



THE EVOLUTION OF THE AGILE ORGANISATION 2

How leaders of the pack
make agility stick



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Research recap

We surveyed 500 leaders from large global organisations across a range of sectors, including financial services; manufacturing; FMCG/retail; life sciences; travel; energy and utilities; telecoms and logistics. Every organisation had a UK turnover of at least £750 million (including some over £5 billion), and at least 1,000 UK employees (including some with more than 5,000).



MAKE ORGANISATIONAL AGILITY A REALITY

This is the age of organisational agility. Whatever the disruption of the moment, the most successful organisations are the most agile. In our last report on organisational agility, *The evolution of the agile organisation 1: why old dogs need to learn ingenious new tricks*, we found that the top 10 per cent of financial performers were 30 per cent more likely to show characteristics of organisational agility.¹

Our research proved why agility is needed in a world of continuous change, whether that is shifting customer and employee demands, rapid technological shifts or increasing expectations around social impact – all of which have been exacerbated by the COVID-19 pandemic. However, many leaders are still wondering how to harness organisational agility to gain a competitive edge.

Our research identified the key qualities of agile organisations; what we call the five dimensions of agility. Whatever their size and sector, agile businesses do all these things:

Many leaders are still wondering how to harness organisational agility to gain a competitive edge

Centre on your customer

Base all your thinking and decision-making on what's best for customers. Bring them into the innovation process, use data to understand what they need, and evolve based on that knowledge.

Speed up time-to-value

Instead of waiting for the market to change and reacting in its wake, shorten the time it takes to get from ideas to new products or services. Be first with improvements, or make them more often and make them faster.

Build to evolve

Agile organisations don't just change once. They keep on changing and accept that change is an essential capability at their core. It's vital to have a culture that accepts and welcomes change, and rewards curiosity. Just as important are flexible systems and processes that adapt easily and quickly.

Design for simplicity

The simpler your organisational structure, the quicker you'll be able to move. Flatten hierarchies, build teams around products and services, not functions, and de-centralise decision-making.

Liberate your people

A people-centred organisation has more ideas and makes more of them happen. It also trusts its people to run with inspiration and try new things. Devolve decision-making lower down the ladder and encourage collaboration to tap people's innate creativity, while promoting a culture of continuous learning.

This report, based on our experience and insight from helping hundreds of clients on their journey towards agility, provides the answers.

Organisational agility is about extending the principles of agility across the entire enterprise. It elevates what can be incorrectly perceived as a set of tools and practices to a fully agile mindset, culture and way of operating. What we found through our experience is that agility is an entirely different way of running your business. And one that leads directly to better performance. No wonder 72 per cent of business leaders say improving organisational agility is a strategic priority.

Large-scale change is always challenging. But becoming truly agile is particularly tough. In fact, 60 per cent of leaders said they knew their organisations needed to change, but that embedding and scaling up agility was a struggle. Agility confronts teams and leaders with totally new ways of working. It demands the ripping up of much of what is taken for granted today. It entails the merging of functions, teams or areas, the creation of new departments and redesigned processes – whether it's managing performance and suppliers or drawing up budgets.

The size of these challenges risks agility being diluted, or perhaps not happening at all. And sometimes businesses never quite shake the mistaken idea that agility is just about process or technology.

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The secrets to achieving organisational agility

While our original report proved the case for agility and for old dogs to learn new tricks, this follow-up shows how to overcome the common barriers to success and achieve organisational agility in practice. It challenges the common misconceptions and mistakes we encounter: where the commitment of leaders is eventually found wanting; where actions happen without vital groundwork being done; where compromises are made that jeopardise success; and where old ways of leading clash with new ways of working.

Build genuine and unanimous top-team commitment

Most change calls for executive-level commitment. Agility pushes this to the limit. It calls for leaders to take up new measures, structures and leadership styles, casting off their old equivalents. Superficial buy-in, or even a lack of awareness of the extent of change required, can be destructive. So, leaders' commitment about why they want to change and how to use agility to achieve the outcomes they want has to be unanimous, unshakeable and tangible. Without it, don't go any further.

Create the conditions for success from the outset

'Start now and ask questions later' is the approach of many traditional agile evangelists. But the cliché that 'those who fail to prepare are preparing to fail' is true. A successful move to agility starts with careful and considerable work before any wider organisational pronouncements. This includes ensuring your company has the right culture of curiosity for agility to blossom, lining up supporters, and determining how you are going to measure and communicate progress. Without these, you won't succeed.

We've worked on some of the largest business transformations globally, helping organisations get to grips with the five dimensions of agility. From financial services and energy and utilities, through to consumer and retail and the public sector. Some are big multinationals, others are smaller. And while no two agile transformations are the same, and there's no instruction manual, we've unearthed the four necessities for making organisational agility a reality and to become leaders of the pack:

Cut out the compromises

Many organisations end up with an 'agile but' approach, where leaders pander to constraints and old habits. You'll need to be resolute to truly embrace and embed agility across your organisation. Resist the temptation to water down agreed design elements – and make sure these non-negotiables are reflected from the outset.

