



WAVESTONE

How Can You Make Your Organization *Agile*?

Philippe Pestanes

SEPTEMBER 2021

Contents

1

Why Use Agile
Organizational Structures?

2

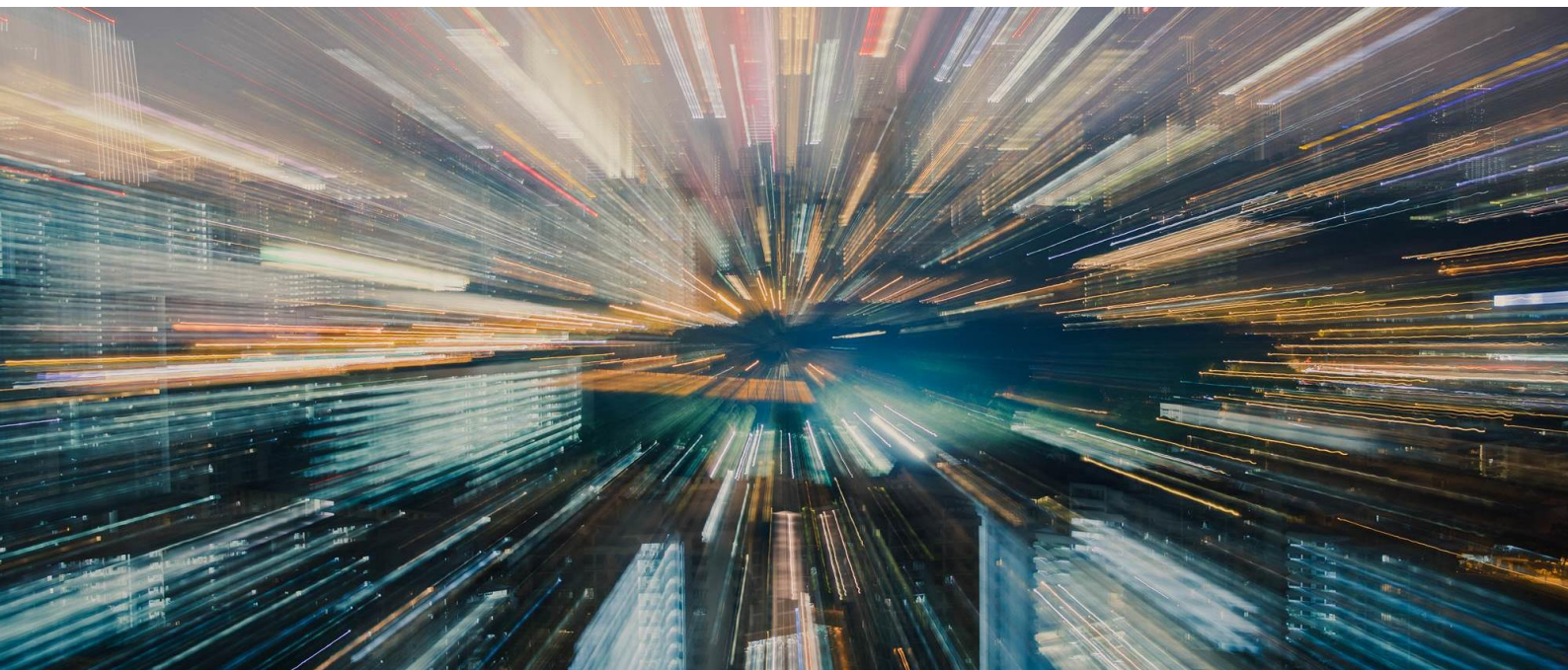
What Are the
Characteristics of Agile
Organizational Structures?

3

How Can You Transition
to an Agile Organization?

4

First and Foremost, a
Cultural Shift



Why Use Agile Organizational Structures?

Agile organizational structures are the preferred choice of digital start-ups and software companies. These models were initially used in the majority of Information System Divisions at major companies but have since been extended to other departments.

Why Use Agile Organizational Structures?

Large companies like IGN in finance and Sparks in telecommunications paved the way and showed that these organizational structures can be used by businesses of any sector and size who wish to:

- ✓ Be able to adapt to a constantly changing environment,
- ✓ Accelerate their innovation, product development and go-to-market cycles,
- ✓ Accelerate their digital transformation and adapt to technological breakthroughs,
- ✓ Adapt to the ambitions of young people and retain their skills and talents.

Today, many companies have begun moving towards what is known as **agility at scale**. Agility at scale for businesses causes not only organizational structures to shift, but also line reporting and management practices and styles. These types of organization **encourage teams to be more responsible** by introducing a community of managers who assume the role of “leader-coaches.” Skills are therefore developed as independent teams receive clearly defined, tangible objectives to accomplish.

Today, any company can adopt the principles of Agile organization. Regardless of their size or business activity, the benefits of Agile organization go hand-in-hand with key business issues such as:

- ✓ The need for transformation as digital solutions and e-commerce become more developed,
- ✓ Data use and management to optimize the client experience,
- ✓ Continuously paying attention to client needs.

Having an Agile Information System Division is a good first step but will not be fully efficient if the rest of the company does not embrace the same principles. These principles will have to be adapted to your business activity and company culture. We will elaborate on these points farther on.

This organizational structure was inspired by the fastest-growing tech companies and is increasingly used by businesses faced with short innovation cycles or radical transformations of their business models

What is Agile?

Agile is a concept created by tech companies and involves using an organizational structure and special methodologies that make businesses:

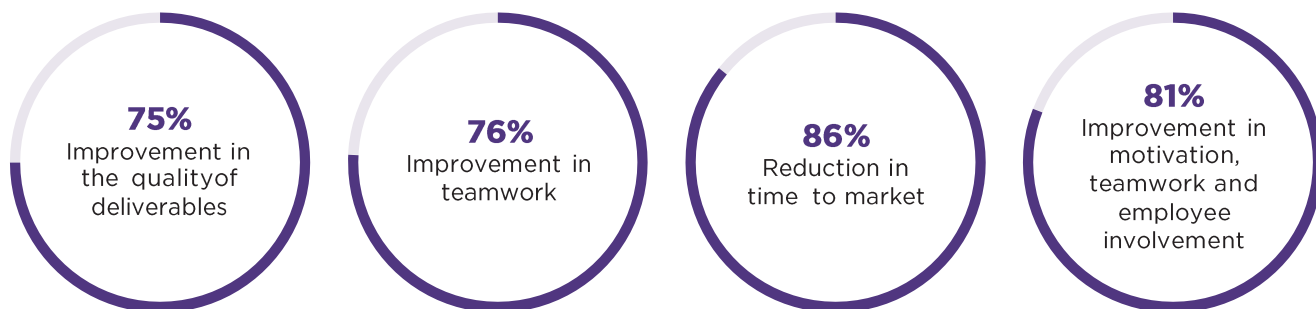
- / More attentive to their clients and employees,
- / More efficient and able to deliver products and services faster and more often.

Agile encourages faster execution, autonomy and teamwork to reveal the hidden potential of companies.

Examples of organizations that have adopted the principles of Agile organization



Transitioning to Agile leads to increased efficiency, particularly in the following areas:

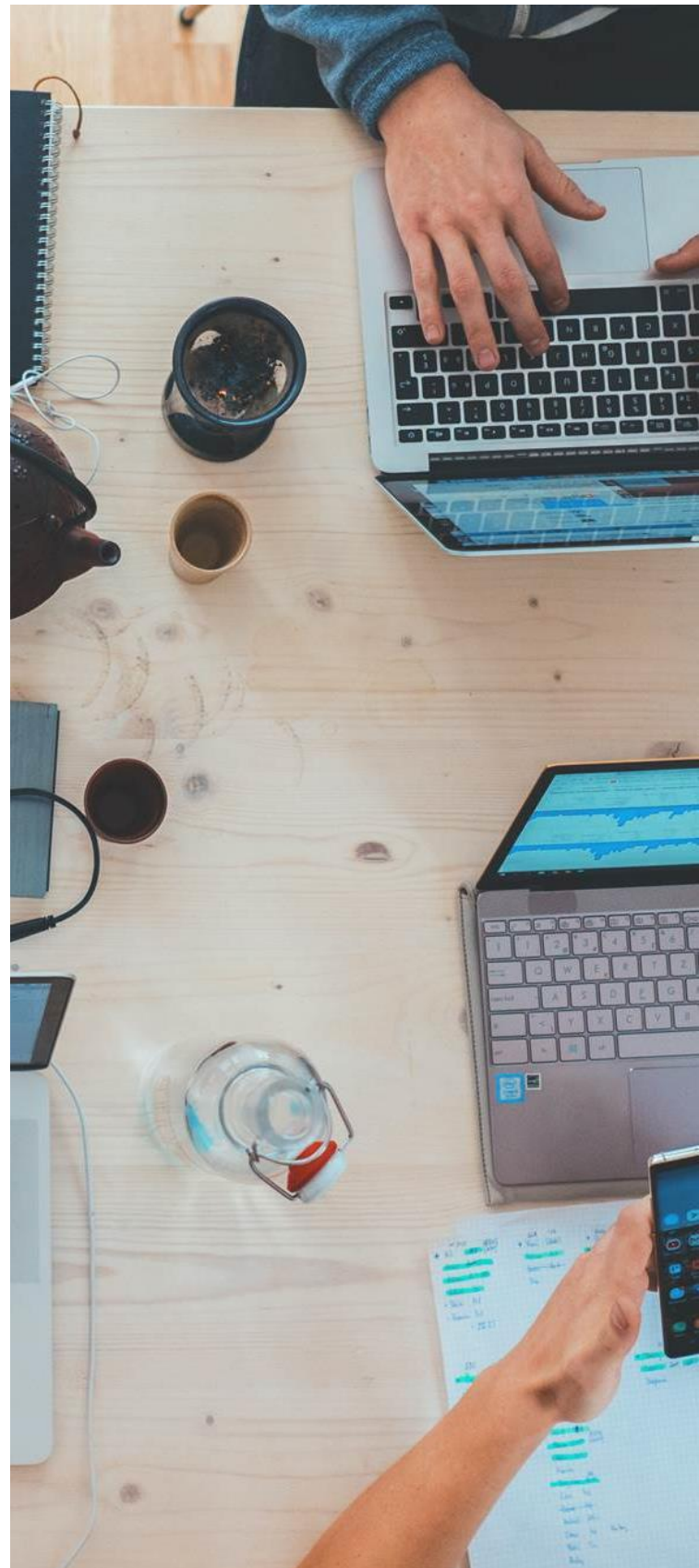


What Are the Characteristics of Agile Organizational Structures?

An open and dynamic organizational structure where fast decision-making on the ground is encouraged.

Agile organizations work **in rapid cycles that are closely related to their creativity and production processes.** Whether through design thinking, the Lean method, Agile development, or other principles, these short and continuous methodologies for thinking, execution and learning allow companies to innovate and operate with agility.

