

Agile's Five Hidden Amplifiers

**Driving Agile Success Now
to Scale for the Future**

Agile Transformation Perspective

IF AGILE WAYS OF WORKING
DRIVE VALUE—IN BOTH
DIGITAL AND NON-DIGITAL
OPERATIONS—

**WHAT CAN YOU DO
TODAY TO DRIVE AGILE
TRANSFORMATION MORE
EFFECTIVELY FOR
YOUR ORGANIZATION?**

Agile ways of working have transformed software development by producing greater value, at a faster rate, in many of the world's best software engineering and IT teams. And, as organizations move to more digital and omni-channel models for customer interaction, agile is a foundational part of a digital transformation.

98 PERCENT OF AGILE LEADERS REPORTED THAT THEIR ORGANIZATION HAS REALIZED SUCCESS FROM AGILE PROJECTS.¹

Product companies also use agile to drive product design and development activities, driving more rapid release cycles with better customer adoption and market responsiveness. 69 percent of these organizations report accelerated product delivery as a top reason for adopting agile, followed by an enhanced ability to manage changing priorities.²

However, what most organizations—but not the marketplace innovators—overlook is the value realized from scaling agile ways of working to non-digital, non-IT processes. Strategy development, policy change, operational improvement, or even straightforward business process change all can use agile ways of working to become more effective.

94 percent of respondents said their organizations practiced agile; however, they also reported that more than half (60 percent) of their organizations' teams are not yet practicing agile, indicating the methodologies—and its benefits—are functionally siloed.³

Every organization, regardless of how their mission or vision is expressed, exists to deliver some benefit to stakeholders and/or customers. An organization that expands its agile transformation to the enterprise becomes more adaptable to change. This adaptability results in greater responsiveness to stakeholder, user, and customer needs. Responsiveness in turn drives higher value through faster and more productive delivery of services and products to those stakeholders, users, and customers.

Agile organizations are equipped to respond, and will grow revenue 37 percent faster and generate 30 percent higher profits.⁴

So, if agile ways of working drive value—in both digital and non-digital operations—what can you do today to drive agile transformation more effectively for your organization?

FIVE HIDDEN AGILE AMPLIFIERS

We believe *all* transformative work must support the following principles:

- Stay human-centered in the design and execution of your plan
- Build your organization's capability so you can sustain the improvements
- Unleash action through iterative delivery, not discussion

THE CHALLENGES OF AGILE OUTSIDE OF IT

The challenge of executing agile enterprise-wide comes down to this: Traditional organizations must fundamentally transform how they work.

Agile calls for cross-functional teams, whereas most traditional organizations are deeply siloed. Agile requires doers and decision-makers to work side by side and within earshot of the consumer. And it requires iterative funding and goal-setting based on emerging consumer needs. Unfortunately, traditional, hierarchical organizational structures do just the opposite: Decision-makers are often the furthest removed from consumer voices, and rigid planning and funding cycles are quarterly, at best.

The most popular tip for scaling agile across an enterprise is the adoption of internal agile coaches, as recommended by 52 percent of agile leaders.⁵

In agile, these principles support five agile amplifiers—actions that drive sustainable change and maximize the value of agile ways of working:

1. FOCUS ON PRODUCT OWNERS

Identifying the right leader(s) is the single-most impactful action you take on agile quality.

No matter the name—product owner, production champion, product manager, value manager, or “single wringable neck”—their characteristics and capabilities will dictate the success of an agile project more than any other single factor. This leader:

- Works with the business and stakeholders to understand needs and challenges
- Translates needs into a plan and prioritizes the work
- Works with the delivery team to understand the work, give feedback, and approve completion
- Is the knowledge and domain expert on the product, process, feature, or service being created or changed

The right person for this role is easy to spot if you know what to look for. Ask the following question: Who is the foremost go-to resource for the product at hand? Nothing—not strategic thinking, team management, or enterprise experience—is as important as this person’s domain expertise.

