

Getting unstuck: Making the PIVOT to business agility

U.S. Viewpoint

CGI

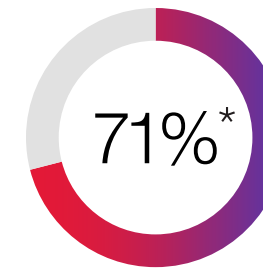


It has been nearly two decades since a group of software leaders retreated to a Utah mountaintop to pen what is credited as the founding principles of the agile movement.

Agile remains a hot topic today. Digital leaders are looking to become more agile and embrace new ways of thinking and working, not only to respond during this critical time, but also to emerge from it stronger than before. In the 2020 CGI Client Global Insights*, both business and IT executives interviewed cite “optimizing operations” and “agile supply chain” in their top five business priorities, yet 71% of our client executives cite legacy technology or agile constraints as a top barrier to transformation.

The concept of agility was codified soon after the industry emerged from Y2K and at about the same time Apple released its first iPod. Yet, after so much time, why are most organizations still stuck in their efforts to become agile, and what can we learn from the leaders who have successfully made the pivot to business agility?

Client executives cite **adopting agile business or IT models** as a top business priority



Client executives cite agile constraints as a top barrier to transformation

*Each year, CGI leaders meet face-to-face with business and IT executives across the globe to hear the trends affecting their organizations and the implications for their business. In 2020, nearly 1,500 executives across 10 industries around the world participated in these in-depth, in-person interviews. The findings from our conversations provide a valuable global antenna that helps both our clients and CGI identify and benchmark industry best practices.



Four values of the Agile Manifesto

- 1 Individuals and interactions over processes and tools
- 2 Working software over comprehensive documentation
- 3 Customer collaboration over contract negotiation
- 4 Responding to change over following a plan

What's driving a renewed sense of urgency for agile?

Organizations must increase their agility to respond to externally driven change.

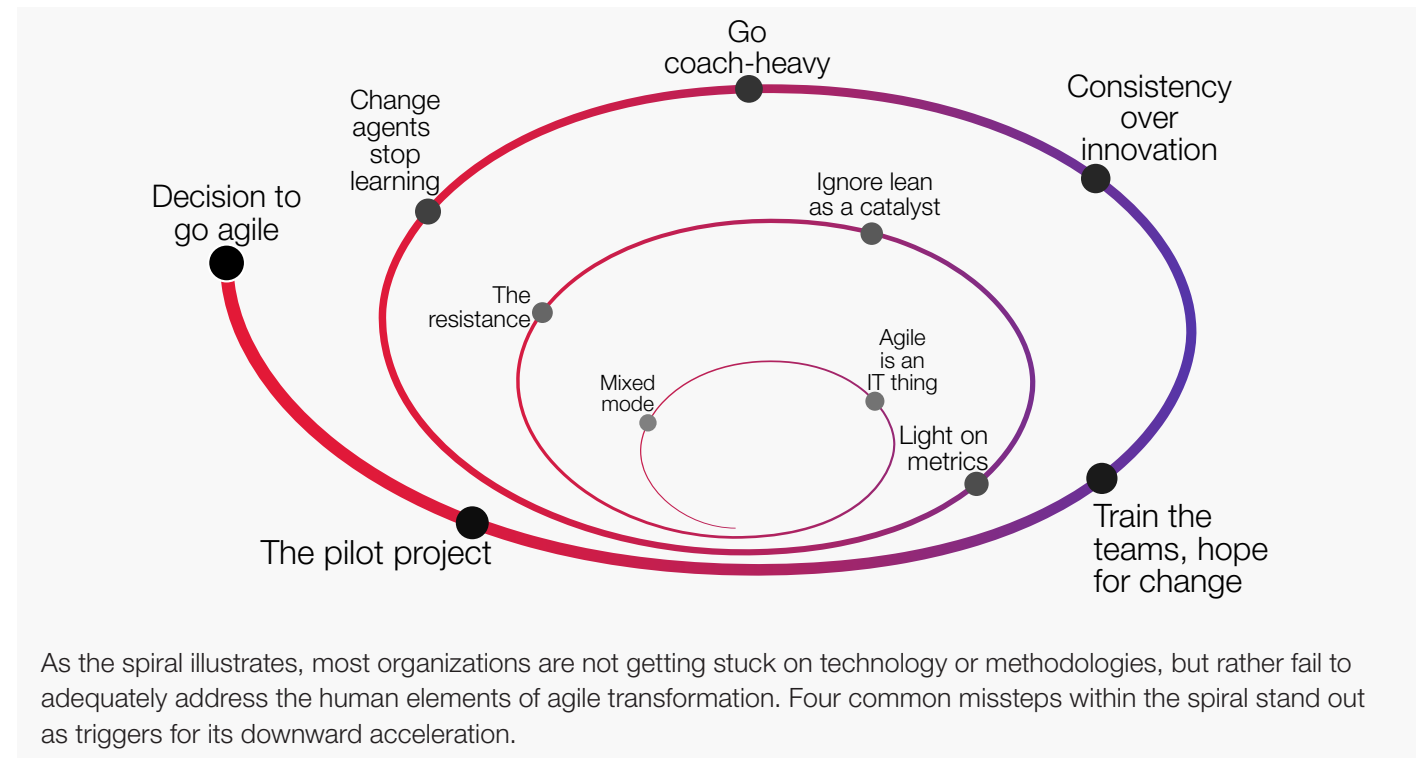
Today, customers and constituents have high expectations for a superior experience. This requires anticipating their needs and accelerating innovation preemptively – developing and delivering value-added services when, where and how customers want them. At the same time, loyalties are fleeting and competition is fierce. Agile competency is essential to evolving one's product and services continuously to retain customer loyalty.



