AGILE TRANSFORMATION

This book can be downloaded for free as .pdf on
http://book.leading-agile-transformations.com/

The case studies included in this book are based on real-life situations. However, for privacy and confidentiality reasons, they have been made anonymous. Even if you happen to recognize yourself in a specific case study, there is still a good chance it is about another organization.

BAS VAN LIESHOUT, HENDRIK-JAN VAN DER WAAL,
ASTRID KARSTEN AND RINI VAN SOLINGEN

AGILE

TRANS

FORM

ATION

**A PRACTICAL APPROACH TO BRINGING STRUCTURAL
ACCELERATION AND AGILITY TO ORGANIZATIONS**

FOREWORD

I first came across "agile" at the beginning of 2009. We were looking for new market developments, so I was calling our customers to ask them the open question: "What future developments are you looking for?" The words "agile" and especially "Scrum" were frequently used during those conversations. We decided to dig a bit deeper. We organized an event about Scrum, where we got Jeff Sutherland excited enough to give a presentation very early in the morning (because of the time difference) via a video link. He wasn't quite in his pajamas, but it was close. That event about Scrum resonated enormously with our customers, but also with ourselves. We didn't really know what agile was, even though we thought we did at the time. And how to make an organization structurally agile? We had no idea about that either, to be honest.

But that didn't matter, because our first customers were *also* pioneers themselves. They were used to just *doing* it. And learning by doing what works and what doesn't. Back then, it usually only involved a few teams or a single small department. That scale was still manageable. Based on personal contact, mutual trust, and a healthy dose of bravado, we started the first "agile transformations"—back then we were still getting away with the argument that these were also agile, and therefore didn't need planning. And it worked. Setting a goal, then getting started straight away. Going about a transformation step by step and achieving results by doing. As a result we learned how to structure change processes that can hardly ever be planned, or that never go according to plan. I also "transformed" my own way of working and made it agile. I was invited to give a presentation about this, together with Jeff Sutherland and

Rini van Solingen, at the Agile 2011 conference in Salt Lake City. The title was "Scrum in Sales". I still remember how proud I felt standing there. Proud that we were able to share how to apply Scrum much more broadly.

And that's something that's still growing. For example, our first transformation involved five teams, but soon we were dealing with dozens of teams, after which came the big companies. The largest transformation we had the pleasure of leading involved more than a thousand teams. Suddenly we could no longer get away with a plan on a flip chart and a pile of post-its. This kind of transformation requires thorough preparation and a detailed plan because it involves enormous amounts of money. On the one hand, it's obvious that much more structure and preparation are needed. On the other hand, it poses a paradox, because it's difficult to plan agile transformations predictably.

For many years, the lack of a clearly formulated transformation approach in our company was something that frustrated me and our director at the time. More and more large organizations wanted to become agile. However, it's also in their nature to desire predictability and to dislike taking risks. This applies to their agile transformation as well. However, we could never give them a clear answer. There was no fixed recipe for an agile transformation, yet potential customers needed it. And rightly so. If they're investing thousands in a large and significant change process, it's only understandable to want answers to questions like: What exactly are we going to do and when? Who are we involving and when? And the million-dollar question: When will our transformation be done?

I'm therefore extremely happy and proud of this book, *Agile Transformation*. Finally, there is a transformation approach that works. An approach that provides enough structure and predictability, but also does justice to the agile and unpredictable nature of these kinds of transformations. An approach that is mainly created by doing. This book contains the lessons learned by helping to achieve first dozens, and now a couple of hundred transformations. You can sense that experience throughout this book. When I read it, I realized that what I felt most of all was gratitude. Gratitude to all the organizations that have dared to be pioneers with us, and to discover by doing. A list of companies came to mind: DBF and Coolblue, where we took our very first steps. But also

Tele2, ANWB, Raet, ING, ABN AMRO, and KPN. And so many other companies, unfortunately too many to mention them all here. But this isn't about a list of companies, but more importantly about the individuals we have worked with so intensively. These people sailed with us in the same boat during this voyage of discovery. And just like when navigating a fast-flowing river, you also want to avoid waterfalls.

> **This book contains the lessons learned during hundreds of transformations. You can sense that experience throughout this book.**

What I like most about this book is that we can share it with others. Until now, we have mainly been sharing our experiences in our training courses or during the transformations we've led. But this (only) allowed us to reach hundreds of people. A book has a much greater impact and reaches many thousands of people. Maybe even hundreds of thousands. Especially if it is translated and people around the world are able to read it. This makes me very happy. And proud. And above all, it makes me grateful that we can share this knowledge with the world. It reminds me of the feeling I had when I presented my own experience with Scrum in sales at Agile 2011. And now I work in a company where we actually have a book with an approach for agile transformations. How cool is that?

But of course, it's not about me. It's about Bas, Hendrik-Jan, Astrid, and Rini, who wrote this book. They have managed to pack all their collective knowledge of transformation into something that isn't a dry methodical thesis, but instead a book brimming with real-life experience. The practical tools, action lists, and hands-on case studies show that they know exactly what you should and should not do to make an agile transformation successful. I therefore congratulate them wholeheartedly on what they've achieved and thank them for their dedication to making this book a reality. And as far as I'm concerned, this is just the first step. Each chapter is worth a book in its own right, because there is so much more to be shared. There is still so much to add, learn, and discover—I hope this book is just the first in a long series of books about this topic.

Agile Transformation helps people in a practical way. Not just with an agile transformation, but also with all the changes that come after. The world is fundamentally accelerating, and we can only guess what that will mean in concrete terms. What I do know is that rapid change and super-fast response times are becoming crucial characteristics of any organization. This book is an excellent resource for these kinds of transformations. The key to success is being able to look far into the future *and* deliver results in the short term. This book reflects that in every aspect. In the coming years, the changes within organizations will accelerate enormously and organizations will change at a much faster pace. It is therefore crucial to dream broader, but also to act faster and with a more targeted aim.

> **It is therefore crucial to dream broader, but also to act faster and with a more targeted aim.**

This book is a must for anyone guiding organizations toward a sustainable, resilient, but also agile future. Want to build organizations that are always ready for anything? Where no surprise is too big? And where everyone is constantly looking for the next step and opportunity to improve? Then this book is definitely for you. Let yourself be inspired by the examples, guided by the ways of working, and warned about the many pitfalls.

I wish you a lot of joy and inspiration as you read *Agile Transformation*!
Denny de Waard, Managing Director, Prowareness

CONTENTS

PART C WHAT TO CHANGE FOR ADOPTION OF AN AGILE TRANS-FORMATION 137

INTRODUCTION

This book is about transforming organizations. More precisely, about transforming into an agile organization. It is not about the theory surrounding these kinds of transformations, but about putting it into practice. You will notice that this is an important theme running through the book. Agile organizations know how to continuously organize themselves in the best way for the given moment. They are able to react quickly to changes in the market or society.

The title of this book—*Agile Transformation*—might make you think that it's mainly a book about "agile". But that's not the case. The book is more about organizational transformation than agile. Agile is nothing more (and nothing less) than a solution that has proven to provide many organizations with the flexibility and speed they need. So it isn't a big surprise that a lot of organizations choose to structurally implement agile ways of working across the company. Before you know it, agile working has become the goal. This is not the aim, because agile itself is not a goal, rather just a tool to help customers more, to deliver extra value, make better products, offer cheaper services, and so on. To be able to do that increasingly faster and more flexibly, yes, that's where you need a transformation!

We (the authors) have often been asked to lead and coach these kinds of transformations. The first time was terrifying. What are we going to face? How will we know if we're doing it right? What do we do if we also don't know the an-

swer right away? We had all these questions and they were mainly answered simply by getting started. But new questions were also always being added. And other questions kept reappearing. Sometimes with the same answers, but sometimes with completely different answers. Together we've been able to help hundreds of companies with their agile transformation. Usually successfully, sometimes with fewer results than we had hoped for. Regularly structural and sustainable, now and then only briefly and temporarily. Generally with a lot of joy, but sometimes with sadness. With every transformation there has been something to learn for both us and the companies that embarked on the journey. These experiences and the recurring questions about transformation are the basis of this book.

The aim of this book is to help anyone faced with the practical aspects of an agile transformation as much as possible. Like a travel guide, it provides tips and advice. If you don't know what to do, browse through it and find ideas and possible routes. But in the end you decide what you do, how, and when. After all, it's your journey, and therefore also your specific transformation. It would be strange if others who aren't as close to it knew better than you what you should do and when. We've also learned that there's a kind of logical order to a transformation. Usually, it's sensible to do one thing before starting the other. Of course, you can also discover that yourself, but it may go faster if you learn from someone else's experience. The same is true with a travel guide. You can also explore the entire place yourself. It just takes more time. And time is something we often don't have. Hence this book: a travel companion for your agile transformation journey.

> **The aim of this book is to help anyone faced with the practical aspects of an agile transformation as much as possible. Like a travel guide, it provides tips and advice.**

We wrote this book as a team of experienced transformation consultants. Experience is the source of our knowledge. Not academic literature, blogs, or other professional publications. We read those too, of course, but the most important source for this book is our hands-on experience. What have we seen and what has worked for us? Although every transformation is different, because it

has different goals or because it involves different people or different customers, we've seen an approach emerge along the way. Not the kind of approach that you have to follow precisely and step by step, like a recipe, but instead an approach that contains recurring preconditions, principles, and lessons. The bottom line is that every transformation needs its own specific approach. But you can create your own approach in a more or less fixed way. This book gives you the tools to make your own "recipe".
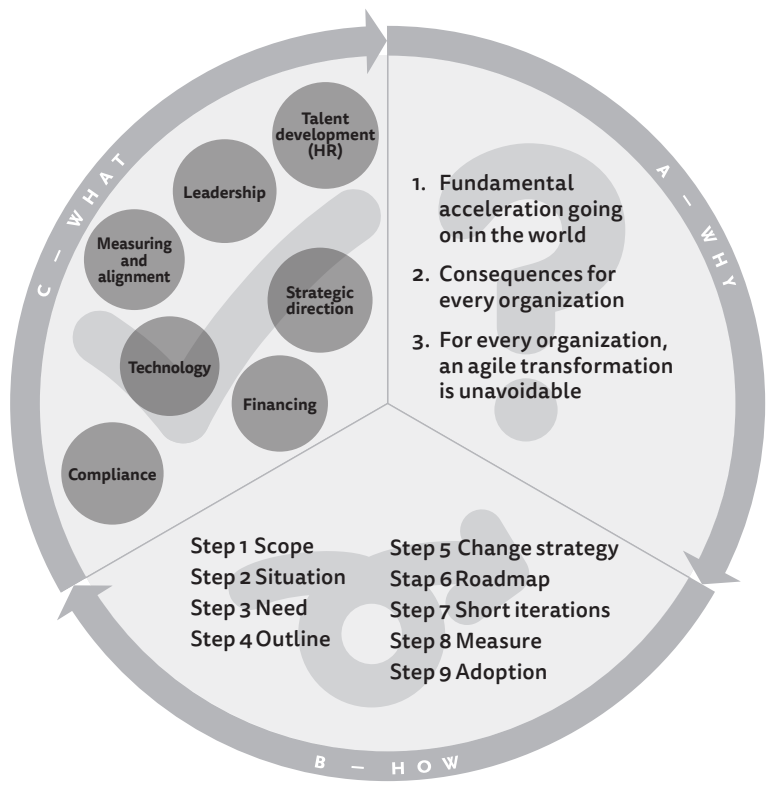
PART A – THE WHY BEHIND AGILE TRANSFORMATION

This first part is about the why of agile transformations. We give examples of what is motivating organizations, but also show that transforming to agility is more a necessity than simply useful. This part can help you form a coalition

for the transformation in your organization. It contains the arguments to get started. Above all, this part shows that carrying out a transformation is or will become necessary in every organization. This is because there is something fundamental going on in our society. And it's not something that will simply pass. It's coming from the outside in. Influenced by digitalization, an acceleration is taking place in the outside world, making it crucial for organizations to become faster and more agile themselves. Therefore, the question is not *whether* your organization needs a transformation, but *when*. How quickly will your organization transform and how dynamically are you approaching this change? That is what the first part of this book is about. In practice, clarifying the why turns out to be crucial because it is not the agile transformation itself that ensures success, but the motivations and goals *behind* that transformation. Why are you starting the transformation? Why here, why us, why now? And when will our transformation be successful?

PART B – HOW TO CARRY OUT AN AGILE TRANSFORMATION

This second part is about how to structure and carry out an agile transformation in practice. It contains a step-by-step plan (nine steps) that will help you discover the recipe for your transformation. Each step contains concrete actions and practical examples. This part of the book helps you discover what is needed in your specific transformation, what you can do, and how you can get started with it immediately and tangibly. This second part is really the core of the book and also what turns it into a how-to book. Does everyone have to follow each of these nine steps precisely and in this order? No, because every transformation is different. But if you're not sure what to do then this part is your trusty travel guide. Or use it as a mirror, because skipping steps often means cutting corners. And that can be risky. Do you want to take that risk? Do you even know you're doing it? So you can see this part of the book as inspiration for your approach. Your own plan will certainly be different from the step-by-step plan that we outline—just make sure that's by design.

PART C – WHAT TO CHANGE FOR ADOPTION OF AN AGILE TRANSFORMATION

This part looks at the adoption of an agile transformation. We've learned that a transformation will only be really successful if it's well embedded in the organization's structure and culture. This means changes in areas such as talent development (HR), leadership, strategic direction, measuring and alignment, financing, compliance, and technology. These are all change and adoption topics where we repeatedly come up against similar obstacles in practice. The previous part B is about the how of the transformation, but it doesn't discuss this specific adoption. This can be found in this third part, where we indicate what you *can* and often *have* to think about in practice for these topics.

We hope that you find *Agile Transformation* fun and inspiring. You can read it cover to cover, but also use it as a reference book. Look for tips and ideas, or to see if you've missed something. So don't use it as a step-by-step plan that you "just have to follow", but keep applying your common sense. Most importantly, keep looking at your organization from outside in, and be careful not to think you know it all. Because if we've learned one thing during those more than a hundred transformations, it is that every transformation is different and that it never goes as planned!

PART A

THE WHY BEHIND AGILE TRANSFORMATION

Talent development (HR)

Leadership

Measuring and alignment

Strategic direction

Technology

Financing

Compliance

C – WHAT

A – WHY

B – HOW

1. Fundamental acceleration going on in the world

2. Consequences for every organization

3. For every organization, an agile transformation is unavoidable

Step 1 Scope
Step 2 Situation
Step 3 Need
Step 4 Outline

Step 5 Change strategy
Stap 6 Roadmap
Step 7 Short iterations
Step 8 Measure
Step 9 Adoption

# THERE IS A FUNDAMENTAL ACCELERATION GOING ON IN THE WORLD

I n this chapter we look at the root cause of the current popularity of agile. We are convinced that this is where the heart of the matter lies. Not in agile itself, but in the underlying cause: far-reaching acceleration brought about by digitalization.

PROGRESS MAKES TRADITIONAL ORGANIZATIONAL STRUCTURES UNSUSTAINABLE

Looking back at the history of mankind, especially since the Industrial Revolution, a trend has emerged. New technological discoveries have led to manual labor being replaced by machines, resulting in more speed for less cost. In all sectors, industries, and countries we see a pattern of mechanization, automation, digitalization, and (increasingly) robotization.

The consequences of this are changes in work and education, shifts in the social positions of groups of the population, and the discovery of a new balance after a period of alternating enthusiasm and resistance. This started with the invention of the steam engine and continues even today with the emergence of far-reaching connectivity between people, big data, cloud, and smart machine-learning systems.

This major acceleration means we need a new balance to the way in which organizations are set up. In particular, how day-to-day decision-making takes place. To illustrate this, try searching online for an organizational chart from around a hundred years ago. You'll see a typical example of one in the image below.
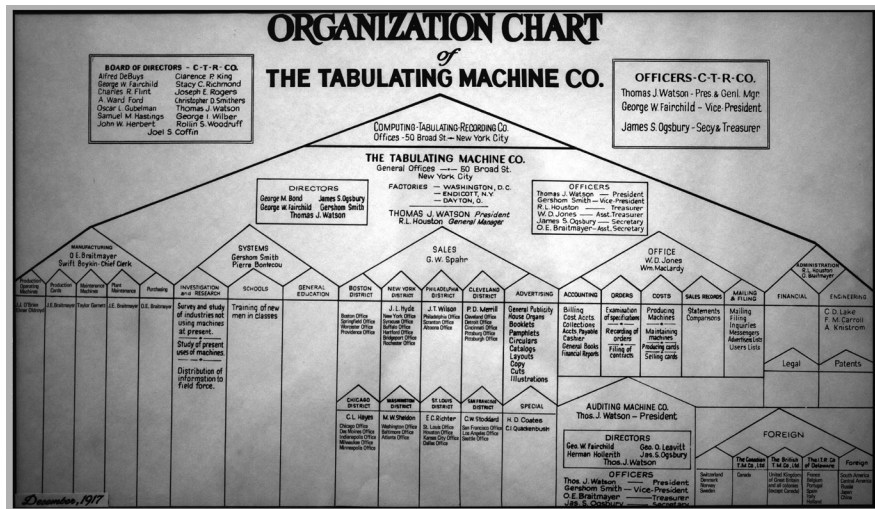
The drawing* consists of a hierarchical division of the organization into departments with decreasing autonomy and decision-making rights for the employees that are lower down. The closer to the real work, the less people were allowed to decide for themselves. There's nothing wrong with that, as long as the speed is slow enough for this hierarchy to be helpful. A bigger problem is the visible separation between different disciplines. A hundred years ago, relatively simple processes ensured that these organizations were still able to function.

Nowadays things are different. Among other things, digitalization has meant that the speed in organizations—and in fact in the wider world—is so fast that the hierarchy and strict separations now prevent them from being able to function quickly. That's not really a surprise. How can so many modern organizations still be set up as if they were factories from over a hundred years ago? Is the impact of computers, the internet, smartphones, cloud, and software so

---

*Source: https://en.wikipedia.org/wiki/Organizational_chart. Picture by Marcin Wichary, shared under the CC BY 2.5 license.

small that these organizations can still be run in the same way as at the end of the nineteenth century?

We don't think so. We're convinced that the traditional decision-making hierarchy and siloed division in organizations are no longer sustainable. For successful day-to-day operations, a different way of making decisions is needed than via these hierarchical lines. Intensive collaboration is crucial. A better approach is to replace the organizational model with self-organization and autonomous decision-making. In many cases, we shift decision-making to the teams, because the amount of knowledge and skills needed to deliver results is too large for any one person. Agile offers successful ways of thinking and working that provide structure and predictability within autonomous, self-organizing, multidisciplinary teams.

DIGITALIZATION IS CAUSING ACCELERATION

The reason that digitalization is causing increasing acceleration can be illustrated with some simple physics. Newton's second law (from 1687) shows that acceleration (a) is the result of force (F) divided by mass (m). Or in a formula: $a = F/m$. Software, data, bits, and bytes have no mass. So as soon as digitalization becomes extensive, and the physical world plays a much smaller role, the acceleration increases significantly if the force stays the same. The entire platform economy is built on this principle. Supply and demand are digitally linked. There is no pen or paper, let alone a person involved. A lack of mass means that these kinds of initiatives can develop and grow exceptionally fast.

There are still devices and people in organizations, so the mass won't completely disappear. But the more digitalized, the less mass, and the more acceleration occurs. This trend is unstoppable and will continue for a long time to come. Digitalization causes a fundamental acceleration that forces us to set up and structure ourselves and our organizations in a completely different way. And this change and acceleration is taking place in the world beyond the organization.

This acceleration of our society is fundamental and irreversible. We can try to ignore it, but that would be burying our head in the sand. The time has now come when it is an organization's own hierarchical lines that are causing the problems. Today, the hierarchy appears to be unsuitable for the many and quick daily decisions that need to be made. Self-organization in small, agile teams is a solution that works well here. And teams are also able to become quick and agile with the help of agile values, principles, and ways of working. The original hierarchy therefore becomes primarily about giving structure and support and is no longer involved in the day-to-day and operational decisions. This is up to the teams that do the work, and that can do it much better because they have a clear view of what is sensible and what is not.

AGILITY AS A SOLUTION FOR DIGITALIZATION AND ACCELERATION

In practice, the term "agile" has become a catch-all term with many different meanings for many different people. Even though the term is clearly explained in the agile manifesto (www.agilemanifesto.org), it has taken on a life of its own in practice. Working with a framework such as Scrum, for example, is called agile. As is the flexible handling of requirements and wish lists using flip chart paper and post-it notes, and organizing into squads, tribes, and chapters like Spotify does. The broad application of the SAFe® organizational blueprint is also labeled agile. And the same label is used as an argument for no longer keeping to existing rules and processes: "No, we don't keep to the agreements and processes, because we work agile." Or: "We haven't delivered what we said we would, but then again, we are agile." Even picking up work ad hoc, not finishing it, and constantly switching directions is sometimes called agile.

In short, the term "agile" means many different things to many different people. It is therefore not surprising that quite a lot of resistance has emerged to its introduction in organizations. Sometimes rightly and sometimes wrongly. A variety of new terms, labels, and roles appear, resulting in Babylonian confusions of tongues. Even if a fundamental change is the goal, you can still end up with nothing more than old wine in new bottles. Experts and consultants start to get involved, which is often a case of: in the land of the blind, the one-eyed man is king. And all this is labeled as agile. Then there are also the discussions

about agile approaches. Which one is better? Scrum, Kanban, or your own way of working? And if the organization grows, which is the best scaling model to use? LeSS, SAFe®, Spotify, Scrum@scale, or is it smarter to create your own?

When it comes to agile, not everything that glitters is gold. That's why we believe: the driving force is not agile as a passing trend, but the underlying digitalization and change in customer expectations. This shift requires a completely different approach to organization. Whether you do that with agile or just call it agile is not that important. It is not agile but the underlying acceleration from the outside world that is requiring a fundamental transformation of organizations—it is the customers who are demanding this flexibility and speed.

> **The driving force is not agile as a passing trend, but the underlying digitalization and change in customer expectations.**

This acceleration is the driving force for this book and forms the basis for a transformational look at organizations. As far as we're concerned, this change can be called an agile transformation. However, we hope that it's clear that it's not really the introduction of agile that will create the necessary change. The *real* change is becoming sustainable and agile as an organization, so that you can deal with digitalization and acceleration quickly and successfully.

This book mainly focuses on how this kind of transformation can be successful. At the heart of this is changing step by step: achieving results quickly and learning by doing. The disciplined, step-by-step process of going on a journey of discovery. Keep what works well and do it more often. Get rid of what doesn't and quickly look for something that does. This transformation approach is based on empirical improvement and works well in complex, dynamic, and rapidly changing environments. Learn quickly by doing short cycles. We call this style of organizational change an agile transformation.

THE ACCELERATION OF THE WORLD HAS CONSEQUENCES FOR EVERY ORGANIZATION

Many organizations are going through an identity crisis. Sometimes they are aware of it themselves. That's good news, because being aware of a problem is the first step. Unfortunately, most organizations are not yet aware of it. They're mainly focused on the symptoms of their identity crisis. They're facing problems that they try to tackle the way they have always done. But these are in fact symptoms of an underlying problem.

But it's not all doom and gloom. Even in turbulent times, plenty of companies are still going. Admittedly, with a lot of effort. Yet there are still too few organizations that really understand that, if they want to survive the increasing speed of change in people and society in a permanent way, a transformation is unavoidable.

CHANGING THE BUSINESS MODEL

The word "business model" dates back to the 1950s—business models that seemed very valid at the time are now outdated. In fact, many organizations were founded for a need that no longer exists. Extensive digitalization and automation have caused the collapse of plenty of organizations. The famous story of the demise of Kodak and countless other examples are proof: existing business models are no longer capable of keeping up with a changing environment and adoption of new technology.

Digitalization is now affecting all sectors, including retail, financial services, and the telecom industry. It is only a matter of time before other industries like healthcare, construction, and education also start to feel the full impact of digitalization. This requires running businesses in a way that reacting increasingly quickly and remaining innovative are essential.

CHANGING PEOPLE

We see two major shifts in the position of employees. On the one hand, there is an ever-growing group of employees who want to do something meaningful. Therefore, seeing the employee as a customer of the company isn't a bad idea. Employees want to contribute something to the world. Both at work and in their personal lives. Working part-time is becoming standard, including for men, making it easier to play a bigger role at home. More and more people have multiple jobs. And alongside their day job, more "other work" is also being done, from voluntary work to informal care. People want to be good at something, maybe even the best. They want to do meaningful work with a lot of autonomy: control over how they organize their work, home and flexible working options, and above all deciding for themselves what they want to work on. This requires a different way of working together than hierarchical control. A lot of research also shows that money is less of a motivator than previously thought.

The other big shift is employee diversification. We see big gaps between the generations. And there are also a lot of different generations working at the same time: from generations that grew up with very little to the youngest working generation that is used to having everything available on demand. Internationalization has also brought us into contact with all kinds of cultures. In addition to the employees with a technical education from, for example, Eastern Europe and India, more and more knowledge workers are arriving from Africa and South America. This diversity is a wonderful and desirable thing, because it offers increasingly better and more creative solutions to our complex problems. But it also means we need to work harder at understanding each other. This isn't just about language, but culture, history, and behavior. This too requires a drastically different way of working together and organizing ourselves.

A sentence you will often hear is: "My employees are tired of change." Increasingly rapid reorganizations seem like a bad idea then. A better one is to help employees to be ready for continuous change. You can do this by helping them take ownership as much as possible and by letting them contribute to meaningful objectives.

So a lot is changing in and around organizations. And these changes are coming quicker and quicker. Before one change has even finished, the next is already on its way. It is difficult—if not impossible—to design organizations so that they are sustainably resistant to all new technological and social developments.

> **So a lot is changing in and around organizations. And these changes are coming quicker and quicker.**

CHANGING LEADERSHIP

Organization leaders do recognize this paradigm shift. There is a clear need to organize based on the customers and their experience. But for decades, the main aim was maximizing shareholder value. After all, they owned the company. The realization is growing that this should not be a goal, but more a result of good business management. Putting the customer and your own employees first has proven to be much more successful. Or as Peter Drucker puts it: "The sole purpose of a company is to create a customer!"

In August 2019, the *New York Times* reported[*] that more than two hundred chief executives of the Business Roundtable, including the leaders of Apple, Pepsi, Walmart, and JPMorgan Chase, argued that purely maximizing shareholder value is undesirable and unwise. They believe that companies must deliver value for all stakeholders, from employees to suppliers and customers.

A recent Deloitte report[**] of more than ten thousand senior executives shows that less than 10 percent of them consider their current organization to be "very agile". Ninety percent of them also believe that "agility and collaboration"

---

* https://www.nytimes.com/2019/08/19/business/business-roundtable-ceos-corporations.html

** 2017 Deloitte Global Human Capital Trends report (https://www2.deloitte.com/content/dam/Deloitte/lu/Documents/human-capital/lu-hc-2017-global-human-capital-trends-gx.pdf)

are crucial to be able to successfully lead their organization into the future. This is supported by data from McKinsey & Company[*] showing that organizations that implement agile do better financially than those that don't.

There are two explicit changes going on in leadership. On the one hand, the CXO agenda is changing more regularly and faster. There are also more and more items on it. The continuous changes in the wider world mean that the level of complexity and uncertainty is going up, while the time you have to decide is going down. It is now clear to everyone that there will—and perhaps must—be a change in management style. But to what? When? And most importantly, how? When there is this level of uncertainty, organizations always look to the leaders. They are the ones expected to have the answers to these questions, to be able to lead the way and provide direction so that everyone knows exactly what to do. But what if you as a leader don't know that either? What if that direction is still unclear to you? What should you do if the people around you expect clear plans and certainty from you, but you simply can't offer them that?

On the other hand, a completely different style of leadership is required. Not by laying down detailed plans, steps, and procedures, but by providing goals and offering boundaries within which employees are allowed to think for themselves and come up with good, creative solutions. Servant leadership: focused on providing support instead of maintaining control. Not making detailed plans or fully worked-out strategies, which then "just" need to be implemented. Instead, it is about creating an environment in which success can be achieved. And working with goals and boundaries within which employees and teams can organize themselves.

IN A COMPLEX WORLD, EMPIRICAL WORKING IS THE ONLY SOLUTION

We need to test solutions quickly, so that we can also get to market validation quickly. With this market validation also taking place in a rapidly changing environment (market, society, world), it becomes clear that the only way to work is empirically. In other words, create a small piece of the plan, validate it, then create a new piece of the plan.

---

* How to create an agile organization – report McKinsey & Company 2017 (https://www.mckinsey.com/business-functions/organization/our-insights/the-keys-to-organizational-agility)

There's not necessarily anything wrong with making a plan, as long as it's accepted that things will never go according to that plan. What's required is a continuous adaption or adjustment of the original plan. This changes the entire system of management. Previously, management was about making sure everyone was sticking to the plan, but now it's about achieving the goal and delivering value to the customer. Does it matter if the original plan needs to change to achieve this? The result is the driver and is more important than the plan. A totally different way of thinking, feeling, and acting.

To serve the customer in the best possible way, collaboration is more important than ever. Not just among a few teams, but the whole chain of service providers. Siloed working and functional management are therefore a thing of the past—they don't contribute to customer needs being met in a multifunctional way.

In the coming years, even more organizations will face this identity crisis. Who are we? Why are we here? Do we have to change to continue to exist and survive? And if so, how should we change? Fundamental questions. And in many cases the answers will lead to a (temporary) uncertainty about one's own position. In many cases *this* will be the start of the transformation.

> **At some point, every organization will have to deal with the consequences of digitalization, acceleration, and dramatically changing customer needs.**

What is striking is that this is or will be the case for every organization. At some point, every organization will have to deal with the consequences of digitalization, acceleration, and dramatically changing customer needs. That change is taking place outside the organization: in society, in the wider world. And at some point, it enters the organization. Not by accident. There is actually something more fundamental going on. Otherwise it would just blow over and only affect a limited number of organizations. The underlying reason is a fundamental change (and acceleration) of our society. That change is underway, will continue for a while longer, and is permanent. It is the source of the shifts outlined above, and therefore also the cause of most agile transformations.

FOR EVERY ORGANIZATION, AN AGILE TRANSFORMATION IS UNAVOIDABLE

The consequence of this acceleration and change in society is that every organization will come up against it. The way organizations have shaped themselves is generally based on predictability, control, and specialization. Speed and agility are at odds with this. Every organization will at some point need to make the switch. Being able to react to change quickly and with focus is becoming the standard way of working. Agile organizations not only differ from traditional organizations because they deliver better, faster, and more effective customer value, but also because they are continually able to do so. Whenever the customer needs demand it, they are agile enough to reorganize themselves again. And again. And again.

Therefore, making the switch from a traditional to an agile organization isn't a just a moment in time, and can only be achieved by going through a complete transformation. It's not just a modification to the current set-up. Or a transition to another way of working. Or a project. Rather, it is a real transformation.

TRANSFORMING THE ENTIRE ORGANIZATION

The question is therefore not *whether* an agile transformation will come your way, but when? And by that we don't necessarily mean that every organization will adopt agile ways of working. We don't mean that in the future everyone will

be in a scrum team, that every organization will be split into squads, chapters, and tribes, or that SAFe® is the way forward. Those are just tools to achieve speed and agility. All organizations will be allowed (and must) decide for themselves what is needed to become quick and agile. In a rapidly changing world, organizations will really start to equip themselves for uncertainty and unpredictability. These two things can't be controlled by plans, but they can be navigated through learning by doing: short iterations and step-by-step discovery. Multidisciplinary and self-organizing teams will play a crucial role in this.