This short work cycle can affect every layer of the company. At the team level, Agile organizations radically rethink how they work by distancing themselves from traditional project management models. At the company level, the iterative model accelerates the transition from strategic thinking to execution. For example, instead of planning and setting budgets annually, some organizations are heading towards quarterly cycles and dynamic management systems such as the Objectives and Key Results (OKRs) framework.



This model has many characteristics:

- 1 Agile organizations seek to iterate and experiment quickly. The first deliverable that teams produce is a Minimum Viable Product (MVP), often in a sprint of one or two weeks. During these short, yet incredibly busy cycles, teams have brief meetings every day where they share on their progress, fix any problems and ensure that everyone is on the same wavelength. Between sprints, teammates meet to discuss their status and set goals for upcoming sessions.

To make this possible, teams must be responsible for their deliverables in their entirety and use all the necessary skills to make the final product (marketing, technical, financial, legal, etc.). This type of organization secures their autonomy and empowers them to ask for feedback directly from stakeholders to ensure that the product corresponds to user needs. This structured approach enables businesses to innovate, save on time, build on employees' sense of responsibility, and develop their sense of accomplishment.

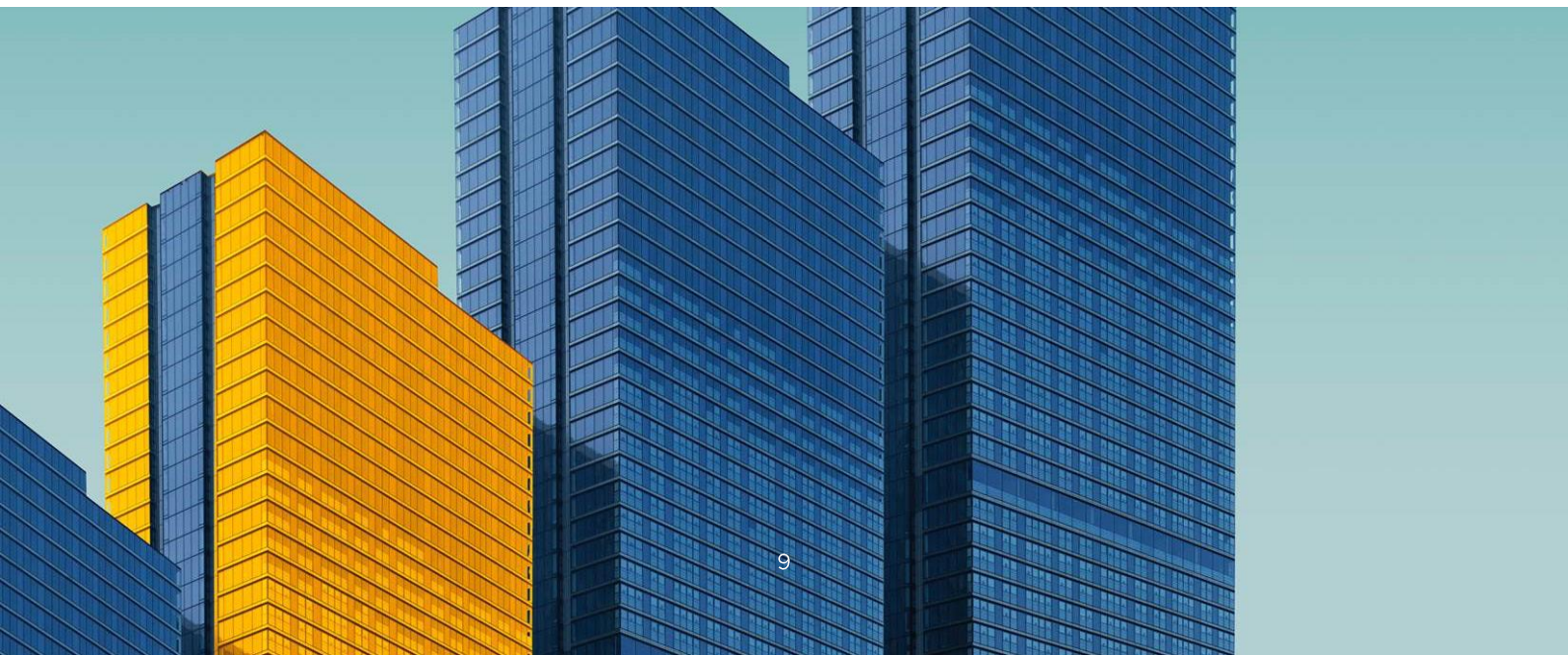
- 2 Agile organizations seek to make continuous learning a permanent fixture of their DNA. Everyone can freely learn from their successes and failures, and from those of their colleagues, thereby adding new skill sets and knowledge to the role they play in the company. Such an environment allows them to continuously learn and adjust, which causes the quality of their deliverables to improve quickly. Teams also set aside time to perfect their work processes and methods, which leads to a continuous improvement in performance.

- 3 Agile organizations emphasize quick and efficient decision-making by favoring a 70% chance of success today rather over a 100% chance of success later.

- 4 Agile organizations do not encourage decision-making through consensus. All members of the team share their thoughts, but the opinions of team members with the most expertise on the matter at hand will carry the most weight. The other members of the team, as well as leaders, will commit to the idea even though they may disagree (the concept of "disagree and commit") so that the team can progress.

Main Characteristics of Agile Organizations

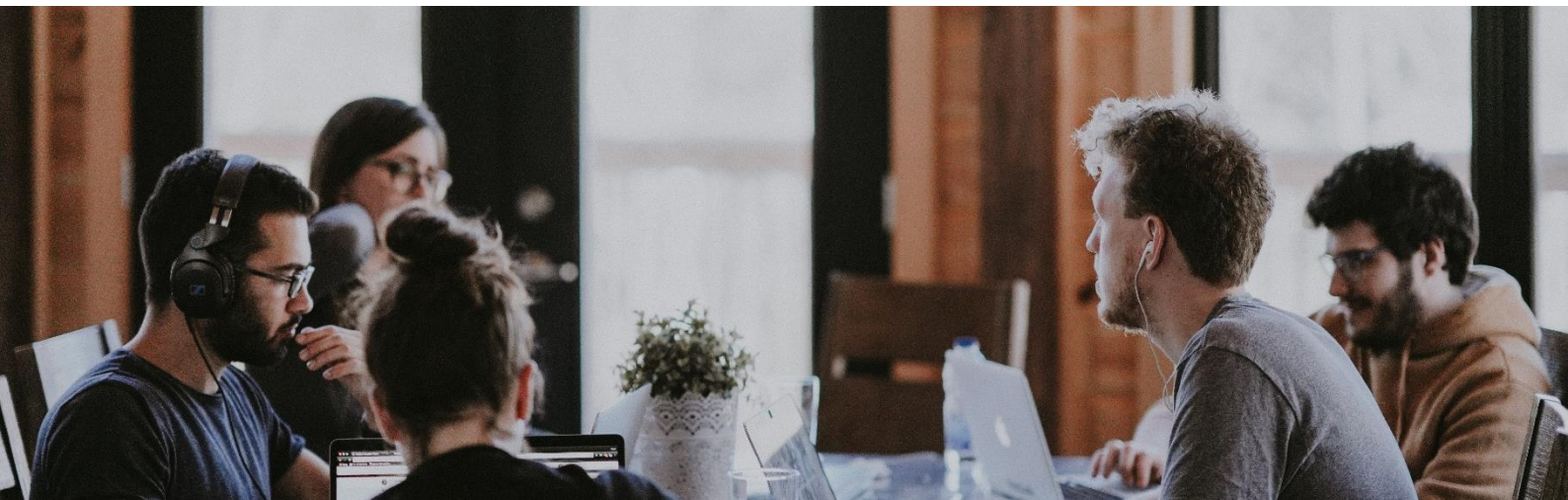
	Characteristics	Practices of Agile Organizations
Hierarchy	A network of autonomous teams	<ul style="list-style-type: none"> / Transparent and flat hierarchy / Clearly defined roles / Governance centered on quick decision-making and execution management / Many partnerships and an open ecosystem / Comfortable working environment (physical or virtual) / Adjustable and fully responsible teams
Processes	Quick decision-making cycles	<ul style="list-style-type: none"> / Mastery of Scrum, DevOps and Lean Start-up methodologies / Quick iteration and experimentation / Standardized working methods / Focus on performance / Information transparency / Continuous development
Individuals	Committed and responsible individuals	<ul style="list-style-type: none"> / Shared responsibility and solidarity / Entrepreneurial mindset / Ability to adapt
Technology	State-of-the-art, open and secure IT systems	<ul style="list-style-type: none"> / Flexible and Agile IT software / Mastery of key IT tools / Data driven



Agile Organization Requires Flexible Allocation of Resources

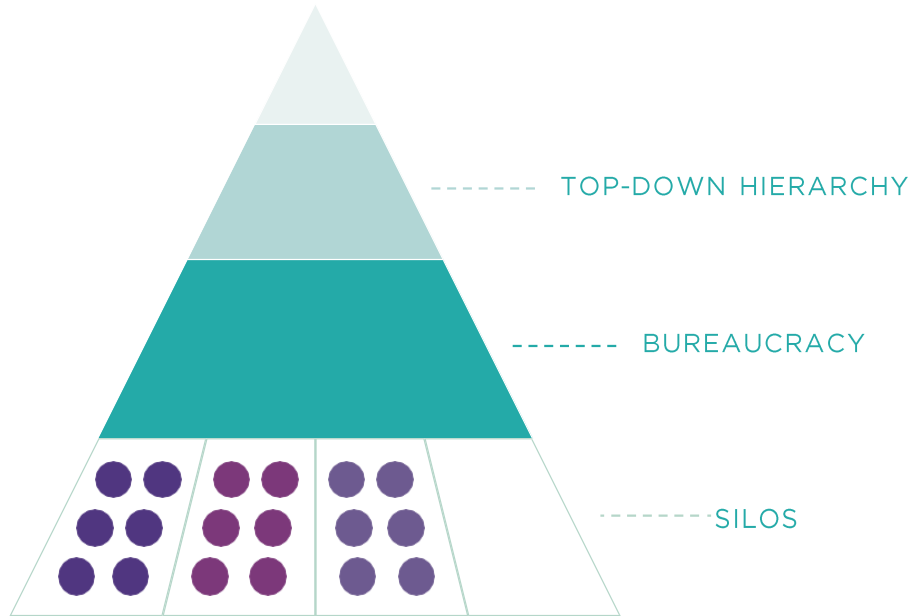
To meet the ever-changing expectations of their stakeholders, Agile organizations develop decentralized and flexible approaches designed to create value.