Accept that tomorrow's leaders will be different from today's

Lasting success requires leaders right through the organisation who support, own and live the change – and this calls for tough decisions. The blockers have to go, even if they're successful in today's model. You need to spot new leaders, strike the right balance between homegrown people and newcomers, and deal with the inevitable politics and challenges.

Without these commitments, parts of the organisation will almost certainly not recognise or accept the need for change and be slow or unwilling to act. At best, it'll produce localised improvements with a high degree of uncertainty over how lasting they'll be.

In this report, we go into more detail on each of these four necessities. In each case, we give examples from organisations we've worked with, connecting them back to the dimensions of agility we pinpointed in our original research report.

BUILD GENUINE AND UNANIMOUS TOP-TEAM COMMITMENT

Everyone knows change at this scale requires the buy-in of senior leadership, but agility will test that commitment to its limit.

This is because no stone is left unturned: functional siloes become outcomes-orientated value streams; individual performance management becomes team management; and five-year strategies are displaced by quarterly planning horizons.

As you'll see, we believe the leadership effort required for agility is disproportionately more than what would be required for any other transformation. But, when successful, this effort can unlock disproportionate returns. For this reason, everyone in the senior leadership team – including the CEO – needs to be personally and visibly involved every day, sacrificing time to genuinely take the lead.

Mandate your vision

Any major business transformation calls for senior-level commitment to a clear vision. When it comes to harnessing agility to become a customer-centric, simple, fast and empowered organisation, it's an absolute necessity. This is because the journey ahead makes demands beyond other business change. Organisational silos and leaders will be forced to work together towards common customer goals. And the implementation of new funding and governance models will force people to review their ways of working.

These factors call for the top leadership to mandate their vision to get the non-believers on board, and to lead this vision with unshakeable and tangible commitment. In practice, this means leaders voicing their vision often, conducting frequent progress reviews against outcomes, and taking the time to identify and remove the inevitable organisational roadblocks. Leaving it to bottom-up self-organisation will not succeed.

Doing this demands significant time away from the day-to-day demands of recovery from COVID-19, hybrid-remote work decisions and other pressing issues. We would expect nothing less than the CEO to personally sponsor the journey by setting the strategy and direction. The CEO will need to attend, if not chair, workshops where key design principles are agreed, and where topics such as the agile funding model and the definition of value streams are discussed. That will give the mandate to apply the principles across the full organisation, with no exceptions, to unlock agility at scale.

Program Increment (PI) planning meetings will become a must-attend in the top-team diaries, at the expense of long-standing steering committees. At least for the first wave of agility initiatives, leaders should also be present at agile ceremonies such as Scrums of Scrums – weekly meetings that encourage surfacing and escalation of problems, and therefore require rapid response from management.



THE BENEFITS OF BEING PRESCRIPTIVE

Counter to the advice of traditional agile evangelists who advocate ground-up change, many situations demand a strongly directive approach. This is the style we championed for the management team at an international food company, which was adopting agility to 'speed up time-to-value' (one of the dimensions of agility referenced in our original report) from idea to production, and financial returns.

The organisation had attempted a softer, bottom-up transition to agility, with empowered middle management and team-level coaching and training. Teams were adopting different frameworks and ways of working, causing confusion and making it difficult to scale. Many teams refused to change. As a result, improvements only happened at a team level, leaving considerable blockers when integrating, productionising and marketing any new functionality. Self-direction was proving to be a major inhibitor to organisational agility.

We realised it was crucial for leadership to be more prescriptive on the future operating model and mandate change from the top. A firm, mandated stance was necessary for people to face up to change and achieve improved time-to-value. The need to get on board was made incredibly explicit, with senior leaders taking the time to have direct conversations with those less willing to change.

Thanks to this measured assertiveness, new ways of working were adopted faster and across the full organisation, consequently halving the time-to-value. Being dogmatic at the start ultimately shaped and created the space and freedom for employees to flourish in an agile organisation.

Lead by example

True organisational agility – the type that can drive revenue growth and increase productivity – calls on leaders to think and act in ways that might be very different to what they're used to. It's well known that leaders must embody the principles of decentralised decision-making, servant leadership, and adopting continuous learning and improvement across the business. What is less obvious is the extent to which leaders must embrace agile ways of working themselves, in their own team.

Asking other people to change isn't enough. We'd expect to see leaders adopt an Agile cadence (such as fortnightly planning) and agile principles in their own work. This could include the concept of minimising work-in-progress at executive level, to focus on finishing vital initiatives and reducing the volume of new ones. Continuous improvement should also be used at board level, with executives running frequent retrospectives.