In practice a lot of hasty experimentation tends to take place. A single project is carried out using Scrum. A multidisciplinary team is set up to tackle a specific, complex challenge. Or an existing process is visualized by a team and optimized step by step. Whenever this goes well, it starts to spread. It's just that… this isn't an agile transformation, at least not as we see it in this book.

We can only call it an agile transformation if a structural change is implemented organization-wide to fundamentally embed an agile mindset into the way of working. A transformation therefore involves a change to structures, ways of working, processes, architecture, and tools in all layers of an organization, resulting in the set-up of a new and lasting organization. In large organizations, this transformation may at first be limited to a single large business unit or (IT) department, but will eventually require a transformation of the organization as a whole.

Agile transformations are therefore major changes that go hand in hand with reorganizations, new career paths, retraining, and so on. These are complex journeys that take many months to years and that are extremely extensive and risky. They're not just limited to the rational side of the organization, the structures, but a transformation is mainly about changes in mindset, behavior, norms, values, and culture.

YOU CAN LEARN TO CHANGE

Most large organizations now have quite a lot of experience with extensive reorganizations. Best practices, scenarios, and experienced program managers to carry out major change processes in a systematic and controlled way are on

hand. Typically, the first step is to make a detailed presentation, with reorganization diagrams, timelines, and much more.

However, in an agile transformation a systematic approach doesn't work for the entire change. There are so many dynamics and so much uncertainty that this plan quickly gets outdated and needs frequent and significant adjustment. What *does* work is carrying out the transformation in small steps. This makes the change both controlled and agile. For this, an overall plan is made. The big phases are then broken down into small steps, with only the short term being worked out in detail. Each step delivers tangible interim results, which can be used to adapt the plan again and again. This is how we ensure that everyone's interests are taken into account along the way. The advantage of this is that changes in interests can and do occur, and become part of the transformation.

TRANSFORMATION IN AN AGILE WAY

We have already seen that transformation to agility is an inevitable and, more importantly, complex task for organizations. That's why in this book we've chosen to talk about transformation in an agile way. But what is "agile transformation"? What it comes down to is that the agility you're looking for in your organization also applies to the transformation itself.

The four core values from the agile manifesto (www.agilemanifesto.org) therefore also apply to agile transformation:
1. Feel free to use processes, methods, and tools to carry out the transformation, but never lose sight of the fact that the real change takes place during interactions between individuals.
2. It's fine to produce comprehensive documentation, flip charts, and post-its, but in the end it's all about fast improvement to the results.
3. Make clear agreements between all those involved (employees, customers, suppliers, supervisors), but then keep focusing on collaboration and help each other as much as possible.
4. Make a plan but change it if the situation calls for it.

Agile transformations are so unpredictable and complex that making a detailed plan doesn't work. The only thing that's certain is that a transformation

never goes according to plan. But it is also unthinkable to leave everything to chance, especially considering that the goal of an agile transformation is ambitious. Starting without a plan and just seeing what happens is definitely not an option. That would be even riskier.

It seems impossible to carry out an agile transformation in a systematic and structured way while still embracing the enormous dynamics and changeability. So the question is how to carry out an unpredictable, dynamic, and highly changeable transformation in a controlled and well-managed way. The answer is obvious: by carrying out that agile transformation iteratively. Agile transformations are, after all, very complex. And if agile has proven one thing, it's that complex problems are best tackled iteratively. Agile transformation follows this motto: think big, start small, scale fast. Think big about the vision and direction of your transformation, start with the smallest possible step, then—and only if it's successful—scale the step as fast as possible throughout the organization.

> **The answer is obvious: by carrying out that agile transformation iteratively.**

Concretely, this means that an agile transformation always moves in a clear direction, with transparent and measurable goals, but that the path there is always adapted based on interim results and experiences. What's special here is that this way of transforming is in fact predictable and controllable. The flexibility is in the transformation roadmap that is constantly being adapted. The predictability lies in the short sprints that consistently deliver a usable result in a controlled manner.

A CONDITION FOR AGILE TRANSFORMATION

It is important to realize that we can only call it an agile transformation if a fundamentally different organization has been introduced in a structured way and on all levels. You can only start a company-wide transformation if those with end responsibility are convinced that it is useful and needed. So if you're in a situation where senior management is still not convinced about the change, and where there is still no clear green light for a complete transforma-

tion, then this is not a transformation. In this case it is simply too soon to start an agile transformation as we describe it in part B of this book.

However, this doesn't mean you can't start at all. In fact, it even makes sense to demonstrate successes, carry out experiments, and let more and more people within the organization experience the importance of transformation. Even if it's a change in just one or a few teams. But this still isn't a complete, organization-wide transformation. For this, it's critical for the people with end responsibility to want, need, and want to lead the transformation. Complete transformations where the entire organizational structure is rearranged can only start if senior management is convinced and driven to successfully carry out this fundamental change. Their ownership of the transformation is crucial.

> **Complete transformations where the entire organizational structure is rearranged can only start if senior management is convinced and driven to successfully carry out this fundamental change.**

An organization-wide transformation usually takes a long time. The first phase generally lasts about six to twelve months, but there are many more phases after that. In fact, step-by-step acceleration and improvement never ends. So you don't do an agile transformation just once, but you keep going. Whenever the dot on the horizon you're moving toward gets closer, the next dot appears. And that's pretty exciting too. A transformation has no past, only a present (what am I trying to improve now?) and a future (what comes next?). And in many cases that future is still unclear. That's why transformations with a fixed end date or deadline are not very realistic.

Then there's also the fear factor: that what you're changing now isn't working yet. And that what's coming next is often even more complicated, challenging, and sometimes completely unknown. The fear of the unknown and of making mistakes can be quite paralyzing. As can the fear of losing control. Fear is perhaps the biggest silent killer in any (agile) transformation. Fear causes paralysis, which prevents change. To continuously respond to these kinds of feelings, it's important to have a structure and cadence of change and to keep talking about it. This ensures mutual understanding and a greater feeling of safety.

Safety, especially psychological safety, is the opposite of fear. When it comes to the creation of psychological safety, it's not about tearing things up or turning them upside down, but about finding replacements—new tools and metrics, new customs and rituals, a new story for the transformed organization.

In this first part of the book, we've discussed the why behind agile transformations. This why is a condition that needs to be met before you can make a start, because agile isn't a goal, just a means. But even if the why is clear and everyone is completely on board, nothing has changed yet. Change is about doing. Agile transformation is about actually doing it. It's about taking action! This isn't a why question, but a how question. In the next part of this book, we'll discuss how agile transformation works in practice and take a look at the nine steps involved.

PART B

HOW TO CARRY OUT AN AGILE TRANSFORMATION

Talent development (HR)

Leadership

Measuring and alignment

Strategic direction

Technology

Financing

Compliance

C – WHAT

A – WHY

1. Fundamental acceleration going on in the world

2. Consequences for every organization

3. For every organization, an agile transformation is unavoidable

Step 1 Scope
Step 2 Situation
Step 3 Need
Step 4 Outline

Step 5 Change strategy
Stap 6 Roadmap
Step 7 Short iterations
Step 8 Measure
Step 9 Adoption

B – HOW

AGILE TRANSFORMATION IN NINE STEPS

I f the condition has been met that the leaders of the organization are com-
municating a clear need for it, and giving it the green light, company-wide
agile transformation can start.
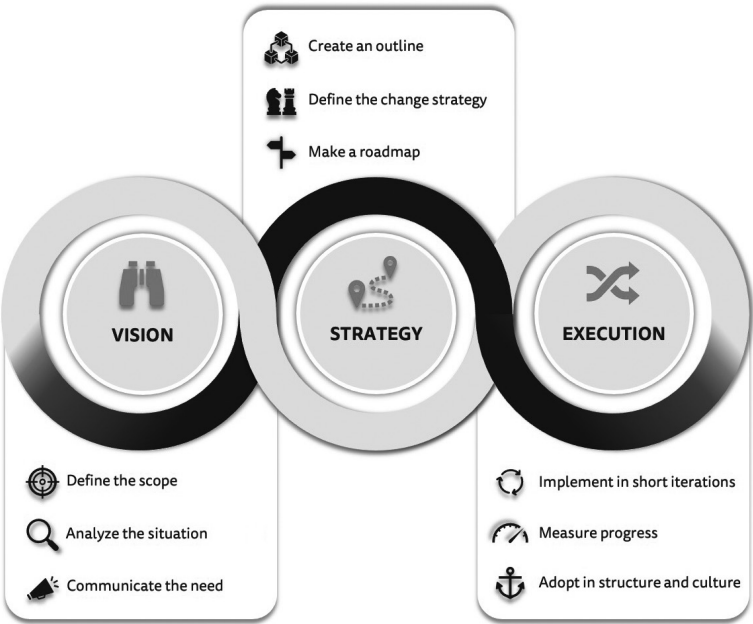
An agile transformation begins with a clear vision (steps 1 to 3), focuses on the change strategy (steps 4 to 6) and finds its actual implementation during execution (steps 7 to 9). The nine transformation steps that we describe can be carried out in this order, but they can also be run in parallel. Sometimes we also need to briefly take a step back, because what we learn in a later step may well influence a previous step. For example, you may at first choose a narrow scope for your transformation (step 1), but during the implementation (step 7) discover that—due to the existing dependencies—it would be better to transform several departments at the same time, and therefore decide to broaden the scope.

The step-by-step plan in this book is therefore not really a recipe, process, or algorithm. In practice, the implementation will be adapted to the specific environment, needs, and goals of the agile transformation. Therefore, use it as inspiration and consider it an initial plan to help you get started.

These steps can inspire you not only if you're about to start a transformation, but also if you've already been working on one for a while. Did you complete a given step consciously and fully? Did you miss a step? Could this explain the problems you're having? If you missed a step, we recommend still going back and doing it. Each step will give you essential information about the transformation. You might have missed a step at first, but you can still learn from new information. Even if it's just confirmation that you've taken care of everything for that step.

PUT TOGETHER AN AGILE TRANSFORMATION TEAM

To carry out an agile transformation iteratively, you'll need a transformation team. Change has the greatest chance of success if there is a group leading the transformation. This is the "guiding coalition", as it is known in John Kotter's change model. But how do you form this kind of coalition and who might be in it? The transformation team must be made up of individuals with enough influence and mandate. There will always be decisions to be made that need influence, for example about a change in organizational structure, about collaboration with suppliers, or about the use of resources and people. Without influence and mandate in the transformation team, not much real change will

be achieved. Therefore, a transformation team made up only of junior employees will have a hard time making bigger changes.

> **Without influence and mandate in the transformation team, not much real change will be achieved.**

The other extreme is the management team (MT) playing the role of the transformation team. On the one hand, this can work, as the choices made are also supported by this MT: a lot of influence and mandate. It also has the advantage that the MT itself quickly learns what agile ways of working look like in practice. On the other hand, if it's only MT members, it can be harder to generate buy-in from the rest of the organization.

What usually works best is a balance in the transformation team: employees, people with the mandate (MT members), and a representative selection of people from the entire scope of the change (step 1). Keep an eye on the size of the transformation team. Big is not always better: the smaller the team, the less coordination is needed and the faster it can go.

When putting the team together, it also helps to set it up in a multidisciplinary and agile way. Make it clear who is part of this team and who is not. The ideal set-up will be different for each transformation, but consider managers, agile coaches or scrum masters, a transformation specialist, a communication specialist, and an HR manager. Pay special attention to the agile mindset of the team members, their collaboration skills, and their ability to get things done. The team will need to use both its formal *and* informal influence to make clear choices that are supported.

As in any agile team, it's a good idea to include a coaching role (scrum master). Their main focus is on creating a fantastic team. This is about both how people collaborate with each other and the way of working. Setting up and facilitating a fixed cadence of recurring meetings, coaching team members, and teaching them specific techniques will improve the way the whole team works. The lessons learned here can also be useful for the rest of the organization.

It is crucial that someone is the formal owner of the transformation. Just like a product owner is for an agile team. This "transformation owner" is formally responsible for the success of the transformation. This person is able to make choices and can skillfully handle the different opinions and interests within the transformation team and beyond. Other responsibilities of this role include communicating and reiterating the vision and roadmap of the transformation. As the CEO is responsible for a future-proof organization that delivers results, they make the ideal transformation owner. But if that isn't possible, choose the person who is the next closest to this role.

> **It is crucial that someone is the formal owner of the transformation. Just like a product owner is for an agile team.**

A successful transformation team needs a common goal that it can work toward with full commitment and focus. The team members must really see the transformation as their primary responsibility. This means that, for example, their transformation team workshops and sprint changeovers always take priority over other commitments.

USE IMPROVEMENT TEAMS

By working with separate improvement teams, you can increase the effectiveness of the transformation team. These small, temporary teams get a specific objective from the transformation team and then find specific, working solutions to achieve that objective. So they're more working groups than fixed teams. For example, you could set up this kind of temporary improvement team to come up with a new way to approach financing or to tackle a technical limitation.

These teams are a focused collaboration of members, spread across the organization, who tackle a problem together. They include subject matter experts and informal leaders. The solutions that come from these teams often get a lot of buy-in from the wider organization. These teams are always temporary and work on a specific challenge from the transformation team. So they're not fixed, full-time teams that work together for a long period. To prevent an

improvement team from existing for too long, you can agree that it will automatically come to an end after a certain number of sprints. In terms of people, this kind of team should be a cross section of the company.

BRING IN COACHES

An agile transformation benefits from a good number of change agents, who take an independent view of teams and the organization as a whole: agile coaches, scrum masters, Lean coaches, etc. The expertise and skills they bring help teams to overcome challenges faster, and make the organization quicker and more agile.

Agile transformation is difficult, and nobody has all the knowledge and skills right away. But you don't have to go through it alone. It's a good idea to have a mix of internal and external coaches. The internal ones will ensure continuity and adoption, among other things, while the external ones usually bring more expertise from outside and can act more independently.

MAKING THE TRANSFORMATION TEAM REDUNDANT

The existence of a transformation team doesn't just depend on the organization, but also on the phase of the transformation. Every transformation team is striving to make itself redundant. That's because the goal is to create an organization that is continuously capable of adapting itself. This is the core of any agile organization. So it's normal to encourage and increase agility and flexibility, even without a transformation. Here we refer to "responsive organizations". In this type of organization, a way of working and management is set up so it can always respond quickly to changing needs in the market, without the need for a separate transformation process.

STEP 1 VISION: DEFINE THE SCOPE

INTRODUCTION

In theory, this book was written for complete and organization-wide transformations: the entire organization is going to work in an agile way. That's what it's all about. In practice, however, there's often more to it. These kinds of complete transformations are more often the exception than the rule. Most transformations focus first on a single department, a specific customer area, a single product, or a single product group. But if a transformation is broad enough and involves a few hundred employees, the structured approach in this book will work well. Defining the scope of the transformation offers clarity to everyone involved: what will and will not change? The scope will also change over time. A transformation is a journey. After each phase, another one follows. There are quite a few ways to define scope, which we'll cover in this chapter. Think of defining scope as slicing up the overall transformation. Which business challenge can we tackle first with a change? Consider this first slice of your scope as the MVP of your organizational change. Then after each slice you can always decide which part of the organization still needs to change.

CASE STUDY | START WITH IT, THEN BROADEN THE SCOPE . . . (OR MAYBE NOT)

In 2010, a medium-sized social enterprise cautiously started using Scrum to help get a big and complicated IT project moving again. It was a success. As a result, more and more projects started to adopt Scrum. Or sometimes Kanban if the situation called for it. At the beginning of 2013, the decision was made to carry out an agile transformation of the entire IT department, about two hundred employees. This transformation took about six months. Teams were formed, trained, and coached to reach a basic level of agility. This essentially meant setting up stable IT teams to work directly for departments. The amount of capacity available for each department was defined each year. In short, each department got one or more teams. The departments themselves supplied the product owner(s) for their team(s). In addition, a one-day training course was provided for every employee in the organization, so that everyone understood the way of working.

Over time, and inspired by their interactions with IT, the finance department also started working in agile teams, but using a combination of Kanban and Scrum because of the continuous nature of their work. At the time of writing, most of the departments are still more or less organized in a traditional way, but they do have an official role of product owner to steer IT. The next step, in which even broader cross-functional teams are formed across departments, is not yet planned.

For this organization, initially limiting the scope to IT worked well. The reason for this was that, up until that point, the IT department was almost always on the critical path and a constant cause of concern for the organization. This was largely resolved by the transformation. And that's why the transformation effectively stopped there. This meant that management initially saw it as mainly an IT success story and not as an opportunity for the entire organization. In addition, while assigning fixed teams to departments was quick to organize in practice, under the hood the administration was still organized according to projects and budgets. It took four years for the governance to be brought in line,

and for the circus of budgets and timesheets to be done away with. This could have happened much sooner had it been led from the start by management rather than IT alone.

WHY DO WE NEED TO CLEARLY DEFINE SCOPE?

A clearly defined transformation scope is a precondition for implementation. All the steps that follow in this book build on the chosen scope: what do we include in the first phase, and what do we not (yet) include? Therefore, we need to clearly define the scope. This then allows you to:

■ analyze the situation (see step 2);
■ communicate the need (see step 3);
■ create an outline (see step 4);
■ define the change strategy (see step 5);
■ make a roadmap (see step 6);
■ implement in short iterations (see step 7);
■ measure progress (see step 8); and
■ adopt in structure and culture (step 9).

In addition to being a precondition for all the next steps of the agile transformation, a clearly defined scope is also a tool in itself. This scope leads to clear choices and helps people to explain them. It makes it easier to say "No, not that", "No, not yet", or "Yes, sure" to requests for help from the organization, for example requests for team coaching or access to training. When we have a clear scope, we can also decide what is needed to carry out the transformation. It becomes clear what is part of the transformation and therefore where we need to focus our attention. This is how you know how many people will be involved, which products need to be changed, which customers it will affect, and so on. Think also about the key people whose time you will need, or about the external parties you'll need to contact for their expertise. A clearly defined scope helps you make the transformation plan and is therefore as much a tool as it is an essential step.

HOW DO YOU DEFINE SCOPE?

Decide on the transformation owner

The scope of the transformation will be defined by the owner of the underlying problem. This is the transformation owner, as we described at the beginning of part B. As the "product owner" of the transformation, this person makes the decisions, and that all starts with the scope of the transformation. Of course, they don't do this alone. They talk to stakeholders and the transformation team to make the right choices and generate buy-in. It also helps to look at the biggest challenge the organization is facing. For example, is there a department that is expected to share a lot of knowledge? Or a challenging project that will involve multiple departments? Ultimately, it's up to this transformation owner to make this choice about scope.

CASE STUDY | TOO BIG, OR IN FACT TOO SMALL?

In around 2014, a medium-sized commercial organization noticed that the IT teams working with Scrum were able to make changes quickly. Something the business was very happy about. However, this put the rest of the IT department under pressure. Projects were regularly behind schedule and didn't always deliver what the customer expected. A plan was made to start carrying out all development work in an agile way. They invested in training and put a lot of thought into setting up the right value chains. But no matter how much effort they put in, there were still a lot of questions and a lack of clarity.

The decision was made to significantly reduce the initial scope of the transformation to just one value chain. In practice, this decision was made because there was a program that had just received approval and the stakeholders wanted to implement it in an agile way. The scope was now clear, so the first teams could start three weeks later.

The teams worked well together, in a fixed cadence of two weeks. But the result didn't deliver immediate business value because the changes hadn't yet been rolled out to production: the operations team had barely

been involved. This caused daily problems, which were proactively used by those against the transformation to question the entire exercise.

Nevertheless, the operational problems were resolved to deliver value that was immediately visible, and the program started to gain traction. Several initiatives that the business had been waiting for were added to the backlog as they were quickly delivering tangible results. The number of teams was also extended. Less than a year after the start, a second and third value chain was added. Operations was involved from the very beginning.

Reducing the scope generated enough confidence to then broaden the transformation. This transformation from the center outward certainly suffered from a lot of skepticism, sometimes even deliberate opposition, at least in the beginning. But because there wasn't enough buy-in at the beginning, the only option was to start smaller and increase the scope as they went along. First show that it works, then scale it. Thanks to the strong drive from the business and the results that were achieved, IT weren't able to make a single counterargument stick.

By consciously seeking out and magnifying the pain of not being able to take it to production, they were forced to keep going. If they had stuck to only making big plans, the breakthroughs would never have happened: successful value chains with the business in the driving seat. The process of making annual plans has also been completely overhauled and replaced by fixed budgets, with stable teams, per value chain.

**Organize workshops to define the transformation scope together**
To define the scope of the transformation, you can organize one or several workshops. Depending on the context, some of the questions that might be discussed include:

■ What problem are we trying to solve?
■ How does the transformation contribute to our strategic goals?
■ How unpredictable is the work that is being carried out? Is it complex

enough to start an agile transformation?

- Do we want to do this work ourselves in the future or perhaps remove or out-source it?
- How willing to change are our people or certain groups within the organization?
- Where do we have the biggest, and smallest, chance of success?
- What is most urgent?
- How broadly do we apply the transformation (how many people will need to change)? Can this group create value on their own or are there dependencies? Have we mapped out the value chains?
- How deep do we want to go? Do we just put processes and roles in place, or do we need a deeper behavioral and cultural change?
- Are we prepared to make investments (also in time) to match the breadth and depth of the transformation? Remember, an extensive transformation takes several years!

Illustration of a change impact matrix. This can be used to discuss the breadth and depth of the transformation.

Example: change impact matrix
This can be used to discuss the breadth and depth of the transformation.
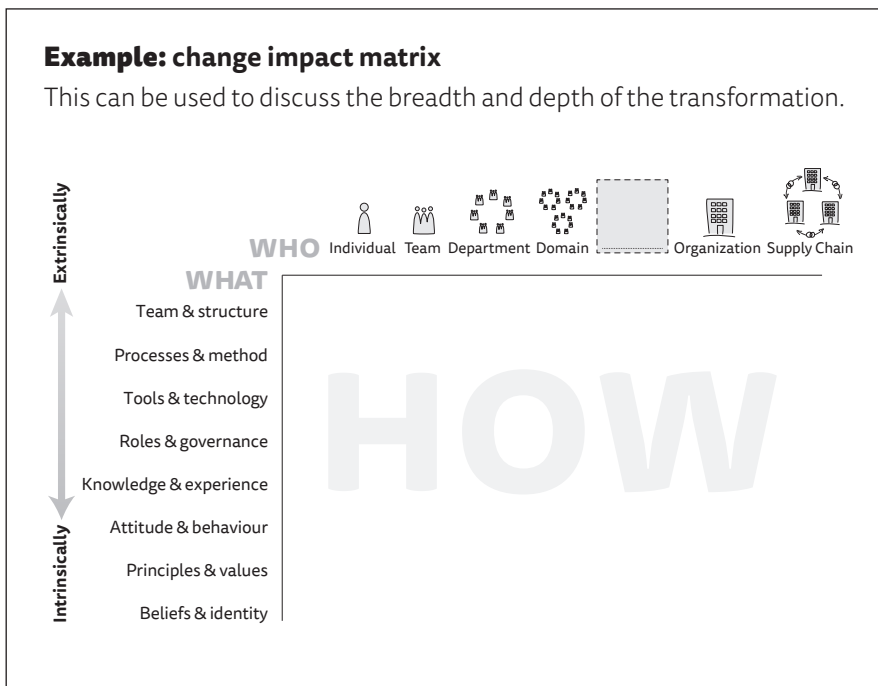
These workshops vary in length from two to eight hours. Keep them as active as possible, don't let the energy levels drop, and get genuine engagement. Good workshop facilitation is a skill in itself, and a challenge if you're also a stakeholder of the topic. Look for someone independent with facilitation skills to host the workshops. A good facilitator gets everyone participating and makes the outcome reproducible and shareable. You might need to run several workshops with varying set-ups.

Decide and communicate

The options discussed during the workshop(s) largely determine how the next steps from this book will look. Likewise, the lessons you learn in the following steps can also influence the scope of the transformation. So you may need to change the scope later on. In short, all the steps in this book can influence each other. Therefore, there is no other option than to keep working on this in an iterative way. Making a transformation canvas (see box) can help you make the scope clear during the workshops. Plus it's a powerful way to communicate.

One workshop is probably not enough to reach a decision. Perhaps it'll even leave you with more questions than answers. But at some point, the scope of the transformation needs to be decided. We can't advise what the best scope is, because it depends on so many different factors, but choices have to be made, even if the scope turns out to be "wrong" later on. This is something you can learn from, and is better than continuing to postpone the decision, which leads to paralysis.

Once a decision has been made, communicate it to everyone affected by the transformation as soon as possible. Always answer these three questions, and in this order:

- Why are we doing this?
- How are we doing this?
- What (result) do we want to achieve?

Putting the transformation canvas somewhere visible also helps, but everyone on the transformation team needs to also keep communicating it directly. Be available for questions from the organization and don't be afraid to admit that the transformation team doesn't have all the answers yet. The only certainty you can give people is that this decision has been made based on the current information available. You can also mention that if there is new or different information, a new decision might be made.

Tool: **Transformation Canvas**

Making a transformation canvas can help you get a group of people (literally) on the same page. This canvas is a poster on which you outline the most relevant parts of the transformation (see the figure for an example). It is the conversations and agreement needed to create the canvas that deliver the most value here. These create a clear *and* shared understanding for everyone involved in the process. A good way to complete the canvas is to stand in front of a whiteboard or flip chart, filling it in step by step together with the stakeholders. During this activity and the conversations that take place as part of it, a shared picture emerges, and any assumptions or pain points are discovered early on. This gives you the opportunity to test the assumptions with the other stakeholders and to tackle bottlenecks straight away. If you're not able to get this transformation canvas really clear at first, then spend more time on it. Not being able to clarify the items on the canvas is a sign that moving on to the next step will be time-consuming, and that you'll probably be wasting your time. It is precisely by working with those involved on the canvas that you break through this barrier. Physically hang up the canvas too. Preferably in a central location. This makes everyone aware of it and means you'll also get feedback from people in the organization who you weren't initially expecting it from. The wider the support for the transformation, the better.

Goal:			
Metrics:			
In scope:	Out of scope:	Risks:	Preconditions:
		Stakeholders:	Transformation team:

A transformation canvas includes the following elements:

- Goal of the transformation. What do we want to achieve? What problem are we solving? Where are we trying to get to? This goal is inspiring and concise (see also step 3 about need and communication).
- Metrics or key value indicators. How can we measure whether we're achieving the desired results? What is the definition of success? How do we show that it's going well (or not)? Don't forget to make them specific, measurable, achievable, relevant, and time-bound (SMART).
- In scope. What is the expected breadth and depth of the transformation? What is the expected duration?
- Out of scope. What is outside of the scope of the transformation? How do we handle those things?
- Preconditions. What do we need to be successful?
- Risks. What transformation risks do we see?
- Transformation team. Who is the transformation owner? Who is part of the team, and what expertise do they bring? How can they be contacted? When are they available?
- Stakeholders. Who are the stakeholders of the transformation, and what is their involvement?

Don't be afraid to adapt this canvas to whatever will work for your transformation. Its purpose is to help you think about the full scope of a transformation and make the accompanying vision concrete and specific. If there are elements missing from the template that might be relevant for your organization, go ahead and add them.

Get started

Ready to get started defining the scope of your transformation? Then consider the following concrete actions:

☐ Complete a transformation canvas during a workshop.
☐ Define the scope of the transformation based on this workshop.
☐ Inspect and adapt the scope based on requested feedback.
☐ Make a decision: getting started is more important than defining the "perfect" scope.
☐ Communicate the defined scope and indicate the next steps.
☐ Continue to learn about the effectiveness of the scope and other elements on the transformation canvas.

STEP 2 VISION: ANALYZE THE SITUATION

INTRODUCTION

A structured transformation starts with analysis. Other terms are sometimes used for this, like "assessment", "audit", or "baseline measurement". To keep things simple, we'll use the term "analysis" throughout this chapter. Depending on the organization and how formal and detailed the analysis is, another term might be more appropriate. Most people associate each of the terms above with either a positive or negative experience. However, the label "analysis" is quite neutral. And this is also the mindset we're aiming for during this step: analyzing where an organization currently stands and jointly analyzing what the most appropriate next step could be. Remember that analysis alone can already have a powerful impact. By asking questions, measuring, and calling things out, people become consciously incompetent. This is a major change when it comes to transformation.

WHY DO WE NEED TO CARRY OUT ANALYSIS?

When an organization embarks on the adventure of an agile transformation, there is often already some experience with agile working. For example, because certain teams or a whole department have been working in this way for some time, or because a (new) manager has had experience with it at a previ-

ous company. What makes this complicated is that there's usually a big differ-ence in the level of agile knowledge and experience within every organization. This means that not everyone is starting from the same place. Not everyone is on the same level. Someone is still getting familiar with (or resisting) it, some-one else is good at putting together agile teams, and another person is already taking care of the portfolio and backlog process. While one person has had positive experiences with a certain solution, someone else has achieved much less with the same solution in a different context.

Analysis shouldn't just focus on the current level of agility, but also on ques-tions like: What is the problem we want to tackle? What methods and ways of working have already been used for this? Why were these successful, or not?

In short, as soon as an organization decides to pivot completely, there is most likely a vision that a transformation is needed, but the current situation and the best first step are usually not so clear. That's why it's useful to have a clear picture: Where are we? What is our real starting point? Where are the best opportunities for success?

It's a good idea to carry out a broad analysis of the current situation. This makes the actual starting point clearer. It also has the advantage that in the future you'll be able to look back and show what actually changed, although this kind of measure isn't a goal in itself. It's all about the interaction that takes place during the analysis and how this influences the actions that follow.

Analysis can have different goals. For it to be effective, it's smart to clarify these goals in advance. The four most common goals are detailed below.

Goal 1. Build an objective picture for stakeholders
An organization can be seen as a collection of people. They all have their own views, experience, knowledge, and background. A lot of people means a lot of opinions. And those opinions are often formed on the basis of half informa-tion. One person only tells success stories, another only talks about what's not going well. So it's useful to build up an objective picture of the starting point, about agility and what you want to measure. How close are you to that? What's in place and what isn't? Where are the big gaps and where are the best opportu-

nities? Map out that starting point objectively. An external party can help you with this, but it can also be done independently.

The goal is to capture an objective picture *and* ensure it is widely circulated and shared. Only then will there be a common understanding of the starting point, and follow-up actions will come across as logical and expected to those involved. Collecting feedback from stakeholders, giving them a voice, and taking their opinions seriously help enormously during the analysis. This objective picture generates broad support for the changes to come during the rest of the transformation.

> **The goal is to capture an objective picture *and* ensure it is widely circulated and shared.**

CASE STUDY | TEAMS AREN'T WORKING?

A large commercial organization had been heading in an agile direction for quite some time. Various departments and business units had been experimenting with Scrum, multidisciplinary teams, and so on. This also applied to a department that was responsible for financial reports. The teams themselves chose to start using Scrum. People took on the roles of scrum master and product owner, and steps were taken to improve collaboration and production.

After about two years, things started to go wrong: unhappy stakeholders, lots of incidents, teams and management under pressure. In addition to all the challenges the organization wanted to overcome, it was also asked to reduce the headcount of this department. Management's conclusion: the only solution is to increase productivity. A decision was made to carry out an analysis of the ways of working of the teams.