These businesses are able to **allocate their resources flexibly** and quickly to the most important areas. **In these instances, the project takes precedence over the hierarchy, which may be rigid and have a silo mentality.**

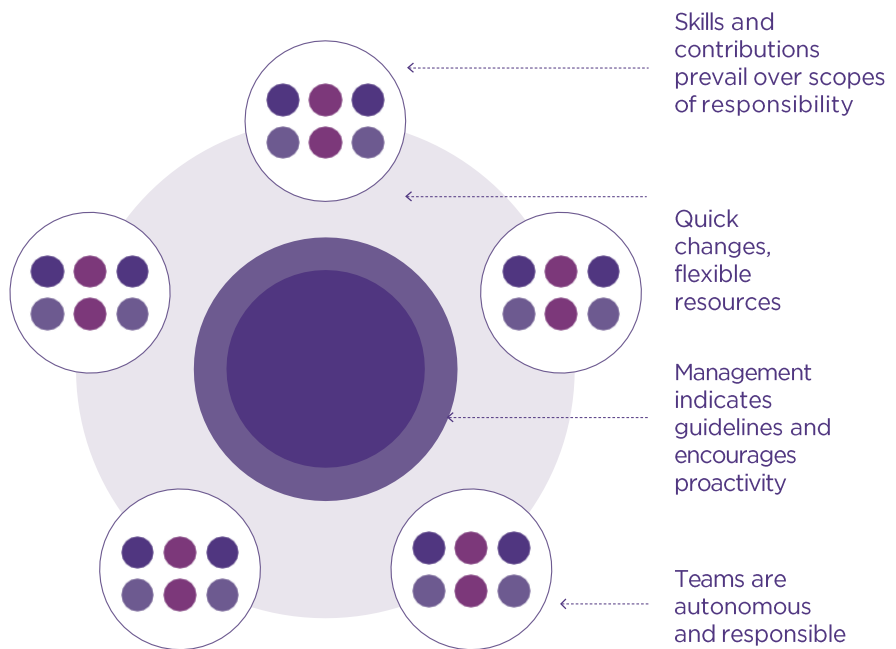


Companies like Google, Haier and Whole Foods are constantly testing their ecosystem. **They regularly assess the progress of ongoing initiatives** and decide whether **to support or end them** by using quick, standardized resource allocation processes. This allows them to move people, technology, and capital from one initiative to another at any time, terminate failed activities, and move into growth areas. These processes are similar to venture capital models that use specific criteria to allocate resources to initiatives within a defined time frame and provide regular reviews.

Transitioning from a hierarchical organizational structure...



... to a dynamic model





Agile organizations work **within a network of their broader ecosystem** by directly integrating external partners in the value creation system.

Examples are present in a number of sectors such as the modular products and solutions in the manufacturing sector; Agile supply chains in the distribution sector, the power networks in the electricity sector; and platforms like Uber, Airbnb and Upwork. These modular and innovative economic models allow companies to access skills and technologies they do not have, thereby developing the organization's agility and efficiency.

Members of the company individually and proactively monitor and detect changes in client preferences in the external environment and respond accordingly. They use tools like **customer journey maps** to identify new ways to consistently

improve customer service. A range of methods is used to collect information in order to design, drive, launch, and test new initiatives and business models.

Agile organization, dynamic by nature, allows businesses **to easily respond to change**. In contrast, traditional forms of organization place value on stability and efficiency based on management systems that are unlikely to progress. It is worth noting that several companies that use traditional forms of organization go through frequent phases of reorganization in order to adapt to changes in their environment. The reorganization process is often a source of disorder and can disrupt the business' objectives.

An Organization Based on a Network of Autonomous Teams

Agile organizations keep a stable hierarchy at the top but replace a large portion of the remaining traditional hierarchy with a flexible and scalable network of teams.

An Agile organization is made up of a **dense network of autonomous teams** that work according to strict norms covering compliance, responsibility, expertise, transparency and teamwork. The business must also have a stable ecosystem so that the teams can carry out their tasks efficiently.



Agile organizations such as Gore, ING and Spotify focus on several factors:

- ✓ **Defining clear roles with straightforward responsibilities** so that employees can interact with the entire organization and focus on carrying out their work. By doing this, they minimize the amount of time and energy wasted due to poorly defined or redundant roles, or due to the need to wait for approval from managers. Individuals can therefore proactively treat with any lack of clarity concerning their functions immediately and consider roles and people as separate entities. In other words, roles can be shared, and a single individual can have many roles.
- ✓ **Promoting proximity management** where performance management and team decision-making are pushed to the intersection of team scopes. It is at this level of close interaction with teams—where small groups of people work together—that decisions are made. As these

responsible and autonomous teams carry out their daily duties, managers can concentrate on strategic tasks and provide advice and support.

- ✓ Building organizational units that generally **have** more independence and greater responsibility. These units are also more **multidisciplinary**, can be quickly created (and dissolved) and are directly centered on value-added activities. Identifying the type of performance unit you want to create, based on your specific needs, is the cornerstone of an Agile organization. The organizational units will have to be designed based on specific value areas of your company's business model (a product, function, etc.) and a guiding principle for each unit. This principle, known as "**you build it, you run it,**" was developed in 2006 by Werner Vogels, CTO of Amazon.

The four most commonly observed types of units that make up Agile organizations are the following:

A. Functional Teams

These teams supply “products” and projects. To do this, teams must have mastered the skills and knowledge required for obtaining the desired results. Teams generally have a product owner (PO) whose role involves defining the team’s vision and prioritizing tasks. Progress made by these teams is often connected to the work done by other teams of the same type. They must therefore often interact to coordinate on their work.

B. Self-Managing Teams

Self-managing teams carry out baseline activities and are relatively stable in the long run. These teams are fully responsible for their work and can best determine how to achieve their objectives. They are capable of prioritizing their activities and focusing their efforts accordingly. Team members lead the group based on their skill set rather than their role. Self-managing teams are not as compatible with Agile organizations but can use Agile practices nevertheless in order to be in unison with the organization and contribute to its transformation. For example, customer service departments, sales teams and production teams are generally in this category.

C. Support Teams

Support teams are assigned full-time to various business activities with tasks that are generally repetitive in nature (such as invoicing, payroll, etc.). This method of working allows the company to increase its efficiency and ensure it has sufficient resources to respond to business needs. The repetitive nature of their tasks, which are centered on industrialized processes, is not conducive to Agile practices. Support teams can nevertheless find their place in the company’s Agile blueprint. In this category are the business processes led by corporate or support functions such as human resources, finance, etc.

D. Expert Teams

Expert teams contribute specific or even highly sought-after expertise in a relatively consistent manner in the long run, which may help many of the inter-functional or self-managing teams. For example, Agile coaches, Lean manufacturing teams and maintenance teams are a part of this type of unit.

The main characteristics of these four types of teams are summarized in the table below:

Agile Teams	Nature of their Activity	Examples of Teams
<p>Inter-Functional Team</p>	<ul style="list-style-type: none"> ✓ Characterized by function-specific expertise which is only available within certain teams ✓ Connected with the rest of the organization (product vision and delivery) 	<ul style="list-style-type: none"> ✓ Product development ✓ Strategy and transformation
<p>Self-Managing Team</p>	<ul style="list-style-type: none"> ✓ Independent within the organization, driven by performance-based objectives set by the team ✓ Externally focused ✓ Repetitive 	<ul style="list-style-type: none"> ✓ Customer service ✓ Sales ✓ Production
<p>Support Team</p>	<ul style="list-style-type: none"> ✓ Based on clearly defined processes ✓ Internally focused ✓ Standardized and achievable by individuals 	<ul style="list-style-type: none"> ✓ Support departments (payroll, legal, accounting, invoicing, etc.)
<p>Expert Team</p>	<ul style="list-style-type: none"> ✓ Characterized by specific expertise to support inter-functional teams ✓ Occasional but with high added value 	<ul style="list-style-type: none"> ✓ Lean manufacturing ✓ Architects ✓ Agile coaches



An Organizational Structure That Relies on Responsible Individuals

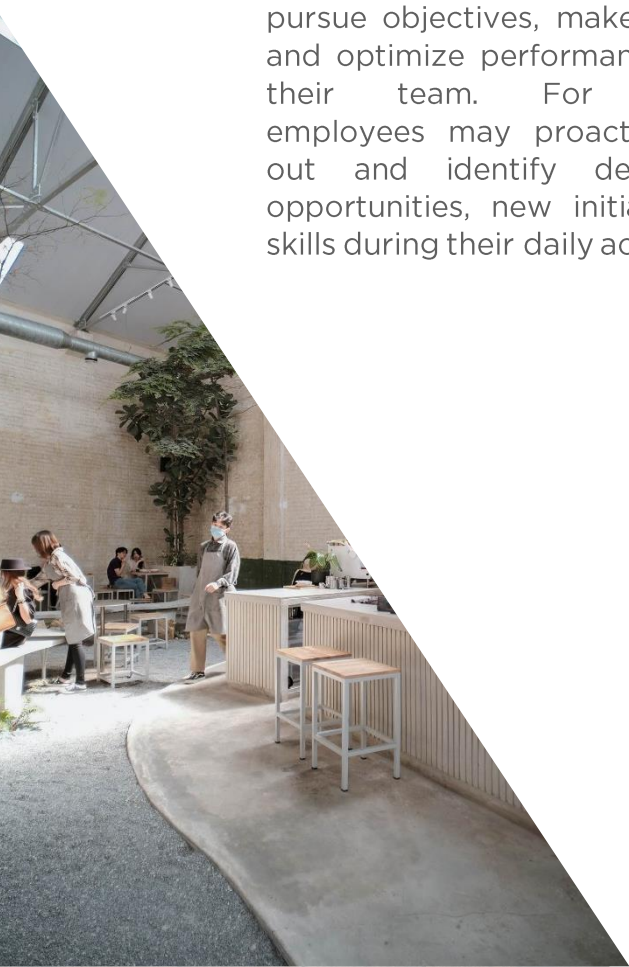
Agile organizations place people at the center of their operations, **which gives everyone a sense of responsibility.**

Managers in Agile organizations support their employees, give them responsibilities, help them in their professional and individual development. Rather than being planners, directors and supervisors, they become visionaries, architects and coaches that share pertinent skills. The goal will be to lead and produce tangible results.

Employees in Agile organizations demonstrate a **dynamic entrepreneurial spirit** as they pursue objectives, make decisions and optimize performances within their team. For example, employees may proactively seek out and identify development opportunities, new initiatives and skills during their daily activities.

In addition, **professional development** in Agile organizational structures involves creating new skills by increasing employees' opportunities to gain experience in the company. Agile organizations **allow and encourage employee mobility**, where employees can move from one role to the next in varying teams based on their personal development objectives.

By sharing the same skills and knowledge in the organization, it allows employees to move on different roles, projects and duties. For example, during the evaluation process with the manager, the employee could ask to improve on a specific skill and for a dedicated area based on his interest.



