

JUMPING THE CHASM

How to break with existing structures to become an agile organization

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IN A BLINK:

An increasing number of organizations is adopting different practices to enhance organizational agility, of which many unfortunately fail. It is often underestimated that agile transformations are in fact organizational transformations and thus many don't make the necessary arrangements or put in the right amount of effort to enable such a change. As a result, they are not equipped to jump the chasm between the command and control paradigm and the agile paradigm and turn to their old and known practices. This BlinkPaper describes the steps that need to be taken to launch an agile transformation and how organizations can succeed in jumping the chasm that will turn the full organization into an agile enterprise.

Table of Contents

1	The urgency for business agility.....	1
2	Take a Leap - The Chasm.....	2
3	How to get to the Chasm?.....	3
3.1	Build a change coalition	3
3.2	Communicate the agile vision	4
3.3	Start doing it.....	4
3.4	Getting ready to jump.....	5
4	See you on the other side.....	6



1 The urgency for business agility

Business agility is catching on. An increasing number of corporates is intrigued by the advantages gained by agile companies and thus many corporates choose to make transformations in their culture and practices to increase their agility. With the promise of shorter time to market and the ability to efficiently deal with uncertainties, they adopt techniques and frameworks like Scrum, Kanban, or SAFe. However, many corporates seem to focus on only such mechanical aspects, unaware of what it takes to be an agile company. Such has resulted in many transformations that failed to make companies more agile.

So, what does being agile really mean? Agile as a concept originates from the IT industries in the 90's. Back in those days, it was common practice to develop software according to plans, processes and specifications that were all fully defined upfront. Development work was based, and still is in many companies nowadays, based on the assumption that everything could be known upfront and no room for change was needed. The results are often disappointing. Work is not finished in time or the solution does not match what customers actually want.

Traditional management theory assumes that through analysis a single best process or plan can be devised upfront. Management is subsequently the discipline responsible for determining those processes and plans, and assuring the associated compliance. However, in many modern business processes like software or product development, all can't be possibly known upfront. Requirements evolve, circumstances change, and solutions are discovered. Thus, in 2001, a group of experts came together to think about how to effectively develop software under inherently uncertain conditions. This resulted in the Agile Manifesto:

Individuals and Interactions	OVER	Processes and Tools
Working Software	OVER	Comprehensive Documentation
Customer Collaboration	OVER	Contract Negotiation
Responding to Change	OVER	Following the Plan

While there is value in the items on the right, we value the items on the left more.

The Agile Manifesto can be used for any business process that requires agility because of high levels of inherent uncertainty. It shows that agility does not come from mechanisms like processes or documents, but relies on the mindset and behaviors of people. Just introducing Scrum will therefore not cut it.

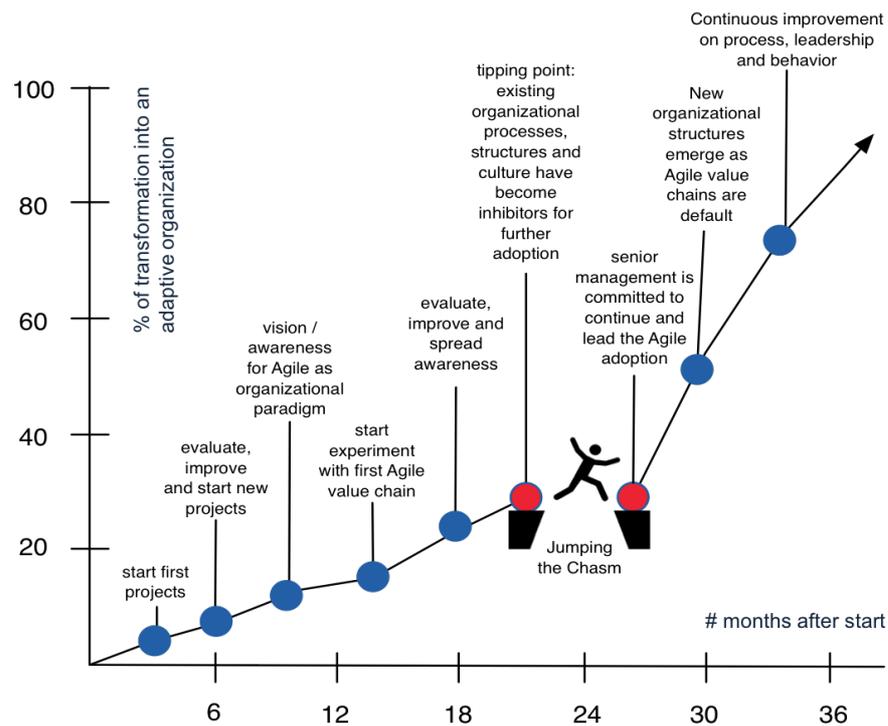


2 Take a Leap - The Chasm

Now that we have identified what business agility is really about, how does one become a truly agile company? There are many steps to take in becoming more agile that we will review more in depth in the next paragraph. Ultimately though, becoming agile requires organizations to take a leap of faith.