The analysis revealed several attention points about management. There had been a complete loss of confidence in the management team due to the recent reshuffle, how management would interact with the teams, the enormous pressure, and the high number of inci-

dents. Requests for help from the teams weren't taken seriously and a negative atmosphere had developed.

On an individual level, the management team was already aware of the picture that this analysis presented: "Deep down, we knew this." But the conclusion was still tough: the management team itself had to downsize by 40 percent. The analysis made it painfully clear that something had to change.

After a year, stakeholder satisfaction increased again: fewer incidents, a return to a constructive atmosphere, teams tackling problems together. The analysis mainly brought clarity, objectivity, and urgency to the situation: what is going on right now on the management and team level, but also among the stakeholders? The stakeholders realized that pushing harder and enforcing deadlines wouldn't help either. The analysis also gave direction to the transformation. It led to a clear plan. It was painful at first, but it did create broad confidence and, as a result, a good starting point.

Goal 2. Have a benchmark to track and report on progress
A transformation is a process that can last from one to several years. The picture of where you started from usually fades quite quickly. Our memories aren't very reliable in this respect. Therefore, it's a good idea to provide clear insight into the progress and improvement during a transformation. This keeps people motivated and lessons can be learned from what has been achieved.

This means you need to have a real baseline. An objectively measured baseline helps enormously during a transformation. Discussions regularly arise based on opinions and gut feelings. It's relatively easy to avoid these kinds of discussions with metrics, so you need to be able to provide these.

An objectively measured baseline with both qualitative and quantitative data is essential for this. It allows you to report on progress during the transformation: how big are the improvements and where can adjustments be made? In organizations where the goal of the analysis is to report on progress, it's rarely

carried out just once. Instead, analysis is used to track progress more regularly, for example to report every three or six months on what has been achieved in the previous period and what the next steps are.

Goal 3. Show that it's serious with a first real change

A transformation is neither simple, nor something you just launch into. It is a serious change that takes a long time, is difficult, and sometimes causes pain. It demands a lot from the organization and its people and is also a considerable investment in terms of time, money, and energy. So it's essential that everyone involved takes the transformation seriously and does their best to make it a success. Extensive analysis—including detailed interviews with stakeholders and management presentations throughout the organization—make it clear that it's serious. It helps to make people consciously incompetent: to show them that they aren't yet where they want to be in a (large) number of areas. In doing so, the analysis itself—including the findings and the final presentation—can be a powerful tool for change.

Goal 4. Get concrete action and alignment

It's often a good idea to demonstrate successes early on in the transformation. This generates the energy and motivation to persevere. Even when things get difficult. The analysis is therefore an excellent opportunity to see where there are quick-wins, and where success will be more difficult. So analysis provides input for the transformation roadmap. What do we do first and what do we do later? And: what should we get started with as soon as possible because there's a significant lead time before we'll see the first results? Sometimes the analysis will also show that some of the preconditions for success haven't yet been met. These then need to be worked on first and included in the transformation roadmap.

Uniformity and alignment between teams are important topics here too. It is recommended that teams that work together a lot or have a lot in common also build up a uniform way of working. Analysis can collect input for this, making the changes during the transformation more effective. One possible goal of the analysis is to clarify which concrete actions are required, where, and when.

HOW DO YOU APPROACH THE ANALYSIS?

Roughly speaking, analysis consists of three logical steps:
- Step 1, plan and prepare the analysis
- Step 2, carry out the analysis and collect all the data
- Step 3, report on and present the results and findings

Planning and preparation (step 1) includes, among other things: clarifying the requirements and expectations regarding the results, putting together the analysis team, making a plan, collecting any existing materials and documents, and any other preparation for the analysis itself. This also means studying the existing materials and documents so that they can be reviewed or queried during the analysis.

When carrying out the analysis (step 2), all data is collected through questionnaires, interviews, and observations. This means presenting and sending out questionnaires, keeping track of completed questionnaires, sending out reminders and invites, scheduling interviews, booking meeting rooms, and so on. The goal is to try and find as much "evidence" as possible—multiple indications, before drawing conclusions. Finally, carrying out the analysis also includes creating a first draft of the results and findings so you can get feedback from stakeholders. The collected data may be incomplete or have led to incorrect conclusions by the analysis team. Those taking part in the analysis are then given the chance to provide additional evidence or other data to adjust these incorrect conclusions.

When reporting and presenting (step 3), all observations, conclusions, and proposed follow-up actions are shared. This means giving presentations and holding Q&A sessions as well as setting up initial plans or even a transformation roadmap. However, it is important to note that in this third step the findings and conclusions are no longer up for discussion. The results are fixed and shared. Processing the initial feedback on the findings was part of the previous step.

What is a good approach to analysis?

Searching online for "agile analysis", "agile assessment", or "agile maturity" will give you a range of different results, making it difficult to see the wood for

the trees. There's so much out there: from maturity models to health radars, from theoretical to practical, from generic to specific, from commonly used to purely hypothetical. In the agile transformations we've been involved in, all different types of analysis have been used. Often successfully, but not always. Transformations are so unique that afterwards you sometimes think: if only I had done it differently. Well, isn't hindsight a wonderful thing?

In practice, analysis consists of a quantitative and a qualitative part. The quantitative part often involves an (online) questionnaire and captures the organization in typographies and/or dimensions. There are many different approaches you can try here.

The quantitative research can often be carried out quickly. It is familiar and gives a broad indication. And it is these characteristics that mean all quantitative types of analysis have the following in common: that without additional qualitative analysis they're limited in what they can say about the why of a certain current situation in the organization. The above examples are therefore usually supported by qualitative research.

The qualitative analysis is done through observations and interviews. These can be individual interviews, but group interviews can also work well, for example during group workshops. You can also look at documentation. The qualitative analysis is the most time-consuming of the two.

What does it cost and how long does it take?
Your choice of analysis approach and breadth of the data collection is heavily dependent on the goal of the analysis: more formal or less, broader or narrower. In practice, you need to weigh up the ROI: what do we want to get out of the analysis, what impact do we want the analysis to have, and so how much can we invest in it?

See your analysis as the first step in the transformation and above all as having a serious impact. It will then become clear what the scope of the analysis might be. In part B, step 1 of this book, the scope of the transformation was defined. The choices made during that step of course also determine the scope of the analysis.

The duration of the analysis and the associated costs are highly dependent on the scope and intensity. It might take a few days, carried out by a single analyst, and can be wrapped up within two weeks for around ten thousand euros. But there are also situations in large organizations where analysis carried out by a whole team of analysts has a lead time of as much as several months. The costs of this are of course a lot higher and can amount to hundreds of thousands of euros.

The goal of the analysis largely determines what it costs and how long it takes. And the extent to which the analysis itself brings about change may justify its cost. But a transformation is about actually changing the way of working and thinking in an organization. The longer the analysis drags on, the more the changes are delayed, which is of course not what anyone wants. So do it as effectively as possible: maximum impact, while keeping the costs and lead time to a minimum.

Who carries out the analysis?
It is the transformation team who requests the analysis, but this doesn't mean they stand on the sidelines while it's carried out. It is certainly not a bad idea for the transformation team to carry out the analysis itself, possibly supplemented with external expertise.

In larger transformations, the transformation team is often made up of people from across the organization, including directors, middle management, employees, and consultants. In other transformations, the transformation team is much more of a management team. Usually, one of the members leads the analysis, and a separate analysis team is put together, with, for example, external advisors and consultants.

Both approaches are fine. Ultimately, let the goal of the analysis steer you. Based on this, it becomes clear to what extent the transformation team will carry out the research itself. Are buy-in and objective progress reporting the most important? Then make sure there are enough external and objective members in the analysis team. Is visible change the main goal? Then have the transformation team make up a large part of the analysis team.

An additional by-product of this analysis is the chance to try out possible suppliers. Many organizations get help from one or more external parties when carrying out a transformation. You want to test out their knowledge, experience, and energy as much and as early as possible. You'd rather not face any disappointments in these areas during the implementation of the transformation. By already involving people from external parties during the analysis, you can find out how good they actually are, and whether they live up to the experience they claim to have.

How often should the analysis be carried out?

This kind of analysis is usually carried out more than once: in most transformations every three or six months. The more often you do it, the less work it will be. You don't want to carry out analysis with a six-week lead time every quarter. Combining different cadences can also work. For example, you could supplement a more in-depth annual analysis that has a longer lead time with a more lightweight self-analysis each month.

CASE STUDY | REPEATED ANALYSIS REVEALS PROGRESS

In a relatively small organization, about twenty developers were working together in an unstructured way. Every day they would receive a variety of requests from different stakeholders, and in particular from one of the founders of the company. Over the previous years, the start-up mentality and way of working had brought about success, which in turn had led to growth. As the number of people grew, it became increasingly chaotic and then unmanageable. A consultancy firm was tasked with setting up agile teams to increase predictability and productivity.

An initial analysis was carried out, consisting of about ten interviews and a questionnaire. The results supported the view that using Scrum in three teams would deliver a range of benefits. Supported by agile coaches, the teams were set up and given daily coaching.

The questionnaire was used again after four months. The results and related discussions showed that all kinds of progress had been made in the way the teams were working together. It also raised a few things that could be improved in the teams. Combined with the observations of the coaches, this led to concrete actions for improvement over the following months, such as making value measurable, dealing with stakeholders, and really preparing development work for release, every sprint.

After another four months, the same questionnaire was used again, and further progress had been made in all areas. Things had regressed in one area, but that could be explained, and additional action had already been taken. The biggest improvements in ways of working and mindset had been achieved. After this, there was a transfer to internal roles, then the process was wrapped up with some final recommendations.

What are the possible pitfalls?

Don't make the mistake of taking an existing or previously used analysis approach off the shelf and repeating it in exactly the same way. Choose and develop the approach that suits the scenario and goal of the analysis. This also doesn't mean you have to start from scratch. You *can* re-use an approach, but only if it makes sense to and is appropriate for the situation the organization is in. After all, analysis is based on a reference model, the starting point that the current situation is measured against. Differences from this starting point are made visible, so what you use definitely impacts the results of the analysis. Using what exists without thinking is therefore a major pitfall: the current situation could be so unique that an existing or previously used reference model isn't appropriate. Unfortunately, there's no such thing as a one-size-fits-all approach to analysis. It is, and always will be, made to measure.

Having analysis carried out by an external party can increase its objectivity. External parties have already carried out this kind of analysis many times before, so they bring in experience that isn't usually available in your own organization. But be careful that the external party doesn't force its own approach on you—it's less about the approach and more about the impact of the analysis. Focus on the goal, then pick an approach and an external party that are a good fit.

Get started

Ready to get started with your first analysis? Then consider the following concrete actions:

☐ Define the primary goal of the analysis.
☐ Define the scope of the analysis.
☐ Choose the reference model you want to use.
☐ Schedule the analysis and get everything ready for it.
☐ Carry out the analysis.
☐ Communicate the results of the analysis.
☐ Turn findings into concrete actions.

STEP 3 VISION: COMMUNICATE THE NEED

INTRODUCTION

Creating and communicating the need for change is one of the most important steps in a transformation. This defines the direction and is a precondition for buy-in throughout the organization. Clarifying the need answers the following questions:

- Why is the change being started?
- What problem is it solving?
- Which direction is it going to take?
- What is the urgency of the change?

If this need is coherent, makes sense, is realistic, and is understood, you'll get people on board. Even if you don't yet know what your destination is.

WHY DO WE NEED TO COMMUNICATE THE NEED FOR CHANGE?

An organization naturally tends to stay the same. To create real change, employees need to also *feel* why it's happening. This is about more than rational understanding. Preferably, the change also has an emotional connection to

the reason employees want to get out of bed every morning. You want people to "feel" it, including the pain that *not* changing causes. Only when they really believe in something, and would do whatever it takes to achieve it, will they be willing to change their behavior, and also hold the people around them to account.

This calls for a clear message that is repeated in a consistent way. It requires not only conviction, but also corresponding action from those who are communicating the message. For example, it would be completely insincere to, on the one hand, say that everything will be different and faster and, on the other hand, start the fixed annual planning cycle as usual six months in advance. Especially when things get difficult and conflicts arise, the message must be clearly repeated, with the right actions to lead by example. Because there's no way back.

If you don't pay enough attention to the need, some employees won't be fully on board with the change. People will then only do certain things "because they have to". Their behavior might also include negative body language, counterproductive comments, or a lack of initiative. Purpose, necessity, and urgency are always the motives for doing something. Without these, there will be no proactive change.

HOW DO YOU COMMUNICATE THE NEED FOR CHANGE?

The leadership and transformation team have a major role to play in communicating the need for change. It starts with agreement about the story you want to tell. This agreement must extend up to and including the (sometimes international) top level of the organization.

The story will be unique to the transformation, and will answer the questions: Why do we want to change the organization? What problem are we solving by doing this? Which direction are we heading in? What is the urgency of it?

Define the message
Ask yourself the question: what keeps me awake at night? The answer will differ per sector. For example: in public services, the biggest problem may be retaining and motivating staff, while commercial companies might lose sleep

over becoming irrelevant in the market. What is the biggest threat to the organization right now and what will happen if nothing changes?

Then you can move onto the dream state. What is the ideal situation for the organization? What behavior do you see? How is the company doing in the market, and what is it known for? Here you need to think about the potential of the organization. What are the organization's existing unique values or skills that are essential for the future?

Transformation leaders also need to think carefully about what the leaders will actually do to reach this promised land. Actions speak louder than words. Is the message authentic? Do you lead by example that agile is the way to go? Do you really believe in change, and do you do everything you can to let teams and individuals self-manage as much as possible, even if this means that you may have to step aside yourself? Again, it's good to think about these kinds of questions and perhaps say the answers out loud every now and then. But if you have the choice, show—rather than tell—people what you mean.

Once you've come up with a powerful pitch, you can put this on the transformation canvas (see step 1).

Example: Transformation vision of a multinational pharmaceutical company

In a pharmaceutical company working on a global agile transformation, the vision and need can be summarized as this:

If we continue to focus on the sale of medicines in the same way, we will face increasingly difficult challenges. We are therefore going to organize ourselves into multidisciplinary teams that deliver value through transparency, inspection, and adaptation. These teams will experiment with innovative value propositions and validate them directly and quickly with patients and healthcare providers. We believe this exploration will result in us becoming the leaders in personalized healthcare. As the board of directors, we lead the way in this change by demonstrating servant leadership. As far as we're concerned, there's no going back!

Communicate the message

The most powerful approach is to repeat the need often and in different ways. This is because everyone receives information differently. The need can be communicated in posters, PowerPoint slides, a pitch, a text on the intranet, and in a video message. At the point where you feel like you could communicate the message in your sleep, you may even feel like you're "over-communicating". But this is what's needed, because the story fades more and more into the background when people get caught up in their daily work. There will also be new starters who you'll have to communicate the need to.

Preferably, all formal and informal leaders in the organization will communicate the message. So tell a clear story that people really believe in, so that they feel like ambassadors of the change. You want the story to be so alive that it appears anywhere and everywhere: on the poster by the coffee machine, during a retrospective, and during the end-of-year message from the CEO.

You can also call on a communications specialist or department to get the message across in various forms. Avoid one-way communication here: listen carefully to what's being said among your employees so you also know how the message is being received and if you need to change your approach.

Over time, the story will take on a life of its own through its successes and failures—share these, and show how you can learn from them, so that the transformation in communication also becomes an example for the rest of the organization. Use different channels for this too. For example, you could ask an employee to write a guest blog, but you could also lead by example and start a dialogue on stage. As a result, the story of the need will be increasingly enriched by the effect the change is having in practice.

CASE STUDY | MOMENTUM THROUGH IMPORTANCE AND NEED... BUT EVERYTHING'S FINE, ISN'T IT?

A medium-sized enterprise decided it wanted to become much more agile. It was a company with physical warehouses spread across the Netherlands, close to their customers, whose demand for speed and

flexibility was becoming increasingly difficult to meet. This was mainly because the head office was organized by departments. If a warehouse was able and allowed to take care of something locally, they were quick and agile. But as soon as something had to be changed centrally, it moved too slowly. Discussions arose at the head office, that the departments had other priorities. The solutions they came up with didn't really solve the problem, and so on. The local warehouses and their customers were left empty-handed.

How could that be changed? This was the discussion of a full-day workshop with the board, department heads, and company managers. Going agile seemed like a great solution. This would lead to multidisciplinary teams around the warehouses, which would also take over head office roles. It would require a lot of change. Especially for the head office. Departments actually became competency groups, and it was mainly the department heads who realized that this was going to bring about a lot of change for them. But everyone agreed that it was in the best interests of the customer.

A detailed pitch was made that day. The whole group agreed: to make the company future-proof, things really had to change. If they didn't, the company was in danger in the long run because eventually customers will have had enough. At the end of the day, the group was buzzing with energy. Everyone was on board and just wanted to get started! The general manager concluded with a thank you to everyone. He mentioned that, regardless of the great plans, the company wasn't doing badly. He wanted to reassure everyone that the company was not in immediate danger. There was an annual growth of a few percent, and a competitor had just gone bankrupt, so the business would grow either way. He emphasized that the employees had nothing to be worried about because everything was going well. No reason to panic.

As he wrapped up, you could see and feel the energy draining out of the group. The bubble had completely burst. Why change then? The manager doesn't want it. As far as he's concerned, everything's fine, isn't it?

Later on, there was a one-to-one with the general manager. He hadn't realized that his words had had completely the opposite effect. He just wanted to avoid spreading panic in the company and that the employees would fear for their jobs, or decide to leave themselves. He realized that this kind of change needed absolutely everyone. As consultants, we looked at where we'd gone wrong. Despite all the preparations for the day, we hadn't prepared the general manager well enough. Our own contact person was the operations director, and because of his enthusiasm we only really saw the general manager for the first time during the workshop. So his words came as a complete surprise to us. This is something we could have handled much better.

Get started

Ready to get started on a transformation pitch? Then consider the following concrete actions:

☐ Write out the transformation pitch in black and white.
☐ Check whether the pitch answers the following questions:
☐ What is the problem we want to solve?
☐ Why do we want to solve this *now*?
☐ Why is an agile transformation the solution?
☐ Where will we be at the end of it?
☐ What is your personal promise for this transformation?
☐ What are you asking of others in the organization?
☐ Make sure that all leaders can tell the transformation story in a personal and authentic way.
☐ Communicate it using different channels.
☐ Keep repeating the transformation pitch.

STEP 4 STRATEGY: CREATE AN OUTLINE

INTRODUCTION

The outline is the first draft of how the organization will look after the agile transformation. It only covers the contours of the organization, of how it *could* be set up. It is definitely not a blueprint or any kind of detailed picture with the new roles and an organization chart with names and numbers filled in. You can therefore see it as a "rough sketch". The outline is a first visualization of how the new organization will be set up to deliver value quickly, offers a glimpse into the future, and helps you take the first steps. It provides enough structure to discover the detailed organizational design as you go. During the transformation, the outline will be filled in based on concrete results and adapted where necessary depending on what you learn. That's why it's just an outline.

WHY DO WE NEED TO CREATE AN OUTLINE?

As described in step 2, it's good to know what your starting point is. But perhaps it's even better to know roughly where you want to go: how will the structure of the organization look? However, at the very start of the transformation it's difficult—if not impossible—to draw a clear end picture. The beginning is when you know the least, so the chance you'll already be able to come up with a perfect blueprint is extremely small. That's why we first

make a rough sketch that offers enough direction to get started. The details are then filled in during the transformation. This outline has four goals.

Goal 1. Give direction

A transformation involves a lot of uncertainty. People wonder what is expected of them, what their future will look like, and whether there will still be work for them. Therefore, a good outline must be clear enough to give all stakeholders an idea of their place in the new organization. However, it should also be vague enough for the vision to be implemented in different ways and for you to discover what works and what doesn't work without constantly having to start all over again. As it is so simple, this kind of outline is relatively easy to explain at every level of the organization. By using design principles, detailed discussions about the precise implementation can be parked for a while, without this immediately leading to anxiety or resistance. These principles get across the way of thinking so employees can judge how future decisions will be made.

> **By using design principles, detailed discussions about the precise implementation can be parked for a while.**

Goal 2. Offer inspiration

A good outline is inspiring. It's not just a drawing of how the organization "could look", but it also offers a vision, sketches a dream state, inspires, motivates, and challenges. This outline shows how the organization is approaching the future in a very different way and is therefore supported by a clear and inspiring story. So the outline and its supporting story offer a picture of what the organization will be capable of, and describes the positive effects of this for customers and employees. As a result, the outline contributes to the motivation and engagement of employees, offers hope, support, and the dream of a fruitful, successful future.

Goal 3. Break existing patterns

Perhaps the most difficult thing about change is breaking through the existing structures and patterns. The outline gives you the chance to take a fresh look at the organization and to leave behind the limitations of the current set-up that have emerged over the years. The current set-up of the organization has deficiencies that everyone has more or less accepted, but which they still

have to face every day. Just ask a few employees what the organization's biggest problem is. Their answers will soon reveal certain limitations of the current organization. In the outline, anything is possible, making it your chance to radically (re)design. You can remove the source of the current limitations that the organization is constantly struggling with. These usually involve speed, lack of clarity, or a lack of customer insight. As an agile transformation revolves around fast feedback, learning by doing, and putting the customer first, the outline will immediately show that major improvements can be expected in these areas. In an outline, putting the customer first is easier than starting from the existing structures. That's why we call it a rough sketch: the details about who, what, when, and how haven't been filled in yet. What is central to agile transformations are self-organizing teams that are directly involved in delivering customer value.

Goal 4. Get buy-in to start
The final goal of the outline is to make sure that there's enough support in the organization to get started. First and foremost, this is often about having the financial resources to implement the change. Without a picture of what the transformation will achieve, in many organizations it's impossible to get a change process started. It's difficult to free up a large budget if you can't explain what the goal is and what it will achieve. So fulfill that need for information.

> **Without a picture of what the transformation will achieve, in many organizations it's impossible to get a change process started.**

In addition to the need (step 3) and the roadmap (step 6) the outline helps to get both employees and managers behind the change. This isn't a given. A lot of transformations are initiated by other layers of the hierarchy than the very top. But those top executives, management, supervisory boards, and so on are crucial for the successful implementation of an agile transformation. Many transformations fail to lead to fundamental and deep-rooted change because the highest level of the organization has a different idea about how the new organization will look. A successful transformation into an agile organization requires support and mandate at the highest level. The outline is an ideal way to generate that, and the associated design principles are also crucial.

HOW YOU DO YOU CREATE AN OUTLINE?

Action plan for creating an outline

Creating an outline is an activity to do together, fed by knowledge and experience from outside the organization. One way to do this is to carry out the following actions.

Action 1. Make an overview of customer groups and products
When creating the outline, you want to approach it as much as possible from the outside in. It is not your organization that's central, but the customers you are or should be delivering value to.

That's why it's best to start by creating an overview of your customers. Who are your customers and how do they differ from each other? Can they be grouped based on, for example, size, regions, markets, or level of service required?

These customers use certain products and services. By adding these to the customer overview too, you'll start to see patterns emerge. This makes it increasingly clear: what do you actually deliver and what is the value of this?

Finally, the customer journey needs to be made transparent. Customers have very different needs during the different phases of their lives, or throughout their relationship with the brand. For example, banks are often organized based on the various key moments in the lives of their customers: first bank account, studying, mortgage—it also makes a difference whether the customer is buying their first or second home—and pension. Teams and departments can form around this customer journey or specific customer groups.

When making this overview, be as concrete as possible, and include your entire current portfolio. You may start to see overlap in the portfolio delivered to multiple clients. This is valuable input for an ideal organizational set-up (see next case study).

Mapping customers or value streams, and then focusing on that, is also known as "customer journey mapping" or "value stream mapping".

CASE STUDY | A LOT OF PRODUCT DUPLICATION

At a government organization, four value chain workshops were held to map out which customers were being supported by which products. This showed that many value-adding steps were often being carried out in as many as five or six products. This had grown over time due to various legal changes.

Because each of the roughly forty products needed to be maintained and was connected to other products, the organization had become more complex. To set up this organization more effectively for the future, there was a need to take a fresh look at how to add customer value so that teams in a new set-up have the chance to gradually simplify the product landscape.

Action 2. Make a list of design principles
In addition to the overview of customer groups and products, it also helps to have some agreement on design principles. These will help answer the questions that come up in practice when introducing the outline. During a workshop or two you can make a list of the design principles, which can then be updated as you go.

Some design principles seem so obvious that they may even be a given or a must-have for an agile transformation. An agile organization is about speed, being able to react quickly, and make quick decisions. That's why team autonomy is often one of these principles. You could present this as: the outline only includes multidisciplinary teams that can work autonomously and end-to-end for customers. Off the back of this, a second principle will then be: as the customer value chain is our primary focus, the internal departments are secondary, and we want to see them mainly as competency areas in the future. The third design principle that is often used is that everyone has "sight" of the customer. Teams can see what impact they are having on that customer. And perhaps customers can also see the impact their feedback is having on the organization. If you're (too) far away from the customer, and no longer get any feedback on what you deliver, then you lose the ability to adapt in order to continue to deliver customer value.

There are all kinds of other design principles to consider, including: to help them focus, employees can only be part of one team; teams serve a specific region or customer group; there's a healthy range of seniority in each team.

Make this list of principles and order them too. Which principle is more important? This list of design principles (or design frameworks) will help you when you come to create the outline.

CASE STUDY | AN OUTLINE BRINGS CLARITY, BUT WHEN TO DEVIATE?

A medium-sized enterprise took inspiration from the Spotify model for their outline and came up with a matrix design. Multidisciplinary squads were formed to deliver direct customer value. Chapters were created for employees with (almost) the same expertise. Not everyone became part of a squad, but everyone became part of a chapter. All these squads and chapters started working with Scrum.

They created their outline during a preliminary phase of design sprints that closely involved employees from different parts of the organization. This led to widespread support for the outline, even though the transformation was accompanied by a large number of redundancies. There was, after all, a widely supported understanding of the need for the transformation.

The outline was then implemented. Most of the employees were able to work in the same or sometimes a different role in a new team. These teams were supported by training and coaching. Lessons were already being learned in the first few weeks. For example, people who were part of two squads and a chapter found it hard to focus. Not all that surprising: sometimes you have to experience something yourself before you see the need to adapt it.

Another lesson was that Scrum turned out to be a better match for some teams than others. In particular, teams that took on a lot of op-

erational responsibility in their way of working discovered through experience that they actually consisted of several sub-teams. Gradually, the—initially uniform—way of working, including techniques from Kanban, was adapted to the nature of the work of each individual team. Other teams found that their product definitions needed to be updated. This was aligned with the other teams and the team names were adapted accordingly.

The outline, including the design principles, provided clarity on how the organization should look. This meant that real change could be introduced. Lessons were also learned when implementing the outline. The trick here is to customize it for each team, but without the teams going back to how things used to be. Lasting change and a learning organization only come about when you find the right balance between sticking to the outline and deviating from it where necessary.

Action 3. Make a few outlines

Based on the above actions, we can now make a first outline. Let's take a pragmatic approach. Put the team responsible for the transformation, usually the management team or the transformation team, into small groups of three to four people. Each team can start drawing, either on a flip chart or a whiteboard. In terms of a location to do this, choose somewhere inspiring but where participants won't get distracted by their daily work.

But what should you draw then? For the outline you don't need (and it's often not feasible) to work on the team level. We often use teams that work together on a product, have a common focus, can deliver value together—the value chain. So we don't just look at the activities needed to deliver value, but we also include in the value chain the people who are needed to take these steps. This creates smaller, autonomous groups that can respond quickly to customer needs.

The starting point for the outlines is the customer groups and products from action 1. You can choose to look at it from either a customer or a product angle. By making several outlines and presenting them to each other, you can collect the advantages and disadvantages of all of them. Sometimes you might quickly

arrive at a common outline that stands out. It's useful to relate the advantages and disadvantages to the design principles: to what extent do they affect them? Often several attempts are needed to come away with an outline and a story that fits. This is completely fine, and all part of the process. Don't try to get it right first time in a workshop. Work with iterations of half an hour and let the groups learn from, and inspire, each other.

Example: Outline based on customer groups

Customer group I

Customer group II

Customer group III

Tribe

Tribe

Tribe

HR & management

Infra & workplace

Cutting up the organization means that you're probably going to be sticking things together again somewhere. Consider, for example, measures to maintain the knowledge and skills of marketeers who are no longer in the same team. Make a separate list of the expected "offcuts". Try to avoid creating a perfect picture without any offcuts, otherwise you'll take away the freedom to experiment.

Action 4. Present, probe, and play around
The last action is to get feedback. Some organizations make a presentation for this with the outline converted into blocks, circles, and lines. Others stick to the first drawing, straight from the flip chart. The transformation team and

the management team should emerge with *one* story. With a vision of the future organization and what results are expected from this organization. In this step, facilitate the dialogue with employees to create buy-in, answer questions as much as possible using the design principles, and experiment with newer versions of the outline.

CASE STUDY | **THE OUTLINE AS THE BEST-KEPT SECRET OF THE TRANSFORMATION TEAM**

More than a year ago, a medium-sized data company started on an organization-wide agile transformation. Initially, the transformation focused on the redesign of processes and teams. It was clear to the transformation team that the current organizational structure was a long way from the desired set-up, so it started coming up with a new design. Step by step, because there were definitely a few things to learn.

For a while the transformation went well, or so it seemed. But over time, the atmosphere in the organization began to change. Why did they need to mess about with the departments and teams? Everything was fine, wasn't it? It turned out the organization wasn't aware of (or knew very little about) the new design, even though this was well defined in the minds of the transformation team. So of course, there was no buy-in.

The transformation team decided to start creating an outline together with the employees. Here are a few quotes from those involved:

"With our vision for 2025 in mind, what we would like to achieve and what we think this would mean for the organizational structure, we made a rough sketch of how our organization could look. By organizing open sessions with all employees, the transformation suddenly came to life, which generated a lot of feedback. This significantly increased engagement."

"A rough sketch is useful and gives direction but is also not very concrete. Employees still want to quickly know where they fit in. The rough

sketch therefore also caused some anxiety. By being clear about the process—how to fill in the gaps—the solution didn't become more concrete, but everyone did get a much better idea of where they stood. And that gave me peace of mind."

Perhaps the organization could have saved itself time by working on the outline much earlier. But the lessons learned were also very valuable. It's never too late to create an outline. It can also be a way to draw attention to the need and strategy again and to create buy-in for the transformation.

Focus on customers or products or…?
Teams need a clear focus, an identity, something they're "all about". It's a good idea to make a decision here. To add the most value, do we take a customer or product focus? For example, as a bank you can choose to organize your teams based on products: pensions, mortgages, etc. Or you can choose a specific customer focus based on the needs of the different customers. A commonly used segmentation is large corporate, SME, and private. More and more we're seeing a classification based on life stage, for example "buying my first home" or "early retirement".

Choosing a product focus is also an option. This is an obvious choice if, for example, the organization will continue to compete in the market based on the best quality product at the best price. If the organizational strategy is not so explicit, choose the most obvious strategy and the corresponding focus.

Can some teams focus on an internal customer?
Customers are users of a product or service they pay for. Organizations often have inward-looking departments or teams that see their colleagues as their customers. For example, an infrastructure department, but also invoice and debt management. These departments provide services and products, just not directly to a paying customer outside the organization.