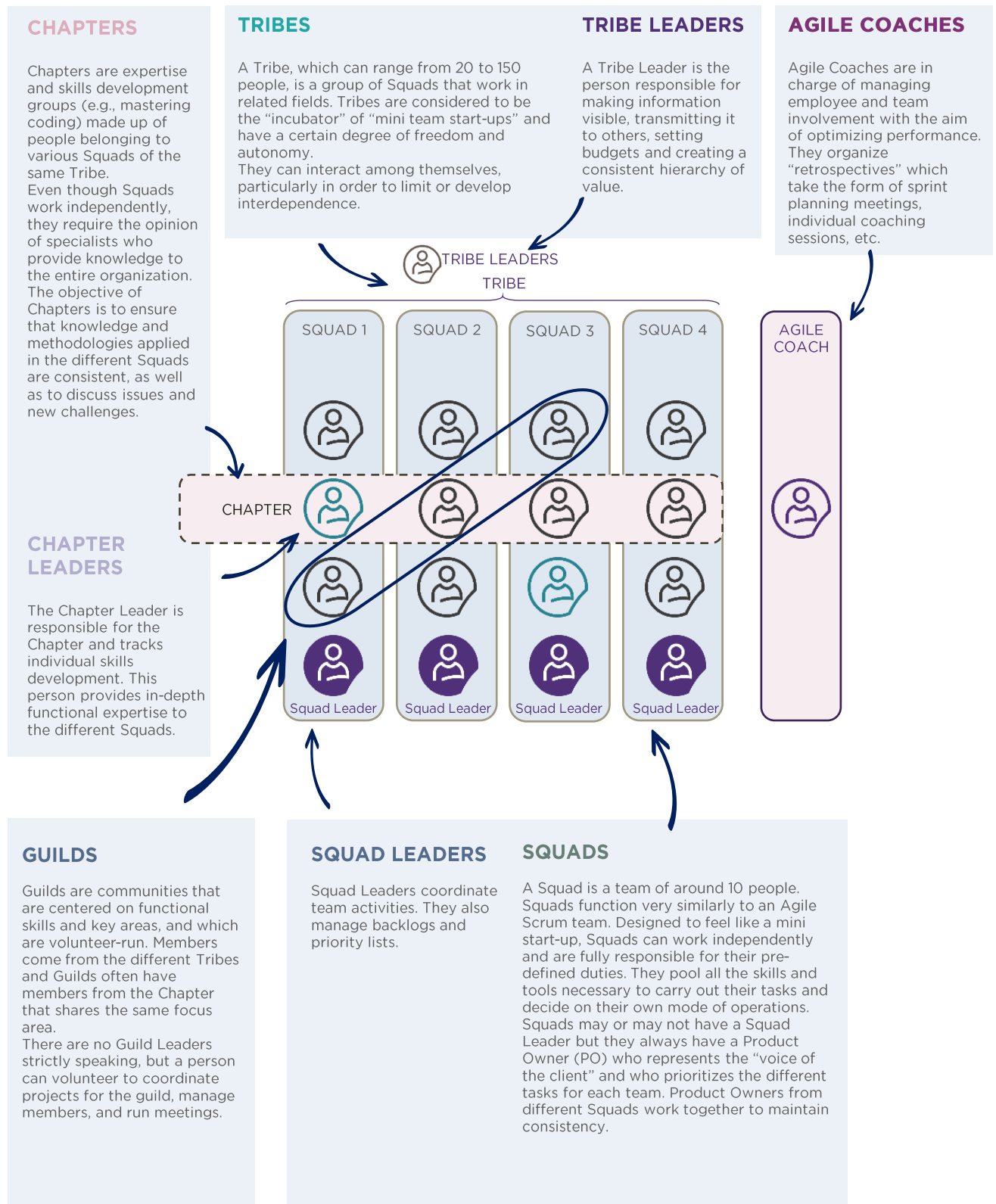


FOCUS ON

Spotify, an Agile organization centered on independent teams

The music streaming platform, Spotify, which was created in 2008 and now has nearly 345 million regular users, was able to implement Agile organization company-wide and is today an industry benchmark.

This model lays out a certain number of concepts for making companies Agile. In particular, it has four key components that make up an adapted matrix management structure in which each team (a Squad) focuses on its duties, but also works with the rest of the company and benefits from the expertise of other people. The four key units of the Spotify model are the following:



Where Traditional And Modern Meet

The concept of autonomous teams has been around for decades.

For example, the continuous improvement practices that are used in the industry are often based on an autonomous self-managing team with a team leader. More recently, companies such as W.L. Gore and Haier have placed emphasis on **making small groups more independent**. Even though they do not use the language associated with agility, they use Agile modes of operation as can be seen through the development of information systems, which is an area where agility is the most effective.

In many matrix management structures, individuals with similar skill sets are “grouped together” in functional departments, are “assigned” to projects, and “report” to a functional supervisor. In Agile organizations, **matrix management structures are centered on production**. This means that employees are put in teams where individuals with varying skill sets **plan and work together to deliver a product**. These teams are commonly called “Squads,” as in the Spotify model

above, or “Feature Teams.” **Each Squad is made up of around 7 to 10 people**, including a Product Owner, a Team Leader, a DevOps engineer and a developer analyst. Developer analysts are in charge of analyzing and exploring needs until the product goes live and maintaining the application. **Production functions such as testing, rollout and support can be found in the Squad**. This is all in keeping with the “you build it, you run it” principle mentioned earlier. Quite often, the Product Owner, who has experience in the field, spends 30% to 50% of their time with the team. The **Squad has its own budget**, has long-term goals, and its work is interconnected with the work from other Squads. Its **budget is set each year** and revision meetings are held regularly (for example, every three or six months).

Squads represent the vertical aspect of the matrix. This is a major dimension since it determines the nature of employees’ daily activities. Squads can come together (and form a Tribe as at Spotify) in order to **work jointly on shared activities**.



The horizontal dimension, which can be found in the “Chapter” concept at Spotify, aims at bringing together individuals from different Squads so they can share skills and expertise. The Chapters facilitate the development of skills and the harnessing of synergies that can at times lead to economies of scale. Chapter Leaders are in charge of Chapters. Their role involves **managing the development of employees’ skills** so they can easily change Squads without changing managers.

The two dimensions correspond to the “professor and entrepreneur” **model recommended by Mary and Tom Poppendieck in “Lean Software Development: An Agile Toolkit.”** **The Product Owner is the “entrepreneur”** who focuses on producing the expected deliverables, while the **Chapter Leader is the professor** who focuses on technical excellence.

Some organizations opt for a third dimension, **“Guilds,” which are communities centered on specific areas.** Participation is free and open to all employees and all members are volunteers.

If these managers can become efficient, non-intrusive leaders, Agile companies will have the best of both worlds: the size and scale advantages that are inherent to large companies as well as the speed and agility that are often associated with tech companies.

How Can You Transition to an Agile Organization?

The major challenges of Agile transformations are cultural.

Accepting the Extent of Change

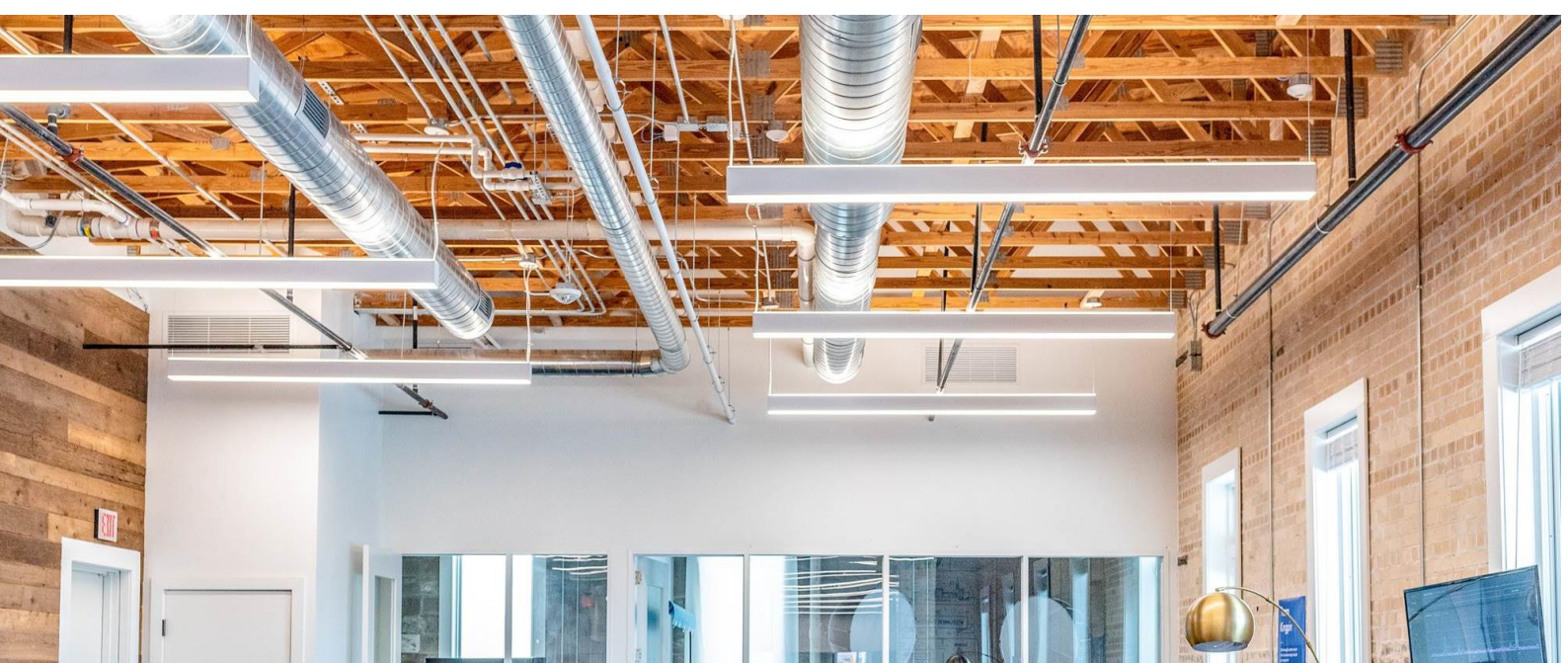
The **major challenges of Agile transformations are cultural.**

Some examples of these cultural challenges are the disconnect between Agile working methods and the demanding nature of employees' daily work, a lack of teamwork among teams, and the resistance to change. Experience shows that Agile transformations have greater chances of success when they are supported by **concrete and collective change management** actions that aim to co-create a culture and mentalities that promote agility:

