# Leading through Change

## The C-Suite's Role in
# Enterprise Agile Transformation



**Ann Kahraman**
Principal Agilist




Platinum
Solution Partner
ENTERPRISE

# Leading through Change
## The C-Suite's Role in **Enterprise Agile Transformation**

## Contents

When the Agile Manifesto was introduced in 2001, its authors had a vision for a better way to develop software, one that prioritized people over processes. Since then, agile methodologies have been embraced around the world, in organizations large and small. According to a Statista survey of software developers, by 2018, 91% of respondents had adopted some type of agile development practices. As agile becomes increasingly entrenched and more organizations realize the benefits of it, the notion of what it means to be agile, and its practices and principles, are evolving and moving out of software development and IT, and into the enterprise at large. As it does, more organizations—particularly at enterprise scale— are recognizing the value and business necessity of agile, and are undertaking concerted efforts to transform their entire companies into agile enterprises.

Enterprise agile transformation is more than scaling agile practices—it requires that the entire company becomes laser-focused on delivering customer value and customer satisfaction. It also encompasses a complete overhaul of how an organization operates, so that it can be nimbler and more responsive to changing business needs. There is far more to enterprise agile transformation, though, than that initial operational focus, or the processes and tooling that support it. In order for the operations model to change, the organization must also change its values, strategy, culture—all which are the domain of the C-suite.

In this whitepaper, we will first explore the "why" behind enterprise agile transformation, the risks of not undertaking transformation, and how failed transformations can be as challenging as not undertaking one at all. Next, we will explore how the C-suite can positively influence the speed and success of enterprise agile transformation by owning and driving the appropriate areas of the transformation:

- Setting a course of direction through value alignment
- Owning the culture
- Establishing, tracking, and refining organizational metrics
- Creating and supporting both talent and technology strategies

Lastly, we will explain the role of the enterprise agile coach in supporting the C-suite as they develop new leadership and business skills to successfully guide their organization on its agile transformation journey.

# Dual Business Imperatives: The Enterprise Agile Transformation and C-Suite Participation

What are the real drivers behind enterprise agile transformation? For many organizations, the primary answer is business agility—the ability to respond quickly, efficiently, and effectively to today's rapidly changing market conditions and customer expectations. In the 2020 edition of the Business Agility Report, The Business Agility Institute finds that more organizations are "commencing their business agility journey and those on the journey report greater progress. Year-on-year, overall maturity has increased by 8%." In the report, the authors note that in the last two months that data for it was collected, many respondents indicated that their organizations were better positioned to adapt to COVID-19 due to their adoption of practices that support business agility.

The benefits of business agility are broad, but in general, they roll up into a few categories that

align closely with agile objectives and outcomes: improved customer satisfaction, faster speed to market, and improved employee engagement, organizational structure, and interaction. Another important benefit of business agility is the ability to adapt to disruption, whether that's due to new, competitive business models, changing consumer expectations, or even disruptive events like COVID-19. Unquestionably, business agility, achieved through enterprise agile transformation, also has real-world implications on the bottom line. In an article for Forbes entitled "How Agile Principles Built Trillion Dollar Companies," author Steve Denning looks at several massive enterprise organizations that made heavy investments in agile between 2015 and 2020. He notes that organizations like Amazon and Microsoft that embraced agile significantly outperformed organizations like GE and IBM that did not embrace its principles and processes.



## Beyond Business Agility—Key Benefits of Enterprise Agile Transformation

According to the 15th State of Agile Report, one of the longest-running surveys of agile practices, the disruption of COVID drove one of the most significant year-over-year increases in agile adoption within software teams that they have seen since the inception of the study—from 37% in 2020 to 86% in 2021. The report also provides insight into the benefits organizations are achieving as they accelerate their adoption of agile. When asked how the implementation of agile positively benefited their companies, 70% of respondents said it helped them better manage priorities, and 70%

of respondents also said it improved transparency. Other positive benefits include better alignment between business and IT (66%), faster speed of delivery/time to market (64%), increased team productivity (60%), and improved team morale (60%).

Clearly, the benefits of enterprise agile transformation are broad, but they generally roll up into the following categories:

- Faster time to market with better quality:
  - Agile principles and processes emphasize flexibility, stability, quality, and speed. Advanced technology and automation streamline cumbersome, manual processes. Small, nimble teams, right-sized scoping of projects, and regular, more regular, efficient release cycles get value into customer hands faster, increasing ROI. Empowered teams make better decisions and learn faster.

- Increased customer value and satisfaction:
  - Agile organizations prioritize customer value above all else. The most impactful features and enhancements are prioritized. Shorter cycle times mean customers experience value faster, and better quality means fewer issues. Effective feedback loops ensure the voice of the customer is heard and addressed and informs the product roadmap.

- Improved operational performance:
  - Agile organizations are relentlessly focused on continuous improvement. Work is aligned to strategy, and efforts that do not add value are eliminated. More effective planning and better understanding of dependencies minimize risk, so there are fewer failures. Governance and guardrails mean processes are aligned cross-functionally, preventing them from becoming unwieldy.

- Improved culture and more engaged workforce:
  - Agile organizations empower teams, and empowered teams are happier and more engaged. Teams unite around a common purpose, understand how their work contributes to organizational strategy, and have effective processes and tools.