When as an organization you form teams that work for an internal customer, you're actually forming component teams. These teams cannot independently

deliver customer value as we would like in an agile organization (see the earlier design principle). But there may still be reasons to choose this approach.

It helps to provide clear answers to the following questions for these component teams:

- What does the entire value chain look like and how does the team contribute measurably to its success?
- How will you guarantee that the product or service remains appropriate and in line with the market?
- Is it more effective to have a separate team create custom solutions?
- How could the team enable the other teams to deliver value independently?
- In doing so, might the team make itself redundant?
- What would happen if we took this team's product to market outside of our own organization?

How do you deal with the current bottlenecks and limitations?
This is perhaps the biggest challenge when creating an outline. The current bottlenecks of an organization are so ingrained that it's difficult to ignore them in favor of the best solution. It helps to invite someone from outside the organization to constantly question these limitations.

The outline represents a desired state based on the assumption that the bottlenecks can be solved.

CASE STUDY | NOT ALL MULTIDISCIPLINARY TEAMS IN THE OUTLINE

In a medium-sized organization, multidisciplinary teams were chosen as one of the design principles during the creation of the outline. In one of the outlines, it became clear that one of the teams had been formed around the same discipline. When this was queried, it turned out that the team was made up of a lot of junior roles who (it was thought) couldn't work independently in a multidisciplinary team. It's very difficult to question this assumption when you're immersed in the organization yourself. A fresh pair of eyes can help make these kinds of assumptions visible.

It might be helpful to make a list of the bottlenecks that are getting in the way of you creating the ideal outline. This list can be used later on to decide whether solving those bottlenecks is realistic or whether you need to adapt your outline.

In practice it's about defining the maximum you can achieve given the current circumstances. The goal in this phase, however, is to outline the design as if you were starting from scratch. Ask yourself: with all the knowledge you currently have, and given the resources, what would be the most effective design? Not necessarily the most efficient, as that will come later—first, focus on effectiveness. It needs to at least work first.

Can't I just copy a model?
The simple answer is no. However, operating models from other organizations do get regularly copied. For example, the set-up shown in the well-known Spotify video has been an inspiration for many large organizations. The SAFe® model is also often used as a new organizational model. You might consider using a model as a starting point, but there are three risks to this approach.

First, implementing the model quickly becomes the main goal. This approach does consider how the existing organization can be set up differently, but it doesn't look at the goal of this redesign. Apart from the redistribution of the mandate among new roles, the organization usually remains much the same as before.

The second risk is the misconception that these so-called models can be applied elsewhere. For example, the way of working that Spotify shows in the YouTube video was good for *that* company at *that* time. The chance that some other company needs the exact same organizational set-up to be successful is zero. After all, the question isn't "Which model do we need?" but "What do our customers need, and what's the best organizational design for that?" On top of that: Spotify itself admits that currently only 30 percent of the company is following "the Spotify model". The rest of the organization has a classic set-up.

Spotify also never intended to establish a general organizational model. It's clear that many adjustments have been made to this way of working at Spotify

itself. In recent years, a lot of updates have also been made to the SAFe® framework in order to resolve the various problems that arise in practice.

This brings us to the third—and biggest—risk: underestimating the agile organization itself. After all, the goal of the transformation is not a one-time effort to implement the successful structure of another organization. We adapt the structure of the organization as often as required. Seeing an agile transformation as a simple reorganization to a new structure is therefore one of the biggest misconceptions about transformation. There are large organizations that continuously change their structure and team set-up organically. Bol.com is a good example of this. With its Spark method—based on holacracy principles—the company continuously organizes itself in circles of people who can add the right value to the right circle at the right moment.

> **Seeing an agile transformation as a simple reorganization to a new structure is therefore one of the biggest misconceptions about transformation.**

An agile transformation is hard work from start to finish. It won't work if you cut corners. The goal of the transformation is an adaptable and flexible organizational design that puts the customer first, so that every choice is aimed at greater impact for the customer.

Creating this outline is actually about the organizational vision and is therefore up to the leaders of the organization. That's why they're in the driving seat in this step. Only when it comes to testing the vision and defining solutions do other stakeholders get involved. To prevent existing limitations from influencing the outline, it's a good idea to have an (external) facilitator guide you through this step.

Get started

Ready to get started on creating your outline? Then consider the following concrete actions:

☐ Define the customers and products you want to include in the outline.

☐ Decide on the design principles that are important for your organization.

☐ Create some outlines to review.

☐ List the advantages and disadvantages of the various outlines and hold these up against the design principles.

☐ Present the outline to all stakeholders, adapting it as necessary.

☐ Share the outline so that everyone is familiar with it.

☐ Let the outline come from leadership.

STEP 5 STRATEGY: DEFINE THE CHANGE STRATEGY

INTRODUCTION

Now that the need for change is clear and the outline has been created, the question is *how* the organization wants to achieve this goal. We refer to this as the change strategy. Do we want to start with a small experiment and learn from this first? Or do we want to immediately change the entire structure of the organization? Will there also be a reorganization? How do we achieve results that will really be felt in the outside world? These are the kinds of questions we'll address in this chapter.

WHY DO WE NEED TO DEFINE A CHANGE STRATEGY?

Making decisions, also when it comes to change strategy, leads to clarity and action. You don't want to be paralyzed by all the possible approaches you might choose, but to act decisively. This also allows you to communicate a clear story to the organization and other stakeholders.

Every change strategy has its advantages and disadvantages. By making a clear choice, the risks also become clear, so that the right measures can be taken and there's a greater chance of success.

CASE STUDY | STARTING SMALL, EVEN AFTER A YEAR OF DELIBERATION

During a transformation, a large organization made a quick decision about how the future IT department could best fit into the current organizational set-up of the business. It would certainly require change, from everyone involved, but "it'll be fine". The question about which change strategy should be chosen never came up. However, there was a theoretical discussion, which made various other uncertainties visible. A lot of the conversations were about "what if" and "let's say". A year later, all that existed was an extensive presentation with theoretical answers to all possible scenarios. After the restart of the change— with a conscious strategy: start small and start with the teams—the first IT teams were integrated into the business within a month, and the transformation was visible. Spending a long time thinking without new knowledge or experience doesn't make any sense. In this scenario, "doing" is a much better way to get started.

HOW DO YOU DEFINE THE CHANGE STRATEGY?

Consider the existing culture and external need

When consciously choosing a change strategy, you need to take the existing culture into account. This is different for every organization and even for every department. This culture influences questions like "Which change strategy is the best fit?" and "What speed of change is realistic?" If everything has gone well so far, the analysis (step 2) will have already provided more insight into this.

The need for change (step 3) will also influence the change strategy. For example, if the organization is quickly losing its relevance, it's more likely that the transformation will have to take place faster and be more radical. That wonderful market opportunity that presents itself—the one project where you'll be delivering value to a lot of customers—is an aspect to take into account when choosing the change strategy. Many successful transformations have needed that positive, external urgency to keep the transformation moving once it's started. Because it's customers who ultimately motivate us to do what we do every day.

Choose: big bang, step-by-step or evolutionary?

Most organizations in the Netherlands have already experimented with different types of agile working at a team or department level. The question often arises: how can we push the change through to the entire organization, so that the acceleration and agility of the organization increase even further?

The question is always how radically you want to implement certain changes. Broadly speaking, there are three choices: big bang, step-by-step, and evolutionary. Big bang: you target one date for the whole organization. Step-by-step: value chain by value chain, for example through quarterly workshop planning sessions for all teams in a value chain. Evolutionary: you allow the change to happen more organically.

> **Many successful transformations have needed that positive, external urgency to keep the transformation moving once it's started.**

Which one you choose depends on the strategy and the market: how much time do you have for the change? It also depends on where the organization is in its transformation, because during the transformation you'll need to keep switching your approach. For example, after a more radical change, a phase of evolution usually follows. And vice versa: after a period of evolutionary change, managing the transformation becomes more difficult, among other things, and suddenly a more radical breakthrough is needed to be able to take the next step.

In all scenarios, you'll need involvement from the top of the organization to tackle the bottlenecks effectively, at the right time, and on an organizational level. This will go hand in hand with what's happening on the team level. If there isn't enough support at the top of the organization, it's best to work on this first.

CASE STUDY | "FROM JULY 13 WE'LL BE WORKING AGILE"

In a medium-sized company, an agile transformation was implemented for the product development department. This involved a total of around two hundred employees in twenty-five teams. The product development director was responsible for the transformation.

Using a big bang approach, all teams were transformed and set up according to the different product lines. A date at the beginning of the summer marked the moment they would start working in an agile way. Some teams started earlier, others postponed it until after the summer, but it was clear from which point onward agile working would be used.

This was very helpful. This hard date, July 13, marked a specific moment and therefore provided a lot of clarity. Of course, everyone understood that you can't introduce agile from one day to the next. But, still, the expectations were clear.

About three months before July 13, the first three teams made the switch. Around this date several teams were already fully moved over to agile, and a lot more had just received training. On July 13, twelve teams started working with agile. It was the peak in the number of teams switching to agile. Then it was rolled out to the rest and by the end of October all teams had completed their transition to agile ways of working.

Although a transformation takes place in steps—never all at once—this kind of big bang date can be a powerful tool for change. Although the works council (WC) wasn't very involved, it was nice (for the WC too) that there was clarity for the employees. This made a huge difference in terms of questions and uncertainty. And it was probably also reinforced by the fact that one of the team managers was on the works council and was able to put the change in a positive light.

CASE STUDY | REALLY SMALL STEPS

A medium-sized infrastructure service provider had been experimenting with agile working in the IT department for some time. The infrastructure projects that were carried out for customers took a traditional approach. In fact, without too many problems. But the IT projects within this department had the usual setbacks: too late, too slow, and unhappy stakeholders.

At some point a plan was made to carry out both traditional and agile IT projects. Even though some people, even the leaders, saw that things could be done differently and that an agile approach could work, no real choice was made either for—or against—an agile approach in projects.

So instead of planning for a department-wide transformation, and perhaps having the courage to take a big step, they started with some small but enthusiastic steps. A few teams. Small initiatives. A few enthusiastic people were given the freedom to learn about agile theory and then try it out. Everything was voluntary and non-committal. Sessions were offered that made it easier to increase knowledge, learn, and tackle problems. A journey of discovery was started together.

Two years later, several initiatives had been taken up in this new way and there was a little more movement. Over and over again, a lot was learned, and steps were taken in the change process. Certainly with the support of the CEO, but without a decision from leadership to only work in an agile way (within IT).

The result of this approach is that now, almost six years later, about thirty teams—50 percent of the IT organization—have a mixed set-up. With specialists from operations, business, and development. SAFe® is used as a reference. The joint planning sessions from this framework (PI planning), also known as big room planning, have been particularly successful. The other half of the IT department still works in a traditional way.

Overall, the transformation has achieved the following:

- Improved planning and delivery. Thanks to the big room planning, there is more alignment between business and IT when it comes to the projects that are the current focus.
- On a strategic level, there is now more dialogue about priorities. Where previously it was mainly a case of pushing and pulling, there is now a structured way to discuss priorities between the various stakeholders.
- IT delivery has improved greatly, is more predictable, and business satisfaction is much higher.

In conclusion, it appears that the evolutionary approach has worked well. There's a lot of buy-in from the people involved. After all, it has always been a choice, which creates a natural pull factor.

The effects of the transformation have also generally been very positive, so the learning process is ongoing. Small steps are always being taken in the transformation. Based on the conviction that agile transformations are mainly about increasing the adaptability of an organization, this is perhaps the greatest success.

But setting up thirty agile teams over almost six years is not that fast. To make this kind of change, you need to take a deep breath. The leaders of this transformation also don't have the mandate to make structural changes. Even with this transformation, there are still people who are not (yet) convinced that incremental working is the right way to go. The lack of mandate among the current leaders of the transformation means that it's relatively easy to avoid. Only time will tell if this will change.
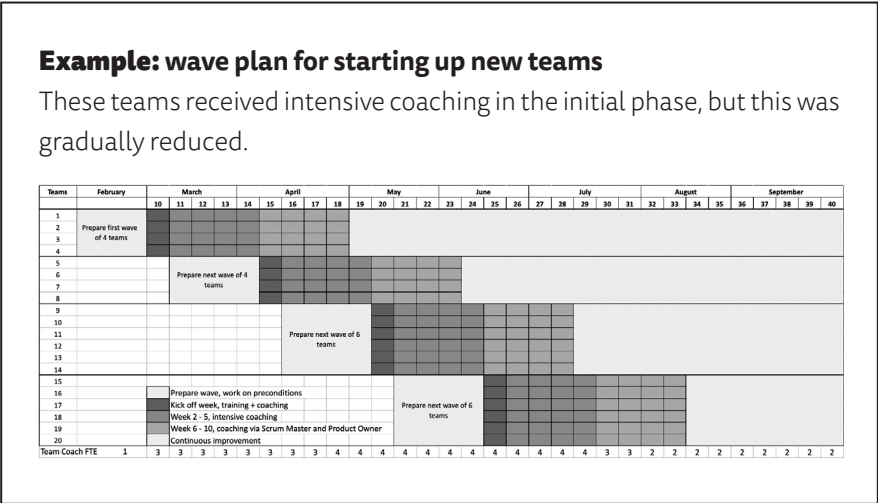
Consider working in waves

In some transformations, we've applied the concept of wave planning for a step-by-step rollout. This is especially relevant if a lot of teams are started up more or less at the same time and the amount of support the organization can provide is limited.

In this approach, a group of teams is called a wave and they are started up at the same time. This begins with a kick-off phase, which mainly involves putting the team together and learning about the new ways of working, through training and experimentation. The following weeks see intensive guidance from experienced coaches. Support is gradually phased out, and the team, including scrum master and product owner, takes over independently.

Depending on the results of the analysis (step 2) and the desired maturity (depth of the transformation), an estimate can be made of the support offered and the lead time of each wave. Based on this, you can make a wave plan. The lead time per team is often two to six months.

Before the start of the next wave, schedule a review session so that you can take learnings here too, and make the next wave even better and more accurate. If there is little agile experience, or if the transformation is still in the phase of experimenting with the organizational model or strategy, make this clearly visible in the wave plan. It will immediately explain why the scope of the first wave is a bit smaller than the later waves.

Example: wave plan for starting up new teams
These teams received intensive coaching in the initial phase, but this was gradually reduced.

Collaborate with the works council

Reorganization is a regular part of an agile transformation. This is because certain roles may no longer be needed in the new organization. A new way of working also requires a different mindset and skills, and there won't be a match for everyone. It's an effective way to bring about the more radical changes in a transformation. However, it has a major impact on employees.

It leads to a period of uncertainty and also a mourning phase for both the colleagues who are leaving and those who are staying. Handle this with care. There must be a mutual understanding in the relationship between management, the transformation team, and the works council. We'll come back to this in part C, adoption topic 1, talent development.

CASE STUDY | MULTINATIONAL—BIG BANG(S) AND ALWAYS WITH A REORGANIZATION

Structural agile working was introduced in a large international company. At first, just for the Dutch IT department, later across the whole of the Netherlands, and then also internationally. This company chose to carry out each step of the transformation using a reorganization.

First, a blueprint was made of how the organization would look after the transformation step, with numbers of positions and exact roles, such as team member, coach, and product owner. This blueprint was approved by the works council (WC). Then everyone within the scope of the transformation step was allowed to apply for the new positions. The WC always provided a good training budget for those who wanted to stay, so that they could properly prepare for the new role and meet the requirements of the new positions. A good redundancy package was made available for those who didn't want to or weren't able to stay. Each reorganization was combined with a reduction in the number of jobs, from which the costs for each reorganization, including the training budget and redundancy packages, were paid. There was always a kind of D-day: the day on which the new organiza-

tion started. That was also the moment to take note that not everyone was still there, and that it was possible to look to the future with a fresh pair of eyes.

Although this was sometimes a harsh way to carry out an agile transformation, there was clearly momentum and change in this organization as well. The company was used to reorganizations, so they had all the processes in place. Likewise, a more evolutionary—or agile—way of changing was not what people were used to. There were too many people with too many opinions. There were also supervisors who struggled with the fact that the changes weren't also being applied to governance. In this situation, a top-down reorganization was simply the best and fastest solution.

It took a while for the coach and transformation consultant to get used to this. A reorganization in fact always goes hand in hand with fear, disappointment, and loss. These aren't the emotions you want if you're aiming for enthusiastic change. After the announcement of a reorganization there was always a period when things weren't much fun. An atmosphere of "mourning" dominated. But because of the big bang with a clear start date, there was also a clear moment for new energy.

As coaches, we were able to influence how a reorganization would go. For example, in collaboration with the WC, we were able to get people organizing the teams themselves. Putting the teams together—who is in which team—was done during a joint event with hundreds of people, using iterations and "market stalls". This meant that, on the first day of the new way of working, a new set-up could be started immediately, based on the autonomy of the people and the teams.

Define how deep you want the change to be

Another aspect is the depth of the change. In step 1, the change impact matrix was introduced (see page 50), showing that choices can also be made in this matrix. Are you going for a more superficial change to processes and ways of working, or are you going straight for deeper changes in, for example, attitude

and behavior? The deeper you go into this, the more profound the effects of the transformation will be. However, this also demands more from both the transformation team and the organization.

It means, for example, that scrum masters, coaches, and team leads also need more advanced coaching skills to encourage the right kind of behavior, and to notice and influence deeper team and organizational dynamics.

Get started

Consider the following concrete steps related to change strategy:

☐ Decide if you want to change in an evolutionary way, or in more radical steps.
☐ Define how deeply you want the change to take place.
☐ Choose whether to use a wave plan or reorganizations and set these up.
☐ Involve the hierarchy in the transformation.
☐ Communicate the chosen approach.
☐ Choose a change strategy and gradually learn whether you need to adapt it.

STEP 6 STRATEGY: MAKE A TRANSFORMATION ROADMAP

INTRODUCTION

To know the status and planned change actions of a transformation, you need to have a common picture. In terms of a way to present this, we use a transformation roadmap. This roadmap provides enough detail to know what's happening now, what is still to come, and what has already happened, but it's also not an extensive and detailed plan that you need to spend lots of time on to keep it updated. In practice, the change will turn out differently than you expected, so don't spend too much time planning your transformation in detail.

In contrast to a backlog, a roadmap contains a time element. With the help of the roadmap, you can tell a story about what has happened and what is still to come. This helps clarify expectations for the future. As a result, the organization is included in the change.

WHY DO WE NEED TO MAKE A TRANSFORMATION ROADMAP?

Goal 1. It's a communication tool

The transformation roadmap is a means of communication during the change. The needed changes can't all be made at the same time but will be spread out.

It helps to include the rest of the organization in this. It makes it clear that a certain change will take place, just not yet, which gives peace of mind.

Goal 2. It gives focus
By making choices—what will take place when and what won't take place yet—the transformation roadmap provides focus. Just like any team, a transformation team is more successful if it doesn't work on too many things at the same time, but instead works together on one or two change or adoption topics. This is much more enjoyable for everyone involved as they aren't frustrated by all the changes happening at the same time and can instead focus on their day-to-day work and carry out improvements step by step.

Goal 3. It gets the organization engaged
By having a clear plan, it also becomes clear to the organization what the intention is and how everyone can contribute. In other words, it creates engagement. The transformation team needs to help the organization feel engaged here. If it takes charge too much and prescribes changes too specifically, this will lead people in the organization to simply await, or even resist, the changes. Instead, it's better to introduce changes using this concept: "practice (Shu)", "do together (Ha)", and "do yourself (Ri)". This leads to the changes gradually being adopted by the organization (see also part C of this book). A change has only really been successful when a new habit is formed that employees stick to without help from the transformation team.

> **A change has only really been successful when a new habit is formed that employees stick to without help from the transformation team.**

### Goal 4. It gives permission to start
In many organizations, an approved plan is needed to get budget. In very hierarchical, siloed organizations a transformation roadmap can also help create trust and get the necessary cooperation from those involved. A transformation roadmap offers enough confidence to move forward with as a "plan" but is flexible enough to stay agile.

Goal 5. It makes progress visible

This kind of roadmap is a way to measure progress throughout the transformation. How far are we? Is it going faster or slower than expected? Are we achieving our goals? See also step 8 on measuring progress.

HOW DO YOU MAKE A TRANSFORMATION ROADMAP?

A transformation roadmap for an agile organization should focus less on well-thought-out tasks, and more on the result you want to achieve. That's why we use an approach inspired by the "improvement kata" from *Toyota Kata* (Mike Rother) and the Improvement Theme poster by Jimmy Janlén.
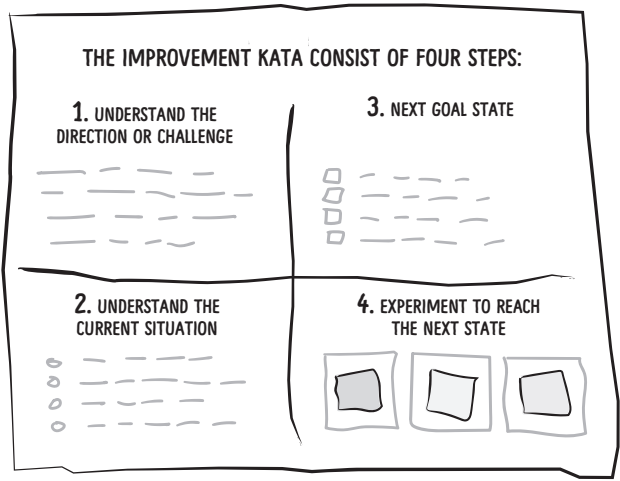
Choose the themes

Decide which areas will undergo changes to reach the new agile organization. Common themes are: structure, culture, communication, talent development, leadership, strategic direction, financing, compliance, measuring and alignment, and technology. See part C for an in-depth look at these themes.

For each theme, define "awesome"

For each of the chosen themes, decide on the ideal final ("awesome") state. This should be challenging and realistic, i.e. achievable but not easy. For example, for the leadership theme: the leadership team offers an ideal environment for high-performing, self-organizing teams. Be as specific as possible in order to

challenge each other about this "awesome" state. In the above example, what is an "ideal environment"? And what is meant by "high-performing teams"? What you define now may well turn out to be different later, but it's smart to talk about expectations as often as possible. Having a conversation about the "awesome" state is a good opportunity to do that.

Decide on the next goal state

From the current state, define what the next goal state is. Focus on results rather than actions. So not: we all want to do this. But instead: what do we want to achieve? Think of it like mountain climbers reaching the next base camp. We often go for three months as the timescale here. For the leadership theme this could be, for example: leaders bring self-organizing teams to the next agile maturity level. To achieve this next goal, certain activities will take place. For example: organizing agile leadership training, creating a leadership team manifesto, pushing back on administrative tasks for leaders, setting up an intervision session for the leadership team. These types of activities all have their place, but on the transformation backlog rather than the transformation roadmap.

Define how you're going to measure progress

Decide how to measure whether the steps on the roadmap are actually helping you get closer to the result you want. How can you regularly assess whether the goal is being achieved? In the leadership example, this could be measured now and again using a questionnaire to see whether the teams feel the difference. For example: do they agree that an ideal environment has been created for high-performing, self-organizing teams, and do they also see the expectations that the leadership team has of this ideal environment?

By regularly collecting this feedback, both quantitatively and qualitatively, you can keep adapting until you achieve the result you want. Often, the path to achieving the goal turns out to be slightly different than what was originally planned. See also step 8 (page 119).

> **Often, the path to achieving the goal turns out to be slightly different than what was originally planned.**

Give insight into what's coming later

Additional themes are often also added to the roadmap. These are things that won't be worked on in the short term, but which do deserve some attention. For the HR theme, for example, completely redoing the job evaluation system is usually not the very first step, but it will certainly be looked at. A transformation usually takes several years, so it's good to show these extra themes on the roadmap too. It indicates an awareness that something will happen, just not yet. This has the additional effect that the stakeholders who are specifically waiting for this item can see that they haven't been forgotten, and roughly when the theme will be tackled.

Communicate the transformation roadmap

To be able to communicate the transformation roadmap, it's a good idea to make it publicly accessible and visible. This can easily be done by, for example, making a physical copy using a flip chart and post-its or stickers. Then hang it up in a communal area of the building, so that everyone will come across the roadmap or know where to find it. The roadmap is transparent, everyone can read it, and everyone can and may ask questions about it. If your organization has started working more virtually, you could create a version in your tooling of choice and regularly share it, for instance during a sprint review of the transformation team. You can also collect feedback about it in other ways. A physical suggestions box or email account is easy to create.

As with all communication about change, it's better to communicate too much than too little. It therefore helps if the transformation roadmap also appears in videos and company-wide presentations. The transformation team needs to lead by example, so use the communication about the roadmap as an opportunity for transparency, inspection, and adaptation.

Example: transformation roadmap presented in an improvement kata

CASE STUDY | THE FIRST TRANSFORMATION ROADMAP AND DEVELOPING IT FURTHER

In a medium-sized organization, the transformation team consisted of a mix of internal and external members. With a range of different backgrounds, styles, and personalities, they had to find some common ground to reach a shared transformation goal.

By working in a sprint cadence—every two weeks (at the start even once a week) a review, retrospective, and planning—the transformation team quickly made a lot of valuable agreements. As a result, cooperation also improved quickly, and the transformation team was able to respond well to what was needed.

However, the images about what would happen in, say, three or six months' time, differed or were even completely absent for some members of the transformation team. This made it difficult to explain to the agile teams in the organization where they were on the transformation journey. And what would come next.

A longer session was scheduled to make a roadmap. The first step was to share images of what should happen in the following years, based on each person's personal experience. These were written on post-its and stuck on the wall. The next step was to group these into themes, such as measuring value and encouraging a feedback culture. The third step was to plot these over time. The teams were still in the start-up phase at that point, so they had to look realistically at what was achievable in the following quarters and beyond.

This joint view helped immediately. It allowed more transformation team members to take the lead on topics that they all agreed were the most important.

Two months later, it turned out that it was time for a next step. The transformation had clearly progressed, resulting in some new themes appearing. This second time, a change model for agile organizations was used as a stepping stone, and the "awesome" state for each theme was decided on together. The aim was to make the organization less and less dependent on the transformation team and on external consultants. Therefore, each "awesome" state included how the organization itself would make a habit of a higher maturity level, without needing the help of a transformation team (member).

As a result, the transformation roadmap grew as the organization progressed through the transformation. It helped with agreements within the transformation team, but also with the story to the rest of the organization.

Work with the transformation roadmap

Making the transformation roadmap visual and available is one thing. Keeping it alive and working with it is another. On a regular basis, take a critical look at the relevance, priority, and progress of the themes. Additional topics that are difficult to place under existing themes may appear. This is only natural, because changes will be discovered that weren't considered at all at the beginning.

Try to limit the number of different themes (the lanes on the roadmap). A transformation roadmap usually has a maximum of ten themes, and only about three of these can be worked on at the same time. If a whole new theme emerges with a high priority, remove at least one other theme or try to merge two other themes (of lower priority). Just making the transformation roadmap bigger and broader won't help you implement it. What will help is creating more focus by doing less. Regularly taking a calm and thoughtful look at what currently belongs on the transformation roadmap is therefore also part of this step.

> **Just making the transformation roadmap bigger and broader won't help you implement it. What will help is creating more focus by doing less.**

It sometimes helps to consider what the impact will be if a theme is postponed. Topics that have a high sense of urgency or priority often turn out to be not all that important. It's relatively easy to find this out by asking what would happen if they're delayed. This also creates time and space for things that shouldn't or cannot be postponed. The themes are placed on the roadmap lanes in order of relevance from top to bottom. As a result, the most important work is always at the top.

We then look at what will be achieved in the following months for each individual theme. In advance, put them in a rough order within the quarter, for example by spreading them over the months. This also makes sequential or interdependent activities clear. It also quickly becomes clear whether it's all doable. If it's not, then adapt the roadmap by shifting work down, splitting it up, making it smaller, or perhaps even scrapping it altogether. Try not to think too much in tasks but instead in results: think about what you want to achieve instead of what you're going to do. It's not necessarily wrong if concrete tasks come out of this exercise but try to rewrite them into a result or effect.

You want the transformation team to determine how results are achieved at the last minute and not too far in advance. Don't just look at the next quarter, but also roughly fill in the quarters that follow. Ultimately there's only one plan and that's the roadmap. If it's not on the roadmap, it's not going to happen. Look for agreement within the transformation team in terms of feasibility and correctness. The idea is that the whole transformation team is behind the roadmap, can commit to it, and can explain it.

CASE STUDY | TRANSFORMATION ROADMAP FROM, FOR, AND BY LINE MANAGEMENT

The transformation of a large IT department of more than five hundred employees was carried out by line management. This management team (MT) was new. The line managers had to apply for the role and for about half of them this was their first experience in the position. As an MT, they decided to work agile from day one, using a roadmap for each quarter and one-week sprints. They made their roadmap every quarter during a two-day offsite, after which it hung transparently on the wall at the department entrance. Each week they made a plan by assigning a number of tasks to that week and moving them from "to do" to "busy" to "done". Every first day of the week, they held a short (fifteen-minute) stand-up by their board, which was accessible and visible to every employee. This was how they tackled the changes together as a new MT. Not just for the agile transformation, but for all their work. So the operational tasks that still needed to be done—often from the old set-up—were also made visible on their roadmap and sprint board.

For the implementation of longer-term themes, such as starting up agile teams, or setting up continuous delivery, someone was temporarily added to the MT to give them an extra pair of hands.

Getting this team into a cadence was pretty easy. Most were familiar with Scrum and realized that it would be much easier to introduce agile if they also did it themselves. Another advantage was that the

MT members who were new to agile gained that experience. This also helped when it came to communicating with their own teams.

The transparency of the roadmap and the clarity about what the MT was currently doing helped a lot. In addition to the transformation roadmap with themes and the sprint backlog for the current week's work, the board also had a priority lane for blockers—things that were stopping the MT and the teams from getting work done. The board also contained an overview of metrics. This made it transparent whether the transformation was making progress and whether this was being reflected in the department figures. The quality of the systems was critical here: demonstrating that the number of problems on production was decreasing turned out to be a good way to justify the transformation.

The lane for blockers was open to everyone. This means that every employee was allowed to put an impediment on the MT board. There were spaces for up to ten blockers, but they were never all full at the same time. This team delivered a clear message that its job was to help the teams. If there were more than five blockers, the whole team would focus on resolving them to enable the teams to move forward again.

This transparent approach to the roadmap, the role of management, and the behavior shown by them were very effective. After all, the transformation team consisted entirely of current line managers who at the end of the day were also being evaluated on performance improvements.

Get started

Ready to get started making a transformation roadmap? Then consider the following concrete steps:

☐ Define the main themes for the transformation roadmap.
☐ Describe the "awesome" state for each theme.
☐ Choose the next goal that can achieved in the short term (within three months).
☐ Decide how you're going to measure whether the goal is being achieved.
☐ Decide what to do first and what to do later.
☐ Make the transformation roadmap visual and preferably hang it on a wall.
☐ Communicate the transformation roadmap and regularly collect feedback.

STEP 7 EXECUTION: SHORT ITERATIONS

INTRODUCTION

By planning the transformation and creating a vision for it, it will head in the right direction. After that, it's about implementing it effectively. During this implementation, those involved regularly coordinate and adapt their plans based on what they learn.

WHY DO WE NEED TO CARRY OUT THE TRANSFORMATION ITERATIVELY?