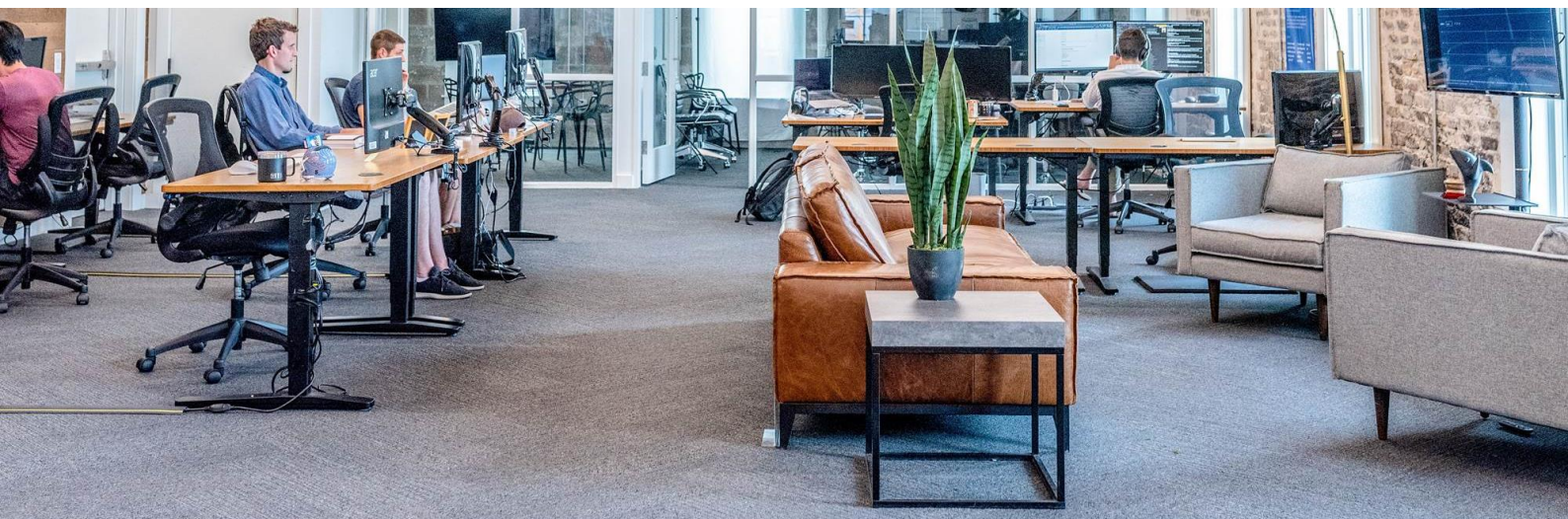
- First, **management must agree** on the necessity of adopting a new organizational structure and defining a new management system where leaders relinquish control and change their behavior.
- There must be an organizational structure design phase** that will account for the organizational principles that are specific to the business model. Once these principles are defined at the executive level, a collaborative and detailed

design phase will begin in order to facilitate acceptance of the new mode of organization.

- A **roadmap must be created** that will be unique to each company. It must identify the areas of the organization that will be transformed first and how the process will take place. For example, the transformation process can begin by implementing agility in operating entities before moving to agility at scale.
- When the rollout process begins, we recommend **implementing a dedicated transversal team. This team will help organize and lead the process.** The team will also monitor progress with the help of specific people from the varying departments (HR, finance, business lines, etc.). It will communicate on successes and participate in spreading agility at scale.



- ✓ The transversal team will also be in charge of **identifying “early adopters” who will act as change agents**. In each company, some people or even entire teams quickly get on board with the advantages of agility at scale. They often volunteer and spontaneously choose to participate in the process. These early adopters are a precious resource and a means of accelerating the transformation process.
- ✓ Employees will then have to be **trained in a set of new skills** that are required for them to fulfill their roles in the new organization.
- ✓ Reward mechanisms are put in place so to **encourage people to embrace the changes** being rolled out and to adopt new ways of working.



Essential Prerequisites For Transitioning to Agile

Top management must agree on agility

Change leadership practices

Make the Executive Committee Agile in its decision-making



Start early because the Agile process can be lengthy

The more pervasive Agile is, the more tangible and substantial the benefits will be



Be Agile from the moment you begin building the target organization

Build a target operating model but launch pilots as soon as possible to facilitate iteration



Create your own model

The only rule is that there are no rules
Most operating models are hybrid models (a mix of feature teams and traditional teams)



Invest in coaching to manage the cultural transformation

Training individuals in the skill sets required in the new organization is necessary

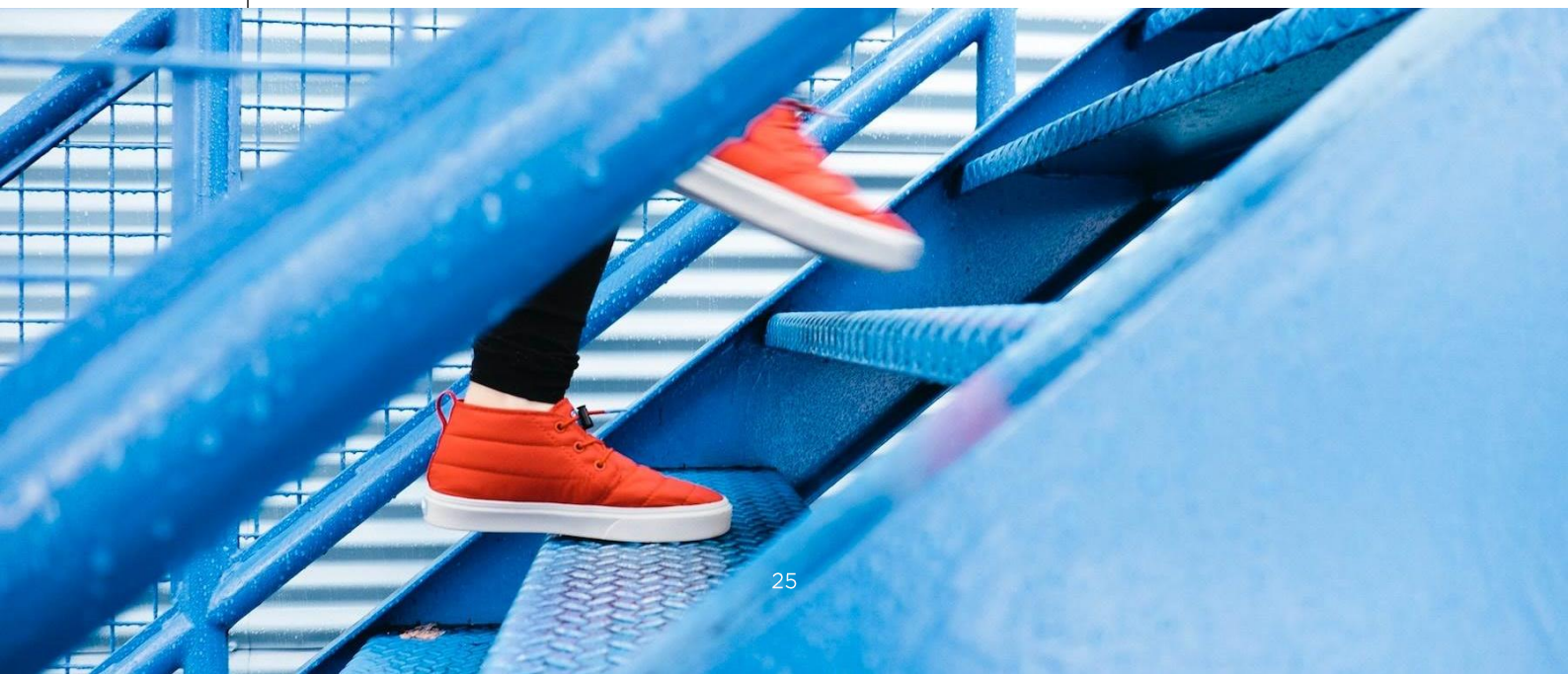
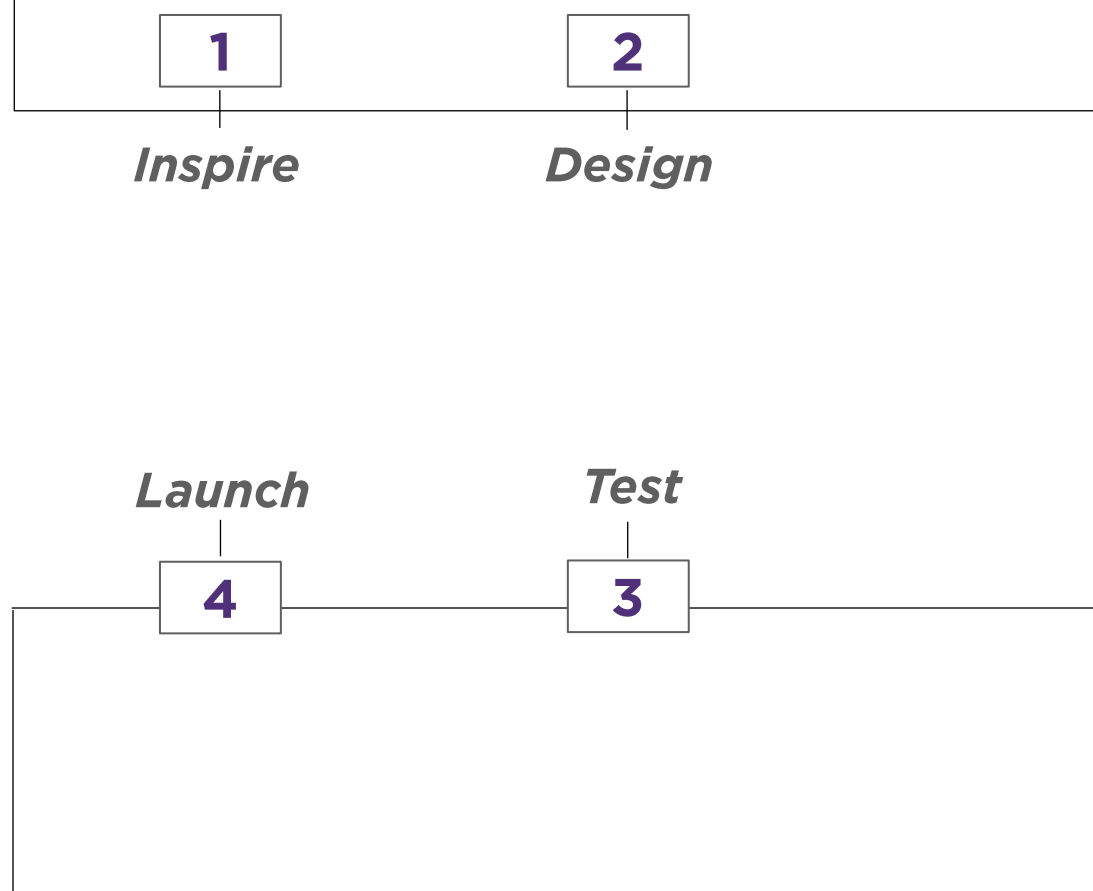
Have teams work in the same place as much as possible

This is complicated to set up at times, but it is a real performance driver

Take it a step at a time

Each business is unique. As a result, the transformation process must be thought out based on the context of the company, taking into account the company's starting point, the company culture, industry specifics, etc.

