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Doing or Being Agile? What Agile Management Needs to Consider for the Success of the Agile Transformation

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The transformation to an agile organization is high on the agenda of many companies. Technology pioneers, as well as current demographics, are increasingly determining the needs of customers. Innovation through digital transformation is omnipresent: old industry boundaries are disappearing; new competitors are gaining strength. There is a consensus that the challenge of ever-faster change and thus an ever more volatile world of work must be met with the integrative power that agility offers. What impact does the introduction of agile methods have on true agility in the team and organization? What structural and cultural aspects need to be considered by agile management?

The Value of Agility

Value maximization and the optimal use of resources dictate that agile methodologies include an iterative and incremental approach, collaborative working, team empowerment, increased customer engagement and adaptability to change (De Borba et al., 2019; Project Management Institute, 2017).

The relevance of agility is high across industries, and the proportion of organizations adopting agile methods is constantly growing. Reasons for introducing agile methods are multifaceted. In the third edition of the Agile Pulse Study of Bearing Point, respondents weighed the following reasons for adopting agile methods most strongly (BearingPoint, 2022): more effective responsiveness, improved collaboration, increased speed (time to market), gains in transparency and improved product quality. While some organizations are predominantly product-driven and put customers first, others are more employee-focused.

Agile Transformation Considering Five Dimensions

Solely adopting agile methods (doing agile) is insufficient to leverage the potential of agility. Much more is needed to make the true potential of agility tangible (being agile). According to the previously mentioned study, the key factors to consider are divided into five dimensions: structure, culture, processes, technologies and products.

Structure: Creating the structural conditions for holistic agility is a challenge, primarily because organizations need to reflect and adapt aspects of their corporate governance. Since these aspects have often grown over decades and are entrenched throughout the organization, changes here require the involvement

of decision makers at the C-level. This is exactly one aspect of agile management that needs to consider the following structural changes:

- Decentralization of decisions is a key characteristic of agile organizational structures. Instead of controlling the team, the team is granted autonomy. Decisions are not delegated but made independently by employees and teams based on responsibility and competence. Approaches to decision making are deliberately chosen and practiced. Decisions can thus be made more quickly, transparently, and consistently.
- Self-organized teams and their members are trusted and, at the same time, given more responsibility to lead themselves, increasing employee motivation and speed in the delivery of results (De Borba et al., 2019).
- Cross-functional collaboration is a key enabler for meeting the expectations and requirements of today's customers. Knowledge and competence of different disciplines are required, and therefore, the direct collaboration of employees from different areas of the organization is a key success factor for structural agility.

Culture: This dimension is closely linked with the structural dimension and includes crucial pillars for establishing agile management that drives the transformation:

- Empowering leadership culture is an understanding of leadership according to which managers act less in a directive manner but rather create the framework conditions for agile, self-organized teams. This requires shaping the agile way of working values and accompanying employees on the path to change.

- Self-organization of employees is the key to an agile organizational culture. In contrast to self-organized teams, the focus here is on the proactivity of individual employees. It begins with selecting tasks according to the «pull» rather than the directive «push» principle and ends with the continuous reflection and further development of employees.
- A learning and improvement culture, where failure can be openly admitted and discussed in an appreciative and solution-oriented manner, encourages people to strive for improvement based on experiences and constructive feedback collected. Employees start to learn from each other, and teams develop holistically.

Processes: Agile processes allow an organization to react flexibly to changing requirements and circumstances. The following aspects attempt to cover such agile processes:

- Iterative processes enable products to be developed in short cycles and with a focus on a minimal viable product (MVP). Such incremental iterations allow for quick reactions to changing conditions.
- Process autonomy allows employees to reflect on processes to identify optimization potential and integrate it into future iterations.
- The holistic process responsibility of a team supports an enhanced understanding of the product, minimizing the corresponding process-related hurdles and coordination paths, and increasing the speed of the process.

Technology: In agile transformations technological aspects bear untapped potential like the following:

- Agile organizations mobilize their resources for innovation and the continuous development of

their product and service portfolio. To this end, repetitive processes should be increasingly automated so that employees can concentrate on innovation.

- The ability to quickly and reliably provide functionalities based on constantly changing and evolving technologies requires a release infrastructure that is both stable and adaptive.

Products: A close and iterative collaboration with customers and rapid feedback integration into the development cycles are essential in agile product development. It improves product quality and enables enterprises to stand out from the competition by being closer to the demand for their products (Denning, 2017):

- Organizations should constantly expand their offerings and product portfolios with a view to the needs of their customers by adding the latest innovations.
- With a shared product vision that is iteratively refined and reviewed in continuous contact with customers, organizations can reduce the risk of product development that does not meet customer expectations.