The figure below displays a typical growth path a transforming organization goes through. It shows that after several steps, a tipping point is reached. The values of the Agile Manifesto constitute a paradigm at the far opposite of the command and control paradigm that is dominant in most traditional organizations. Transformations usually start with a few local experiments, but to become agile on the full scale of the enterprise, a chasm needs to be jumped. To become an agile company, and not just a company with some agile initiatives, fundamentally different organizational structures need to emerge that rely much more on people and much less on structures and mechanisms. The organization needs to make a jump from the old and to the new paradigm. The initial experiments were only meant to build up confidence and momentum for the jump.

British politician David Lloyd George once rightfully stated: "There is nothing more dangerous than to leap a chasm in two jumps." At the chasm, therefore, the success of the transformation will rely on senior management's willingness and courage to go all in. Either we change everything, or we go back as we were. There's no in-between.



Once you've taken the leap and truly start to convert into an agile organization, you will be able to make big changes. On this side of the chasm, senior management is committed to not only continue the Agile transformation but also to lead it. New organizational structures will emerge that will stimulate and support agility. The road from here onwards is one of ongoing growth and improvement of agile culture and practices. This paper will first focus on what it takes to get to the chasm.



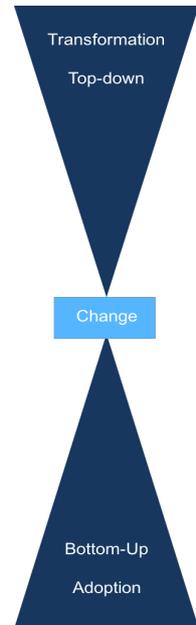
3 How to get to the Chasm?

Now that we've identified the urgency and challenges of an agile transformation, how to get the change going and reach the tipping point? Building momentum for this requires a conscious effort to raise awareness regarding the transformation and initial successes within the organization. It starts with a strong coalition for the transformation, that includes people from all levels.

3.1 Build a change coalition

To enable a change in structures, the involvement and commitment of both senior and middle management is key. This may seem obvious, but will create huge impediments when not taken care of properly. Old structures usually include middle managers, such as line managers, and project managers. The agile transformation will affect their positions, responsibilities and interests. It is crucial to include them in the change and help them understand the change, as their involvement and knowledge is highly valuable. It helps if they are aware that there are senior executives committed to this change.

Agile transformations require both top-down transformation and bottom-up adoption. Once the teams and structures are in place, it is up to them to make it happen. This requires courage as these teams need to take the responsibility and ownership to make it work, to make their organization work better. They should act as change agents and can address impediments both in and outside of their team. In traditional organizations people are usually not used to this, so they should be made aware of this and stimulated to take this position. The change coalition that is built should therefore not only include senior and middle management, but also several champions from the teams that act as role models for the change.



- **Creating an adaptive organization is balancing act of transformation top-down and adoption bottom-up.**
- **After the urgency of transforming into an agile organization has become clear, a guiding coalition needs to be formed of senior managers, middle management and team champions.**

CASE – Air France | KLM

Air France | KLM started an agile initiative with three agile teams called Agile Release Planes (ARPs). One of the ARPs required the skills and knowledge from several people working in one specific department. As middle management was more hesitant of the change, these individuals were not granted permission to commit to anything related to the ARPs or be part of its rituals. Once senior management sat down with them and explained what was required of them and for which reasons they were much more understanding and it became clear that they were not opposed to the change. As a matter of fact, they wanted to be part of the change, but had some valid concerns.

As it is nearly impossible to map out a step by step plan, an upfront design, how they should be involved, it was agreed to start by enabling three employees from that department to become part of the plane and work from there. Working agile is all about discovering what works for each organization, there is no blueprint for success. A great method for change is therefore to start with small experiments, create results and if the experiment succeeds, scale up.





3.2 Communicate the agile vision

Being agile is first and foremost a mindset, as concluded before, but how does one change a mindset? Well you don't. Instructing people to think differently will simply not do the trick. It is typically said that a change in culture will follow an organizational change, meaning it changes last not first. A new way of thinking develops over time, as people become aware of new possibilities and gather experiences that stimulate new beliefs.

Therefore, what can be done is the communication of the vision behind the transformation. This vision should be a simple but powerful narrative about why this specific change is needed, and what the future will look like after the change has taken place. This type of narrative corresponds to the part of our brain that influences our behavior and motivations; our limbic brain¹. If people understand why changes are made and start to believe in the underlying vision of being an agile company, they are inclined to get on board and help to make the change happen.

Put your energy in communicating the vision and creating awareness throughout the organization. Be sure that the people involved in the first initiatives fully understand and support the change vision. This goes for a senior executive sponsoring the initiatives, as well as the people in the first agile teams. Naturally you don't want to sit by and wait for the vision to sink in for however long it takes. While communicating the change vision, you want to start backing up your vision with proof from actual results.