Carrying out an agile transformation is a complex activity. By this we mean that there is relatively little predictability in the implementation. At the start there are more unknowns than knowns. Complexity and unpredictability cannot be controlled by detailed plans. This kind of transformation never goes to plan.

Goal 1. It creates the habit of regularly adapting

What *can* control complexity and unpredictability are iterations. Take small steps and learn by doing. Agile transformations are all about people and their change in behavior. It's impossible to fully predict in advance which teams will pick up the changes easily and which teams will find them more difficult.

There are also differences in how support is received: how well does training go down, how much is a scrum master accepted by a team, what is the impact of a message during a big company meeting? You think you already know the effects of what you're doing—or rather, you hope to achieve those effects—but things usually turn out slightly differently.

That's why it's important to detect signals about the effectiveness of the transformation initiatives, discuss them with each other, and adapt the plans accordingly. This alignment allows the transformation team to act as one entity and makes the story of the transformation clearer. Just like a scrum team, a transformation team is all about transparency, inspecting, and adapting. By creating openness about the progress of the plans and by regularly adapting, you can continue to do the right things together. Focus on (small) changes and measurable results or effects.

> **Would you really listen to a fitness instructor who was out of shape?**

Goal 2. It fosters confidence
The results achieved are good for inspecting and adapting, but they also foster confidence in the transformation. First, the small steps are good for controlling and limiting risk—even if you do something "wrong", or if the results aren't what you wanted, the loss or risk isn't that great. Second, making results transparent also demonstrates success. These successes are the driving force for every organizational change: once you've had a taste of success, you always want more.

Goal 3. It makes you set an example
Realize that by taking an iterative approach you're also leading by example in the organization. Others will see what steps are being taken and how, and naturally adopt this good habit. It also influences how much you're accepted as a change agent. Would you really listen to a fitness instructor who was out of shape? But this doesn't mean you need to be the perfect example. Making mistakes as a transformation team—being brave enough to show them and learn from them—is just as good when it comes to exemplary behavior to help the transformation.

The risk you run if you carry out the transformation according to a plan and not iteratively is that the plans and activities will get out of sync with the actual change and needs. Let's say you and various other smart people have put your heads together and thought carefully about the ideal organizational model, with the accompanying maturity matrix. If this model doesn't work in practice or isn't accepted by the people involved, you'll never achieve the intended effects. Therefore, continue to indicate as specifically as possible what the effect of the initiatives is, and adapt accordingly. No matter how wise you are, you'll never be able to plan everything in advance so that it "just needs to be implemented". Otherwise, you wouldn't learn anything by doing, and we know that's exactly how we learn, especially if it's complex. So: an agile transformation must be carried out iteratively!

CASE STUDY | TRANSFORMATION OF 160 OPERATIONS EMPLOYEES

An experienced manager in a large organization had the opportunity to reorganize his department. A new way of working, a new management team. Although it wasn't about development teams, but about teams responsible for maintenance, the manager was convinced that agile working would be beneficial for these teams. Here, too, operations were under pressure: more work needed to be done with fewer resources. There was an expectation that the results they were looking for could be achieved by bringing back more ownership and pride into the teams, setting clear priorities, and making people responsible for organizing their own work.

The transformation backlog was created together with the management team. What did they need to do to get eighteen teams working and (especially) thinking differently?

A decision was made to start with three teams at the same time and to evaluate after four weeks. Based on the lessons learned from these teams, they were able to look at the best next step for and with other teams.

This approach had several advantages. The cautious start allowed operations to continue as normal. Only a small section of the whole department was being transformed. As a result, the risk of, for example, operational failure was much smaller. Every time a new agile team was started up, the experiences with the other teams could also be used. Everyone could see how the others were working and share solutions for a lot of practical problems. This was certainly also the case for the coaches who were providing support. For operations in a highly technical, hardware-heavy environment, the usual software development examples didn't apply, so it made sense to learn quickly from the problems this kind of environment presents.

There were also drawbacks. By always working with a small number of teams and learning from them, it took several teams a good six months before they also received support and were able to organize themselves differently. Some teams found that very annoying, made a start themselves, and picked up bad habits. Other teams thought it wasn't so bad, as they got the chance to continue their work in the same way as before, but therefore didn't really change. There was also a lot of resistance to change among the last teams: "Everything's fine as it is!"

During the transformation, we learned that team motivation plays a major role in the choices you make. Let the motivated teams make their own start but give them enough of a framework so they don't come up with initiatives that will later need to change. The teams where you expect the most resistance are the ones you need to coach as early as possible. This requires regular adjustment to the order in which you onboard agile teams, based on inspection and adaptation.

HOW DO YOU CARRY OUT A TRANSFORMATION ITERATIVELY?

Ensure commitment in the transformation team

A transformation is not something you just do on the side. Ensure that the members of the transformation team have the time to dedicate to it. They

must also be able to collaborate with each other. One of the ways to facilitate this is to reserve a fixed part of the day in everyone's agendas. During that reserved time, the agreement is to always sit together and work on the transformation. At the start it might be difficult to get everyone to attend, but agendas will quickly adapt to the commitment.

Also provide enough support. (External) support and experience can quickly help a busy management team that is also responsible for the transformation become much more effective. Another great tip: see which events (sprint planning, sprint retrospective, refinement, sprint review) can act as a replacement for other recurring meetings. Lots of agendas are full of "1-2-1s". When you dig a bit deeper, it turns out that these are conversations with stakeholders about the quality of products or services, and coaching conversations to improve collaboration. It's certainly not that every 1-2-1 needs to be canceled, but many of these kinds of conversations can be partially or completely replaced by one of the new events.

CASE STUDY | TRANSFORMATION TEAM WORKS ITERATIVELY BUT WITH A LACK OF INFLUENCE

In a government organization, a transformation team gradually emerged and started working in a fortnightly cadence. A sprint change-over was done on a fixed afternoon of the week. A week later, the same afternoon was used for collaboration and refining the transformation backlog.

The goal of the transformation was to improve the flow of work through the organization. To achieve this, the transformation team was involved in a wide range of activities such as agile basic training, coaching of a large number of teams, and setting up a portfolio wall.

The progress made was discussed at the biweekly sprint review. In addition, progress was discussed in the steering committee, which reported in writing to the Executive Board.

The basis for agile maturity quickly increased measurably. Partly because of this, the realization grew that most teams couldn't deliver any direct customer value because there were big dependencies due to the siloed structure of the organization.

The portfolio wall also made it transparent that many—approximately thirty—epics were being worked on at the same time and that each epic had a long lead time. This created the tendency to already get started on even more new epics. At least it was keeping everyone busy: it was taking so long to finish an epic in this organization. As a result, it became harder to see the focus as it was fading away quicker and quicker.

To make it even more complex, most of the team only had four hours a week available for the transformation, in addition to their regular work. Due to this lack of mandate and influence from the transformation team, the necessary fundamental changes couldn't be implemented immediately. For example, the organization continued to muddle through with a lack of focus: for a much longer period than was necessary, little to no value was delivered.

Working iteratively doesn't immediately solve the many challenges that a transformation team faces, but it does make them transparent. It is also essential for the implementation of the transformation that the team is available to respond to these.

Work as a scrum team

As mentioned, a transformation is complex. This makes the Scrum framework an excellent basis for the transformation team. Each iteration, the team delivers a small piece of organizational change. The team therefore also includes a product owner for the transformation (the transformation owner) and a scrum master. The scrum master ensures that the whole team is continuously and consciously implementing the transformation and delivering results in small steps.

One of the first choices you need to make when working with the Scrum framework is the length of a sprint. What will the cadence be? When setting up a sprint cadence, keep in mind that the transformation team learns faster than the rest of the organization. If the teams mainly work in a biweekly sprint cadence, choose one or two weeks for the transformation team. As with any scrum team, the ideal sprint length is related to the unpredictability of the work. To reduce risks, you therefore want to use a shorter cadence in the unpredictable, stormy phases. This is usually the case at least at the beginning of the transformation, but it can also be useful if there are major changes or disruptions in other organizational units, or if something changes in the market causing major external changes. For example, healthcare privatization in the Netherlands has had a major impact, even on companies that already started on their transformation a while ago. In this scenario, it's a good idea to increase the transformation cadence again later.

CASE STUDY | TRANSFORMATION TEAM WITH A SPRINT LENGTH OF FOUR WEEKS THEN ONE WEEK

In a medium-sized company, an agile transformation was implemented for the product development department. This involved a total of around two hundred employees in twenty-five teams. The product development director was responsible for the transformation.

A transformation team was set up in which the director took on the role of transformation owner. Every four weeks, this team, made up of external coaches and internal managers, would create a backlog for the next four weeks: which teams, the how and who of the coaching, which changes, which training sessions? Every other day, a short meeting was held to discuss progress.

The work almost always went differently than expected. Teams got stuck, requests for help came in from other teams, and blockers had to be resolved quickly, at the expense of the planned work. The result: in every four-week sprint, only half of the planned work was completed. Over the course of four weeks, there were too many moving parts to be able to plan.

Over time it became clear: one of the fundamental problems was that the teams themselves were working in two-week sprints. So if a problem was found, the transformation team had to either tackle it immediately—then it disrupted their own sprint—or put it on the backlog for a later sprint. The consequence of the latter was: if a solution was found, the development teams themselves were sometimes three sprints ahead, so they saw this as too little too late.

The solution was for the transformation team to work in one-week sprints. Looking a week ahead turned out to be much more realistic and easier to plan than the four-week cycle. Ad hoc tasks and operational work also became easier to plan. Anything blocking the development teams could also often be resolved within their current sprint. We learned a lot from this: as a transformation team it's better for you to be faster and more agile than the teams you're supporting. Weekly sprints are therefore almost a must-have to create a healthy cadence for a transformation team.

Create a cadence with sprint changeovers, refinement, and collaboration

A sprint changeover for the transformation team can be done with the usual Scrum events: daily scrum, sprint review, sprint retrospective, and then sprint planning. It helps to emphasize the why at the beginning of each of these events:

- Daily scrum goal: to be in continuous control of the current sprint. Are we going to deliver what we had in mind? What might be stopping us? How can we remove these blockers?
- Sprint review goal: look back at what has been achieved in the transformation and look ahead using the transformation backlog. What is the effect of the steps achieved? Adjust the backlog if necessary. Also use the sprint review to get feedback from stakeholders, both employees and management—so make the review public and specifically invite stakeholders.
- Sprint retrospective goal: look back at the ways of working together during the last sprint. What can you change to be more successful together?

- Sprint planning goal: what is the goal for the next sprint and what is the team going to do to achieve this?

You will certainly want to involve stakeholders in the sprint review. This transparency about what has been achieved generates buy-in for what is still to come. Stakeholders can also provide valuable feedback on the plans and on what they see happening in the organization.

When you're working iteratively, you also need to emphasize that your transformation backlog is not automatically updated. This takes time and energy. For example, plan a refinement session halfway through the sprint and use this time to work out the next steps of the transformation together. By giving this the attention it deserves, everyone in the team can take ownership and contribute to the goals you want to achieve together.

Chop the roadmap up into small, concrete pieces of work

The transformation roadmap that was created in step 6 probably has a lot of themes that can be worked on. Here too, making choices is key. As a team, choose a maximum of three themes for the coming period. For these themes, decide on the concrete steps needed to achieve the next goal. Don't think about everything that's needed, just about the bare minimum that could work. These steps are taken up by the transformation team and evaluated again and again. Do whatever you can to take small, concrete steps, instead of expressing long-term wishes and goals, but never achieving them.

Now and then take a step back to inspect overall progress

The cadence during a transformation isn't just about short iterations of change, but also about giving you the time to think more about the overarching larger steps in a transformation. One way to regularly reflect on the overall progress and direction of the transformation is to have a workshop (one or two days) with the transformation team every quarter. Feel free to also invite stakeholders to get input from outside the transformation team. This can become even more powerful if you use the results of a repeat of the analysis and metrics (see steps 2 and 8).

Get started

Ready to get started with implementing in iterations? Then consider the following concrete steps:

☐ Rethink who is part of the transformation team.

☐ Decide who will take on the role of transformation owner.

☐ Provide a coach for the transformation team.

☐ Make explicit agreements about everyone's engagement: more than 70 percent commitment is ideal.

☐ Schedule the cadence of the transformation team.

☐ Decide on the opportunities to review and reflect on the transformation.

☐ Make a start, then keep learning and improving, also about the cadence you've chosen.

STEP 8 EXECUTION: MEASURE PROGRESS

INTRODUCTION

Agile transformations take a long time and always go differently than expected. To achieve the results you want, you need to make regular adjustments. The more quantitative you can make these adjustments, the more successful they'll be. At the same time, this is difficult, because it's about people and behavior. It's much easier to express concrete business results in numbers than progress in these two areas. Nevertheless, there are a variety of ways to gain insight into the effect the transformation is having. These insights in turn provide evidence that the change is being successful. Based on this, you can then move forward with the transformation, or at least maintain the momentum.

WHY DO WE NEED TO MEASURE THE PROGRESS OF THE TRANSFORMATION?

A transformation team makes assumptions based on the information they have at the time. This information often reaches the transformation team in a random way: people chatting at the coffee machine, someone sending a concerned email, or noticing things during a workshop. These kinds of insights are always colored. But they're also natural, and quite a few adjustments can already be made based on this information.

However, there are some issues with this approach. As a transformation team, you're always creating your own version of the truth, but without a full set of information. It's also unclear or unknown where the knowledge you have deviates from what's really going on in the organization. If someone asks critical questions about how the transformation is going, you don't have many hard facts to fall back on.

> **The most powerful approach enables people to see the results of the transformation directly in the results achieved with the product or for the value chain in the outside world.**

By proactively measuring, you create factual insight into the progress, and you learn to define the true picture. This is also what's expected of the teams, so this is another opportunity to lead by example.

HOW DO YOU MEASURE THE PROGRESS OF THE TRANSFORMATION?

Exactly *how* to measure depends on the timing, the organization, department, or even the team. It's impossible to be very prescriptive here. However, based on the practical experience we've built up over the years in creating transparency in agile transformations, we can give examples and make suggestions. The trick is to choose the most relevant approach from the various options.

Make the external results of the organization measurable and transparent

The most powerful approach enables people to see the results of the transformation directly in the results achieved with the product or for the value chain in the outside world. These can be split up into value for the organization itself, for customers, and for society. And they include financial results (turnover, growth, market share, margin, and conversion) as well as customer satisfaction and impact on society as a whole. Every organization and every product owner will have to decide for themselves which value carries the most weight and when, for example by drawing up a "definition of value".

Sometimes an organization will also choose to have less ambitious financial goals for a while, because the transformation is also seen as an investment in adding value in a completely different way in the future. Much of the real impact of a transformation will often only really become clear after a few years.

To make the external results transparent, you could create a dashboard or set up an area in an "obeya" room (Japanese for "large room"), as described in adoption topic 4, measurement and alignment, on page 177. This section also includes practical ways to set up metrics, such as using OKRs (objectives and key results).

Make the internal progress and impact of the transformation measurable and transparent
Internal metrics can also be a good way to make the progress and impact of the transformation measurable and transparent. Examples of these indicators are energy/happiness (of teams and stakeholders), time to learn (experiment speed), team status (e.g. maturity or change potential), and focus factor (to what degree only one thing at a time is being worked on).

A useful way to choose metrics that align with your transformation goals is to work with OKRs (see page 181). In addition to transformation OKRs, each team can also define its own OKRs so that you're always using the best metrics to demonstrate whether the goals are being achieved.

Here, too, an obeya room is a good place to make the results transparent. It's worth mentioning that a combination of both types of metrics, internal *and* external, is needed for a successful transformation. If you use too many of one or the other, this can impact buy-in, as can be seen in the following case study.

CASE STUDY | FROM PROGRESS TO IMPACT OF THE TRANSFORMATION

During a transformation of a department in a large international organization, the focus of the transformation team was on the start-up and (agile) development of the teams. In total, there were eighty teams that

would work with the Scrum framework over a period of twelve months. All teams were focused on supporting internal processes and delivering systems to other departments. Since the "customers" of these teams were mainly other departments (i.e. colleagues), it was mainly the managers of this department who needed to be in control. If problems occurred, they wanted to be able to prove that it wasn't their fault. This was rooted in the past: problems had always been blamed on them, while the causes were almost always beyond their control.

The big advantage of agile working here was that the product owners would come from the other departments: this would mean more constructive collaboration. To be able to respond quickly to questions and ideas from the departments, stable teams were set up that focused on supporting one department and the system.

The metrics mainly focused on internal progress and impact. How many teams have already started and to what extent is it going according to plan? A huge obeya room was set up. In this room, they maintained the status of twenty-five criteria per team. Team trained? Product owner in place? Product owner trained? Basic Scrum being used? Energy and happiness of the team? ...and of the product owner? And so on. Step by step, the level of the teams was raised. Each criterion for each team was on a separate post-it. Eighty teams, twenty-five criteria per team ... well, you do the math. The room was covered in post-its.

While walking around the teams with a board member (known as a "Gemba walk"), the following question was always asked: yes, but what is this achieving, what impact is the team having? This led to a lot of frustration for the transformation manager. After all, all the internal progress indicators in his obeya room were green, which meant the transformation was going really well! But the only questions that got asked were about external impact.

One of the coaches immediately made a poster with the main transformation indicators on: lead time, quality, and customer satisfaction. Statistics were shown over time for each of their "customer" depart-

ments. Two months later, the department director said he was so happy with this poster. He had been getting questions about the costs versus the benefits of the agile transformation, mainly from his CFO. Using the external indicators, he was able to easily demonstrate that the lead time and, above all, the quality of the systems had increased significantly. Comparing this to the investment in the agile transformation gave a very positive return, which meant the CFO had stopped asking questions.

Looking back, we could have brought transparency to this impact much earlier. Often everyone you work closely with is so enthusiastic about the transformation that you forget to measure the external impact. However, many people in the wider business don't see or feel this impact directly.

Make sure there's a balance between leading and lagging indicators

Some indicators are about end results. These are the lagging indicators: they show which results have or have not been achieved. They essentially show the effectiveness of past actions.

Other indicators are more predictive. They show you whether things are heading in the right direction. These are the leading indicators. If they're positive, the lagging indicators will probably also be positive. As a simple analogy, weight loss (i.e. a person losing weight) is a long-term outcome that shows whether past actions have been effective (lagging). Leading indicators in weight loss might include lower calorie intake and more frequent exercise.

Try to monitor the balance between leading and lagging indicators in agile transformations. Too many lagging indicators give little room to learn from the present. But by focusing too much on leading indicators, you lose sight of the bigger picture. Examples of lagging indicators in agile transformations are market share and customer satisfaction, while examples of leading indicators are release frequency and team satisfaction. Whether or not you use leading and lagging indicators also depends on the maturity of the organization. More mature teams are often the most capable of creating their own leading indicators aligned to the lagging indicators.

Create awareness, even for the less measurable results

Maintaining energy in an agile transformation is crucial. It often starts enthusiastically because people clearly see and feel the need for change. But if the results aren't achieved and the impact of the effort isn't felt, a transformation quickly loses momentum. And that's a shame. It's also why the approach in this book is based on iterative transformations. These short cycles of improvement make interim results visible much earlier.

However, this doesn't mean that everyone involved sees and experiences this. Measuring progress (especially getting started with it) is also just difficult sometimes. A successful result in one part of an organization usually goes unnoticed elsewhere. A good result within a team won't encourage other teams to achieve the same if they don't know anything about it. Therefore, when setting up a transformation, whatever time you allow for the changes, allow the same again (if not more) for making the results visible, and celebrating them.

> **Therefore, when setting up a transformation, whatever time you allow for the changes, allow the same again (if not more) for making the results visible, and celebrating them.**

You could use a company-wide session for this, or a sprint review of the transformation team. Keep these meetings short, for example no more than an hour. During that hour, share the successes, discuss the metrics related to the why, and give everyone the chance to ask questions. Put the teams or people who have had special results in the spotlight. It doesn't always have to be about the best-performing team. It can also be the team that's improved the quickest, or the team that picked up a theme first. It doesn't matter, as long as the positive stories are shared and everyone sees that there's awareness of and appreciation for the success. Some organizations even choose to turn failures into a positive too. "Celebrating" mistakes sends a clear message that it's OK to make them, so long as you also learn from them.

CASE STUDY | QUALITATIVE KPIS ON THE MANAGEMENT ROADMAP

During the transformation of a medium-sized company with fifteen teams, management decided they would be the first team to start with agile working. The management team members wanted to gain experience with it themselves and to send a clear message that the goal was for all teams to work in an agile way. The first reason was especially crucial for them: they wanted to be sure they could speak from personal experience when it came to internal discussions and questions.

In concrete terms, this meant that a wall was set up in the management team area with a roadmap for the entire year. The next quarter was always covered in more detail. They also worked in one-week sprints, each time picking off post-its from the roadmap. They did this for all their work: all their collective work was on the board and the roadmap. They had a daily stand-up at the board at 8:40 a.m. If someone couldn't make 8:40 a.m., they dialed in.

The board consisted of about fifteen lanes for the strategic topics they were working on as managers. They also created a column in the middle of the board with eight indicators to measure their success. Employee satisfaction, speed of change, costs, quality of service, customer NPS, supervisor satisfaction, and so on.

At first, they didn't have numbers against all the metrics. They were also reluctant to put this level of detail on the wall. They found some of the information so sensitive that they didn't want to make it public. Instead, they gave each metric a colored smiley: green-happy, orange-neutral, red-unhappy. This was their way of showing how happy the management team was with the current value of the metric.

This turned out to be an excellent way to start measuring. So it doesn't need to be about the exact number. Often it's about whether you're happy with that number, and what you're going to do to improve it. Quality smileys are better than nothing.

It is also about the stories that are told. The success of a transformation and the energy to continue with it often come from a feeling that things are going well. That things are going in the right direction and that everything will be fine. Feelings are hard to qualify, and so much easier to quantify with storytelling! People are very good at telling each other stories. We simply love it. We're social beings who tell each other stories, around a campfire or elsewhere. So this is exactly why we should share these stories. The company-wide meetings mentioned above are ideal for this, but an even better idea might be to make a short video or interview a team for the staff magazine or the website. It doesn't matter how you do it, but make sure you share both the success stories and what was learned. This is a great way to ensure that the agile transformation continues to receive the attention it deserves, and to regularly top up the energy levels of those involved.

Whatever approach you take, be sure to lead the way as a transformation team. To get the conversation started, first choose the simplest way to measure progress and bring transparency. Along the way, you'll also learn more and more about how to do this.

Get started
Ready to get started measuring the progress of the transformation? Then consider the following steps:
- ☐ As a transformation team, set an example by measuring the progress and impact of your work, for example with OKRs (see also adoption topic 4, measurement and alignment).
- ☐ Encourage the organization and its teams to measure the progress and impact of their work.
- ☐ Use the insights from the metrics (aligned to the cadence of the transformation team) and translate these into items on the transformation roadmap.
- ☐ Shine a light on the progress of the transformation, for example by sharing stories.

STEP 9 EXECUTION: ADOPT IN STRUCTURE AND CULTURE

INTRODUCTION

In this last step we take a closer look at what will change in the organization's operating model to ensure that the transformation is fully implemented and adopted. When you're in the middle of a change, you're focused on innovation, on doing things differently. But if this isn't adopted as part of your underlying structures and culture, the result of a transformation is usually not permanent. In this part we'll take a practical look at several topics related to adoption. There's so much to say about these interesting and complex topics, you could write a whole book about each of them. However, for the readability of this book, we decided to only cover the topics in relation to the agile transformation and the agile transformation team.

WHY IS ADOPTION WITHIN YOUR STRUCTURE AND CULTURE SO IMPORTANT IN AN AGILE TRANSFORMATION?

Structural and cultural change go hand in hand. Furthermore, it's a process that takes time. And we're not alone in that thinking. In his white paper[*], Gerry Johnson describes a useful model for a paradigm shift—i.e. transforming to agile—which features six points of influence (see figure above). Three about structure: power structures, organizational structures, and control systems. And three in the field of culture: rituals and routines, stories, and symbols.

---

[*] Mapping And Re-Mapping Organisational Culture: A Local · GovernmentExample – Gerry Johnson http://www.strategyexplorers.com/whitepapers/culture-web.pdf

Agile relies heavily on a structure and culture that are not yet present in most organizations. True adoption of agile therefore requires a paradigm shift. It requires the whole organization to change how it looks at things. Its way of working, processes and structures, leadership, and culture. An agile culture is based on purpose, trust, transparency, experimentation, self-organization, ownership, and continuous improvement. Getting there often requires deep-rooted change, during which an organization's dominant values, norms, and principles are up for discussion.

> **True adoption of agile therefore requires a paradigm shift. It requires the whole organization to change how it looks at things.**

(Non-agile) culture appears to be one of the biggest obstacles during a transformation to agile working. This is confirmed by VersionOne's annual report on the global adoption of agile. For example, see *the 13th annual State of Agile Report* (2019). This research shows that the biggest obstacle preventing organizations from becoming agile is that the current culture conflicts with agile values (52 percent). During an agile transformation, it's tempting to focus on processes and tools. However, these only have a lasting effect if they go hand in hand with changes in people's behavior and organizational culture. And culture is difficult to describe, because it's not just about behavior, but also about the things you can't quite put your finger on. The temperature dropping when a supervisor enters the room. Or the complete opposite when an inspiring colleague joins a discussion. It is a difficult but crucial element that comes through in all kinds of daily decisions and actions. That's why the whole organization needs to be focusing on it every day.

The other element underlining agile is the structure of the organization. This includes working with self-organizing teams, letting go of project-based management, and new ways of reviewing and rewarding performance. As soon as an organization takes its first steps in an agile transformation, people come up against the fact that certain processes and structures aren't helping, and in fact counteract the desired way of working. For example, people start to wonder why they still need to fill in detailed timesheets, or why bonuses aren't based on team objectives. It is culture that determines whether people are encouraged to act,

or to do nothing but complain. Can employees act with an agile mindset or does the culture dictate that they'll choose to keep their mouth shut?

Structure and culture go hand in hand here. In fact, culture influences structure and vice versa. Change in these areas will take place step by step. The structural change will be the most visible, but the culture will adapt at the same time.

In our experience, transformations mainly "fail" because the agile mindset isn't implemented and adopted well enough in both the structure and culture. As a result, people and the organization return to old habits over time. If there's a focus on these areas, it works. But as soon as that focus drifts or things get tense, it doesn't. Agile is then sometimes written off as "not right for our organization".

> **In our experience, transformations mainly "fail" because the agile mindset isn't implemented and adopted well enough in both the structure and culture.**

HOW DO YOU ENSURE AGILE ADOPTION IN YOUR STRUCTURE AND CULTURE?

Structural adoption: power structures, organizational structures, and control systems
There are a lot of structures in an organization that will change at some point during an agile transformation. Those changes and how you make them are covered in several sections of this book:

- For power structures, see for example:
  - step 4, create an outline
  - adoption topic 2, leadership
  - adoption topic 3, strategic direction
- For organizational structures, see for example:
  - step 4, create an outline
  - adoption topic 1, talent development
  - adoption topic 7, technology

- For control systems, see for example:
  - adoption topic 4, measuring and alignment
  - adoption topic 5, financing
  - adoption topic 6, compliance

To achieve the proper adoption of new structures and processes, the transformation and improvement teams need to ensure they are captured and communicated, and that there's investment in ownership.

Cultural adoption: symbols, stories, rituals, and routines

Culture is sometimes difficult to put your finger on. Even so, it helps to make the desired culture—which may not yet exist—tangible using symbols, stories, rituals, and routines. It then helps to pretend that the culture change has already happened and that it's been a complete success. Why? Because it's then easier to correct all deviations from that new culture. This is another advantage of a "big bang transformation". It's clear what the aim is, so deviations from the behavior you want can be corrected immediately. In hybrid situations where the old and the new co-exist for a long time, there's a risk that this hybrid situation will become the new culture, which creates even more uncertainty.

Create symbols

One way to make the desired cultural change explicit is to draw up an organizational manifesto and use this as a symbol. For example, you can describe the behavior you want to say goodbye to, and the behavior you want to welcome. By making a poster out of the outcome and sticking it up in various places around the building, people can regularly reflect on and refer to it. The same exercise can be done on a team level, so that team members will be quicker to pull each other up on the behavior that is no longer wanted and encourage the behavior that is.

There are many other symbols that can contribute to cultural change:
- A pharmaceutical organization placed a red chair in every meeting room, to symbolize the patient. The idea was to constantly remind people of the importance of the patient.
- Some team members use a physical ELMO cuddly toy—short for "enough, let's move on"—to keep a discussion moving.
- A company or team logo is a powerful symbol of unity.

CASE STUDY | MAKING CULTURAL CHANGE TRANSPARENT USING A MORE-LESS POSTER

Agile working was introduced at a large social enterprise. The transformation team also regularly discussed culture: how could they deal with it more explicitly? Understanding it is one thing, really doing it is a whole other story.

They made a poster with behavioral examples: what do we want to see more of and what do we want to see less of? Examples were developed for the organization's five cultural values, which were already in place. For each of these five values, there were examples of behavior they would like to see more of and less of.

Cultural value	More	Less
Results focused	80-20—good is good enough	Perfectionism
Collaboration	Helping and asking for help	Wanting to always reinvent the wheel yourself
Ownership	Taking or investing responsibility	Dodging—giving people the runaround
Effectiveness	Shorter meetings	Chaotic meetings, filling time
Continuous improvement	Putting yourself in the shoes of the customer/colleagues	Seeing things in black and white

Using this poster, they could tell stories, make the culture more tangible, and point out to each other the kind of behavior they wanted more and less of.

The poster was a great idea. However, having these conversations didn't come naturally. People talked about it when the poster was first put up, but then they stopped. When this became clear, a decision was made that the coaches and scrum masters would include the poster in the team retrospectives. This led to lots of valuable conversations and the cultural change was given another boost.

Share stories

Sharing stories is another powerful way to demonstrate and reinforce cultural change. An employee might share their personal experiences in a blog or video, or you might want to give people a chance to share their story on stage.

A leadership or transformation team that leads by example usually has a lot of influence on the rest of the organization. Therefore, show the kind of behavior you want by behaving that way yourself. But authenticity is crucial here. People will only be inspired if they believe that the cultural values are being adopted in a deep-rooted and sincere way. Reward the behavior shown, regardless of the result. An agile culture is based on purpose, trust, transparency, experimentation, self-organization, ownership, and continuous improvement. Ensure that these principles are embodied and encouraged throughout the organization.

Stories also reinforce an organization's identity and the power of the transformation, especially ones that describe a move away from "old behavior". If the why of the transformation (step 3) is regularly mentioned in the stories within an organization, this reinforces the feeling and image of the needed change, as well as the contribution people are making to it.

CASE STUDY | THE STORY OF THINKING AND DOING

A large utility company had been struggling with organizational culture for some time. With a lot of real knowledge workers, often university educated, precise, and perfectionist, it was difficult to get new ideas and initiatives for improving their services off the ground. They often spent a lot of time trying to find a slightly more perfect solution. Employees found it difficult to deliver work quickly and to share it.

Applying Scrum or Kanban in the teams was only part of the solution. Although it worked for some teams, it remained a real struggle for team members, those around them, and the leadership team to get away from the mindset that everything had to be perfect before it could be used.