As a leader, you'll also need to embrace something that's traditionally quite discomforting: failure. In an agile organisation, failures – and the lessons from them – are a positive way for the organisation to progress.

Working with a defence organisation looking to improve performance and the collective culture, we coached the most senior leaders to speak first, sharing their mistakes before getting feedback from their team. This fostered a 'fail-fast and learn faster culture' of continuous improvement, ultimately driving better performance.

With agility often serving to dismantle old empires and strip away the key performance indicators that management built their fame on, top leaders must be seen to embrace new, customer-centric success factors themselves. Each member of the board should take ownership of different outcomes that serve the current agility vision. For instance, the CFO could sponsor the move to Lean Portfolio Management ways of working. Then, the top team should ensure that their direct reports align their own performance objectives with the attainment of outcomes underpinning the transformation. This could include the rate of adoption of new ways of working in the area, or the number of value streams successfully implemented. For example, we'd recommend experimenting with the agile concept of team-based rewards replacing individual rewards at leadership to middle-management level.

Leaders must embody the principles of decentralised decision-making, servant leadership and continuous learning



DO AS I DO

A global shipping company saw the need to become more digital and adaptable as behaviors and solutions in the market were changing fast. However, progress remained slow even once the vision was defined and teams on the ground empowered. Top-team commitment was failing to cut through at the mid-management level and below.

We worked directly with the Executive, HR and IT leadership teams to identify what could be done differently. We coached them on Agile ways of working. Each executive spent full-days learning topics including lean portfolio governance, agile leadership and scrum delivery cadence.

We then kicked off the Leadership Scrum – this meant that the Executive Team would run daily stand-ups with the aid of a Kanban Board, which would show what was in progress, what was top priority and any blockers that needed addressing. In the spirit of continuous improvement and adaption, they attended fortnightly retrospectives and planning sessions, where they would reflect on the past two weeks and plan for the next two.

This gave the leadership team a strengthened understanding of what needed to change across their organisation to realise the new strategy, while also showing others their commitment. The enhanced executive collaboration and frequent planning was key to making quick progress towards the company's ambitions.

Harness your 'halo leaders'

Those leading the change require credibility in the organisation and the toughness to overcome inevitable challenges. Most organisations usually empower an existing Head of Transformation & Change with the task. Our experience tells us that while this might initially make sense from a role and responsibilities perspective, the right answer on who to nominate has nothing to do with titles.

Halo leaders are the answer. No matter the roles, these are your star managers and thought leaders with a great track record, who are widely respected and supported. These leaders are the cultural architects of organisational agility. They're able to deal with ambiguity and lead with empathy. They have the emotional intelligence to address concerns on the ground and consistently promote a culture of continuous learning and innovation.

When the going gets tough, they face the inevitable challenges with persistence and determination.

It's important that driving agility becomes their main responsibility. They will be the ones identifying and organising pilots, designing the new operating model, and organising and chairing events such as Participatory Budgeting. This is where budgets are allocated to Value Streams' initiatives in a collaborative way, encouraging alignment on difficult funding choices and creating budgets that are more realistic than those imposed from the top. They will also be trusted and empowered to make strategic decisions, such as the tooling used at enterprise level to manage demand, or where line management of resources should be.

When you're identifying these leaders, don't let inexperience of agility stand in the way. Even if these people are still learning about agile ways of working, their enthusiasm and belief in a more agile approach will drive the initiative forward.

Halo leaders are the cultural architects of organisational agility



PUT THE TOUGHEST TEAM ON THE TOUGHEST TASK

A sustainable energy company had tried to become more customer centric for a while. Unfortunately, efforts were hampered due to significant challenge and scepticism from traditional areas of the business. Blockers included the business and technology teams not wanting to collaborate towards the same outcomes, little understanding of customer needs, and a lack of knowledge of how to scale agility.

We suggested that a small number of key people were empowered by the C-suite to drive change directly. These halo leaders not only had the credibility and experience to lead the agility initiative, but also dedicated their full time to its success. Their role ran counter to the 'invite over conflict' approach that many traditional agile evangelists would espouse. They re-aligned teams against clear shared outcomes, allocating responsibility for customer outcomes to the business, and technology decisions to technology. When filling the newly-designed Product Owner roles, they insisted these were occupied by senior customer representatives rather than traditional technology programme managers.

This approach had significant ramifications. At first it caused inevitable friction with the Technology side of the organisation, which experienced a loss of power and a change in ways of working. But it was the only way in which the organisation could navigate the political challenges and enhance customer centricity. The halo leaders had to spend valuable leadership time away to convince and persuade those who did not want to get on board or threatened to leave. Had it not been for the toughness of these halo leaders, the company would have reverted back to its old ways of working. Soon, progress was evident through enhanced customer and employees satisfaction scores. This won over the last few non-believers, which was crucial to fully embed the new ways of working.