We generally provide businesses with assistance in the form of 4 steps:



I. Inspire

Successful Agile transformation requires **strong, coordinated leadership**. The entire company must share the same bold vision in order for the Agile transformation process to be a success.

A change in mindset is needed to "ensure that agility can be fully cultivated at the company level." To do this, we must first start by demystifying Agile and helping people to understand that it is **more than just organizational models for start-ups and GAF A firms**. Equally, we must make it clear that having Scrum-modelled IT projects do not mean that a business is Agile.

There must be considerable efforts to shift the current culture away from one of zero risks and one where the management system is based on the concept of command and control.

The process will begin by explicitly explaining the reasons for the transformation and creating a shared vision. **Understanding the "why" behind agility**, what it brings to the table, and being able to communicate this to your teams, **will encourage employees to be a part of the process and will**

help to ensure that this new mode of organization becomes permanent. The business must have unshakeable conviction to do this. A method we use often is that we **share testimonials from a "peer"** (generally a former client) who has experience with the transformation process. The peer shares about the specificities of the Agile model that they used, the difficulties during the process, and the end results. Another method is to **create a decentralized network of communities that work in Sprints which come together in Jam sessions**. This network will be made up of volunteers who wish to express their expectations, their own experiences and their suggestions in order to begin working towards the on-the-ground needs and the needs of teams.

The end of this phase is marked by a **retrospective session or "agility day" where participants can share about the meaning behind the transformation**, discuss the fundamentals of agility, and ensure that teams are on the same wavelength in relation to practices and expected results.

II. Design

Once the motivation has been established, a **blueprint must be made**. For Agile models, blueprints are more than a simple organizational chart. They must provide a holistic vision and clear design of the way the new operating model will work. Agile transformation fundamentally changes the way work is carried out by everyone in the company. As a result, the **blueprint must also identify the necessary changes in terms of organization, processes, technology**, etc. Firstly, the blueprint is an MVP that is drawn up quickly and iteratively and provides the framework for the organization before the company begins the detailed design phase.

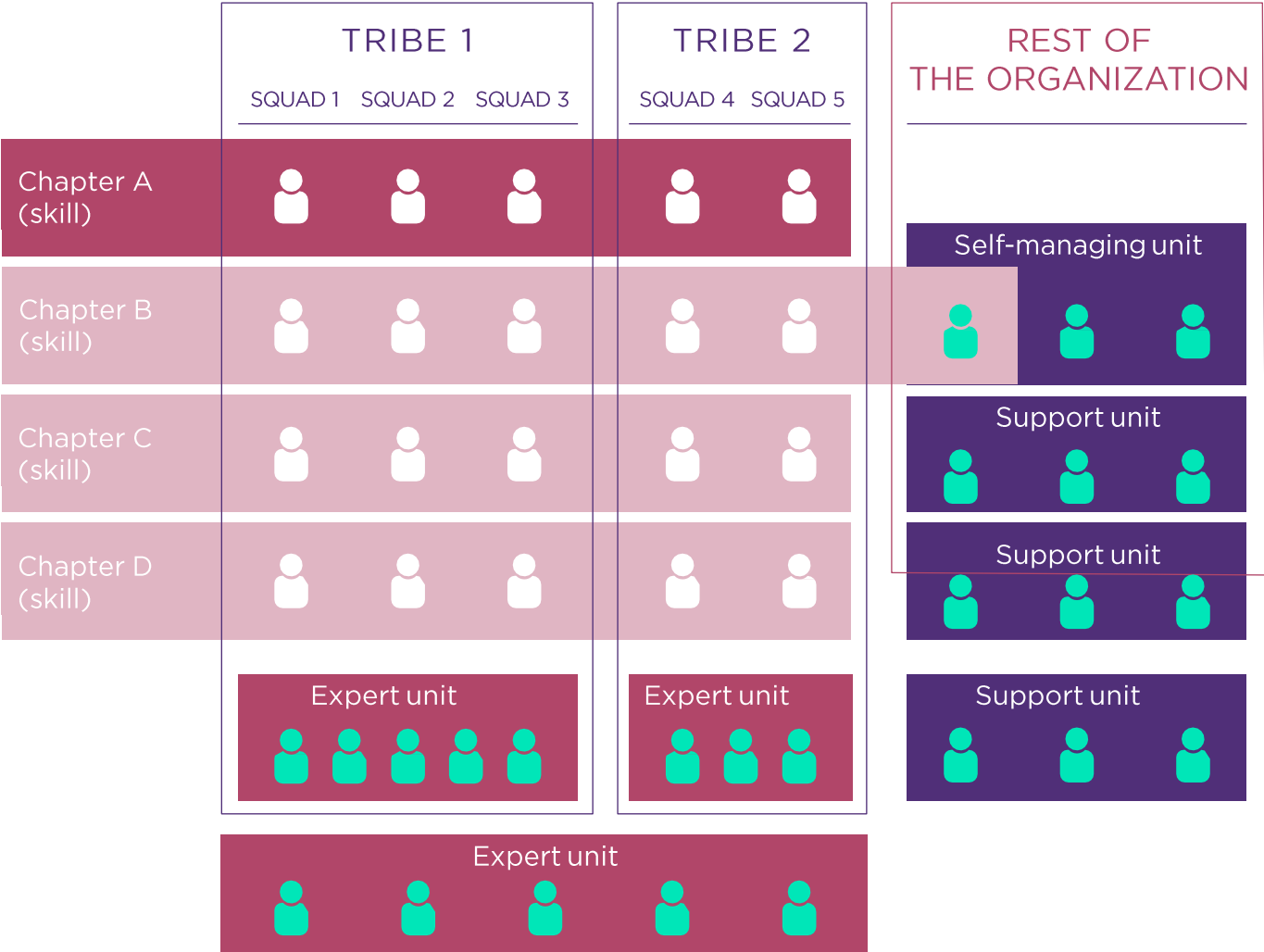
Any design of the blueprint must be structured according to the company's specific context:

- ✓ **The culture:** What are the "formal" and "informal" values of the company?
- ✓ **The specifics:** How is value created in the industry and how does the company create value?
- ✓ **The structure:** identify the organizational factors that need to benefit from greater agility so that the structure can be more dynamic and more stable.

As mentioned before, an Agile organization is different from a traditional organizational setup. Its organizational chart can be integrated into a group of entities, which are often called Squads, Feature Teams or Product Teams. Operating entities working on similar tasks will be grouped together as Tribes. These autonomous Agile teams will be attached to a business product. The "Squad" is at the heart of the system, whereas in a traditional organization system, activity is organized through business departments, supplemented by transverse projects. This team is self-managing, multidisciplinary and ideally located in one place. The team is fully responsible and commits to accomplishing its goals. This is made possible by the team's autonomous nature and the prior transmission of the vision and meaning attached to the Sprint. Decisions can therefore be made close to the action. Teams take risks together, because, in this environment, high expectations and making mistakes go hand-in-hand

The blueprint must provide a map of the Squads and Tribes (the vertical axis) and the Chapters where applicable (the horizontal axis). Chapters contain people who share similar expertise or roles within tribes.

The blueprint provides a schematic overview of the organizational units



To achieve this type of setup, **existing organizational structures** must be reviewed, and **business drivers** must be identified. This will determine the company's direction. It may be driven by product family development, market or client segment development, client life cycle optimization (acquisition, client development/loyalty, retention), channels, etc.

The blueprint (operating model) can focus on different aspects and lead to the implementation of hybrid models

TYPE OF FOCUS

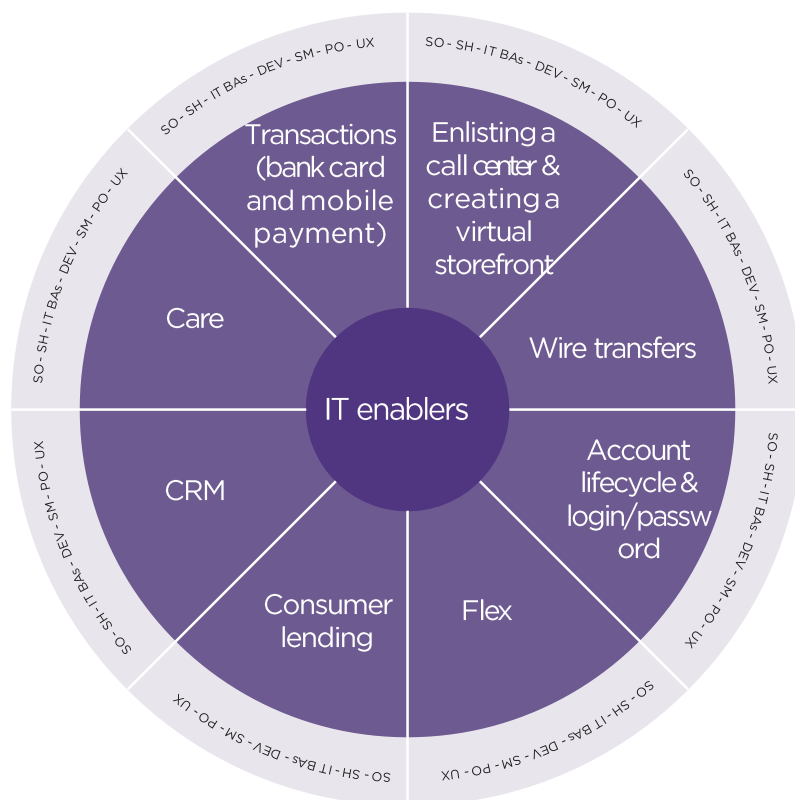


Although each of these operating scenarios has its **strengths and weaknesses**, the most suitable one must:



EXAMPLE OF A HYBRID MODEL

Based on the strategic objectives and the structure of the company, **hybrid models** must be put in place:





The organizational units are defined based on activities and expected results rather than on actions or skills at the beginning. Teams that carry out different types of tasks will likely use different Agile models. As mentioned earlier, there are four types of Agile units that are the most common. Inter-functional teams **provide products, projects and activities**. They have a range of skills and knowledge at their disposal that allow them to track the project from start to finish. Spotify's model of **Squads** and **Tribes**, which has been used by other companies such as ING, Orange Business Services, Betclic, etc., is a good example of agility in inter-functional teams. There are also **expert teams and units, self-managing teams** (which potentially work with Tribes) and support teams.

A **bimodal approach** is often used where the company's traditional mode of organization is combined with the new Agile organizational structures.

The bimodal approach is used to combine the company's traditional mode of organization with the new Agile organizational structures

DAILY BUSINESS

The Daily Business approach ensures that business continuity and makes sure that existing projects aren't interrupted

INNOVATION

The Innovation approach focuses on breakthrough projects

The shift to Agile organization must be considered based on the company's projects, priorities and capacity

The project- or process-based departments (payroll, HR) are not always compatible with Agile organization...

but this does not mean that they can't use its principles (methods, visual management, etc.)