The agile spiral

We often hear a story repeated regarding the challenges of adopting agile to deploy digital experiences. We refer to this as “the agile spiral,” which unfortunately trends downward. Across dozens of organizations we have seen repeating patterns that lead to sub-optimal results. Whether at a large or small organization, in the public or private sector, the story goes something like this...

Agile initiatives, typically led by IT, start out with enthusiasm in establishing hand-picked pilots, training teams and celebrating initial results. Early teams are staffed with known disruptors or enthusiastic groups who are open to changing how they work. As early teams return to their day jobs and agile is pushed across an organization to those less receptive to change, initiatives lose steam without proper mentoring and enablement in new ways of working. Disillusion and resistance sets in as the new way clashes with established policies and processes. Repeating patterns and missteps stall progress, and support for agile initiatives starts to fizzle. A course correction typically follows as leadership falls back on established management paradigms and tries to instill consistency, rigid best practices and internally created tiered certification levels. Old habits of execution take over, the business disengages, and agile is dismissed as just another IT initiative.



1

Beyond evangelists and pilot teams, agile persists as a mystery

A common challenge occurs when leadership declares agile as a priority, but progress stalls after initial pilots. As implementers and owners of process, middle management needs a clear answer to the question, “Why are we doing agile?” They should be empowered to implement new processes, remove some steps or automate to trim the fat, also known as “lean.” Incentives, organizational structures and expectations must be revisited to give teams new guardrails to operate effectively in an agile world.

2

Agile methods are not practiced across the value delivery chain

In practice, organizations struggle with ensuring the entire value chain embraces agility, and the product delivery cycle is inclusive of both the business and IT. Operationalizing agile requires a shift from doing projects, to planning and managing product lifecycles.

3

Efforts are “half-in, half-out” as agile is only partially implemented

We often see a disconnect during the transition to agile adoption due to a lack of attention to operational and business readiness, which DevOps practices are designed to address. Agile without DevOps is a nonstarter at scale. Development and operations teams must work together seamlessly to achieve faster releases and a better customer experience.