CREATE THE CONDITIONS FOR SUCCESS FROM THE OUTSET

When embarking on the journey to organisational agility, the ‘just get on with it’ mentality favoured by traditional agile evangelists, where organisations start and then learn as they go, may not always suit the context – and often generates resistance.

Whether you’re trying to ‘speed up time-to-value’ or ‘liberate your people’, you’ll need to lay the groundwork. Think about whether your existing culture needs to change, the skills needed to succeed, and how you will measure and implement change.

Win hearts... heads will follow

Leaders often underestimate the need for their organisation to be culturally curious and exhibit an openness to, and enthusiasm for, new ideas. How an organisation encourages an experimental mindset and tolerates failure matters. Nurturing cultural curiosity is vital as agility becomes part of your everyday organisational practices.

This is where your HR Director (HRD) can help. They can promote a willingness to do things differently. This may entail sharing industry best practice, or organising cultural experiments (such as recognising failures as well as successes). These activities may not be directly linked to agility, but will create a mindset open to change, which will make agile ways of working easier to implement. When it comes to agility, the HRD should be looking to drive nothing less than social change in the organisation. This means encouraging in-depth changes in human interactions and relationships that transform the organisation culturally and socially. To do this, they’ll need to turn agility into a cause and find the people who rally to it and act as its advocates – much in the same way they would for causes outside of work.

From experience, you’ll want to choose advocates based on their influence in the organisation, not their position. Don’t shy away from addressing non-believers upfront. Bring them in early to make them your most powerful supporters. Agile accelerator networks are often used to co-ordinate the action of these supporters. To be successful, network agents must have dedicated time to conduct ways-of-working improvement activities. This could include creating a Purpose Canvas to inform teams’ understanding of the customer, or a Team Charter to improve team-level culture.



HOW THEY DID IT

EMPOWER YOUR CHANGE NETWORK TO IMPROVE ORGANISATIONAL FLOW

When working with a major building society adopting agility, HR was key to empowering the agile change network with the mandate and tools to reach all corners of the organisation, with clear direction on priorities. This was key to achieving the objective of promoting new, faster ways of working and unlocking end-to-end flow – the time from idea to production.

The change network was provided with examples of activities they could do from day one to support the shift to new ways of working. We supported the change agents in running Impediment Workshops in their respective areas, that explored resolutions to existing barriers to flow and releasing value. Solutions ranged from changing the sprint cadence so that it would sync-up with the IT change windows, to creating a training matrix to identify the needs for their area.

This allowed the network to walk away with tangible ideas they could immediately start implementing. Since then, the change network has been a vital tool to enhancing organisational flow.

Access the right expertise

Building organisational agility demands a broad range of skills and experiences, such as value-stream design and lean portfolio management capabilities, as well as agile approaches to leadership and culture.

Your organisation will likely have some of these skills in-house, but not all of them. From the outset, it's crucial to identify the expertise needed and potential gaps. Requisitioning and ringfencing the appropriate in-house skills is a start, but looking outside can help inspire and support this talent on their journey, especially in the early stages.

We're currently working with a global bank, supporting them in the largest organisational agility transformation in the world to help them become more competitive against Fintechs and Big Techs. Setting up the right team was a vital undertaking, resulting in two key decisions. Firstly, setting up a Central Agility Team, which includes strategic thought-leaders with the expertise to design and promote adherence to the new agile operating model, governance and approach to culture change and training. Secondly, a set of Implementation Squads, with ways-of-working experts tasked in implementing lean governance activities (such as value-based prioritisation), creating teams, and coaching teams and leadership roles (such as value stream leads).



HOW THEY DID IT

INJECT NEW THINKING

A European public sector body was experiencing long lead times when turning policies into action and responding to EU reforms. They wanted to cut down 'time-to-value' by a third, but didn't have the range of skills to transform at scale into a fully agile operating model.

We helped the body transform its ways of working. Before, a project would pass through several departments one by one, from policy teams to IT to case managers. Each department pulled it in different directions depending on their point of view. Our operating model and agile transformation experts devised and implemented a new agile model to ensure that all departments with a stake in putting policies into action would sit as part of an agile team or act as a shared service.

All our efforts were carried out in close collaboration with the agency to ensure transfer of knowledge and responsibility at the right pace – supported by coaching at all levels of the organisation. This meant that the involved leaders and employees experienced a substantial capability uplift, leaving them self-confident and empowered.

Bringing together the body's cross-functional capabilities is speeding up decision-making and making development more coherent – from instructions to IT integrations. Already, leaders say dialogue between departments has increased more in a few months than in the previous two years. The body aims to push up customer satisfaction by 20 per cent by 2022 and expects to lower time-to-market by two thirds by turning policies into action faster.