Implementing Agile teams is not enough to make your company Agile. There needs to be a far-reaching cultural shift

It is possible that the changes may not be fully accepted, and you may need to keep some of the traditional ways of functioning



TRADITIONAL ORGANIZATION

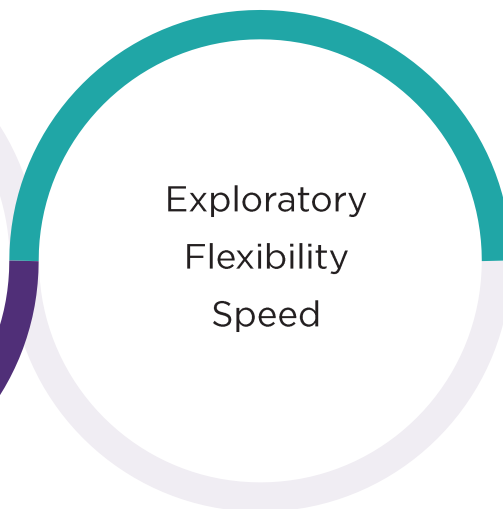


Stability
Reliability
Sequencing

Traditional models are adapted to business projects that require **scheduling, stability and reliability**



AGILE ORGANIZATION



Exploratory
Flexibility
Speed

Agile organizations operate **iteratively** and emphasizes innovation and **experimentation** thanks to their **flexible** nature.

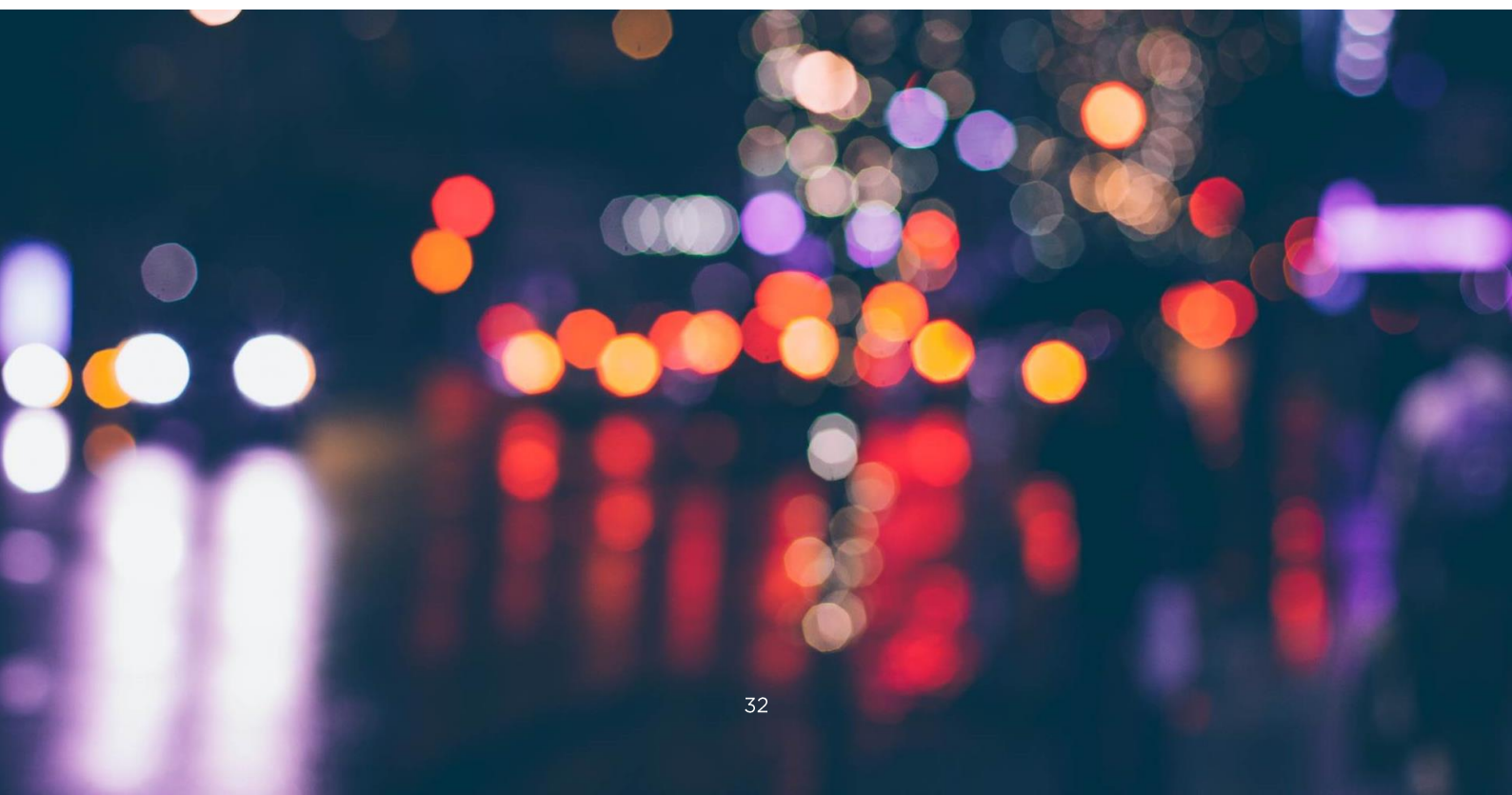
Once the blueprint and the matrix for shifting from the “old world” to the “new world” are put in place, the other aspects of the management system must be coordinated.

Teamwork may seem familiar, but on a larger scale, entire components of the operating model will have to be reviewed, as explained below.

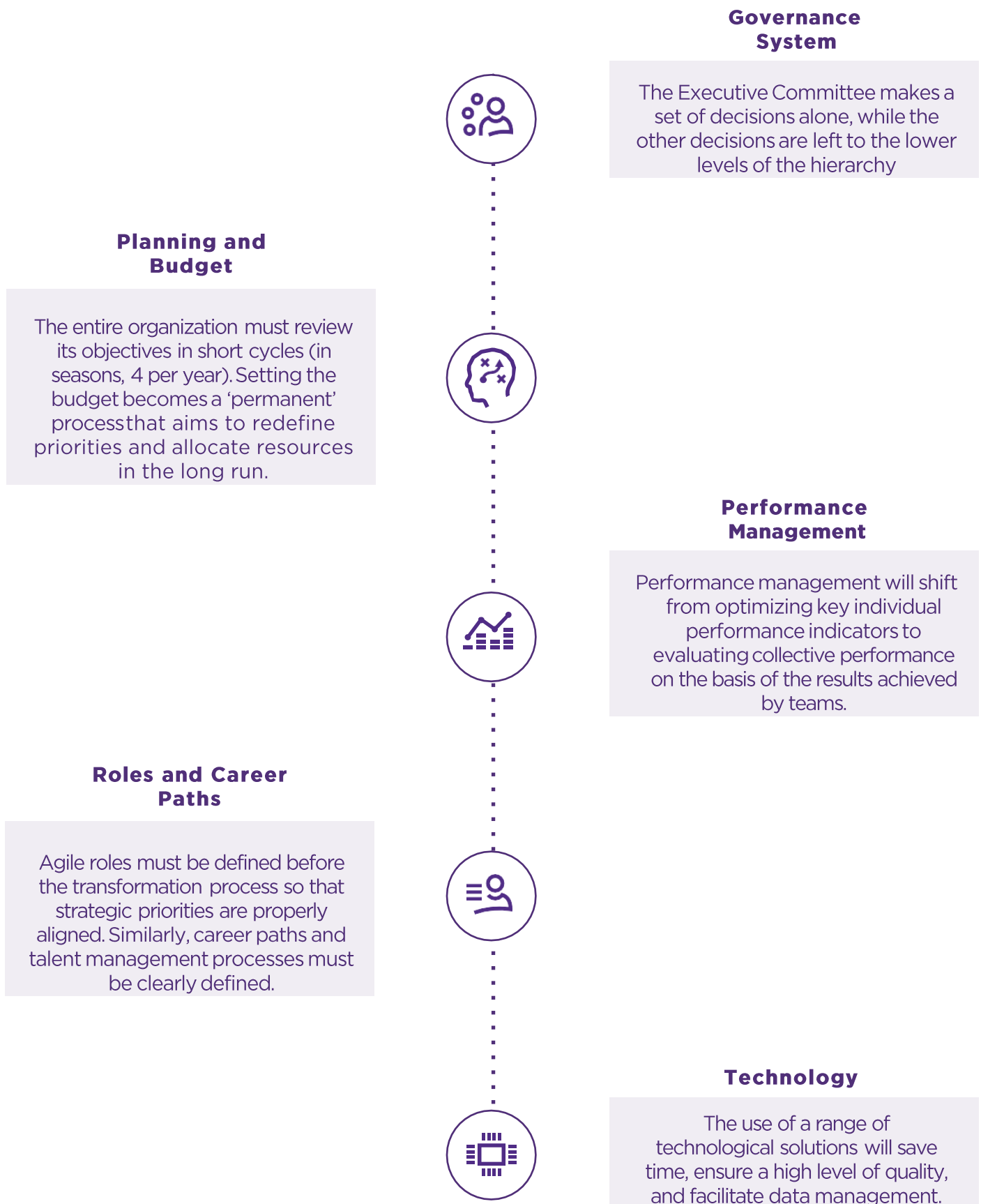
When moving to an agility at scale organization, many transformations fail because they limit themselves to implementing Squads with new roles (Product Owners, Scrum Masters, Agile Coaches, etc.) without addressing other organizational components.

Assistance should be given so that **managerial attitudes and behavior** can change; coaching may be required for some managers.

The final phase of blueprint preparation consists of creating an **implementation roadmap**. The roadmap must show, at the very least, the overall expected result, a list of the main deadlines for the transformation process and the backlog of tasks.



Beyond the organizational structure, 5 components of the operating model must be adapted first



III. Test

Although teams may not directly be opposed to the Agile transformation process, they do not often understand the reasoning behind the shift towards agility at scale. The first project chosen, often known as the **pilot project**, will play an essential role. It's best to determine the added value related to transitioning the team to an Agile organizational structure in advance. Choosing a digital project increases the chances of success since it is in a field where the benefits of Agile are widely recognized.

The aim of the pilot is to **demonstrate the value of Agile working methods through tangible results**. The first few tasks can be limited to small

teams. However, the involvement of many teams is often necessary to give a clear picture of what agility at scale looks like for the company.

The first phase involves **defining the scope of application for the Agile pilot and setting up a team with clearly defined objectives**. This includes task allocation, assigning team roles and assessing the necessary skills. Then, the Agile pilot will be described in terms of governance, rituals and roles. This information is generally consolidated in a **playbook that is the basis of the communication with the pilot participants and which will be the basis of the communication with the rest of the organization**.



IV. Launch

Agility at scale cannot truly be represented by a few pilot projects and so the transition to full agility calls for close attention. In fact, the majority of Agile transformations fail during the large-scale rollout process.