ACCORDING TO GARTNER, PRODUCT OWNERS “SHARE SOME QUALITIES WITH CEOS IN THAT THEY ARE LIKE THE CEO OF THEIR OWN SMALL BUSINESS WITHIN THE LARGER FIRM, BUT MORE ENTREPRENEURIAL (LIKE A STARTUP FOUNDER).”⁶

THE SECOND MOST SIGNIFICANT BARRIER TO ENTERPRISE-WIDE AGILE ADOPTION IS A “LACK OF SKILLED PRODUCT OWNERS FROM THE BUSINESS,” AS REPORTED BY 49 PERCENT OF ORGANIZATIONS.⁷

This isn’t enough, however. You need to support this leader with help in:

- Managing resources, capital expenditures, external dependencies, and touch points with the team
- Documenting acceptance criteria and conversations around the user story
- Drafting rapid designs, screen shots, wireframes, etc. to give the team an idea of the look and feel of new features or process flows

In short, every product manager, project manager, or solution manager is not a product owner. It’s critical to choose the right domain expert and support them with the right resources.

CASE STUDY: Bringing good agile to life at General Electric

When General Electric rebranded itself as a “digital industrial company” in 2015, the transformation involved creating GE Digital, an organizational unit that includes all 20,000-plus of the company’s software-related employees. Brad Surak, who began his career as a software engineer and is now GE Digital’s COO, began applying agile ways of working to the new unit’s management processes. Within a prioritized backlog are certifiable non-technical issues, such as simplifying the administrative process for acquiring hardware, and solving pricing issues for products that required input from multiple GE businesses.

The executive team members run two-week sprints and conduct stand-up meetings three times a week. They chart their progress on a board in an open conference room where any employee can see it. Surak says, “It takes the mystery out of what executives do every day. Our people want to know if we are in tune with what they care about as employees.” The team collects employee happiness surveys, conducts root cause analysis on the impediments to working more effectively, and reports back to people throughout the organization, saying (in effect), “We heard you. Here is how we will improve things.” Surak believes that this shows the organization that “executives work in the same ways as engineers,” increasing employee motivation and commitment to agile practices.⁸

2. LEAN INTO LEADERSHIP

Leadership must change themselves to help change the organization.

Senior leaders must trust their teams and research-backed evidence to meet end-user needs better than any function, committee, or massive conviction that “this is the thing to do.” They must establish smaller pockets of governance to facilitate frictionless decision-making and resource allocation. Ultimately, they must build a good team and trust them to do the job (trust and verify, but above all, trust). And, the leaders must also work—publicly and visibly—in a less hierarchy-driven manner, empowering teams to make decisions on projects, so their commitment to agile is both seen and heard.

RESEARCH BY SCRUM ALLIANCE FINDS THAT OVER 70 PERCENT OF AGILE PRACTITIONERS REPORT TENSION BETWEEN THEIR TEAMS AND THE REST OF THE ORGANIZATION. THE SUCCESS OF AN AGILE TEAM IS LIMITED BY THEIR NEED TO MANEUVER ELEVATED PERSONNEL ISSUES WITHIN THE ENTERPRISE.

3. REMOVE THE SILOS

Agile teams, when organized properly, need cross-functional skills.

Leadership, when visibly supportive of agile, can help remove silos and obstacles and create policies, reward systems, and management incentives that support cross-functional project teams over siloed decision making and control.

If, for example, you take an agile approach to develop a new cash collection process to drive Days Sales Outstanding (DSO) below 30, you'll need input from subject matter experts from all parts of the organization. Finance,

Accounting, Collections, Sales, and potentially Operations and Account Management may need to be a direct part of the team so that measurement, systems, processes, and customer-centricity are all central, rather than disparate pieces, to solving the problem.

Standard organizational models and management tend to obstruct forming this kind of cross-functional team. However, the success of cross-functional teams, whether temporary or permanent, is becoming more evident. This year, for example, 66 percent of digital teams are successfully tackling projects by assembling cross-functional teams.⁹

CASE STUDY: If a business founded hundreds of years ago can get agile, anyone can

In the age of Amazon, no one is immune from the requirement to get faster and cheaper, particularly not those in the package delivery business. As its letter delivery business declined, one of the United Kingdom's largest postal service and courier companies enlisted North Highland to completely transform how their centuries-old organization worked.