Measure and speak to your success

Organisational agility can bring many benefits – improving quality, time-to-value and customer satisfaction, lifting morale and enhancing organisational flexibility. All of these ultimately lead to better financial performance and return on investment. Achieving these things can involve a broad range of activities and changes, with significant costs. Having a clear view of the specific outcomes you want, and what you're measuring to track improvement, means you can focus finite resources on what really matters.

But agility measurement – while obvious in theory – is often not straightforward. Many leaders struggle to know what to measure and how to do it. Baseline data to establish a starting position can be hard to acquire, while building and maintaining a coherent and convincing measurement framework needs specialist skills.

Even so, it's important to put measurements in place before you get going. This means investing upfront in creating a framework with a clear idea of what credible measures look like, as well as adopting methods such as Innovation Accounting.

Measures will include the time from idea to reaching the customer, how streamlined processes are (looking at the number of dependencies) and increased productivity levels – measuring the percentage change for fixed capacity.

Measurement is made successful by fast feedback loops and the ability to easily gather data that supports the transformation (such as the agile team to non-agile team ratio). Rather than a fixed goal, these measures require leadership commitment to continuously adjust and re-prioritise based on measurement indicators. For instance, we're helping a global bank to define a scorecard with key performance indicators linked to our five dimensions of agility. These include the number of incidents affecting customers for 'customer centricity', the number of dependencies across value streams for 'design for simplicity', and employee satisfaction scores for 'liberate your people'.

SUCCESS CALLS FOR COMMITMENT

**to continuously adjust and re-prioritise
based on measurement indicators**



MEASURE FIRST, DO LATER

We've witnessed many organisations demonstrate the false assumption that the best way to demonstrate fast agility results is by 'just getting on with it'. But this leaves a measurement gap that makes it difficult to prove the benefits and make the link between agility and desired outcomes, such as 'speeding up time-to-value' or improving customer centricity.

Before embarking on its agile initiative, a major retailer invested in a discovery period to design and implement a detailed measurement framework. After one month the company had thorough outcomes, key metrics such as speed and productivity, better Net Promoter Scores and more customers signing up for the service. It included measurements and targets both at team and function level. Taking the necessary time to define the framework meant that each measure had a baseline and a streamlined measurement process – items that are crucial but often overseen.

Doing this work up front meant that as soon as the journey to agility started, the company was ready to rapidly demonstrate the benefits. The visible and obvious success boosted motivation across the team and proved powerful in tackling resistance to change, while also boosting momentum and support at senior levels.

CUT OUT THE COMPROMISES

While agility demands flexibility, the best-performing organisations know where they cannot afford to compromise if they want to successfully scale agility and gain a competitive edge.

Most organisations spend a lot of time drafting a successful design upfront, which ends up getting diluted as they compromise throughout implementation.

To avoid this, leaders must be prepared to be dogmatic when necessary, with clear non-negotiables on the core principles, processes and standards that everyone has to adopt.

Your first pilot has to fully embed all the aspects of your future operating model and culture

Only accept the best

Traditional agile evangelists often espouse an approach of quickly starting the journey and then seeking incremental improvements. In our experience, leaders shouldn't accept anything less than a textbook success story when setting up their first agility pilot. Demonstrable early value will help win over the doubters and enthuse the enthusiasts.

Your first pilot has to fully embed all the aspects of your future operating model and culture. It's a vital first step towards demonstrating the value that can come from agility when following best practice derived from established frameworks. This value can be seen in a number of ways – be it better products and services, or more efficient ways of working.

Practically, this means taking time to select and plan pilots carefully. In our experience, there's a key set of pilot selection criteria which will ensure success. First, pilots are usually end-to-end value streams aligned to clear customer outcomes (such as 'manage my accounts without any hassle'). Other criteria include whether value stream leadership is engaged or if there are opportunities to form cross-organisational delivery teams to demonstrate the new ways of working.

To demonstrate value early, a pilot must also include the following activities: the detailed design of the new organisation, including sub-value streams (customer needs, for instance); and key governance activity such as PI planning. Progress must be measured incrementally, and lessons fed into the rest of the journey towards agility.



FOLLOW BEST PRACTICE IN THE FACE OF ADVERSITY

A wind turbine company needed a new method for building technology solutions. Their existing set-up made business teams so frustrated that they were starting to look to external suppliers to meet their needs. Instead of waiting for sponsorship for a wholesale transformation, the internal R&D function's leaders launched an agility pilot. With all teams in the R&D area involved in the end-to-end product development process, the pilot's aim was to demonstrate how the R&D function could deliver as a value stream, in order to become faster and more customer centric.