Leaders must first be aware of the **iterative nature of agility at scale**. To do this, the top management must dedicate enough time to the process and be ready to lead by example in terms of changing their attitudes and behavior. Not everything can be planned for before the Agile transformation. The best way to implement the rollout process is to **adjust the pilot when necessary**.

Continuous adjustment is possible with this iterative rollout approach as it is based on constant feedback and the progressive upskilling of those in

key roles in the organization, including Agile coaches, Product Owners, and Scrum Masters.

Many companies began by transforming their head office and the product development teams before moving on to the units that are in direct contact with clients (call centers, stores, and factories). It is possible to transform all aspects of a factory or a customer journey, but a global transition approach may be necessary for the closely interconnected functions of the head office.

The **successful large-scale rollout of an Agile operating model requires skills development and the adoption of new ways of working and new practices across the entire company**. This is vitally important and a key phase of the Agile transformation process.



An Example of Agility in an Organization and Its Benefits

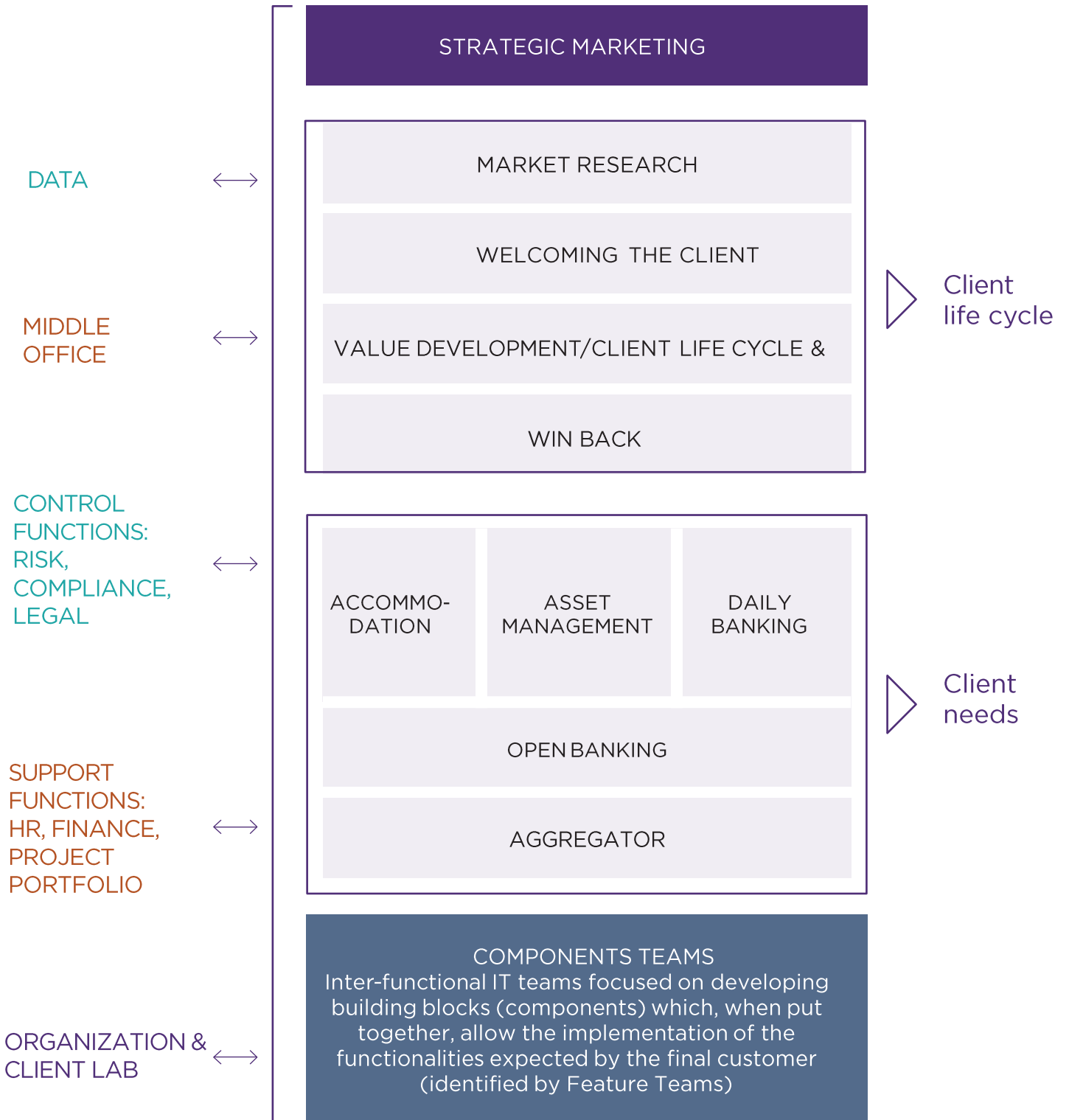
Faced with the emergence of **new banking needs in a sector where the digital transformation is picking up speed**, banks and insurers are progressively turning to Agile models.

For example, one of our clients transformed their organization by using a **hybrid model built on the basis of strategic priorities and optimized value chains**.

As the illustration on the following page shows, Agile teams (Feature teams) are

structured around client needs and stages of client life cycles and are fueled by cross-functional teams (support, expert and self-managing teams). These Feature Teams, also known as inter-functional teams, rely on component teams to provide services using a shared technological foundation; ensuring that the organization is sustainable.

Example of an Operating Model That Focuses on Client Needs and Life Cycles



Legend

■ Expert teams

■ Self-managing teams

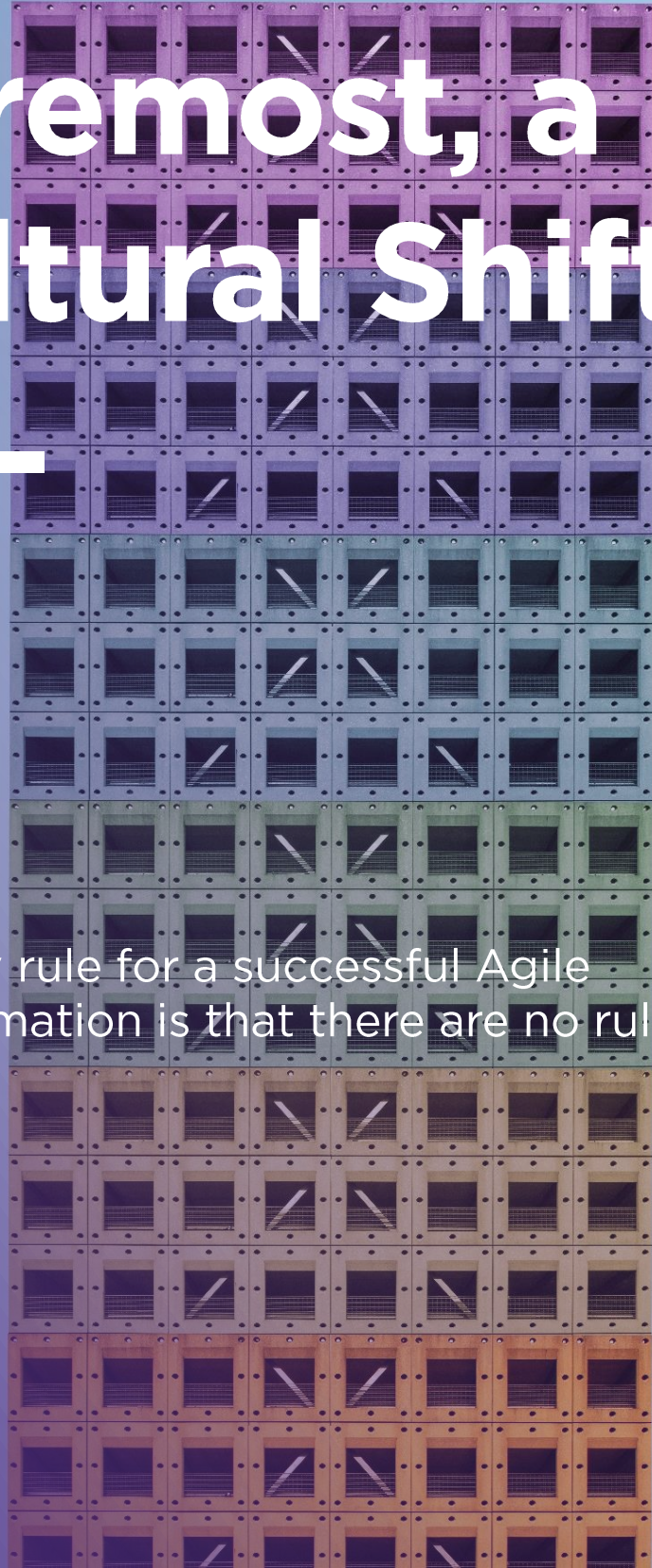
\longleftrightarrow Active role in Agile teams

■ Support teams

■ Feature teams/
Inter-functional teams

First and Foremost, a Cultural Shift

The only rule for a successful Agile transformation is that there are no rules!





The only rule for a successful Agile transformation is that there are no rules! A clearly defined operational model is unique and must be tailored to:

- ′ **The context of the company:** the size of its teams, its location, the distribution of tasks among business development and back office teams, etc.
- ′ **The company's history:** past Agile initiatives, the current organization framework they wish to maintain, etc.
- ′ **A terminology and operating modes specific to the company,** inspired by different methods and best practices (Agile, lean, Safe, UX/design thinking, teamwork, data driven, etc.)

We cannot overemphasize the importance of investing in change management during the agility process. Agility is first and foremost **a mindset**. Without the right mentality, the other elements of the Agile operating model will not be implemented properly, and the company will only see a few of its benefits.

Acknowledgements

WRITTEN BY



Philippe
Pestanes
Partner

CONTRIBUTORS

Nabiha Kheirallah
Senior Consultant

Victoria Hopmann
Consultant

Cécile Chanut
Consultant

Camille Bertrand
Consultant



The post-war boom of mass consumption products is over. While consumption growth rates are beginning to stagnate, expectations in terms of service keep increasing. This is the era of the Amazon generation, with a market where omnichannel strategies are a glorious yet difficult reality, and where C2C distribution threatens traditional means. Even though the profitability of all players may suffer, distributors and manufacturers must dedicate time and energy to improving their strategies and processes, both on- and offline.

At Wavestone, we work with clients on these strategic issues.

- ✓ Combining product marketing and client image in the distribution process and converting the finished product into revenue.
- ✓ POS Solutions 3.0: the future of checkout in the mobile age.
- ✓ Digitalization in the luxury sector: optimized omni-channel customer experience.
- ✓ SKU optimization: mastering complexity to create value.

Our Publications





www.wavestone.com

In a world where knowing how to change is the key to success, Wavestone's mission is to enlighten and guide large companies and organizations through their most critical transformations with the aim of creating a positive outcome for all stakeholders. We call it "The Positive Way". Wavestone has over 3,000 employees in eight countries. It is one of the leading independent consultancy firms in Europe. Wavestone is listed on Euronext in Paris.