Until the head of the department decided to do things differently. Together with several employees, communication experts, and leaders, she rewrote the department's story. She published the story in a little booklet with the catchy title: … *(department name) gets it done!*

The story was about the behaviors and activities of a "department that gets it done". And also about what would be left in the past. For example, it mentioned delivering products that were good enough instead of perfect. The story was also supported by examples of failures.

The cultural adoption didn't stop there. From then on, the leadership team held a monthly, open-to-everyone review, although it had a different name at the start. The first review was awkward, bad even: there had been no preparation and there was little interaction with the employees. But the leadership team persisted. The monthly ritual started to have an effect: employees spoke up and offered to help with issues the leadership team was struggling with. The atmosphere outside the monthly reviews became more informal and open. This resulted in more fun and laughter, but above all in a more frequent and faster delivery of work.

The employees are still detail-oriented and driven to deliver a perfect result. But thanks to the story and the leadership team leading by example, the department's culture has actually "silently" changed into a culture in which you can learn by doing.

Encourage rituals and routines
There are all kinds of rituals and routines that encourage cultural change. Every session and every event can play a role in this. Perhaps, for example, an old departmental coffee morning could be turned into a fortnightly leadership review, so that openness and feedback become part of the culture.

Some organizations also choose rituals that are specifically aimed at the desired cultural change. An example: during the peak of the change, all teams have a morning "tune-in" and an afternoon "tune-out" where team members

discuss how their agile behavior is going and how others can help them. By doing this they help each other overcome the obstacles that their own mindset is putting in front of them every day. Over time they're usually able to display more and more of the desired behavior.

Of course, retrospectives also play a role in cultural change. Scrum masters, agile coaches, and other change agents often have a large toolkit for ways of working and insight that contribute to the change you want. In addition to a team-level retrospective, it can also help to sometimes do a big retrospective with a larger part of the organization.

Culture is everywhere and we've already discussed the power of stories, rituals, routines, and symbols several times:
- Step 2. Communicating the starting point
- Step 3. Communicating the need
- Step 4. Communicating the outline
- Step 6. Communicating the transformation roadmap
- Step 8. Measuring progress and making it transparent

Culture is also an implicit or explicit element of the following adoption topics. These topics are also extra culturally sensitive and are full of stories, rituals, routines, and symbols:
- Adoption topic 1. Talent development
- Adoption topic 2. Leadership
- Adoption topic 3. Strategic direction

Get started

To move toward an agile organization, changes in structure and culture go hand in hand:

☐ Set up the structures that are in line with the core values and principles of your new organization.

☐ Make an inventory of the symbols in the organization. Add symbols that contribute to the agile culture and remove symbols that don't.

☐ Tell stories that contribute to the desired cultural change in all kinds of ways, so that everyone can absorb them however they prefer: in blogs, in videos, at meetings.

☐ Make an inventory of the current routines and rituals: which ones can you replace, and how will you consciously say goodbye to existing routines and rituals?

☐ Constantly embody the culture you want to see.

PART C

WHAT TO CHANGE FOR ADOPTION OF AN AGILE TRANSFORMATION

C – WHAT

A – WHY

B – HOW

Talent development (HR)

Leadership

Measuring and alignment

Strategic direction

Technology

Financing

Compliance

1. Fundamental acceleration going on in the world

2. Consequences for every organization

3. For every organization, an agile transformation is unavoidable

Step 1 Scope
Step 2 Situation
Step 3 Need
Step 4 Outline

Step 5 Change strategy
Stap 6 Roadmap
Step 7 Short iterations
Step 8 Measure
Step 9 Adoption

ADOPTION TOPIC 1 TALENT DEVELOPMENT (HR)

INTRODUCTION

A lot changes for employees during an agile transformation. The organization will be more about self-organizing teams. This means different roles and often also different jobs and career paths. Or even other ways of reviewing and rewarding performance. Employees are asked to adopt a different mindset, with, for example, more initiative, more experimentation, and more intensive collaboration.

The organization will also want to take a different approach to attracting and onboarding new employees. Encouraging the personal development of all employees will also take place in a different way. In short, traditional HR departments are also changing and the organization will work on new strategies in the field of employee development.

WHY IS TALENT DEVELOPMENT SO IMPORTANT IN AN AGILE TRANSFORMATION?

Every organization succeeds or fails depending on the quality of its employees. This is even more true for an agile organization, where teamwork plays a bigger role. In addition, the "customer-centric" paradigm can only be implemented successfully if employees can use all their talent, creativity, perseverance, knowledge, skills, and experience to go the extra mile for the customer.

Therefore, it's a major competitive advantage if you as an organization can treat your employees in the best way, and if you know how to get passionate people engaged and excited. This includes being able to attract the right people: experts in their field, most importantly with the right mindset, who are motivated to get the best out of themselves and grow as individuals.

This also leads to the further development of other employees, as well as the improvement of processes, and more value being delivered to customers and the organization itself.

Sometimes talent development also means having to conclude, together with the employee, that the organization is no longer the right place for them. Even then, talent development is needed. Helping them find out what is the right place for them and ending the relationship on a positive note is also talent development. This comes up regularly with agile transformations linked to reorganizations.

Good talent development is therefore essential for every organization, especially during and even before an agile transformation. We've even seen scenarios, like in the case study below, where attracting motivated employees was the main driving force behind the agile transformation.

CASE STUDY | DIRECT CONTACT WITH MANAGEMENT AND THE BOARD OF DIRECTORS

A real transformation that's truly embedded in the organization always has a strong top-down element: direction and frameworks come from the top of the organization. In this scenario, change coming just from the teams isn't an option.

A common situation is agile being used in many teams and departments, but it being impossible to extend this to senior management. Certainly in large and traditional organizations, there are so many levels between the employees and management that it never gets that far. But the HR angle can create an exception: HR is in direct contact

with both the employees and the senior managers. At two large international companies, the priority for the agile transformation was brought by HR to management and the board of directors.

In both cases, the trigger was the turnover of experts and the difficulty of recruiting replacements. The HR team could clearly see that employees were leaving for new companies with modern ways of working. They were also able to prove that talented people didn't want to work for them because of their outdated ways of working and their lack of autonomy. They were able to take this problem straight to the top. Together with a plan to introduce modern (including agile) ways of working.

In one specific case, the CEO of the organization—a very large company—had set himself up as the driving force of the transformation. His argument: "There's only one person here who is ultimately responsible for the culture in our company, and that's me. So I'm the driving force behind this transformation." A valid observation that provided a lot of momentum for the introduction of agile at this company. Until he left...

To really adopt a transformation, the organization needs to fill the agile and coaching roles with its own people. At the start of an agile transformation, a lot of the knowledge and coaching often comes from outside, for example from external scrum masters, agile coaches, contractors, and consultants. If you don't focus on developing these skills in your own organization, the agile transformation will fall apart as soon as these external parties leave.

HOW DO YOU ENSURE GOOD TALENT DEVELOPMENT?

Ensure agility within HR

The fastest way to understand a new concept is to try it yourself. If HR departments start working in an agile way, their own experience of it helps them gain a better understanding of agile, including the challenges it brings, and they realize it requires flexibility and creativity. This creates a common understanding of the position and experiences of employees, leadership, *and* the position

of HR: this role also requires robustness, for example for processes relating to contracts. This sometimes clashes with the agile practice of employees. An HR department that works in an agile way itself is given more space and respect within an agile transformation and can therefore better fulfill its role.

> **An HR department that works in an agile way itself is given more space and respect within an agile transformation and can therefore better fulfill its role.**

The first step is to gain some basic knowledge about agile. Although HR professionals excel at taking care of the wellbeing of employees, they often have less knowledge and experience when it comes to self-organization. A simple, concrete action that can resolve this is to organize some basic agile training for HR professionals.

You can then help HR to put agile into practice. Set up a cadence, create a product backlog for all the work, and start a first sprint. Also work with the typical agile roles, like an HR product owner, an agile coach, and agile HR teams. Discuss how things are going during a retrospective. Are team members helping each other focus? Is the whole team responsible for achieving the goals or is there more of an individual focus on activities? Are the vision and roadmap clear? And can you regularly demonstrate value to the employees during a review?

Enable HR to put the employee first

Where business, IT, and other supporting departments can have a lot of contact with the customer of the organization, this is less true for HR. This department mainly deals with a specific customer of the organization: the employee. In an agile transformation, it can be useful to create a customer journey mapping. This provides inspiration for the set-up of the organization (see part B, step 4, the outline).

In a similar way, instead of the customer journey, you can also map the employee journey. This might consist of, for example: not yet working for the organization, joining the organization, getting promoted, leaving the company. You could also organize your HR department in line with this. By making the

employee journey transparent, you can, for example, link metrics to it or carry out certain experiments to improve it.

CASE STUDY | AN AGILE RESPONSE TO CHANGING STAFF NEEDS

A large retail organization in the Netherlands was facing a complex staffing challenge. Due to a change in what the stores were offering, they were now looking for a new type of employee: fresh produce specialists.

Because it was a national rollout, the fresh produce specialists had to be recruited quickly and receive proper, reliable onboarding, so they would quickly feel at home.

A decision was made to tackle this specific challenge in an agile way. This meant not only doing the recruitment, but that after each iteration they also proactively investigated what the new fresh produce specialists needed to be recruited quickly and for the long term. As a result, this retailer was able to use each hire to learn more about this specific employee journey.

Some of the first changes they made included switching recruitment channel and updating the job description, as it turned out that the fresh produce specialists had a very different profile than the typical store employee. For example, in terms of age, experience, and preferred working hours. In addition, lessons were learned from the entire onboarding process for multiple groups of employees.

Most stores put a lot of thought into the first day of work for the new employees. Based on the feedback, perhaps a bit too much thought. On the second working day, it swung the other way: the new employees were left a little too unsupported and ended up feeling lost. So the process was changed and training was provided in more manageable doses. This resulted in a much more valuable onboarding process according to the new employees.

There are still all kinds of processes within this HR department that follow a fixed pattern. But for the (rapidly) changing requirements from both stakeholders *and* employees, they are continuously experimenting and learning from their experiences.

Involve HR in the transformation team
There must be involvement between HR and the agile transformation team. The best person to be responsible for that will differ depending on the organization and phase of the transformation. It may be that the HR product owner is the best placed, or perhaps another HR professional can contribute most to the transformation team. Or better still: look for other forms of collaboration between the entire transformation team and the HR teams. This creates valuable connections and, on a transformation level, you ensure that HR's knowledge of people and the organization is maximized.

Whatever you choose, HR professionals have a lot of knowledge and expertise and it would be a shame not to use this in an agile transformation team. Their expertise covers legal topics, how to attract the right people, cultural change, communication, and new (soft) skills, such as giving feedback.

Hire employees with the right mindset and give them intensive onboarding
To hire employees who will be a good fit for the new organization, innovative recruitment strategies are often required. The most creative, innovative employees aren't excited when they see a classic list of job requirements. For example, innovative recruiters collect stories from employees who work in the same or a similar position. They translate these into job descriptions that, in terms of language, motivations, and culture, are much more appealing to the kind of people they're looking for. Other recruiters collaborate closely with the marketing team to position the organization's brand effectively.

More and more organizations are also choosing to organize an event where they can see applicants in action and assess whether a candidate is a good fit in terms of skills and mindset. For example, they organize a day where a multidisciplinary team has to design a start-up. Or a hackathon. Or an applicant might

give a presentation to their potential future team. This creates a richer impression of the possible new employees, which can already generate a positive vibe.

If you want to take a self-organizing approach here, make the hiring process the responsibility of the agile team that the new starter will join. This allows the team to decide for itself who it wants to hire and how this decision will be made. This requires more maturity and time from the team, but it does also lead to more engagement and ownership.

Thorough onboarding of the new employees is also required. A short tour or an email with a link to an onboarding app isn't enough. Including new employees in the vision of the organization, in the transformation journey that you're on, but also in practical topics relating to their role, is needed to make them feel like they belong in the organization. We see more and more organizations opting for multi-day onboarding programs, which take place once a month, for example. During these sessions, key individuals will talk about the organization, culture, and way of working. This a more personal way to welcome new employees. They get a richer and warmer feel for the organization through stories, symbols, and rituals, which also means they can start adding value much quicker.

> **We see more and more organizations opting for multi-day onboarding programs, which take place once a month, for example.**

Encourage employee development, in line with an agile mindset

Employee development can be encouraged in all kinds of ways in organizations. Unfortunately, those ways don't always align with the changing wishes and needs of an agile organization. For example, how does an individual employee's annual planning, progress, and performance review cycle fit into a culture of team accountability and fast feedback loops? In the larger, agile organizations, other approaches are needed to encourage employee development. Achmea's press release (see below) is a good example of this.

People develop best when there's a foundation of trust in the teams they're working in, and when they're respectfully and openly challenged to grow. In an agile organization this will no longer be done just by their manager, but mainly

by the team members they work with every day. In many organizations, giving each other feedback isn't so common, and there's a role here for the transformation team, HR professionals, coaches, scrum masters, and managers to create a healthy feedback culture.

Encouraging a feedback culture means: learning to talk *with* instead of *about* each other, respectfully and constructively. Feedback should mainly be advice that someone can use to grow, so that as a team you can get the best out of each other's qualities. This feedback also always says something about the giver, and it's up to the receiver to decide what they want to do with it.

Practical examples and actions for creating this kind of feedback culture:
- Introduce intervision methods on a team level, for example Troika Consulting (this and more ways of working can be found at www.liberatingstructures.com).
- Team feedback sessions in which people can evaluate each other in a safe environment, for example on the quality of the work delivered, contribution to the team objectives, and level of cooperation.
- Working with Delegation Poker (www.management30.com) to start talking about freedoms and maturity/performance. This is the perfect way to facilitate the conversation between employee and leadership and bring about more collaboration.

If you still use a performance review cycle and related system, this collected team feedback can be used as direct input. This means it can replace part of the feedback that is currently requested from colleagues using the system. The advantage of this is that people work on each other's development more openly, relying on personal interaction rather than a system.

The leadership team, HR, and the transformation team also need to lead by example. If you lead the way and are open about your own areas for development, it will be easier for the rest of the organization to do the same.

To offer a safe space where people can assess each other, you need to decouple performance reviews from pay—exactly what Achmea has done. This is a big step for organizations where these have been linked for a long time. It is be-

coming increasingly clear: external incentives such as bonuses and pay raises (or in fact reduction of benefits) linked to performance, have a negative impact on employee motivation. And it doesn't help an agile transformation either because this way of reviewing and rewarding doesn't contribute to shared responsibility or an open feedback culture.

> **It is becoming increasingly clear: external incentives such as bonuses and pay raises (or in fact reduction of benefits) linked to performance, have a negative impact on employee motivation.**

When it comes to employee development in an agile organization you need to take a critical look at and possibly redesign certain roles. Depending on the maturity of an agile team, they can decide themselves that they want to be responsible for both their subject matter and personal development. In practice, however, it appears that leadership is needed to guarantee the continuous development of employees in every phase of their career. This can be done, for example, by appointing a chapter lead, who—supported by "guilds"—helps with subject matter development, and who also has a coaching role for the personal development side of things.

Here too, the how and what must always be separate. A chapter lead who has to deliver on subject matter objectives *and* who has an influence on personal development and salaries cannot provide that safe space.

Press release: Achmea takes a different approach to employee performance reviews
From January 1, 2019, Achmea will scrap the current performance review system for the 12,000 employees covered by the collective labor agreement. This will include canceling all annual performance review meetings. Instead, the employees themselves will make agreements with their managers to discuss their performance, results, and development on an ongoing basis. This change has been prompted by the flexible and short-cycle way of working, which is also becoming increasingly common at Achmea.

Like many organizations, Achmea still has an annual planning, progress, and performance review meeting. At the end of the year, the manager gives the employee a score from 1 to 5. Based on that score, the employee receives a certain salary increase. Many studies indicate that a score gets in the way of a good conversation and often has a demotivating effect.

Initiative with the employee

Achmea's HR director Elly Ploumen emphasizes that, with this new approach, the employee is more in control. "Employees will soon be setting up their own meetings with their managers to discuss their performance, results, and development. As part of their everyday work, when it's convenient, or when it's really needed. In return, the employee can regularly expect honest and open feedback *and* coaching from their manager."

Elly Ploumen continues: "All employees prepare a reflection report at least once a year, which they discuss with their managers and record in our HR system. Otherwise, teams are free to organize it how they want: in the number of conversations they schedule, which agreements they make, how they record them, how they organize feedback, and who they get feedback from. We no longer prescribe a standard."

Regularly make new agreements

Elly Ploumen believes that this approach is more aligned with the current way of working at Achmea. "Changing roles and temporary project teams are becoming more and more common. Short-cycle, agile, Scrum, you name it. Quite a few colleagues are seeing their work change as often as almost every three weeks. Far too much happens in a year to make agreements in January and only revisit them in December. Instead, it's better to regularly make new agreements that align with the work at that moment."

Performance review decoupled from salary

Another impact of the scrapping of the current system is that from January 1, 2019 there will no longer be a link between performance review and salary. Achmea will shortly be discussing new approaches with the

unions, such as fixed wage increases (so-called increments). Elly Ploumen: "People in our knowledge organization are motivated by being given more autonomy and the ability to develop more. Not by more money. Getting paid appropriately is just expected."

Elly Ploumen concludes: "Being valued is about more than salary. We can also reward good performance in other ways, for example by giving employees more opportunities for personal development, like challenging tasks and relevant training and education. And promotion, which doesn't always have to mean going a step higher. Broader is also possible: a different role. Or deeper: becoming a specialist."

Achmea's central works council has now approved the new approach. The unions have been informed.

Zeist, September 14, 2018 (translated from the Dutch source: Achmea website (https://bit.ly/2D7rscb)

Have the courage to say goodbye to employees who don't have the right mindset

As explained in step 5 "Define the change strategy", an agile transformation is regularly accompanied by a reorganization. Or you discover at some other moment that certain employees really can't keep up with the desired change. This isn't so surprising: employees are being expected to have different skills than before. Perhaps someone was hired for other reasons, or you only gradually discover that someone isn't a good fit, leading to someone becoming less comfortable with it. This can have consequences for how the whole team works, or it can, for example, lead to a burnout for the employee in question.

It helps to be honest about this. Although saying goodbye can be painful, you will need to act. Nobody benefits if a situation isn't working, especially if it stays that way for too long. In addition to fellow team members, there's a role for managers here.

If you do decide to say goodbye to each other, there's work to do for a coach. As much as you can, help employees find a place where they do fit. Especially in large companies, employees are often also your customers. And customers deserve a good experience with your organization. But equally important: if you don't treat employees who are leaving with care during a transformation, every change that follows will be viewed with suspicion. Change is then mainly associated with "saying goodbye to people", while it really doesn't have to be about that.

Treat roles flexibly

In an agile organization, the emphasis is more on the team taking responsibility. It's less about who does what, and more about achieving the result. This causes roles within a team to shift more often than before, so an extensive job classification system with detailed job descriptions is often more restrictive than enabling.

However, you do still need a broad separation of the responsibilities between roles. For example, in agile organizations the following clear division is often made:

- Focus on working on the most valuable things—product owner.
- Focus on team dynamics and ways of working—scrum master.
- Focus on delivering value and quality—development team.
- Focus on people development—chapter lead, for example.

If those roles get too mixed up, responsibilities become vague and there's a risk that no one is really responsible for anything. The trick is therefore to create just enough separation in the roles and to find a balance in how extensively you define and describe roles.

CASE STUDY | A SIMPLE JOB CLASSIFICATION SYSTEM

A large Dutch bank cleaned up its job classification system during an agile transformation. More than two hundred job descriptions were simplified to five levels. For each level a few types of work were defined, for example technical, administrative, and managerial. This resulted

---

in a clear matrix of twenty salary scales, making it possible to map all the work done within the organization to one of the types of work performed at a certain level with an associated salary. No more extensive job descriptions, but a job classification system that does justice to taking responsibility within the type of work and that offers plenty of opportunity for flexibility and growth.

Take care of the wellbeing of employees

It goes without saying that employees perform better if they can work in a safe and stimulating environment. HR departments generally have a lot of knowledge and expertise in this area. One thing to watch out for is the work pressure experienced by employees. Especially in times of major changes, it helps to look for the signs and to support employees in finding a pace that's sustainable for them. Sometimes, for example, the organization will choose to take it down a gear for a while, so that it can then accelerate again later.

Yes, you want to achieve ambitious goals together. But not at the expense of employees, their health, and their personal lives. In fact, physically and mentally healthy employees perform better. It helps if the wellbeing of employees is also discussed within teams and in other groups. For example, is someone saying that the three roles they took on are too much? Or that they're struggling to read all their emails? These are signs that something isn't right and that help is needed.

Many organizations also choose organization-wide initiatives to improve the wellbeing of employees. For example, healthy eating and using pedometers. This all comes down to the fact that employees in these organizations are seen as "people" and not as "resources". Even a small change like no longer talking about people as "resources" is also part of the transformation to an agile organization.

Get started

For agile adoption through the topic of talent development, you can take the following concrete steps:

□ Let HR professionals experience the change by also working agile themselves.
□ Involve HR professionals in the transformation (team) from the start.
□ Let the desired mindset play a role when hiring new employees.
□ Allow all employees to be helped by their manager in their personal development, and encourage employees to help each other.
□ Have the courage to say goodbye to employees who don't seem to be a good fit for the new organization.
□ Treat roles flexibly.
□ Keep an eye on the wellbeing of employees and the impact all the changes are having on them.

ADOPTION TOPIC 2
LEADERSHIP

INTRODUCTION

An agile organization needs to have the leadership to match. Agile leadership isn't based on planning, feasibility, and control. It is designed to respond to opportunities, accepts unpredictability, and encourages discovery by doing. Therefore, it's more about giving direction and autonomy to agile teams. Letting these teams make the decisions means that this happens where the knowledge and expertise are greatest, and where the problem is experienced most directly. For those used to detailed, hands-on management, agile leadership is quite a change.

Leaders in an agile organization are expected to offer vision, teach teams to lead themselves, teach the organization to experiment, *and* to embody the agile culture. This doesn't come naturally to all managers. This is why the agile transformation needs to be adopted by leadership. Or in other words: that an agile transformation will never be fully adopted if there's no agile leadership. This often requires an active transformation of the managers themselves.

WHY IS AGILE LEADERSHIP SO IMPORTANT IN AN AGILE TRANSFORMATION?

An agile transformation brings about a lot of change for leaders and managers. For that reason alone, the transformation team needs to make leadership a key focus area. In many organizations, for example, entire layers of management disappear as a result of the agile transformation. Not because less leadership is needed, but because leadership becomes more distributed. Agile teams largely manage themselves. So how many layers of management do you actually need?

But teams learning to manage themselves doesn't happen overnight. A common mistake to make is suddenly giving these teams too much freedom, more than what's appropriate for their level of maturity and skills. This then leads to anxiety, stress, resignations, and apathy. As a transformation team, you can really help leadership learn to handle freedom and maturity step by step.

It's also common to forget to give the teams enough direction, which leads to them doing a lot of work that doesn't contribute to the organizational objectives. Inspiring leadership with clear objectives, without having to fall back on extensive reports or steering committees, maintains the speed and agility in the teams, and in turn the transformation.

Both informal and formal leaders embody a culture. And culture is critical when it comes to the adoption of the transformation. You're very unlikely to achieve an agile culture if the leadership team doesn't adopt the appropriate habits and behaviors.

> **You're very unlikely to achieve an agile culture if the leadership team doesn't adopt the appropriate habits and behaviors.**

In short, a transformation must also take place in the leadership of an agile organization. There is a need for servant leaders who don't get in the way of the teams, but who inspire and guide them: leaders who ensure that the organization isn't working against the teams, and that obstacles of any kind are removed. Without an agile style of management to match, the adoption of an agile transformation will likely fail.

HOW DO YOU ENSURE AGILE LEADERSHIP?

Align the leadership structure to the outline

One of the areas to adopt agile is in your power structures (see step 9 of part B). The leadership structure in existing organizations is often siloed. In step 4 of part B, you created an outline for the new design of the organization. Bring the leadership structure in line with this. So if the organization is structured around value, you will also structure leadership this way. And when it comes to the externally oriented value, preferably: value for the customer, and the customer of the customer.

A pitfall that we often see in practice is "crosswind" or "side steering" by leadership. You see this when agile teams are formed around delivering certain customer value, and when they have their own goals, but the manager is still responsible for the KPIs and results of the department. For example, the teams are focused on customer satisfaction in a certain market, but the manager is still being assessed on labor costs or the delivery of a certain project. This leads to a conflict of interest, and in turn to a power play. In many cases, the power structures then have a destructive effect on the agile transformation, which certainly doesn't help with adoption.

CASE STUDY | STILL USING THE OLD STRUCTURES

A medium-sized IT department had taken the first steps in an agile transformation. Multidisciplinary scrum teams were set up and trained. After a few weeks it started to work, and the teams now understood the basics of Scrum. A change that the CFO wanted was not yet on the backlog, so the teams pointed out the new product owner role to the CFO. The teams advised the CFO to contact the product owner so that they could add the change to the product backlog. When it later turned out that the product owner hadn't put the change high enough (in the eyes of the CFO) on the backlog, he went to the manager of the teams: the ICT manager. From a hierarchical point of view, the ICT manager was also under the CFO, so he forced the ICT manager to let people work on the requested change. Agreeing on new structures, in

> this case that the product owner has the mandate to prioritize work, doesn't necessarily mean that those new agreements will actually apply. Hierarchical lines are strong and require leadership to use them as little as possible for operational decisions.

To resolve this, you might consider making a distinction in leadership between "value-creating managers", who focus on *what* is being done, and "competency managers", who focus on *how* the work is done. We also see the same kind of separation in the set-up of a scrum team with a product owner who is responsible for optimizing the value of the product, and a scrum master who mainly focuses on improving the way the team works. Both kinds of leadership are equal in this respect. This is where the tension between product owner and scrum master comes into its own.

Look at which individuals have the skills for agile leadership

A lot of managers got where they are because of their particular leadership style, but this is often not necessarily the best way to lead self-organizing teams in an agile organization. Therefore, when you're filling the new managerial roles based on your outline, take a fresh look at all the managers, their character, and their skills. It's best not to just transfer all the existing managers to the new roles. Take a critical look at who is right for the role, and who isn't. For example, if you have a manager who is very heavily involved in the subject matter and who has always made or approved all subject matter decisions themselves, then it might just be too big a step for them to let the teams do this. For some managers, it doesn't "just" require a different leadership style but feels like they're losing a part of their role. For example, during a transformation brainstorming session at a government organization it became clear that the responsibilities of the department heads could be limited. The response was: "If that's all my job will be, then I quit." It can be painful to say goodbye to leaders who have always done their job well. But it's even more painful to expect a certain kind of leadership from someone who isn't suited to it.

As a manager, learning new behavior is even more difficult when there's operational pressure or a crisis. It won't be the first time that a manager, who just last week was talking very confidently about the strength of the teams, suddenly

intervenes and tells them what to do to solve an urgent incident. The immediate response from the teams, who were already skeptical, is typically: "You see, management doesn't really embrace agile working!" This is to be expected. Under pressure, we automatically fall back on the behavior that we're comfortable with, and that has been effective in the past. New leadership requires a fundamentally different way of leading, which is particularly difficult for the existing managers.

Interview with Anton Rutten, Head of IT Systems, Rabobank (IT Executive, 2019)[*]

When you look at (…) big programs, what is your general role in them?
"That role has changed a lot. Whereas in the beginning I would be chairman or member of a steering committee, I now ensure that the teams can deliver as much as possible. What are the impediments, which stakeholders are not yet on board, and who should we talk to? I'll now attend a stand-up every week, instead of having a huge pile of paper land on my desk every six weeks or once a month. I strongly believe in the principle of bringing the decision-makers to the information, rather than the information to the decision-makers."

But with four hundred teams, that's quite complicated.
"Yes, but a lot of teams don't need me at all. You need to give them space but also have the courage to know when to step in. That shift from steering to facilitating was something I had to get used to as well. You have to have the courage to accept that teams sometimes take a different route than you would have. Surprisingly, this often works out really well. They're very intelligent people."

How have you made the switch from traditional to agile leadership?
"Partly with the reorganization. Look, if you change the context and the structure, and you no longer have steering committees, then you can't lead in the traditional way. You also need to have a team around you that 'lives and breathes' the agile way of working. It's a kind of leadership jour-

---

ney that you take with the business and with IT. You also give each other feedback, like: 'Hey, wait a minute, you're side steering'."

"At one point we had a big project, Banking 3.0, that touched 109 systems. The classic response was: we'll appoint a program manager, set up a steering committee, and just keep on top of it. At that point, I said: 'No, we're not going to do it that way. We'll have a backlog and I will work with the business to ensure that everything is on it.' It had to be done by January 1. And the request had only come in on July 1."

Then you're really taking a risk.

"Yes, it was very uncomfortable. I was ultimately responsible. Every time I saw that the business hadn't put something on the backlog, I stepped in. It was also an opportunity for the organization to learn, to see whether the old reflexes would remain or whether new reflexes would develop."

When redesigning leadership, think carefully about what kind of leadership you expect and in which roles. Leaders who have always had strong opinions about what is needed and how people should achieve it are unlikely to be happy in a position where their focus will be on servant leadership for the teams.

On a positive note, this is also the ideal time to discover new leadership. Who is already taking on an informal leadership role, and of what? Subject matter, quality, or continuous improvement? Who naturally has an agile mindset? By giving these people an (even) better place in the organization, you can completely overhaul your leadership and give it a welcome boost.

Provide a training program that includes coaching

A manager recently said: "The hardest part of the transformation for me is to admit out loud that I also often don't know the answer". Here we see one of the most important elements at work. If we want teams to innovate and take ownership, we have to embrace uncertainty and allow mistakes to be made. A lot of managers come from the field of expertise themselves, or are used to someone being in charge. They make plans, often do a lot of analysis to create as much certainty as possible, and design a solution that then just needs to be built by the teams. There are two problems with this. First, in practice it turns

out that you can't think of everything in advance. Second, the analysis and thinking often takes so much time that your competitors will get there first, and your costs will spiral out of control.

That's why a training program (with additional coaching) for leadership is essential for an agile transformation. This kind of program is often customized, but try to keep the following principles in mind:

- The training program should run for at least six months and feature at least one session every two weeks. This ensures that there's always an opportunity to ask questions or reflect.
- Limit the number of people on the program to eight. This makes sure there's enough time for everyone to be heard. Feel free to run the program with multiple groups in parallel instead of one large group.
- It's always better to do lots of short sessions than a few long ones. When you've got a lot of work to do, it's tempting to skip that whole-day training session to be able to focus on your day job for eight hours. A meeting of one hour a week or two hours every two weeks is much more effective. And if you skip one, you don't need to wait months for the next one.
- Provide a mix of training and intervision. It's not just about teaching new techniques and skills. Learning from each other, discussing problems, and showing vulnerability in a group of peers are just as important. Think of it as a form of "therapy for managers going through an identity crisis". Getting together "little and often" is then much more effective than long but irregular sessions.
- Keep the group of managers in the program stable and avoid switching between sessions. Having the confidence to speak up and throw problems into the group is important but is also much more difficult if the group keeps changing. Building trust takes time.
- Agree explicitly that the sessions are confidential: what happens in the meetings stays in the meetings. Write down and even sign these kinds of agreements if you need to.

> **That's why a training program (with additional coaching) for leadership is essential for an agile transformation.**

The training program also includes more specific elements relating to, for example, product ownership, roadmapping, and value estimation. This enables every leader to better distinguish between how work is being done and how you would like it to be done.