When delivering the pilot, the R&D leaders knew everyone was looking at them. For this reason, they decided to absolutely follow agile best practice. They took an established agile framework and incorporated best practice product management processes to design the future ways of operating. They conscientiously stuck to quarterly planning, and releasing incrementally through cross-functional, outcomes-orientated teams.

The change in approach was far from easy. Removing blockers and dealing with governance issues became a focus for the R&D leaders. Best practice requires effort – but is worth it. The product teams drove a number of positive organisational changes, such as streamlined stage-gate governance processes, and better staff retention due to higher internal customer satisfaction. Following best practice provided more speed and agility, and shortened time-to-value.

Permanent change needs permanent expertise

We see most organisations trying to get away with setting up a transformation office made up of temporary resources. While this may be easier to set up, in our experience a permanent body, usually called a Central Agility Team, should be responsible for driving organisational agility and continuously maintaining and improving ways of working. Despite the challenges leaders may face in staffing the right people, you must not settle for anything less than permanent employees in this team, as opposed to employees who are only part of the organisation on a temporary basis.

Our experience tells us that there's no one single way to run a Central Agility Team. A single core team independent from the rest of the organisation as a single source of truth can be highly successful. It ensures consistency and unites individuals with similar responsibilities whose full time job is to drive agility. But we've also worked with a pharmaceutical organisation where the Central Agility Team was extended into the business with a satellite structure. This ensured the team had strong core agile competencies, while also creating a natural link to the ongoing rhythm of the business to help drive the transformation at all levels.

Either way, the Central Agility Team needs broad expertise, including knowledge of agile leadership, culture and processes. It should use data to monitor performance, as well as technical knowledge. Its collective responsibilities can include owning and developing the vision statement, keeping up continuous improvement in agile execution, and supporting and training people in critical roles. A team of this sort might also benchmark and share knowledge with external organisations to stay current in the latest thinking.

This team will have the mission to demonstrate and support the delivery of the new ways of working your organisation is aiming to adopt. It's a group with the knowledge and expertise to inspire, coach, train and support the broader team at all levels, including your most senior people, so they can understand and adopt new ways of working.



Be clear on your non-negotiables

Many organisations question whether to adopt an established agile framework as the basis for moving towards true organisational agility. Some instinctively feel that frameworks should be avoided as agility demands a looser, more federated approach.

But while there is some truth in this, our experience has shown that giving teams complete autonomy over the processes and techniques that feel most suitable brings a number of problems. With different teams having differing ways of working, and no common understanding of how their efforts link to overall strategy, this approach can significantly limit an organisation's ability to become agile. It also makes core disciplines such as budgeting and measuring results far more complex and unpredictable than they need to be. Teams even start speaking different languages (e.g. definition of an Agile Epic) as their approaches diverge.

The best approach is to take inspiration from established industry used frameworks (e.g. Scaled Agile Framework) to enable the organisation to define, agree and mandate a set of core non negotiables (e.g. principles, processes and standards you need for the outcomes you want) that will enable you to scale for agility.

Principles can include value-stream design patterns, the move from individual-based reward to team-based reward, and the funding & governance cadence and process. Within these principles, it will be important to allow for an element of flexibility for each team's needs.

This core set of non-negotiables means that when teams need to collaborate to scale up their work, they have methods and expectations in common to make that possible right away, without having to iron out local differences. This approach will enable you to mobilise quickly to match or beat competitor offers, or to meet shifting customer needs. And the flexible nature of this approach avoids the limitations of being shackled to a particular out-of-the-box framework, particularly in larger, more complex organisations, where context may vary significantly and demand more tailored approaches.



DON'T COMPROMISE ON YOUR NON-NEGOTIABLES

When redesigning the end-to-end operating model of its retail division, an international bank designed new value streams and introduced a new lean governance model. But transformation leads found it particularly difficult to implement the new model, as each team and organisational area was attempting to tailor the model to their needs and interests. This slowed progress, caused inconsistencies in the conceptual design, and undermined and endangered the business agility of the model.

Things only got better when senior leadership stepped in. We worked directly with the Chief Operating Officer to go back to the basics of the design and agree a set of non negotiables – such as how value streams would be funded – that no one could depart from. After a week of workshops, the COO held a global call explaining the principles to their leadership team and direct reports. They mandated absolute adherence to the principles, and highlighted where in the design there was space for tailoring and flexibility.

The result was that value streams were stood up in a consistent and clear manner, and above all at pace. There was no confusion about how the model was going to work: the consistency provided by the principles ensured that teams were able to collaborate and demand could flow from portfolio to team level. Reporting also became meaningful and consistent across the organisation, unlocking insights-driven decision making.

ACCEPT THAT TOMORROW'S LEADERS WILL BE DIFFERENT FROM TODAY'S

Tomorrow's agility leaders will bring bold ideas, new attitudes and entirely new approaches to customer insight, working practices, technology and organisational sustainability.