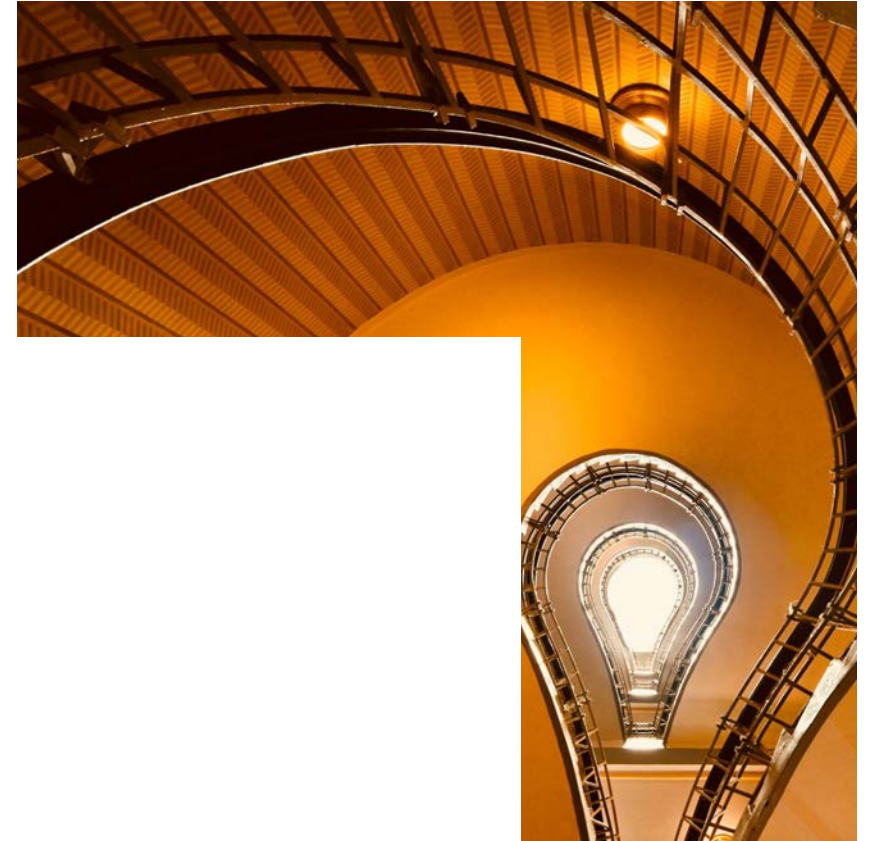
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There’s lackluster commitment as scaling gets complicated

Deeper in the agile spiral is a period characterized by low fidelity, or eroding commitment, to agile principles that results in a mixed mode of initiatives operationally. Rather than remaining true to agile principles that ensure the high fidelity (strong commitment), required to scale, organizations often fall into a trap of tightening the reigns to enforce a one-size-fits-all approach that fails to deliver value. The business side of change is ignored, and bureaucracy sets in and takes over.

How do agile leaders **PIVOT** to reverse the spiral?

Agile leaders build organizational strength by keeping one foot on the ground while moving forward, and being able to change direction quickly as required. They approach their agile transformations comprehensively, focusing on the people, process and technology aspects of organizational change. We have consolidated some of the best practices of successful agile organizations into what we call PIVOT (People, Investment, Value, Outcomes and Tools) principles.



People and organization

Agile leaders focus on people and organizational enablement, establishing the right environment for agile adoption. This includes the following best practices:

Mind the gap between business and IT

Agile leaders strive for business agility, to make the implementation of agile methods a cross-functional initiative between IT and the business departments. Unlike waterfall development, which commits to fixed requirements that are sure to change, with agile, the business owners adjust requirements iteratively allowing IT to respond flexibly and dynamically. Working together to bridge the gap, both groups collaborate to ensure the finished product will meet customer expectations.

Don't leave operations behind

In agile development, the highest priority is to satisfy the end customer through early and continuous delivery of valuable features without neglecting operational and business readiness. If an organization cannot release features incrementally, all of its agile teams will be stuck. This is where bringing development and operations (DevOps) teams together is imperative.



Elevate the product management role and apply a human-centered design approach

Human-centered design (HCD) principles help create an experience that truly is relevant to the customer. This requires a focus on products vs. projects, and elevates the importance of the product manager role favored by methods such as the Scaled Agile Framework (SAFe®). A product manager supports development of products that meet customer needs over the product-market lifecycle, and is someone close to the business who understands the market. He or she works closely with the agile team's product owner who manages program priorities and provides quality control. An HCD approach allows the customer experience to be a North Star.

Engage the “frozen middle”

To drive agile adoption, organizations must focus on engaging the middle layer of management to embrace and champion the changes. This accelerates progress at all levels between and across the organization.

Go beyond the classroom to promote situational learning

Pivoting an organization to agile requires more than just a few hours in a classroom. An experiential component is imperative to lead the cultural change required to scale agile adoption. While agile coaching is essential, a coach-heavy model doesn't equate to faster enablement. Over-reliance on coaching promotes co-dependency versus building organizational capacity and knowledge transfer. Agile leaders promote situational learning to mentor and grow more agile ambassadors and cohorts of change agents. Rotations are encouraged to eliminate silos and islands of isolation.

Walk the talk

An organization's culture takes on the profile of the leader. Leaders who champion agile demonstrate by example, using new technologies and processes and exhibiting behaviors that embrace cultural change. In leading the charge themselves, government officials are better positioned to implement improvements within their elected terms, and commercial executives can shorten lead-time to deliver value and affect financial performance.