In the training program, participants should reflect on the four roles of an agile leader:

- An inspirer who puts customer impact first and lets the organization (and the teams) work outside-in.
- A mentor who helps teams grow in their autonomy and maturity, so that they can take on more ownership step by step.
- An experimenter who helps focus on learning by doing. Finding and highlighting mistakes is crucial for this.
- A leader who helps strengthen (agile) skills and habits. The agile leader must make sure they become operationally redundant, but that starts with the principle of "walk the talk".

Give direction, set goals, then let the teams do it themselves

Leaders provide the need (objective) and the context. In a rapidly changing world with the next development quickly following the last, speed is essential. There is a need for motivated teams that have the courage and ability to make their own choices based on direct feedback from the customer. That's why it's the job of today's leaders to provide a clear purpose. What are we doing it for? What's the bigger picture? What is our ambition? A good example of this is the successful Buurtzorg foundation. Its purpose is to look after people who need extra care at home and to give them as much independence as possible to be able to stay in their own home. Everything the organization does is about that ambition. It works with self-managing teams who figure it out for themselves in their own area. The customer is at the heart, and this group of professionals is given the confidence to make their own decisions about the best service they can provide.

But be careful: leadership is still needed. An agile organization doesn't mean getting rid of all your managers. There is still a need for people with a dream, who can turn it into a vision and provide direction. Organizations, both large and small, need that vision, purpose, and end goal to be able to work together.

To achieve more together than they thought possible. There is also a need for leaders who make decisions and take charge in times of crisis, leaders who ensure that the rest of the organization is fit and ready to face the challenges that need to be overcome. However, it is no longer a given that these leaders will sit above other people in the hierarchy.

CASE STUDY | TRUST AND SAFETY

During the transformation of a large traditional organization, there was a department with a management team that was determined to do things differently. Management became responsible for creating an environment in which people could reach their full potential. The management team knew that this required trust, trust that wasn't always there in the traditional organization. So these managers started expressing how much they trusted the teams.

They made a good start, asking open questions, being transparent, and sharing their vision. They did everything they could to live up to what was expected of a modern leader. But they made a painful discovery: after a while the scrum masters indicated that they only had the confidence to be open and honest within their own group of scrum masters. In their own teams they were less or not at all confident in being open when someone from management was there.

When the managers heard this, their first reaction was complete disbelief. After all, they were working so hard at being the perfect modern leaders. Not having the confidence to be open didn't make any sense. They would "just have to confront" this group of employees. At least, that was their first reaction, which they fortunately didn't act on. Instead, the management team looked at themselves: what should we do to show we can be trusted? They really wanted something to change, that this feeling of mistrust which had developed over the years wouldn't be blamed on them, and that this mistrust would be a thing of the past.

The management team came up with two changes: it started using Scrum itself, and it regularly discussed with the teams the help they needed. The second change especially created a much better relationship with the teams, which made the problems visible. There was a significant increase in the trust the management team really wanted to build. There are two lessons to be learned from this case study. First, even if you think you're doing everything necessary, if there's an issue, look at your own behavior first. What should I have done differently? What do I need to change? Second, to achieve psychological safety it's important to simply be there. Being available, not hiding in meetings, not always giving people the impression you're too busy. By always being available for the teams at regular intervals, you make it much easier for them to open up to you.

Autonomous teams require mentorship and boundaries

People who do cognitive work like to have a say in their own way of working. Leaders therefore need to be clear about the expected results, including which boundaries apply, such as budget, timelines, and other perhaps more technical conditions. These boundaries can be quite flexible depending on the maturity level of the team. Explicitly agree with each team which decisions you as a leader still need to make and what would need to change for the team to take over these decisions.

A lot of problems with self-organization come about because these boundaries aren't clear. But it also often turns out that there are a lot of unwritten rules and agreements in the teams. It is therefore up to the leader to:

- make it clear which responsibilities lie with the team and which don't (yet)
- make it clear which conditions or skills need to be in place for a decision to be made by the team
- help develop the skills of the teams
- explicitly involve everyone in discussions
- make a distinction between teams and don't lump them all together. Each team has its own maturity level and therefore deserves its own boundaries and development plan.
- hold teams accountable if they don't achieve the expected results

For teams that are used to being managed operationally, it's not always easy to take ownership: as a manager, you might have just worked out how to give the teams freedom, but they don't use it or take ownership. In fact, many teams even ask whether they can be managed in the old operational way again. This is probably because everything in our society is geared toward doing predictable and reproducible work. It's how we're brought up, how we're educated, and how we view the world as a society: working in a planned and predictable way as much as possible.

Many teams are not used to or trained to do complex work, so they're also not trained to take risks in small steps. They prefer to take the easy path: do what the boss says and then you also don't need to feel responsible. When it comes to contractors, this is sometimes even more apparent. Contracts and traditional risk management often get in the way of self-organization.

This requires a lot of patience and dialogue from the agile leader. Keep talking about the interaction between leaders and teams, and make sure that teams start to believe in their own strength.

Agile leadership means mainly servant leadership
Agile leadership is mainly about being servant: serving the teams, providing them with an environment in which they can be successful. The wonderful yet difficult thing about leading self-organizing teams is that you're still the one who's responsible. You are, as it were, the farmer who needs to do something when their corn isn't growing. Or the beekeeper who has to keep the hive free of infections. As a manager, you're responsible for creating the right conditions for the teams to be able to perform. So when there's a problem, you always have to first ask yourself what you should have done differently. Not enough freedom? A lack of clarity about the expected result? Or is there something else holding the teams back, an impediment that needs to be removed? We recently attended a department heads meeting where someone had to give a presentation. This didn't go as expected. Straight after, the manager of the presenter went up to him and said: "That didn't go quite right, did it?" And before he could answer: "I didn't tell you in advance what my expectations were. That was my mistake. Sorry about that."

> **As a manager, you're responsible for creating the right conditions for the teams to be able to perform.**

If you want your teams to deliver in small iterations, they will run into all sorts of obstacles. Obstacles you have to remove. Some are quite practical and can be resolved by taking on the role of troubleshooter. However, a large part of the change is about mindset. Teams sometimes struggle and don't really make progress, but it's not so clear where things are going wrong. For example, when asked why they don't break the work down into smaller chunks, the answer might be that they really can't make it any smaller. This is often a limiting belief. A coaching attitude with questions to match can then help change the mindset step by step.

Get started

Leadership is essential for agile adoption in an organization. So it's important to focus on leadership, at all levels, and consider the following:

- ☐ Organize leadership in an agile way: value-driven and focused on empowering your people.
- ☐ Be critical: who are the best agile leaders? New leadership requires very different skills.
- ☐ Support agile leadership with training and coaching.
- ☐ Ensure inspiring and visionary leadership, focused on value.
- ☐ Also adopt servant leadership: doing everything you can to create the best environment for the employees.
- ☐ Look for obstacles and resolve them with the appropriate attitude.

ADOPTION TOPIC 3 STRATEGIC DIRECTION

INTRODUCTION

An agile transformation is more than just setting up agile teams. The short-cycle delivery by these teams also means you can experiment early with strategic options and ideas, something that's completely new to a lot of organizations. But it's also a way to gain adoption. Once management and other groups have given the go-ahead to do early testing to see if a strategic option will work, or to bring strategic themes forward and achieve results sooner, there's no turning back.

Many organizations think: the more operational agile teams there are, the greater their overall agility. This is incorrect, because true agility also applies to the strategic level. Setting up agile teams is not a goal in itself. Working with motivated agile teams that deliver predictably is great, but it is *what* they deliver that determines whether it's successful or not. Bringing agile to the strategic level of the organization is therefore crucial for adoption.

If strategy creation and the processes that come with it are also designed in an agile way, then agile adoption becomes irreversible. Short- and long-term results then go hand in hand operationally, which means that regression is almost impossible and in turn adoption has been successful. Strategic agility means that, for example, the CEO or the director of strategy has the teams car-

ry out experiments at an early stage to see whether a strategic theme produces the intended effect. Ideally, it requires the board of directors or management to continuously adapt the strategic goals using empirical data. The new strategic directions that are discovered also need to be translated into small experiments, the business value of which can be validated directly in the agile teams. But in practice, this almost never happens. This is because people aren't used to it, they underestimate the importance of early validation, or they don't realize that it's even an option.

> **If strategy creation and the processes that come with it are also designed in an agile way, then agile adoption becomes irreversible.**

WHY IS STRATEGIC DIRECTION SO IMPORTANT IN AN AGILE TRANSFORMATION?

An agile transformation is about flexibility in the organization. Yet most of the focus is often on the most extensive phase: setting up and starting up large numbers of agile teams. In the beginning, these teams are usually still very dependent on each other. If it still takes several months before a strategic idea is turned into a working product, then how agile is the organization as a whole? Strategy is really about establishing a sustainable proposition that keeps an organization relevant in the market for a long time. And in a rapidly changing world, it's impossible to do that just by thinking ahead and being smart. Being agile also on a strategic level is crucial for sustainable success, both now and in the future.

The value of strategy comes not in the idea phase, but during implementation. Setting up short-cycle strategic direction is therefore a logical next step in an agile transformation. Speed in the process from strategy to implementation *and* back again. By funneling strategic options directly to operational agile teams, you can test early on whether they'll have the expected impact. This allows you to validate months to years ahead whether it's smart to make such a big investment. It also highlights conflicting strategic interests much more quickly.

> **By funneling strategic options directly to operational agile teams, you can test early on whether they'll have the expected impact.**

In practice, this is rarely set up well. We still often see the typical long-cycle strategic processes and traditional portfolio planning. We look one to several years ahead and use annual plans to decide which ones to invest in. Yes, we do realize that those ideas will go to the agile teams. But the strategy definition itself is limited to the plans for next year and the years after, without these being tested directly in the agile teams. This is not agile strategy, but traditional strategy with agile operations integrated. Testing the strategy for feasibility and value only takes place months or sometimes even years after the decisions have already been made. So there is no two-way relationship between strategy and implementation.

What is missing is the step to convert a strategic idea into a short-term experiment, implement it, then test it with a single customer. If we do take that step, we can feed strategic processes with real data from real customers. This provides a strategic advantage, because it creates a proven fit (or misfit) between supply and demand much earlier. Maintaining a clear direction also becomes easier, because this is defined based on data and concrete evidence rather than opinions and assumptions. Finally, we see a higher return because large disinvestments are prevented. In practice, small strategic experiments are needed to form a two-way street between strategy creation and testing.

CASE STUDY | CEO BECOMES CPO, BUT DIDN'T THINK IT WOULD WORK AT FIRST

In one organization we coached, a transformation was carried out into twelve fairly independent agile teams. They were market-oriented, and each served their own region or country. The teams were led by eight product owners who had P & L responsibility for their own market area. Some systems were shared by several teams, others were assigned to a specific team. Product owners helped each other out, sometimes putting changes on the backlog that were also important to other teams.

There was no real strategic direction. It was mainly about local optimization for the given market.

The CEO was happy with the move to agile teams because they were much more autonomous and could respond faster to requested changes in their own customer area. He sometimes talked to each product owner separately about strategic themes. At first this worked well, but after a while the local optimization broke down and there was a lot of tension in the product owner team.

We then formalized a monthly product owner meeting for aligning the dependencies between the various backlogs. We also asked the CEO to act as chief product owner during this meeting. You could also say, as "real product owner". The CEO didn't want to do this at first. To him it sounded too much like writing user stories. We were able to convince him it was more than this and we agreed to just try it for a quarter. He would have to attend one two-hour meeting three times. He agreed.

During the first meeting it became clear that one of the most urgent and strategic themes—expansion in a country where a major competitor had gone bankrupt, and therefore the entire market was open—was getting far too little attention. This country was linked to one specific team, but together with the product owners it became clear that this team was spending half of its time doing work for the other teams. The CEO saw this and stepped in immediately. He asked the rest of the product owners not to shift work to this strategically critical team, but to take over as much of their work as possible over the following months. Within fifteen minutes, by rearranging the backlogs, the capacity for this specific country had increased from half a team to two and a half teams: five times as much capacity because the product owners got strategic direction from their CEO.

This change was very successful. Within two sprints, the key items were delivered, making it possible to take full advantage of this open market. The CEO suddenly understood why he had essentially always been the chief product owner, but hadn't actively taken on that role. He realized

that he could provide strategic direction without it taking up too much time. A direct link between the CEO and the product owners had been established, even just for a short-term strategic change like this one. Over time, the entire management team got involved and they were able to see much quicker whether a strategic idea was viable. Before management got involved, they mainly thought in terms of projects and budgets. After that link between management and the product owners was created, this largely disappeared. The conversation was then much more about direct results, testing ideas, and strategic choices.

HOW DO YOU ENSURE AGILE STRATEGIC DIRECTION?

Agile teams are just one of the preconditions for also being agile on a strategic level. The traditional processes and the way they are set up also need to be completely transformed. Fortunately, most organizations now have a lot of agile teams that can experiment with these kinds of ideas. All that's left to do is explicitly link these teams to strategy creation. But how do you actually do that? What needs to change so you can also be strategically agile?

There is definitely a role for product owners and management here. Directly linking the operational implementation in the teams to the strategic decision-making processes doesn't happen automatically. Teams are linked (via the product owners) to strategic ideas at management level. The strategic experiments that come out of this provide a direct (and fast) feedback loop between a strategic idea and the validation of it.

To introduce this kind of strategic testing, some concrete practical measures are needed, seven of which are listed below.

Measure 1. Quantify the strategic objectives
Strategy needs to be concrete and support daily decisions and considerations. That's why it needs to be clear when something is "successful" and when it's not. So make the impact of the strategy measurable. Agile teams can only start independently inspecting and adapting toward the strategic goals if they know what success looks like.

Measure 2. Set up strategic validation

Strategic plans are hypothetical. They are expectations that certain investments will be profitable and effective. It is implementation that will show whether a strategic choice works or not. Therefore, set up early validation. Write out clear hypotheses about strategic ideas and test them early. The reaction of the market will provide direction. So only scale up after success has been proven. In other words, when hypotheses about strategic choices have been confirmed with real data.

Measure 3. Accept that strategy is all about unknowns

When it comes to strategy, nobody has a crystal ball. We simply cannot see into the future. Admitting you don't know is therefore a precondition for wanting to find out. And to discover by doing! Even if everyone is convinced beforehand that a strategic decision is right, it can still turn out to be wrong. If in doubt, focus on the hard data: metrics that support and reinforce a hypothesis. It's better to carry out an extra experiment to get more data and clarity about whether a strategic idea is correct than it is to invest heavily in something that later turns out not to work.

> **It's better to carry out an extra experiment to get more data and clarity about whether a strategic idea is correct than it is to invest heavily in something that later turns out not to work.**

Measure 4. Involve product owners in the strategy

Agile strategic direction means that there must be a direct link between the strategic and operational levels—as little delay as possible between strategy and implementation. Product owners play a crucial role in this because they have direct access to the teams and can put strategic experiments at the top of the product backlog. This creates a quick way to test out the strategic options. Therefore, let product owners be part of all strategy creation steps.

Measure 5. Set up a short-cycle cadence for strategic direction

In an agile organization, there is a direct link between strategy and implementation. As a result, the strategic direction itself will also have to follow a fixed and disciplined cadence. Preferably even faster than the cadence of the teams

(sprints). This leads to strategic options being iterated on faster, and even better, more concrete proposals being put at the top of the backlog. The advantage of this is that strategic decisions are taken very frequently and the extent to which they're achieved can also be monitored automatically.

Measure 6. Reorganize the existing governance
Agile strategic direction is only possible if the traditional frameworks are made agile. A two-way and short-cycle link needs to be made between the strategic level and the operational implementation level. Once this kind of fast feedback loop is in place, many aspects of the existing governance quickly become redundant. Also make a conscious choice to use different language here: new terminology means that people immediately think, speak, and act differently.

Measure 7. Ensure an agile technical infrastructure
This is also needed to be strategically agile. Agile teams that have to deliver in an environment that doesn't give them technical agility will find it hard to reliably carry out small experiments. Everything is connected to and dependent on everything else. To achieve strategic agility, you also need to invest in technology. We'll come back to this in adoption topic 7.

Interview: From an annual to a monthly strategy cadence
A large logistics organization was performing their strategic PDCA cycle using an annual cadence. Given budgeting and investment rounds, a lot of companies are used to this approach. But some managers, including the CIO of IT, knew all too well that things could and should be done differently. For example, using an annual cadence meant they were unable or rarely able to respond to changes in circumstances, and that conflicts of interest between departments rarely surfaced.
So they decided to take a bold step. They wanted to make two changes to the way they implemented their strategy. First, they wanted to establish an inclusive strategy, so from within the organization, meaning everyone could get involved. Second, they wanted to move to a quarterly cadence. We interviewed them about this, which immediately led them to evaluate their strategic cycle. This resulted in them quickly deciding that they wanted to shorten the cycle even more.

What did you do first to move away from an annual cadence for strategy?

"In the first year, we held marketplaces, among other things, to jointly decide on an inclusive strategy. This was very well received. That we could be open, transparent, and also vulnerable. We didn't know everything, and it was nice to be able to build on the knowledge and expertise of many more people than the exclusive club that normally comes up with the strategy."

And? Did this achieve what you wanted?

"However wonderful and inclusive that strategy might have been, taking all topics into account, like what we deliver, how we take care of our infrastructure, and putting people first, it didn't really provide clear direction for what we were going to do. It was as if all teams had been given a blank canvas and had to work out for themselves what they were going to do with it. In year two we therefore decided to find more of a middle ground when defining the strategy. We drew up the top ten deliverables for the next year but let all the teams decide how they were going to achieve them. This top ten was straightaway something that the board of directors could work with. It also gave them a much better understanding of what our business direction meant for the focus in IT. In year three we achieved those ten deliverables and we moved to a quarterly cadence."

"That quarterly cadence ensured that we were able to make decisions much more collaboratively. For example, when we had to deal with conflicting interests within the different teams and departments. Here, joint strategy was paramount. However, we could get even better at making deliverables measurable, and adjust or change them along the way if we need to."

Is there even more to gain by adjusting the strategic cadence?

"The next step is to move to a monthly cadence. We imagine that there will still be an annual cadence and that we still adjust the strategy according to a quarterly cadence when it comes to the deliverables. The monthly cadence could then focus much more on celebrating interim successes and removing larger blockers mainly related to alignment. You want to get these out of the way much quicker and more regularly than

once a quarter. A monthly cadence also helps us learn even faster and get used to regular review and change."

What has been the biggest improvement for you?
"Thanks to this change to the strategic cadence, we've been able to react must faster. Of course, it's not perfect yet, but it has allowed us to learn from and act on change much faster. We also now use the expertise in the organization much more extensively. The biggest learning has definitely been that freedom is worth little without direction. So find the middle ground between inclusivity and boundaries."

Don't underestimate the importance of strategic agility. In fact, if the agile transformation is limited to teams that only focus on the short term, and you're mostly looking years ahead when creating your strategy, then the whole agile transformation is at greater risk of relapse. In this scenario, the short and the long term aren't supporting each other. But moving toward strategic agility is far from simple because it has an impact on all levels and roles, and completely changes existing processes and frameworks. Consider, for example, the annual planning and control cadence, program management based on cost and time logging, or the annual budgeting process.

Looking to the future, there are good opportunities for organizations to also set up their strategy in an agile way alongside their operational agile teams. This is the next logical step in an agile transformation. After all, the agile teams are ready. That just leaves the strategists! The shorter the time between idea and testing, the better strategic processes can be fed with real data.

Get started

While it's quite easy for small teams to start delivering more rapidly, adjusting the strategic cadence is a lot more difficult. We therefore recommend you start making these adjustments as soon as possible.

- ☐ From the very beginning of the transformation, start gathering support and getting access to the highest level of management.
- ☐ Help leaders validate their strategy. A strategy contains many assumptions that can be tested much more often than once a year.
- ☐ Regularly bring together strategic leaders and product owners.
- ☐ Also make strategy creation a short-cycle process. And if that doesn't work right away, at least double the number of sessions you spend on strategy.
- ☐ In short-cycle strategic sessions, get inspiration from big room planning or marketplaces, so that strategy belongs to everyone.

ADOPTION TOPIC 4
MEASURING AND ALIGNMENT

INTRODUCTION

In an agile organization, decisions are taken at the lowest possible level. If this is implemented well, the teams start to self-organize. Then teams and larger sections of the organization can make their own decisions: they become self-managing. But this autonomy must go hand in hand with alignment. Initiatives in different areas must support each other and jointly contribute to achieving the strategic goals of the organization.

In organizations that start using agile on a team level, it often quickly becomes clear that the usual forms of management are still needed to achieve results in the complex organization, but that they also get in the way of the agility of that organization. The adoption topic of "measuring and alignment" therefore needs to become a key focus early on in the transformation so that teams aren't just responsible for their results but are also *able* to become autonomous.

WHY IS ADOPTION OF MEASURING AND ALIGNMENT IMPORTANT?

At the start of its transformation, an organization drew up some clear principles: its compass. A manager then said: "Great, a compass, but who decides on the direction?" If we want the right choices to be made right down to the team

level, it must be clear what the desired result is. It's usually difficult enough getting everyone in one team heading in the same direction. For transformations involving hundreds of teams, this alignment is even more complicated. Giving the teams too much freedom at the start or underestimating the importance of this alignment are both pitfalls of transformations. Small islands or little empires emerge, putting the end result at risk. Teams can only be autonomous if there's also enough alignment in terms of direction. When teams start to have different goals, you get different solutions. Giving direction from the very start might sound obvious, but it becomes more and more important as the self-management and autonomy of the teams increase. This might contradict the idea of "self-management", but the lack of common direction will only lead to chaos.

The second reason comes back to the principle of continuous improvement: knowing that change is necessary and being able to make that change. Teams that are in contact with the customer have a variety of ways to check whether the product or service is making the customer happy. But that's not the only definition of success for organizations. Does a team also know whether there's enough focus on innovation? Maybe there's too much technical debt? What about maintenance costs? Does the quality meet expectations? Without ways to help teams measure this, they won't know there's a problem, because a certain feedback loop is missing. As a result, there will also be a lack of incentive to continuously improve, to learn, and to take more ownership of the end result.

So aim for adoption of measuring and alignment to ensure that the right things are delivered and feedback about the result and the process is constantly used to continuously improve.

HOW DO YOU GET EVERYONE HEADING IN THE RIGHT DIRECTION IN AN AGILE ORGANIZATION?

Depending on the phase of the transformation and the maturity of the teams, you'll need to take a different approach. It's important that the transformation team gradually replaces traditional management by self-management. It might be better to do this incrementally, as letting go too quickly can have a negative impact on the results. For example, we often see transformations

come to a standstill and the organization returning to the previous style of management.

> **We often see transformations come to a standstill and the organization returning to the previous style of management.**

Look back and forward together

This approach has already been successful in many organizations but is still too often avoided for efficiency reasons. Don't limit sprint reviews to a demo where one single team just looks back, but also look ahead and try and collaborate with the other teams. In some organizations, after a certain number of sprints a larger review is held for the entire organization. Don't limit product backlog refinement to a session where just the product owner says what the customer wants. Invite other teams, stakeholders, and customers to discuss the topic in more detail. Find out together what's needed, outline the solutions, and validate the plans.

You can also plan an entire quarter together with multiple teams and stakeholders. Many organizations arrange two days of big room planning (also known as PI planning). During this, everyone involved in the value chain comes together to draw up a high-level plan. The transparency and alignment here ensure faster decision-making, better choices, and more autonomy. But even during the sprint cadence itself, a lot can be gained by involving the right stakeholders at the right time, or by doing certain sessions together.

Make one product owner responsible for the whole value chain

Most transformations start by implementing the Scrum framework in each team. In many cases, each team gets its own product owner, based on the idea that a scrum team must have a product owner. The product owner of a team is therefore often not the owner of the entire product, but only a part of it. This leads to an even bigger need for alignment.

By assigning one product owner to the whole value chain (the product or the customer journey), a lot of things suddenly become clear: the priority for the entire chain, and whether all teams are actually working together on one

product. This is also a way to make the role of product owner, a visionary entrepreneur, much stronger. A product owner can then have multiple teams. But make sure the teams give the product owner enough support and that they also have the skills to do so.

This relies a lot on having a good flow of information. Is the product owner getting all the available product information—for example customer requirements and costs—from all teams? Are the teams making the product owner aware of things like the product quality and technical debt? Either way, this is easier to organize than trying to get alignment between a lot of different people who are responsible for the same product.

Get things "done-done"
The essence of Scrum can be described as a "done" increment every sprint. In agile working it's essential to get the work "done-done" so that it can be used by the customer. This is *the* way to validate whether you've made the right thing and to deliver real customer value. Unfortunately, many organizations have become so complex that it's difficult to get things done and delivered to the customer. During a transformation you therefore need to focus on removing any unnecessary processes, simplifying the architecture, and reviewing team set-ups—they need to be multidisciplinary and capable of delivering a whole product. All with the goal of getting things completely done in one sprint.

> **During a transformation you therefore need to focus on removing any unnecessary processes, simplifying the architecture, and reviewing team set-ups.**

Create an obeya room
"Obeya" (Japanese for "large room") is a tool taken from Lean. It's also being used in more and more agile organizations to bring transparency to the status of the organization (or part of an organization) and the transformation. On the walls of the room, you can clearly see who's doing what, what the obstacles and goals are, and the results being achieved. Anyone can simply drop by in search of information or alignment. There is often also a wall for indicators, a kind of dashboard. OKRs (see below) are made transparent for each team. Very short but regular conversations are used to discuss how far off the current situation

is from the previously made plans. Open to everyone, the obeya room encourages a maximum flow of information, enabling every team (or even individual) to be autonomous and self-managing.

Introduce OKRs to make goals transparent

OKRs stand for objectives and key results, tools that are used in quite a few agile organizations to work in a goal-oriented way and to make results measurable. The idea is that goals are first decided at an organizational level (and per organizational unit), and that teams then set their own goals aligned to the higher goals. Most organizations choose to use a three-month cycle in which they create the OKRs, or at least inspect (and adapt) them.

The advantage here is that it becomes clear to teams what the focus will be for the next three months. A team only really becomes a team when there's a common goal. This makes each team member feel more team responsibility instead of only feeling responsible for their own individual tasks. Another advantage is that the team will focus more on what it aims to achieve, rather than on the things it wants to do.

> **A team only really becomes a team when there's a common goal.**

By defining OKRs for three months, the team can also keep track of the key results during that period. By making this progress transparent and discussing it, the team can ask others for help to ensure they still achieve their ambitious goal. OKRs are also a good way to manage expectations.

The team can evaluate the OKRs regularly, for example every week: what is the progress toward the goal and what do we still need to change to achieve it? These insights can then be used when deciding on the next sprint goal.

The previous OKRs will be evaluated together every three months. It then becomes clear which part of the goal has been achieved. Based on the lessons learned during this process, new OKRs can be created. They might even want to make them a bit more ambitious. The team itself must become the owner of these goals. This means nobody else can create or change them. The team

itself decides how ambitious its goals can be. OKRs are not a way to pressure teams into working harder! They'll probably still have that effect anyway, but because of intrinsic motivation in the team. And the goals might not necessarily motivate them to work harder, but smarter and more focused.

Tool: Objectives and key results (OKRs)

The basic formula for OKRs is: "We will" (objective) ... "measured by" (set of key results). The objective shows where the team wants to go: the meaningful destination it's aiming to reach. An objective is qualitative, ambitious, inspiring, and concise.

For every objective there are around three key results. These tell the team whether it has in fact reached that destination. Key results are SMART: specific, measurable, achievable, relevant, and time-bound.

Example OKR for an HR team:

"In Q2, we will" (increase employee engagement), "measured by" (absences down from 7.5% to 7%, and satisfaction score up from 6.5 to 7).

The team can then add activities to its backlog that it thinks will achieve this goal. For example, an employee wellbeing week, or following up on the feedback from the last satisfaction survey. The success of these actions is measured by the key results.

Get started

Changing an organization's approach to measurement and alignment isn't easy:

☐ Ensure that increased team autonomy goes hand in hand with increased alignment.

☐ Get your product owners to take ownership of the entire product.

☐ Each sprint, get work "done-done" so that you can quickly and regularly validate the results.

☐ Enable teams to self-manage before you completely let go of the steering wheel yourself.

☐ Create transparency, for example with an obeya room and OKRs.

ADOPTION TOPIC 5 FINANCING

INTRODUCTION

Money coming into the company is crucial for any organization. But an agile transformation makes an organization look at financing in a different way. This is because there's a fundamental change going on: in an agile organization the work is brought to fixed teams, whereas, traditionally, "resources" were brought to the work. So something isn't quite right when financial systems and processes still work on the basis of projects where progress is managed in terms of scope, time, and money. In an agile organization, progress is mainly determined by continuously looking at results and outcomes. Customer value is created in a short cycle by largely fixed teams with fixed costs. The agile transformation therefore also needs to be adopted by the underlying financial systems and processes.

WHY IS AGILE ADOPTION IN FINANCING SO IMPORTANT?

Organizations are often used to financing departments and projects. This rarely fits together with a new agile set-up, where the organization will revolve around multidisciplinary teams that deliver customer value via an end-to-end product or service. There is a need for new ways of dealing with this and regularly evaluating which teams or value chains require more or less investment. Although agile teams are generally stable, they will still change over time.

Team autonomy is also increasing. You may want to make agreements about the freedom a team or product owner has over certain costs. In a fast, agile organization, it's no longer enough to review financial results every quarter or every year: the organization needs continuous insight, which in turn means processes need to be adapted.

Another question is how to encourage innovation as an organization. There are often all kinds of new ideas in an organization, but you can't fully explore all of them right away. That's why some organizations take a kind of venture-capital approach and invest only in the most promising ideas to turn them into a first version. Based on the lessons learned from this, a decision can then be made to invest more and scale up, or to leave it at that.

All of this affects the existing financial processes. So make sure these strengthen rather than block the agility and speed of the organization.

CASE STUDY | FINANCING OF A MULTIDISCIPLINARY SCRUM TEAM GOES WRONG

A utility organization was facing a challenge relating to the accelerated innovation and maintenance of its assets. To solve this problem, a multidisciplinary scrum team was set up, which included a financial expert with knowledge of the financial impact of maintenance and of lifecycle management.

The team delivered several business cases in just a few sprints. This also led to cost savings for both the customer and the organization. The team was just getting up to full speed when the financial plans for the following year had to be submitted. Before long, the first cracks began to appear in the multidisciplinary team. Although it had delivered a lot of (financial) value, and quickly, this was all focused on one department. The other departments weren't happy. After all, they had also provided capacity to the team. But they weren't getting what they'd paid for.

As a result, these departments didn't allocate any resources to the multidisciplinary team in their annual plans. Because it wasn't a project either, the team didn't get any project funding. Not long after, the team was stopped.

This shows that departmental funding can have a major impact on multidisciplinary working. In this case, there was previously no need to tackle this. If that need had been created earlier, it could have had a major positive impact on the steps taken to move to an agile way of working.

HOW DO YOU GET AGILE ADOPTION IN FINANCING?

Actively involve financial professionals in the agile teams

There can be some real benefits to occasionally involving financial professionals in the agile teams. For example, it allows business controllers and other professionals to share their financial knowledge and skills with the agile teams, making the value the teams deliver more measurable. Another advantage is that the financial professionals gain a better understanding of how agile teams work, which helps them change the way they interact with the teams.