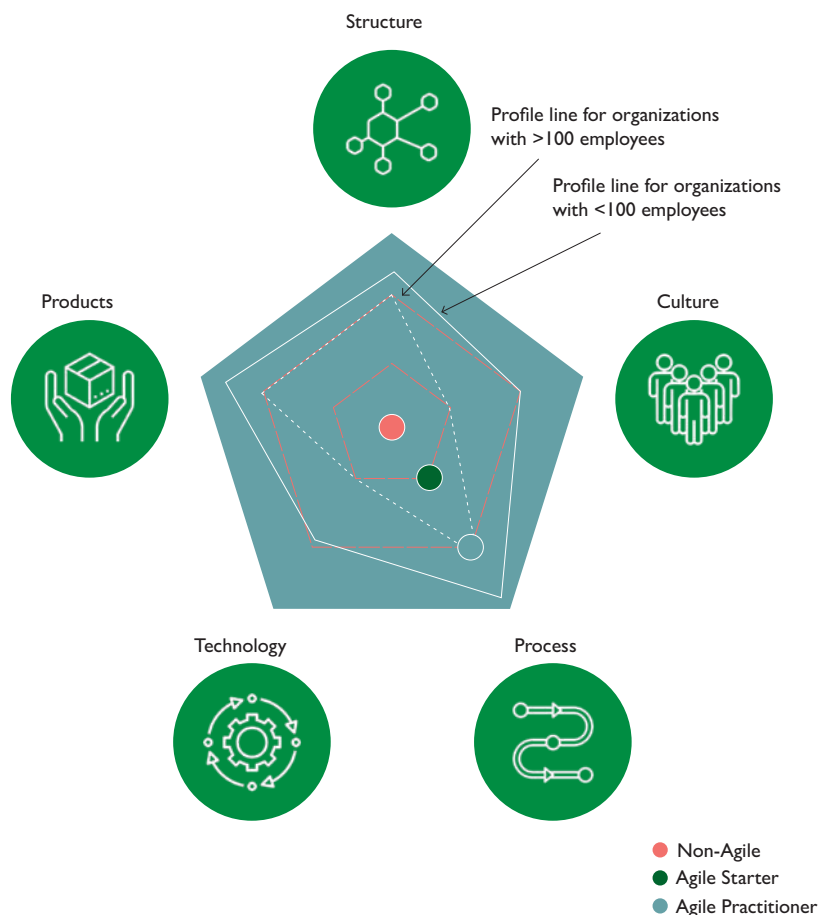
Expectations versus Reality

The Agile Pulse Study confirms the benefits of agility and shows its enormous potential (BearingPoint, 2022). However, it also highlights that many organizations do not achieve their objectives because they consider their agile transformation complete with the introduction of an agile framework. However, that is not sufficient.

Agile transformation includes changes in corporate culture, structures and processes right through to technologies and products. Too many organizations do not

Figure 1: Adoption of key dimensions considering the agile maturity of organizations

Source: BearingPoint, 2022



address the cultural changes or do not do so consistently enough, meaning that a holistic, agile transformation stops before it has truly begun, preventing an organization from achieving its goals.

By comparing the desired objectives of adopting agile methods with the organizational improvements achieved in each case, it turns out that eight out of nine goals have not been accomplished on average.

There is a risk that organizations introduce agility methodically as a framework but do not establish holistic approaches and a clear goal setting (BearingPoint, 2020).

The fact that adopting agile methods alone (doing agile) is not sufficient to fully leverage the potential of agility is highlighted in BearingPoint's Agile Pulse Study. Instead, the holistic approach of the system in question is crucial to the success of an agile transformation (being agile).

Catalysts of Transformation Success and Improvements at the Organizational Level

Implementing a holistic, agile transformation considers all five dimensions presented with the understanding that agility affects the whole organization; maintaining an agile state requires continuous and consistent development. This foundation enables organizations and their employees to be agile instead of merely acting agile. It shows how essential it is to take a holistic, multidimensional view of the organization to be transformed. Organizations that fail to take such a view may realize quick successes but will likely fall far short of their goals (Theobald et al., 2020).

For the management of an agile organization, there are simple and powerful methods, such as «objectives and key results (OKR)», which is a suitable goal-setting framework. It helps to define measurable

goals and to track their results at individual, team and organizational levels. It enables agility and, at the same time, ensures continuity.