Today's leaders need to identify and harness the talents of this next generation to catapult their organisations forward. It's tough – but those unable to adapt will need to leave.

As a leader, you'll need to define the culture, skills and experience these leaders need to lead the organisation of the future. And then you will need to face the politics and challenges to empower this next generation.

BE ON THE LOOKOUT

for those who focus on customers, time to value and flexibility

Reset your definition of leadership

In the past, leaders rose to the top based on their ability to manage and lead in traditional organisations, where everyone was organised in functional silos and a culture of command-and-control prevailed. Now, as the pace of digital transformation is faster than ever, and uncertainty prevails, it's less straightforward. Leadership in a truly agile organisation, one that can succeed in modern times, is very different from what we might find in a more traditional organisation.

You'll need to understand very early on what skills, knowledge and behaviours leaders and managers will need to drive and sustain the effort to become an agile organisation, and truly embrace uncertainty, speed and innovation. Be on the lookout for those who focus on customers, time-to-value and flexibility. These leaders should be celebrated, with definitions of leadership re-drafted around their skillsets. This exercise will also dictate the coaching, training and resources other existing leaders may need to help them work effectively in the new model.

More generally, you'll need to look for leaders who have a growth mindset, embrace continuous learning and look to develop team values. A strong, agile leadership will be purpose-led, collaborative, empathetic, adaptable and diverse.

New leaders must also be willing to empower others. This phrase is often abused, but in reality it means creating a vision and inspiration for the role of direct reports rather than a narrow job description, and encouraging others to define how they're going to meet their own role's purpose. They'll be inclusive and empowering leaders. They'll also understand – and be able to promote – the concept of psychological safety, where teams can speak up without fear of the repercussions. Wherever possible, these leaders will delegate accountability and responsibility without fear of losing their power, voice or status.



Enhance know-how with new knowledge

Recognise that the people you have now might not be able to achieve what you need. Be prepared to look elsewhere to strike the right balance between the organisational knowledge and experience of existing staff, and the fresh impetus brought by newcomers' skills, mindset and ability to overcome resistance.

The challenge is to balance the best mix of new agile skills and knowledge – at least some of which may have to be found externally – with established knowledge, experience and wisdom. This simple theory often proves challenging in reality. It means understanding how and if established people and roles (such as a programme manager with years of experience) can fit into the new model, and what support they may need to develop into a new role. It means replacing people who have helped you get to the position you hold, with newcomers who can take you to where you now need to be.

Practically, this calls for agile role mapping to understand how the roles you have today will translate into the roles of tomorrow. For instance, with training and coaching your existing programme and project managers could become scrum masters, portfolio analysts and sub-value stream support roles. Business analysts will also play a crucial role in the future organisation, as they can become system analysts, user experience designers and engineers working directly in agile teams. This mapping exercise, combined with an accurate analysis of your existing skills base, will inform the extent of the external blending required.

The challenge is to balance
THE BEST MIX
of new agile skills with
established wisdom



Promote the next generation of leaders (but be prepared for the politics)

As well as bringing in new people, you'll need to promote and encourage the right people from within to take things forward. Some might not be leaders today, but could have what it takes to do the job tomorrow.

A key factor in deciding which of your current leaders have staying power is how much they resist any change to their sphere of influence. Typically, this resistance is most likely from leaders who exhibit the 'leader as conductor' style, which calls for control or getting over involved in detail.

Instead, look for those who have a strong commitment to what the organisations is trying to achieve. Look for those who really challenge what needs to be done to achieve tangible improvements. Agile leaders are less about gold-plated finalities and more about continuous exploration.

The introduction of new leadership roles and the redeployment of new or current leaders may create organisational turbulence. So it's important to assess how much you need to manage politics, leadership expectations and buy-in before making any organisational change. Broadly speaking, leaders in smaller, newer or more naturally agile businesses will need a lot less attention than those in a large, long-established and more traditional business. Whatever level of change is required, don't expect it to be a 'one and done' change. Agility is about constant evolution. You'll also need to anticipate what changes would be required in 12 to 18 months' time.



NEW LEADERS CAN HELP THE OLD GUARD

A global bank is undertaking the world's largest agile transformation to date. It's being driven through leadership acknowledgement that the organisation needs to become faster, better and more flexible in order to overcome competitor banks and large tech firms.

The agile transformation has seen significant upheaval. Empires have been dismantled, and a CXO-level re-organisation has taken place. One major realisation was that a different type of leader was needed to sustain the change. It was a move away from individuals reliant on reporting structures to those with more agile perspectives, and oriented around delivering value for the customer at speed.

Fifty per cent of the new leadership positions were to be filled by external candidates, with movement in the senior team, including the loss of well-respected and liked leaders.