In an organization-wide agile transformation, departments like finance often lack a basic understanding of agile. As a transformation team, you could include the finance department building up this basic understanding on your roadmap. It might even be a good idea to give financial professionals a permanent role in the multidisciplinary agile teams.

CASE STUDY | PRIORITIZING EPICS BY LOOKING AT THEM RELATIVELY

Regular meetings between the management and product owners of an organization had been set up. As in most organizations, there were a lot more ideas than capacity or resources. So it was about making choices: What do we do and what don't we do? What do we do first and what

do we do later? Do we really need to do everything, or can we break it down and focus on the low-hanging fruit first?

In this recurring meeting, they estimated the value of an epic (a large initiative) together using T-shirt sizing: S to XXXL. In practice this meant a big sheet of paper for each T-shirt size stuck to the wall, and then the various epics placed against their estimated size. This relative estimating of value put epics of similar value together on one sheet. The discussions were also held with both management and product owners, so everyone was on the same page.

This value estimation worked a lot better than the financial business cases that had been made in the past using extensive spreadsheets. An additional advantage was that the smart product owners had already got estimates of how much work each epic would be, so that a rough estimate of return on investment (ROI) could be made for each epic. To give you an idea, they assigned numbers to the T-shirt sizes (S = 1, M = 2, L = 3, XL = 5, etc.) so that value and effort could be equated, and a raw ROI could be calculated. See also the box about WSJF on the next page.

This also had the side effect that, as soon as a priority order became clear, some epics were split up. A smaller epic often got a higher ROI and priority because the effort was smaller.

What's really interesting about this case study is that it was easy to measure what a single epic actually delivered. For example, number of new customers or extra turnover. This meant that, over time, a financial value could be linked to a specific T-shirt size. An XXL epic, for example, meant a turnover growth of over one million euros within twelve months. Until a better number became available, the team kept it simple and charged the same amount for all XXL epics. And if during the discussion they realized that a certain XXL epic wouldn't deliver as much as expected, it became clear that it probably wasn't an XXL value item, but more of an XL value item, for example.

> The business controller was the person who would supply the figures for the epics (after delivery), making the revenue very clear. This person played a key role in this product owner meeting. They made it easier for the product owners to interact with the finance department and got them much more involved in estimating and measuring financial value.

As a transformation team, another way to ensure product owners and financial professionals increase their shared understanding is by using the WSJF principle (weighted shortest job first). This technique is an easy way to group priorities based on value and effort. It's also a method that both product owners and financial professionals can understand, giving them a way to discuss these priorities with each other.

In practice: WSJF (weighted shortest job first)

Providing insight into financial value is often a new responsibility for product owners. An easy technique to use for this is WSJF (weighted shortest job first) from SAFe®. It works like this:

WSJF = Cost of Delay (CoD) / Job Duration (or: Job Size)

Where: CoD = User-Business Value + Time Criticality + Risk Reduction and/or Opportunity Enablement

For each of these components, a relative estimate is made of, for example, a feature in relation to other features. The scale used here is typically a—slightly modified—Fibonacci sequence: 1, 2, 3, 5, 8, 13, 20. The number you get as a result can help you prioritize the backlogs.

These are just relative estimates. But after delivery you can check how much business value has actually been created. Business controllers, for example, can play a role here. Product owners and stakeholders can then use this input to make improved and better reasoned estimates in the future.

Help with the transition from project- to product-based financing

As mentioned earlier in the chapter, a new way of budgeting, also called agile budgeting, is essential for agile adoption in an organization. Making changes in this area has a real impact. Not just on financial manage-

ment, but also on, for example, the strategy (see adoption topic 3). So it's a good idea to limit this change to one or a few products or a portfolio of products first, rather than turning the entire approach to financing and budgeting upside down in one go. For this, seek guidance from a financial professional with knowledge of and openness to agile.

CASE STUDY | FROM THE ANNUAL BUDGET TO STABILITY AND AGILITY

As in many organizations, an annual budget round was held: the annual plan. It was the task of the organization's portfolio manager to divide the budgets over the strategic projects and programs. Everything went fine. Each line of business indicated which projects needed to be carried out and how they contributed to the strategy. Of course, there was more demand than budget, but through several end-of-year meetings decisions were made about which projects would receive a budget in the new year.

The portfolio manager started to notice that more and more projects were being carried out differently. There was no project manager involved, but a product manager. The product manager was successfully delivering both small and larger projects with the help of permanent teams. There weren't as many of the usual escalations to get more budget for a project.

The portfolio manager talked to the business and the person responsible for implementation. He learned the language and immersed himself in the framework being used. He soon concluded that budgets should no longer be allocated to projects but to tribes. The following year, a first step was taken toward more stable financing for the tribes. Still based on projects, but more clearly allocated per value chain. The next year, the whole project-based "budgeting event" had almost completely disappeared. The available budget for investment and maintenance was divided among the tribes based on their expected strategic

importance. A value-driven discussion also took place: which initiatives have the most expected relative value? Both budget and content were no longer being discussed annually, but four times a year.

This portfolio manager's approach brought about two interesting benefits. First, there was no longer any reason to request more than needed (capacity, budget). Previously, every line of business knew that you would always get less than what you asked for. This led to structural over-budgeting, which meant there was no reason to be too strict about each project's budget. Because getting budget no longer depended on the project, it in fact became more important to run projects as strictly as possible as this meant they would do better in the relative comparison. The second advantage was about staffing. With a reasonably stable budget, they could work with fixed teams: no staffing per project or resources allocated on a part-time basis, but fixed teams that worked together for a longer period of time. This meant there was no need for resource planning, and this stability also led to an increase in productivity.

Let an improvement team improve the financial processes
During your agile transformation there will be financial processes that can be improved, so that the customer will really notice that the organization has become faster and more agile. At the beginning of part B we talked about improvement teams (see page 42), temporary multidisciplinary teams that focus on tackling a specific area of change. Financial processes would be a good candidate for this.

CASE STUDY | **IMPROVEMENT TEAM COMES UP WITH FOUR IMPROVEMENTS TO FINANCE**

A multidisciplinary improvement team for financial processes consisted of business controllers, customer-focused employees, BI specialists, and product owners. Two three-day design sprints were organized, during which a wide range of feedback was collected from the orga-

nization. At the end of the second sprint, they had come up with four tangible process improvement proposals, which were then implemented. One gave the teams up to fifty thousand euros to spend how they wished. Another led to sales forecasts being continuously updated. It also became clear to teams how they could bring about changes to the team members. And the process for generating business insights was also made more efficient.

Get started

It helps to align financial processes to agile ways of working as quickly as possible. If you want to get started with this, then consider the following:
☐ Involve financial professionals in the agile teams, for example during prioritization sessions.
☐ Help teams, with or without the support of financial professionals, to quantify value delivered.
☐ Organize budgets based on value chains rather than projects and departments.
☐ Let an improvement team focus on improving processes to contribute to a faster, more agile organization.

ADOPTION TOPIC 6
COMPLIANCE

INTRODUCTION

Every transformation, big or small, sooner or later comes up against all kinds of rules and regulations. These are often internal processes that have sometimes been in place for years. But they can also be regulations imposed by a supervisory or legislative body. The general view is that these rules and regulations are there and can't be changed. Agile transformation and the resulting decentralization will continuously challenge this status quo, actively questioning the whys of these rules and regulations.

If these internal rules and regulations aren't adapted to agile working, people will actively fight it. That's why there needs to be a focus on adapting these rules and regulations during an agile transformation. Once they're based on an agile model, and even start to support an agile cadence and mindset, then they become key to gaining adoption.

WHY IS COMPLIANCE SO IMPORTANT TO THE ADOPTION OF AN AGILE TRANSFORMATION?

Organizations are at their most agile, their quickest, when as many decisions as possible can be made in a decentralized way. This means that those decisions are made regularly and quickly. In turn, this creates more ownership

for the teams and more speed in delivering value to the customer. Having the right knowledge to make the best decisions for the customer therefore lies more at the team level and less high up.

This often conflicts with compliance, because how can you be sure that what the teams are delivering complies with legislation and any other rules in the organization? How can you continue to demonstrate quality? And how do you ensure various forms of safety, for example in terms of finance, health, and quality? In most cases, compliance is all about safety: can we guarantee it?

Not all rules and regulations you have to deal with as an organization are in your own circle of influence. You can't simply change them. As an organization you could still choose not to work with all supervisors and certificates, but often this isn't realistic. Whatever you decide, you will almost always have to deal with certain regulatory bodies, for example financial regulators and public health or data protection authorities.

However, what you can influence is the way the organization handles these rules and regulations. Changing the way you look at these is crucial for agile adoption in an organization: together we actively look for the right balance between decentralization and centralization, between delivering value quickly and still guaranteeing quality and safety.

Here, too, there's a place for mutual understanding. Teams sometimes dismiss compliance as unnecessary and restrictive. But that's not what compliance professionals are about: they simply want to ensure the safety of the customer *and* of their own colleagues, as the following case study shows.

CASE STUDY | SHOWING IN JIRA THAT A PROCESS HAS BEEN FOLLOWED

A scrum team was using Jira to track the team's product and sprint backlogs. All team members had access and admin rights to the digital scrum board.

The board contained several product backlog items, collectively representing an epic, a major product feature. In one of the audits, the compliance officer asked, "Who decides that an epic is done and can go to production?"

The team reacted a bit frustrated: "The product owner of course!" The auditor then asked: "But why was this epic last updated and dragged to the done column by another team member?" Again, the team was annoyed: "Just to tidy up the board."

The auditor continued with their questions and was concerned about one area: imagine the epic had been delivered but was found to contain errors. How could they then find out or demonstrate who was responsible, and prevent these mistakes from happening again? Currently they were looking at the activity history in Jira. In this case, the team member would be held responsible for signing off on this particular epic.

The solution turned out to be simple: the permissions were updated so that only the product owner could mark the epic as "done". This wasn't a rule for the sake of a rule, but a rule to ensure the safety of its own employees.

Compliance is therefore almost a mandatory adoption topic for the transformation team. It has the most visible impact on structures, but requires a culture where people take a fresh look at the way they collaborate, driven by a shared ambition to deliver high-quality customer value.

HOW DO YOU GAIN AGILE ADOPTION IN COMPLIANCE?

Central control versus decentralized personal responsibility, well-defined rules and regulations versus own initiative and agility—it's hard to imagine these co-existing. But if you look closely at the intent behind compliance, those contradictions tend to disappear.

Make quality a team responsibility

One of the most common misconceptions about agile teams is that they don't need to worry about reporting or documentation. They point to the agile manifesto, where it clearly says that working software is more important than comprehensive documentation. This is then used as an excuse to work in an undisciplined way. But that's not the case at all: the more autonomous and self-organizing a team wants to be, the more disciplined it also needs to be. Recording findings and risks, or writing documentation, is all part of it. Teams do have a responsibility here, including to follow the rules.

Ensure collaboration with compliance and translate agreements into the definition of done

As a transformation team, you therefore want to start by encouraging teams and compliance to work together. Avoid leaving compliance on the sidelines for too long, and instead involve the right people in the transformation and the teams early on. Agreements can be translated into the so-called definition of done. This usually consists of several levels: a baseline that the organization asks of all teams, the agreements between collaborating teams, and the agreements of an individual team.

The basic idea of this collaboration could be seen as "compliance by design". By ensuring in advance that what is made complies with the rules, you can maintain quality and speed. By "building" compliance into your way of working, there'll be no big delay at the end of the process to check whether all the rules have been met. You could compare it to automatic testing (see also the next chapter on technology).

It also helps if teams automate as much of the tracking, monitoring, and checking processes and procedures as much as possible. This way, everyone always has access to the most relevant information when making decisions about risks.

You could say that this also changes the role of compliance professionals. Their way of working will be similar to that of a coach and will mainly be about providing the right tools and setting boundaries at the right time. All to ensure that work is being done according to the rules, without that getting in the way of speed and agility.

CASE STUDY | AGILE WORKING GETS ISO CERTIFIED

A medium-sized agile consultancy organization was struggling to obtain a quality certification in the traditional way. But the company also wanted to promote the fact that it placed a lot of importance on quality and had also been ISO certified for some time. This wasn't easy in an organization that worked in a fortnightly cadence and didn't have any extensive or detailed legal procedures. The company guaranteed its quality to customers precisely through its regular planning, inspection, and adaption, but this didn't fit with the recognized methods of reporting, for example toward ISO.

To demonstrate quality, all consultants at the organization completed a biweekly self-assessment. Every consultant also collected feedback every two weeks in the form of a grade for the quality they were delivering. The self-assessment and this grade were quick and easy actions. They were more about having a conversation than filling in lengthy forms. But they did give a good understanding of the quality of the provided services.

What was special about this case study? The freedom given in meeting or demonstrating the set requirements and principles. People often think that processes are imposed by a certain body, but in practice this is rarely the case. The body wants to guarantee several requirements and principles, but it is often up to you to decide how you go about that.

Get started

Because compliance seems so far removed from agile, it's smart to start adopting agile in these processes as early as possible. You can get started straight away with the following:

- ☐ Help people working in compliance step out of their comfort zone and adopt a coaching role to bring knowledge and expertise to the teams.
- ☐ For new initiatives, make sure that the impact of rules is clear at the start of the process.
- ☐ Encourage the team to take responsibility for quality.
- ☐ Use the definition of done to capture the agreements that come out of this close collaboration, and to ensure compliance with rules.

ADOPTION TOPIC 7
TECHNOLOGY

INTRODUCTION

Until now, the focus of this book has mainly been on how you change and what changes in the organization. About what that means for people and what it asks of them. This might have given you the impression that IT and technology are less important. But it's quite the opposite. In fact, it's often technology that encourages companies to start a transformation. The digitalization of customer processes is part of the strategy of many organizations, often driven by the desire to be able to deliver with less human intervention and at the same time save money and increase speed. So technology often plays a crucial role in a transformation.

WHY IS TECHNOLOGY IMPORTANT IN AN AGILE TRANSFORMATION?

As already mentioned in part A, a fundamental acceleration is taking place in society due to the increase in the use of technology. This creates an urgency for every organization to change faster. Technology offers a lot of opportunities to achieve this in your own organization. Without the technology, without digitalization, without software, it's difficult to really accelerate and become more agile. More and more organizations that at first glance don't seem to have much to do with digitalization are doing experiments to see how technology can enable oth-

er services or propositions. The expectation is that even sectors that are hardly or not yet involved in technology will soon encounter digitalization.

Digitalization and technology are about speed of delivery, meaning that customers can get a product or service faster. But it's more than just this. The correct use of technology enables more experiments and faster validation. This is about feedback from the customer, but also within a team. Automated testing means teams can immediately see if a change has introduced a problem elsewhere. This has a positive impact on their self-management and autonomy.

It is precisely this increase in speed of feedback in various ways that makes organizations more agile. The feedback tells you whether your idea was a good one. The faster the feedback comes, the easier it is to adapt the implementation or even the idea. If you do this at all levels of the organization, you'll be able to get a grip on the complexity of the ever-faster world.

HOW DO YOU ENSURE THAT TECHNOLOGY INCREASES THE SPEED AND AGILITY OF YOUR ORGANIZATION?

There are a lot of consequences to working on the basis that technology is a key part of the way we deliver products and services. One of those consequences is that IT is no longer a supplier of the means of production. IT has become part of the operational value chain. In practice we see business and IT being brought together in one department or unit. This is sometimes referred to as BizDevOps, bridging the gap between business, development, and operations. IT is no longer seen as a central supplier of technology, but more as a partner or even a colleague. There is a shared responsibility, instead of IT being the "factory" that just has to "deliver". As soon as these areas are brought together, the dependencies also decrease, and the entire value chain becomes autonomous.

Repositioning technology in the organization is a key topic for the transformation team. But the changes in technology are happening at lightning speed. So it might be a good idea to involve agile technology specialists—for example DevOps engineers and architects—to help you achieve results in this area. As a transformation team, you may want to start an improvement team to tackle the technical bottlenecks.

Something that's more within the influence of the transformation team is analysis into the current state of the technology. The status of the items mentioned below will at least form part of a lot of transformations and analysis, as they all contribute to increasing the speed and agility of the entire organization.

Encourage continuous integration and delivery
One practical use of technology is to automate the delivery pipeline by applying CI/CD (continuous integration and continuous deployment). This way of working enables teams to test even the smallest product change (for example one line of code) and—if no errors are found—to integrate it into the existing product and deliver it to the customer. This whole process can be fully automated and is a big timesaver.

> **Repositioning technology in the organization is a key topic for the transformation team.**

With just one push of a button, quality is checked and the updated product is made available to customers. This allows the team to get fast feedback about whether the change achieved what the customer wanted.

Setting up CI/CD can seem like an immense, if not impossible, task, especially in organizations where a lot is still done manually and where a lot is being kept up and running at the same time. Although the investment in properly setting up CI/CD can be expensive, it is *the* way to make product delivery faster and the organization more agile. Depending on the longevity of your product, you'll need to weigh up whether it's worth the investment.

Guarantee quality with automated testing
To be able to quickly and regularly put changes on production, you'll need a lot of automation throughout the pipeline so that you can really count on the quality delivered. Otherwise, you'll never feel confident pushing the release button. The definition of done that the teams use is also very important here.

Automatic testing is mainly associated with software products, but other technical processes, from assembly lines to the provision of (virtual or physical) development environments, can also be set up so they automatically test for quality and usability of the product.

If teams and individuals can be automatically informed about the quality of a product, their autonomy increases. Deploying to production or releasing goes much faster if the team has all the info they need at all times.

Encourage an agile architecture

Being able to respond quickly to customer requirements also has consequences for technical architecture. The architecture must support the ability to deliver value quickly, and be adaptable when needed. Architecture therefore needs to be simple: it must be easy to add and remove parts. In practice, it seems that removing legacy systems in particular—systems with outdated code or a structure that's no longer used—is a major bottleneck.

> **The architecture must support the ability to deliver value quickly, and be adaptable when needed.**

One of the principles behind the agile manifesto states that the best architectures come from self-organizing teams. But this doesn't mean there's no more architecture. Especially in scaled environments, where sometimes hundreds of teams are creating and maintaining products, good architecture is a must-have. The change is that self-organizing teams don't get handed a target architecture as a blueprint. Architecture is flexible and grows with the solution. It requires boundaries and clear principles. The role of the architect also changes. Much the same as with business, the teams also need to know enough about architecture so they can contribute effectively to the right architecture.

Currently, a lot of organizations still choose a central solution or architecture for certain processes. This makes it almost impossible for value chains to still come up with a solution that's needed for specialized products. An architecture that is as flexible as it is robust supports the autonomy and agility of the value chain.

Encourage data-driven working

We've already emphasized the importance of feedback several times. The next use of technology takes the gathering of feedback one step further. Websites are known to track a whole range of information about their visitors: the customer profile, how they behave, and what their journey is like on the website. Using this data, choices can then be made to serve the customer even better. A frequently used technique here is so-called A/B testing. A certain part of the target group will see a specific version of a page, version A. Another part will see a different page, version B. Usage is then measured to decide on the best solution. Another example is measuring the use of certain functionality. Functionality that is hardly used will get less attention and may even need to be removed or replaced. Technology makes data collection and analysis easier and more complete, allowing faster and better decisions to be made.

CASE STUDY | SPLITTING UP A MONOLITH INTO PARTS THAT CAN BE RELEASED SEPARATELY

For years, a large e-commerce supplier in the Netherlands had a website that consisted of one large block. This meant that small changes couldn't be delivered individually. The website went live with new features about ten times a year. This required a carefully orchestrated release process to manage the dependencies and keep control of the testing and release of the site. The last release of the year where new functionality could be released was in October, as the December holiday period was so critical for sales that only bug fixes were allowed in the November release. This monolithic website was the biggest bottleneck to the company's growth. Something had to change.

The entire website was split up into individual parts that could be delivered separately from each other, and which communicated with each other via services. Over time, the number of services between the components of the website grew to more than two hundred and fifty, each of which was released separately.

These components also functioned independently of each other. For example, if the search functionality broke, the rest of the website would still work and customers who were already paying could continue. Or if showing a personalized offer had failed, they could still display a generic offer.

The number of releases also grew enormously: from ten to several hundred a year. Where previously the monolithic website was frozen at the end of the year, the splitting up into components and services allowed teams to do a few dozen releases, even on Black Friday. Because why wouldn't you want to use valuable features on the biggest day for sales? In addition to release speed, huge improvements were also made in terms of (un)planned downtime, the number of critical incidents on the website, and the time to recover.

Looking back, this organization's biggest regret was waiting so long to make this change. Initially, the organization had carefully orchestrated processes to ensure that everything ran smoothly. This worked at first, but after a while the monolith just had to be split up. Once that decision was made, there was a lot of regret: if the organization had only started it a few years earlier, it would already be done by now. Carefully orchestrating a process around a technical bottleneck is a temporary fix that's rarely sustainable.

Get started

To accelerate technology and increase the agility of your organization, you can take the following concrete steps in your transformation:

- ☐ As you did in step 2, carry out an analysis of the current state of the technology.
- ☐ Include the outcomes of the analysis on the transformation roadmap.
- ☐ Decide for which products you want to invest in acceleration and agility of your technology. Do this based on the bottlenecks in the current supply chain.
- ☐ Make it clear how you want the role of architects to change: from prescribing to giving direction and providing boundaries.
- ☐ Knowledge is power: integrate data collection into your IT products to make validation even easier.

AFTERWORD AND THANK YOU

As with any travel guide, you can also decide not to take this book with you on your trip. After all, there's nothing better than going on a journey of discovery by yourself. Nevertheless, in this final chapter we would like to take you through a collection of common mistakes and pitfalls. In other words: all those places you really don't want to visit. Think of these as "signposts when you get lost". Because one thing is certain: with or without a travel guide, your transformation journey will never run completely smoothly. We can guarantee you that! But look on the bright side: wouldn't it be boring if everything went to plan?

> **Because one thing is certain: with or without a travel guide, your transformation journey will never run completely smoothly. We can guarantee you that!**

KEEP GOING, BECAUSE IF YOU STOP, NOTHING WILL IMPROVE

Your transformation journey will get delayed. Or the pace of change will be slower than what you, the transformation team, and leadership would like. When this happens, we often see people returning to their old ways of working. With the subtext of: told you so! No matter how much people believe in agile, the first argument when there's a delay is always: it doesn't work for us.

The trick at this point is actually to keep going. Even if there seems to be no (more) change happening and resistance is growing. And certainly if you start to hear more of this: "but everything was fine before". This means you're almost at the top of the mountain. If you manage to keep going now, you'll reach the top and from then on, it'll only get easier. Keep going, especially when it gets difficult, is perhaps the best tip we can give you.

GET UP JUST ONCE MORE THAN YOU FALL

During your transformation journey, you will fall. A feature released too quickly will start causing the system to fail. You'll spend more hours on it than you expected—let's face it, at least at the beginning of your journey, you'll be keeping a close eye on the costs. And that incredibly well-thought-out transformation event will turn out to be a complete flop. Get up, get over it, and try again. Preferably a bit better than before. After all, your fall has given you access to new information. To make your transformation journey a success, you only need to get up once more than you fall. All the clichés about achieving your goals are true: get back up, keep going, and . . .

(GROWING) PAINS MEAN YOU'RE MAKING PROGRESS

Pain is to be expected, not just when you fall but also when you're on the right track. Too often we see band aids being used to ease the pain of transformation. The consequence? Sub-optimal change. Or even worse: wounds that never heal.

It's painful, setting up an immature, multidisciplinary team in a new, customer-oriented organization. Nothing is getting delivered, you don't understand the customer, and it soon becomes clear that the team is missing essential knowledge. Up until now, the solution (band aid) that has always been used—and has worked—was to set up a specialist team. Or even trendier: a task force. If you apply this band aid during your transformation, you'll deny the organization the chance to learn quickly and reap the benefits of agile. Exposing and feeling the pain is the incentive to change. For example, people picking up skills quicker so you end up with a team with more T-shaped profiles. Or the need to talk to customers a lot and often.

In short, pain is part of change. Don't be too quick to come up with solutions to ease that pain. It will pass, but let the pain be resolved where it is felt.

DON'T LET OTHERS HOLD YOU BACK

There are quite a few misconceptions about agile going around in organizations. From "it doesn't work because we're not an IT organization" to "our people can't or don't want to change". However, we can't think of a single reason that should stop you from making organizations more agile. Not an IT organization? Agile is about putting the customer first and delivering value quickly and iteratively by learning as you go. There is no organization that wouldn't benefit from that.

Are you really convinced that your current people can't or won't change? Then you'll need to find a solution. Attracting employees who can change and saying goodbye to those who can't—and who probably wouldn't be happy to either—is one of the options. Either way, not (yet) having the right people is no reason not to want to be agile as an organization.

Of course, there are a lot of hurdles to overcome that make becoming agile very difficult. Collaborating with the works council, compliance challenges, keeping the business running while you transform, and so on. Transformation requires perseverance and endurance. Train yourself and the transformation team not to let setbacks stop you, and talk to each other whenever you hear a misconception.

> **Transformation requires perseverance and endurance. Train yourself and the transformation team not to let setbacks stop you.**

TAKE A DISCIPLINED APPROACH TO YOUR CADENCE, IT'S YOUR HARNESS

To put everything we've discussed into practice, we can't say it enough: work iteratively. Change is a complex task that requires you to continuously learn, experiment, and adapt. Even if you go for a big bang approach or a structural change, meaning lots of big changes take place in one go, we can assure you

that you will still need to learn and adapt a lot. You simply won't get it perfect the first time. Fortunately, you don't have to. Precisely by using a strict cadence of planning, implementation, and evaluation, you reduce the risk of "mistakes" and learn much faster so that you *can* get it perfect.

THANK EVERYONE WHO HELPS OUT, AS YOU'LL NEVER BE ABLE TO DO IT ALONE

That applies not only to a transformation, but also to this book. Because writing a book isn't something you do alone. We are therefore indebted to a number of people:

- Elke Vergoossen from Boom Publishers Amsterdam for seizing the initiative to publish this book together with us.
- Denny de Waard, Derk Zegers, and Vikram Kapoor for their operational support while we were writing, and Vikram in particular for his unstoppable desire for the development of an agile transformation approach.
- All our clients over the years. Together we've been on a journey of exploration and discovery. All the steps we took together taught us something for this book. Sometimes because those steps worked, but sometimes also because they didn't.
- All our colleagues at Prowareness and other organizations with whom we discovered how to bring structure and predictability to the dynamic and unpredictable chaos that is an agile transformation.
- The people who reviewed the manuscript: Henk Jan Huizer (former colleague and now consultant at PA Consulting) and Martin van Langen (operational lead at Prowareness) for their razor-sharp and sometimes confrontational feedback. You held up a mirror to what we had written.
- Specials thanks to Heather Sills who made the English translation of this book and Joost van Lierop for the layout.
- Wieke Oosthoek, Elke Vergoossen, and all the other employees of Boom Publishers Amsterdam who were in one way or another involved in the production of this book.
- Finally, our families. Writing a book takes time, attention, and focus. Thank you for regularly allowing us to be physically and mentally absent. Without your support, this book would not have been possible.

Lastly, some final thoughts for you, our reader. It's great that you're also reading this part of the book. We don't want to deny you the most important message in this afterword. That message is that transformations to an accelerating, agile organization are extremely complex and therefore always require an iterative, agile approach. Complexity can't be captured in detailed plans, but it can be managed through short-cycle discovery by doing. So in every transformation, take small steps and get immediate results, so that you can adapt based on what is actually happening.

We wish you a lot of success with your agile transformation. Keep your destination in mind, but don't forget to enjoy the journey too. Take a good look around you, have fun, take lots of pictures, and tell everyone all about it. Keep telling the story of that journey. Not only so that others can come along for the ride, but also to keep yourself on the right track. Why this step? Why now? What am I observing? Or have I actually fallen asleep? Telling your story keeps you focused but is also fun. Together you're creating memories that will be relived in your organization for a long time to come.

Good luck on your own unique and inspiring journey toward an agile and accelerating organization!

Bas van Lieshout
Hendrik-Jan van der Waal
Astrid Karsten
Rini van Solingen

ABOUT THE AUTHORS

BAS VAN LIESHOUT

Bas van Lieshout is Agile Transformation Lead at Prowareness. He leads and coaches agile transformations as described in this book. Of course, he doesn't do this alone, but together with a team of colleagues. In this role, Bas constantly switches between coaching teams and individuals and steering the progress of the entire transformation. Achieving real and lasting improvement is his biggest personal motivation.

Bas studied physics at the Radboud University Nijmegen. He is a Professional Scrum Trainer at Scrum.org and has given over a hundred training courses and workshops. You can ask Bas questions or discuss topics with him by emailing b.vanlieshout@prowareness.nl. He would be more than happy to lead or coach a challenging agile transformation or give you agile transformation training[*].

HENDRIK-JAN VAN DER WAAL

Hendrik-Jan van der Waal is Agile Transformation Lead at Prowareness. He leads and coaches agile transformations, supports management teams, and is a SAFe® Program Consultant. Hendrik-Jan studied computer science at Delft University of Technology (TU Delft) and is always searching for solutions that deliver results. Good for both the customer and for the people who achieve those results.

---

* See: http://www.prowareness.nl/agile-transformeren.

Hendrik-Jan gives various SAFe® training courses, inspiring workshops, talks, and Agile Expert Programs. Do you have questions about transformations or just want to brainstorm about the problems in your organization? You can reach Hendrik-Jan at h.vanderwaal@prowareness.nl, or by following agile transformation training[*].

ASTRID KARSTEN

Astrid Karsten is Product Lead HR|People & Culture and Agile Transformation Consultant at Prowareness. One of her main focuses is encouraging a culture of passionate employees that make organizations thrive. She is driven by stimulating people's growth, preferably in a way where all kinds of storytelling is key.

Astrid provides training in a range of topics including personal leadership and coaching, and also works as a consultant and performance coach. You can ask Astrid questions or discuss topics with her by emailing a.karsten@prowareness.nl, but she much prefers to come and give inspiring workshops and talks about passionate ways of working (together).

RINI VAN SOLINGEN

Rini van Solingen is CTO at Prowareness, where he helps customers make their organization fast and agile. He is also a part-time professor at TU Delft and regularly gives lectures at Nyenrode University. Rini studied computer science at TU Delft and has a PhD in business management from Eindhoven University of Technology.

Rini is primarily a speaker and author. His expertise is speed and agility of people and organizations. He gives around one hundred and fifty talks on these topics every year at knowledge sessions, conferences, and company events. His best-known (management) books are: *AGILE* (2022, with Maarten Kossen), *The Power of Scrum* (2011, with Jeff Sutherland and Eelco Rustenburg), *Formula X* (2022, with Jurriaan Kamer), *How to lead self-managing teams? A business novel* (2016), and *Scrum for managers* (2015, with Rob van Lanen).

---

[*] See: http://www.prowareness.nl/agile-transformeren.

For questions or discussions, don't hesitate to get in touch: r.vansolingen@ prowareness.nl. Or take a look at his website: www.rinivansolingen.nl. Rini would be more than happy to come and give a talk at your organization.

Would you be interested in publishing this book in your own native language and/or help realizing that translation? Please contact Rini (rinivansolingen@gmail.com) so that he can explore the possibilities with you. The electronic version of this book can be downloaded for free as .pdf on http://book.leading-agile-transformations.com/. Please distribute it freely as many times as you want.