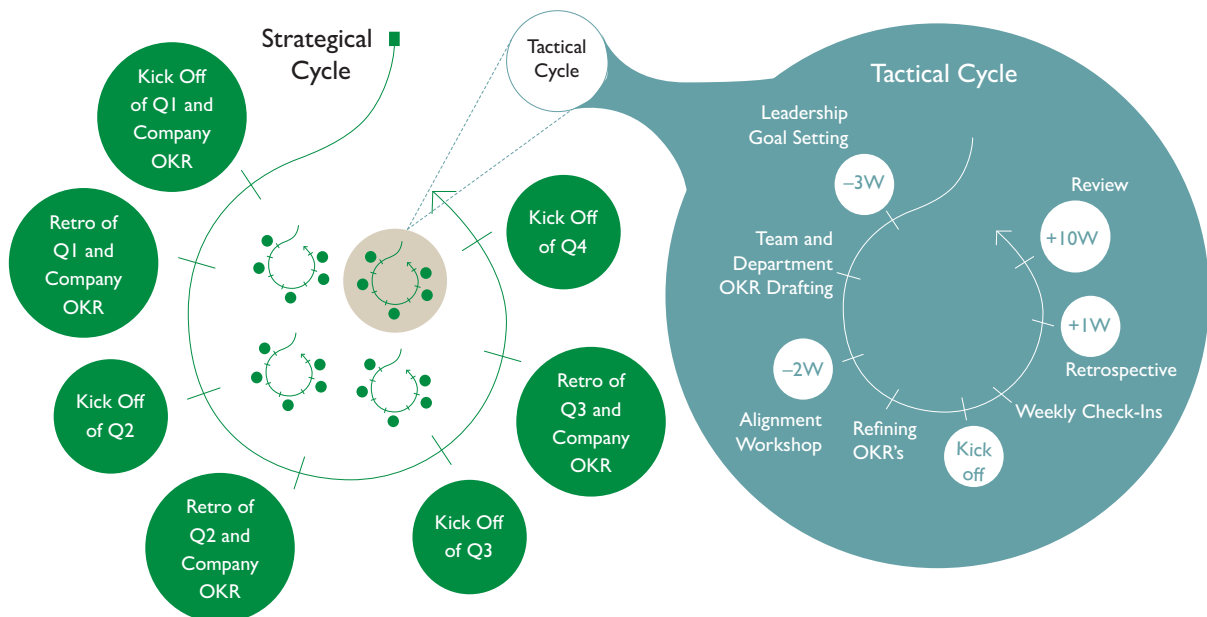
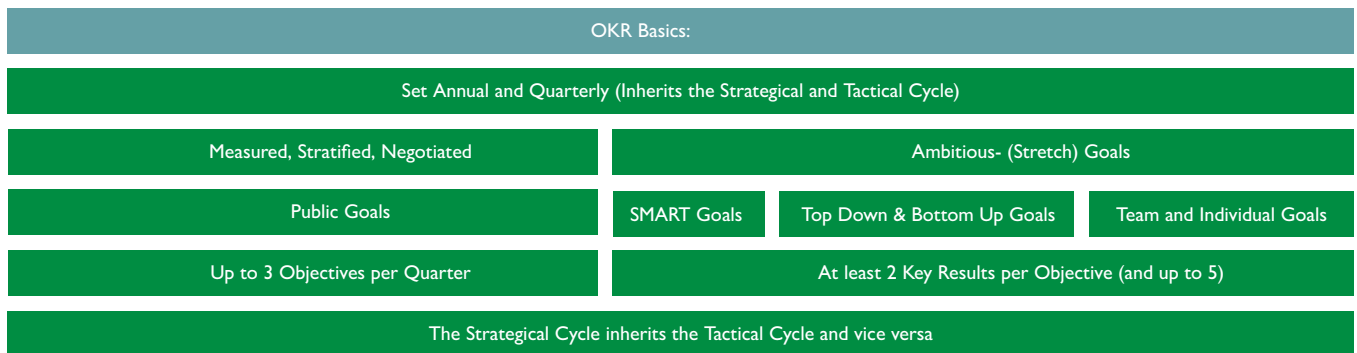
Agile Management Supported by Objectives and Key Results (OKR)

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The concept behind OKRs was defined in 1971 by Andrew Grove at Intel and later successfully adopted by Google. In essence, it is a goal-setting strategy execution methodology that helps to create

Figure 2: The OKR Cheat Sheet

Source: BearingPoint, 2021



focus, consistent alignment, commitment and transparency around ambitious measurable objectives (BearingPoint, 2021).

The OKR process foresees objectives to be set, tracked and re-evaluated on strategic and tactical cycles on a quarterly basis. Likewise, the OKR framework incorporates each team's perspective and creativity. The goal is to ensure that everyone is moving in the same direction, with clear priorities, by contributing individually towards key results to achieve the objectives.

OKR supports implementing an enterprise vision, mission and strategy, giving focus to the organization and increasing effectiveness. OKR helps to

- align every level of work through transparency and simplicity of work priorities,
- increase engagement by sharing strategic business objectives and
- empower employees to determine actionable steps to achieve the vision.

OKR also helps to ensure the alignment of managers, teams and employees while promoting employee commitment, a key aspect of successful agile management.

The most successful enterprises working with the OKR framework regularly define OKRs for each organizational level: for the company, for each team and for

individual employees. To promote disciplined planning and focused work, the number of objectives should be limited to a maximum of three per level, and the number of key results should be at least two per objective (and up to five). Crucial to the successful adoption of OKR is the involvement of all teams and individuals in setting the company's objectives. While many companies recognize the impact of OKR on their business, many hesitate to implement the frameworks as they fear the complexity.

The truth, however, is precisely the opposite. Successful OKR implementation depends not on which other practices are already in place but on how well they can be integrated. OKR integrates well with other concepts, like KPIs, SMART goals, Balanced Scorecards, within Lean Management and Scaled Agile frameworks and adds benefits to each.

The OKR Cheat Sheet (see Figure 2) summarizes the main principles behind the OKR framework and serves as guidance for successful adoption.

As reflected within this article, being agile as an organization comprises various aspects that need to be considered and adopted to profit substantially from the value that agility provides.

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