Doing this holistically—and effectively—required both a micro and macro approach. At a project level, the organization had targeted immediate opportunities within IT to adopt agile ways of working, with a strategic objective over three years of applying agile ways of working to 60 percent of their IT portfolio. These initial projects provided critical insights, including the fact that within this traditionally siloed organization, project sponsorship had to come from outside IT to gain traction.

Enter phase two, which was to promote an agile mindset at a macro level across the enterprise. Based on insights gained on the project-side into the team's optimal learning style, North Highland established a series of hands-on "Agile Coaching

Office" sessions, and designed a set of learning pathways for all employee levels. A robust catalogue of tools, customized methods, and cheat sheets were developed to enable employees to easily learn and apply agile ways of working. "Agile Champions," inside and outside of IT, were identified and coached to promote the benefits of agile across business units. And C-suite leadership mentoring led to organizational restructuring, and the adoption of new sourcing, financing, and decision-making frameworks, to better support agile ways of working.

As a result, this venerable organization has effectively turned back time, growing faster, stronger, and more nimble enterprise-wide. Agile ways of working became a leadership priority of the CIO, and something that was spotlighted in every town hall and major employee meeting. This top-down agile mindset drove positive cultural and behavioral changes at all levels, and has positioned the organization to not only compete now, in the age of Amazon, but also in whatever disruptive age lies ahead.

4. FINANCE LIKE A STARTUP

Take on the uncomfortable to move to incremental funding.

Most companies monolithically fund projects based on a waterfall method of discover, plan, design, roadmap, and then, finally, fund. This tends to create large projects with large investments, and delays value until late in the project cycle. Instead, using user research and a swift quantifiable justification of a problem, approve smaller chunks of money for incremental benefits, which can be expanded by incremental funding tied to new, incremental benefit.

A STUDY BY THE AMERICAN INSTITUTE OF CPAs AND THE CHARTERED INSTITUTE OF MANAGEMENT ACCOUNTANTS REVEALS THAT 95 PERCENT OF AGILE FINANCE LEADERS REPORT REVENUE GROWTH VERSUS ONLY 70 PERCENT OF OTHER LEADERS.¹⁰

For an organization used to dealing in OpEx vs. CapEx, this will feel uncomfortable and particularly challenging because of the tax and valuation implications. Leaders, again, play a critical role in providing their support and visible leadership by publicly sponsoring this funding model and deploying a cross-functional team to address the tax and valuation problems (working in an agile fashion with a solid product owner). By doing so, leaders can help enable more precise targeting of resources to activities that drive the greatest ROI most quickly. Over time, that new value will fund future features and iterations to keep pace with the expanding and shifting needs of stakeholders, users, and customers.

5. DRIVE AGILE WITH HIGH PERFORMERS

Reserve agile team spots for your current top performers.

Agile succeeds through empowering talented people, skilled in their discipline, and unleashes them with autonomy to make decisions. In selecting a team, remember that agile is for people who are already performing well, and it makes them incrementally better. Through increased communication across all functions, a deeper connection to the customer, and the permission to take risks, your A-team will deliver new processes, services, or features with better capabilities and richer consumer insights.

Conversely, poor performers—those that aren't self-motivated, that need supervision, or that must be managed closely—will continue to be poor performers and may never deliver effectively no matter how much agile coaching and training invested. In fact, based on our experience, this group often resists fast-paced incremental testing and iteration on which agile depends, amplifying performance issues.

CASE STUDY: Agile approach to retail puts user needs front and center

One of the largest consumer products retailers in the world, with more than 2,000 stores in the U.S., Canada, and Mexico, needed a tech upgrade. Custom orders placed online and in stores represented nearly 25 percent of its revenue, yet store associates were using a legacy system that had been patched repeatedly since its implementation more than 15 years earlier.

Past attempts by the retailer to migrate to a new order management platform had stalled, and the organization had little confidence in its ability to nimbly adapt to a rapidly changing industry, ever-evolving customer expectations, and expanding technology requirements.