The danger of lingering resentment was tackled head on by making changes quickly and articulating that these were needed to align to the new ways of working. There was also direction from the transformation programme in onboarding and defining the new leadership team structures and operating model. Any short-term dissatisfaction was quickly subsumed by the different perspectives, experience and knowledge of those with more experience of agile ways of working.

The new, blended leadership mix has contributed to significant acceleration towards agility in this organisation. It has created a clean slate for the teams underneath, who have been able to adopt new ways of working freed from previous silos. The leaders themselves are able to exemplify agility in how they interact with their teams and in the goals and direction that they set. For example, in re-structuring teams to become more fully end-to-end or in forcing prioritisation decisions to fit available bandwidth. These new arrivals have also been the first to spot the potential of existing team members to switch to new ways of working and further embed agility.

ORGANISATIONAL AGILITY IS WITHIN YOUR GRASP

The era of organisational agility is here. Agility was already delivering great all-round and commercial performance before COVID-19. Since then, it's helped organisations adapt, survive and indeed thrive in a complex and uncertain world.

As industries transform and technologies advance, as customers and employees become increasingly empowered and expectant, and as organisations wrestle with shifting trade patterns and wider environmental and social issues, agility offers the means to respond in a way that enhances their competitiveness.

For those who've experienced agility, the challenge is to scale those lessons across their enterprise. In doing so, leaders can prepare for future shocks, improve the experience of their customers and their people, unlock creativity and ingenuity, and deliver market-beating results.

It's a big step, but a worthwhile one.

At PA, we know organisational agility is perfectly achievable. Our approach sets out how you can smooth the way to organisational agility and focus your energy to be successful. In doing so, you'll create teams that are alert, aware, inclusive and responsive, able to rapidly respond to customer needs and competitive changes, and empowered to innovate and transform in ingenious ways.

Both our research and our experience shows that agility is a vital attribute. It's also within your grasp. With the four necessities set out in this report, ambitious leaders can ensure they're not just pursuing agility, but leading the pack – achieving it across their enterprise and setting the pace for others to follow.

**Ambitious leaders can ensure
they're not just pursuing agility
BUT LEADING
THE PACK**



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GLOSSARY

Agile accelerator networks:	a network of change agents across the organisation used to accelerate progress towards agile ways of working, share stories, solve problems and collect feedback.
Agile cadence:	the cadence of meetings used by agile teams and teams of teams – typically referring to the cadence in the scrum.
Agile Epic:	large bodies of work that are broken down into a number of smaller tasks, known as stories.
Impediment Workshops:	interactive meetings that explore resolutions to existing barriers to flow and releasing value.
Innovation Accounting:	a method of measuring innovation within an organisation using a number of metrics.
Kanban Board:	a visual tool showing each stage in the agile workflow. The simplest example is ‘to-do, doing, done’.
Lean Portfolio Management:	managing an agile programme that is planned in programme increments, focused on limiting work-in-progress while delivering value-based outcomes.
Participatory Budgeting:	where budgets are allocated to value streams’ initiatives in a collaborative way.
Program Increment (PI) planning meetings:	meetings where the whole programme gets together and agrees on what each scrum team will deliver during the next increment.
Purpose Canvas:	a document that captures why your project exists, covering business and customer perspectives.
Retrospective:	an activity where the delivery team meets regularly to discuss what went well, and what could have been done better and how over the previous period of work.
Scrums of Scrums:	weekly meetings which encourage surfacing and escalation of problems.
Scrum masters:	a scrum team member with the responsibility to facilitate agile ceremonies and encourage team participation.
Servant leadership:	the concept that an agile leader’s job is to make the lives of their team members as easy and simple as possible.
Stage-gate governance:	the act of breaking up a project into a series of phases. At each stage-gate, the project is reviewed to decide if it should move to the next stage.
Team Charter:	a document that all team members collaboratively create and sign up to. It describes their values, what they do and what their goal is.
Value stream:	a set of activities needed to deliver a specific product or service to a customer.

ENDNOTES

¹ *The evolution of the agile organisation 1: why old dogs need to learn ingenious new tricks*, PA Consulting, published Q4 2018, updated Q3 2020



About PA.

We believe in the power of ingenuity to build a positive human future in a technology-driven world.

As strategies, technologies and innovation collide, we create opportunity from complexity.

Our diverse teams of experts combine innovative thinking and breakthrough use of technologies to progress further, faster. Our clients adapt and transform, and together we achieve enduring results.

An innovation and transformation consultancy, we are 3,300 specialists in consumer and manufacturing, defence and security, energy and utilities, financial services, government and public services, health and life sciences, and transport. Our people are strategists, innovators, designers, consultants, digital experts, scientists, engineers and technologists. We operate globally from offices across the UK, US, Netherlands and Nordics.

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Produced by Design Studio at PA
8_179821 | October 2021.