- **Start communicating the vision of an agile organisation and ensure full understanding and support for this vision from within the change coalition.**

3.3 Start doing it

The biggest motivator is success. Once people start to see that the new way works, their commitment to the change will grow. Furthermore, they will become motivated to act as ambassadors for the vision of agility. It is therefore essential to start a first initiative and aim for fast and visible results. For the sake of the transformation, it's fair to choose a domain where such success is more likely, regarding the type of work and people involved. Also, ensure that that for this first initiative the perfect conditions can be created. The initiative should at least be exempted from any organizational structure and practices that impede agility. Also, ensure complete focus and commitment of the people in the first agile teams. Once the results start to show, create awareness of results achieved and build momentum to start scaling to new domains.

One of the common misconceptions about agile transformations is that everything needs to change all at once, increasing the level of complexity and the amount of possible resistance. We need to be agile about change itself as well. You don't want a step by step plan of the change, because you cannot predict how change will develop. Respond to change over following the plan. The lessons learned within this first domain will be valuable for future endeavors.

- **Select a first domain or project to adopt an agile approach and exempt it from organizational mechanisms that impede agility.**
- **Get fast results by iterating: do, evaluate, learn and adapt.**
- **Build momentum and scale up.**

¹ Sinek(2011). Start with why

CASE – Royal Philips

By 2012, a small initiative in Philips called the Agile Work Group (AWG) had started to experiment with a multidisciplinary approach for IT development, called Scrum. It brought several disciplines together into small teams, which would be responsible for almost the entire development flow. Development was done in very short cycles, which facilitated the customer to remain involved and thus to be able to direct the value being delivered.

The AWG was relatively small and obscure in this stage, working in an abandoned building on Philips' campus, but it leveraged this to its advantage. Being somewhat isolated from the main stream in IT, the AWG had the autonomy to do things in a controversially different way without being chastised. After the first successes, though, the AWG deliberately sought exposure with senior IT management. And this created interest and trust in this controversial new way of IT. The AWG was invited to do their magic in more places and, after more trust was gained, come up with a proposal on how to transform all of IT. By 2013, 150 Scrum teams had been set up and trained and were active in IT. In 2014, the AWG was transformed into an Agile Center of Excellence, which continued to provide training and on-the-job coaching to date. Today, it does not only do this in IT, but also for Research, Product Development and Businesses within Philips.

3.4 Getting ready to jump

Now the transformation is snowballing. More and more agile initiatives are showcasing their merits. However, things are also becoming more challenging. To do things differently on a larger scale, we can no longer circumvent some of existing organizational structures that are conflicting with the agile values. We're reaching the tipping point, and we need to get ready to jump the chasm.

In Kotter's change model, we've now taken the steps required for creating the right climate for the agile transformation, and engaged and enabled the organization to make it so. It's now time to build on the change to sustain it. This requires that we use the trust we've build up with the initial successes to expand support for the agile transformation in disciplines of the organization that so far we're not involved, but necessary for large scale success. Such disciplines typically are portfolio management, operations, finance, marketing and HR.

The change coalition we've build so far should now be extended and include the first movers in the aforementioned disciplines. Once stakeholders from these disciplines join in, collaborate with them in experimenting with new organizational structures and practices regarding their disciplines in an agile organization. Again, create results and success to start defining the new norms for the organization. Use these new norms as we scale up the transformation.

- **Partner with first movers in associated disciplines, such as portfolio management, finance, operations, marketing and HR.**
- **Remove obstacles that the team is encountering along the way, by experimenting with new organizational structures and practices.**

Key Take Aways

- Creating an adaptive organization is balancing transformation with adoption.
- Start with creating awareness and finding support from a senior management sponsor.
- Agree on the way forward by defining goals and indicators.
- Select a first domain or project and start by altering the way of working.
- Evaluate, learn and adapt.
- Remove obstacles that the team is encountering along the way, by creating conditions for further adoption top-down
- Spread awareness and select new projects or domains



4 See you on the other side

You've performed an act of bravery and you find yourself on the other side of the chasm. What's next? It might come as a disappointment, but you are not done. A small consolation though is that in fact, an agile transformation is never completed. An agile organization is one that continuously improves and seeks to reinvent itself and thus, to continuously change.

What's different though on this side of the chasm is that the organization is highly unlikely to turn back. Senior management is committed to the change, understands what it means to be agile and more importantly is adopting an agile mindset of their own. This will allow the organization to take the agile transformation to the next level and to let it grow and develop into every corner of the organization. Change makers have the support and possibly the mandate of senior management to implement changes. Senior management's trust is key to this. As a result, the organizational structures will rearrange, by influence of change makers or in case of developed maturity by nature, to fit the agile value chains.

A new organization is born. An agile organization that will work to continuously work to improve. To create more value for stakeholders. To improve a team's efficiency and productivity by improving the process. To improve the organization's value stream and strategic course by enabling and improving leadership. Finally, by creating the right culture and mindset in an organization that will stimulate anyone to come forward with great ideas, to take a chance. They may fail but this will only provide more lessons to learn from and to improve on for future endeavors, strengthening the organization in the long term.



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- Strategic Sourcing
- Innovation & Venturing
- Scaling Agile
- Digital Transformation

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