workshops and as supporters in solving organizational obstacles. Also, the workforce should be involved in the transformation – large group formats such as Open Spaces and World Cafés are suitable formats.

The content of a transformation team's work is open – each company must decide on an individual basis which work packages are necessary to achieve the desired vision. If flagship projects are to be undertaken, it is e.g. important to decide on a specific project and the setup of the team. Radical transformations, on the other hand, will focus on the new design of the organization, appointing new leaders, and developing wide-ranging training programs as work packages. But in every case, a regular reflection in reviews and retrospectives helps to stay on the path to the vision.

A transformation process is always a journey: At the beginning of the process, it is not possible to reliably predict whether the organizational model developed by the transformation team will actually fit the organization. The 6 building blocks of an agile organization presented here, the timeline, and the transformation team model help to design the change in a collaborative manner as well as to react flexibly and quickly to possible change requirements.



HOW BORIS GLOGER CONSULTING CAN SUPPORT YOU

Is a transformation being planned in your organization? Or is the organization is caught right in the midst of it and, unfortunately, stuck? We will plan the transformation strategy together with you and support your organization in the implementation at all levels. Until your organization can continue on its own path, we will lend a hand with everything from advising top management and developing transformation strategies to operational work with agile teams. And even if your organization's transformation may be floundering right now: We are experienced in getting already started transformations back on track.

Please feel free to contact us: For us, trust is the absolute prerequisite for the successful implementation of a transformation. We will gladly come by for a non-binding first meeting and show you who we are, how we work, and what we can do for you.

We're looking forward to it!

Your contact: Carsten Rasche

As an organizational psychologist, Carsten Rasche's primary focus in the context of agile transformations is on the question of what suitable frameworks look like in which individuals and teams can continuously develop, and he implements these in practice. Together with management teams – primarily from a banking environment – he develops suitable agile organizational models and accompanies transformation teams during implementation.

In addition to his work in customer projects, he has established the initiative "Scrum4Schools" which supports pro bono work with Scrum in educational institutions.

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As a system engineer, project manager and product owner, Christoph Schmiedinger has successfully completed several complex, scaled development projects in the safety-critical area using agile methods. Today, this expertise is incorporated into his work with major banks which he supports as part of digitisation initiatives. In doing so, he advises management on the required strategic decisions and develops the appropriate implementation measures.

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