North Highland advocated for an agile-based development methodology that would allow for maximum flexibility, feedback, and evolution throughout the project. Rather than use the current system as a jumping-off point, North Highland started with a blank slate, identifying the core jobs the users of the order management system—more than 300,000 store and call center associates—needed to accomplish.

A trial version was ready for in-store tests in a matter of weeks, and released for daily use in less than four months—a speed previously unheard of in the organization. The features were tested and validated, and this practice continued throughout the demo and release iterations to improve, adjust, and rewrite as needed.

The resulting order system was a robust digital tool driven by real-world behaviors to improve the employee experience and, ultimately, that of the customer. Released only four months after the project's start date, it is flexible, quick, and powerful, and has driven an estimated \$40 million in realized benefit in the first year alone.

START MAKING AGILE ACCESSIBLE TODAY

You can adopt our transformative principles and implement the five agile amplifiers right now—regardless of organization, industry, or product. These sensibilities and actions make agile accessible to all areas of the enterprise and ultimately enable a nimble and user-driven organization in a market where anything less is failure.

They can be implemented by companies like Procter & Gamble (P&G), which used an agile approach to move from a “plan-learn-qualify-optimize-launch-track-revisit-in-a-year research approach to a real-time, do-learn mentality.”¹¹

IN AN EFFORT TO CAPITALIZE ON PEAK CYBER MONDAY FRAGRANCE SALES, P&G USED AN INSTANT RESEARCH COMMUNITY PLATFORM TO RECRUIT AND ORGANIZE A NATIONAL PANEL OF MORE THAN 20 BLACK FRIDAY FRAGRANCE BUYERS.¹² OVER THE COURSE OF TWO DAYS, P&G GAINED INSIGHTS INTO SEASONAL CONSUMER ATTITUDES AND SHOPPING BEHAVIORS, WHICH THEY USED TO REFINE ONLINE MARKETING STRATEGIES FOR CYBER MONDAY, A MERE FEW HOURS AWAY.

And they can be implemented by organizations like National Public Radio (NPR), which was facing an innovation challenge without a successful new show in five years, despite spending millions on failed programs.

“Historically, the way that NPR and others in public radio have produced big programming is we come up with an idea we think is really good, we hire a staff, we keep all this very cloak-and-dagger secret, and then we try to make a big launch with it,” said Eric Nuzum, NPR’s vice president of programming. “Using that process, it takes years to determine if something is going to be a hit or not. And that involves millions and millions of dollars.”¹³

NPR's programming staff needed a new approach. That's when the agile software development process already being used in the IT department was repurposed to create radio programs.

NPR didn't employ every aspect of agile. Instead, they made use of the elements that were most relevant to developing radio programming, including iterative development. Shows were changed in real-time based on listener and station feedback. They used more live production (cheaper) and/or created adaptations of existing shows (easier), all produced in six or 10 or 13 episode pilot runs instead of as permanent offerings. In short, they shifted their way of thinking about programming to one of experimentation, rather than high-cost, high-risk success or failure.

Of course, agile is more than a business practice enabled by five amplifiers. With the five amplifiers as your focus, agile ways of working change how functional groups collaborate, how success is measured, and how you respond to changing market needs. It raises the bar on employee accountability, rewarding risk-taking.

Most importantly, it creates a cycle of adaptability and responsiveness that unlocks more value in strategies, products, processes, and people. And, if you build these ways of working on a foundational commitment to human needs, incremental improvement, and action, your agile transformation will not only start faster and realize success, it will scale more effectively.

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ABOUT NORTH HIGHLAND

[North Highland](#) is a global management consulting firm known for helping clients solve their most complex challenges related to customer experience, performance improvement, technology and digital, and transformation. We add value and support our clients across the full spectrum of consulting, from strategy through delivery. We bring the big ideas, then we make them real. North Highland is an employee-owned firm, headquartered in Atlanta, Georgia, with more than 3,000 consultants worldwide and 60+ offices around the globe. The firm is a member of Cordence Worldwide (www.cordenceworldwide.com), a global management consulting alliance. For more information, visit northhighland.com and connect with us on [LinkedIn](#), [Twitter](#) and [Facebook](#).

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