PIVOT point

A retail client was struggling to roll out agile as a 10-year, \$1.2 billion business and IT modernization effort. Their agile PIVOT focused on people, included a series of executive workshops and leveraged a cohort-learning model versus a coach-heavy model that achieved goals 16 months ahead of schedule.

Investment

Beyond making a commitment to invest in people, successful agile leaders shift their financial models to fund capacity versus projects. This significant change requires busting the traditional cost-accounting model that values cost reduction through efficiencies until there is a finished product, while agile delivers value incrementally along the way. Transitioning from waterfall to agile also requires a mind shift from funding projects to funding teams of teams – typically in 10-week development increments. As well, leaders must grant permission and funding for exploration and innovation to build capabilities and new skills, and legal must adapt contracts to allow for agile.



PIVOT point

A multinational retail giant invested in a customized PIVOT program to adopt agile at scale through a capacity-funding model. The program resulted in shifting nine value streams supporting solutions development from waterfall to agile in only eight months, reducing costs by 23%.

Value creation

Agile leaders are in tune with their customers and can quickly pivot to deliver services and products that delight them, dramatically reducing lead times from ideation to market penetration. For example, if a car manufacturer plans to roll out an updated onboard digital interface, but a better technology has become available, do they have the agility to pivot and change direction; or, are they stuck releasing features customers may not want? Value creation requires high fidelity – remaining true to agile principles – not just delivering requirements to get the project done and then move on to the next deliverable.

To avoid the spiral altogether, organizations must resist the temptation to go their own way, and instead maintain a high level of discipline adhering to agile principles to create measurable value.



PIVOT point

For a large healthcare organization, executive leadership established a clear mandate to “do the simple things right first,” and once mastered, granted permission to pursue more innovation later. This guidance enabled a successful pivot to SAFe, transforming a team from waterfall to agile at scale in 12 months. DevOps innovations allowed the team to rapidly create, test and deploy features to customers, addressing the need to realize value sooner.

Outcomes

Establishing a clear understanding of an organization's current and future desired state is another imperative for success. Waterfall approaches reward how motion and activity contributes to planned milestones. Agile methods reward completion, measuring impact by objectives and key results (OKR) vs. key performance indicators (KPI).

Moving to agile is not the time to be light on metrics. Integration with DevOps can help to establish measurement standards, such as improved time to market and mean time to repair after a failure, which are critical for creating an environment for agile to flourish.

Tools and taxonomies

Agile leaders are taxonomy-driven organizations that promote principle-driven versus process-driven execution. Agile organizations must clearly define their goals, and how each team will contribute to them. This requires a common taxonomy. At the same time, tools are important enablers for globally distributed knowledge workers, but should not constrain development by dictating process. Tools should automate “administrative” work liberating people to focus on value, but not create a bureaucracy.

PIVOT point

A transportation client taking an agile PIVOT was still constrained by legacy tools and taxonomy. They recognized it was time to invest in new ways of working. The results: new features releases for customers were reduced from hours to minutes, frequency increased from bi-weekly to several times per day and retail revenue per passenger grew by 10.3% year-over-year.

Agile + modern methodologies = a force multiplier

The inability to scale small-team agile practices to the enterprise level is a key indicator that an organization may be headed for an agile spiral. However, correctly executed, scaled agile approaches can reverse the spiral from downward to upward, eliminating organizational silos and uniting teams with a common vision and ways of working. Fundamentally, the entire value chain – business, IT and operations – must act as equal partners.

On its own, agile at scale is a powerful tool for transformation. When organizations approach agile in combination with other modern methodologies, including lean, agile at scale and DevOps, the effect is not merely additive – it becomes a force multiplier.

By applying the PIVOT principles, organizations can avoid the agile spiral and effectively manage the human side of change to get unstuck and accelerate agile transformation.



Shaping what's next

CGI helps organizations realize the power of integrating lean, agile at scale and DevOps. We are your partner in seeing around corners – discovering and co-creating with you the most relevant and effective business and IT solutions that are next, as part of an end-to-end strategy. By multiplying the sum total of our experience and sitting together on the same side of the table with the challenge in front of us, let's discover and imagine your digital future together.



This viewpoint is part of CGI's "Getting unstuck" series on how organizations can overcome the challenges related to becoming digital.

*Source for all statistics: 2020 CGI Client Global Insights

About CGI

Insights you can act on

Founded in 1976, CGI is among the largest IT and business consulting services firms in the world.

We are insights-driven and outcomes-based to help accelerate returns on your investments. Across hundreds of locations worldwide, we provide comprehensive, scalable and sustainable IT and business consulting services that are informed globally and delivered locally.

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