Clear objectives and key results drive performance. Roadblocks are eliminated and transparency is high so there is more collaboration and less friction.

- Cost containment:
  - Agile organizations map work to strategy, so all work adds value. Better planning means less unplanned work, better quality work, and less rework. Governance ensures tool use is maximized and limits shadow IT. Streamlined processes, automation, and transparency drive work efficiencies and simplify inefficient, time-consuming reporting processes.

## Why Enterprise Agile Transformations Fail—and at What Cost

Change in general is hard and fraught with pitfalls, and a significant change at enterprise scale is even harder. Despite the unquestionable value of embracing agile across the enterprise, there are any number of ways an agile transformation can stall. In the 15th State of Agile Report, 46% of respondents cite inconsistencies in processes and practices as a cause, 43% cite cultural clashes, 42% cite general organizational resistance to change, and another 42% cite lack of skills and experience. Among the more than a dozen reasons the report specifies for failed transformations, two others stand out: 41% of survey respondents identified absence of leadership participation as one of the most significant barriers to agile adoption, while 42% of respondents identified inadequate management support and sponsorship as a similar barrier. These numbers underscore just how critical C-suite participation is to the success of agile transformation.

Is there a difference between a failed transformation and not transforming at all? The two experiences may look a bit different, but the outcome is similar. An organization that does not embrace agility cannot respond quickly to changing business needs. And thus, its team members—working toward different objectives— become frustrated by complex, outdated processes. In addition, customer value takes a backseat, and the company fails to perform or underperforms.

However, in our experience, an organization that half-heartedly undertakes agile transformation may find itself in an even more challenging situation than one that hasn't even begun. Having invested significant financial and human resources in the effort, teams are still working toward different objectives, some that may not be tied to business strategy. They're competing for internal resources and recognition, rather than focusing on driving customer value. Instead of new processes replacing old ones, they are simply layering processes on top of each other. Everyone wants to change, but they are stymied by their own ineffectiveness. Ultimately, the culture degrades, enthusiasm wanes, talent leaves for greener pastures, and the company underperforms or fails—it's an awful, chaotic space for a company to be in.

The reality is this: to be successful, agile transformation must be owned, embraced, championed, and modeled by the leadership team in order for the culture, behaviors, and practices to successfully cascade to other leaders within the organization, and ultimately throughout the entire organization. The good news is, by owning and driving the appropriate areas of the transformation, and by modeling the behaviors they would like to see replicated, the C-suite can support a successful transformation.

# Key C-Suite Responsibilities in Enterprise Agile Transformation

In traversing an ocean, the captain sets the course of direction, steers the ship, and establishes an environment in which the crew can successfully operate. The captain then relies on the crew to do their part—innumerable, critical tasks to maintain the vessel, sustain everyone aboard, and deliver passengers and cargo safely to port. A captain that is overly controlling or unreasonable may find his crew mutinies. However, one that is not sufficiently engaged will have a rough crossing at best and may not have the respect and cooperation necessary to make it through rough seas.

In much the same way, in an enterprise agile transformation, the C-suite is responsible for setting the course of direction for the company—they align on values and strategy, identify the value streams, or areas of work, that will need to be addressed, and put the people, processes, and tools in place that will allow the transformation to be successful. Overarching all this is another critical area the C-suite bears responsibility for—the culture, which is deeply influenced by beliefs, attitudes, working environment, and behavioral norms. Underpinning all this are the metrics—ways of tracking progress to ensure critical work is on track.

Following are key areas where it is necessary for the C-suite to set a clear course of direction in order to encourage divisions, departments, teams, and individuals to embrace and adopt agile principles and practices.



## Aligning on Values

Values are essentially what the company stands for—its guiding principles that inform the strategic direction of the company, the work that is done, and the way people behave. Values make work purposeful and more fulfilling. Typically, in agile transformations, values encompass delivering increased value to customers and improving customer satisfaction, but it is necessary for the C-suite to explicitly define what that means in the context of a given business and what primary value streams, or work streams, are needed to get there. When an agile transformation is aligned around values, all areas of the business are working toward a common set of goals, making decisions based on a common set of principles, and using a common set of methodologies. Not only does this reduce complexity and conflict and encourage collaboration, it is also foundational to the organization's ability to make real inroads, track progress, course correct, and improve.

Organizations that do not first align around their values will inevitably stumble. Without alignment and commitment, some divisions, departments, and teams may embrace the change fully, while others may do so to a far lesser degree. Groups may work toward different goals—some may even be at cross purposes—using different tools and processes. It quickly becomes impossible to effectively track work being done across the company, measure progress, and importantly, course correct.

## Owning the Culture and Driving Change

Shaping the culture is perhaps one of the most abstract and challenging aspects of agile transformation. In order to change organizational behaviors, the C-suite must first change the way they behave—it is imperative that the C-suite exemplify the behaviors they want to see cascade down to managers and team members at all levels. One straightforward place to start is to move out from behind the doors of the executive suite, be present and approachable, ask questions, and interact, all while consistently using the vocabulary of the new culture. But it's not enough to talk the talk—the C-suite must also walk the walk.

Following are a few key behaviors that the C-suite can model:

- Decentralized decision-making:

  - Embracing agile means moving from a hierarchical and authoritative decision-making model to one of empowerment—it is a behavior that leaders at all levels may struggle with. It is important to understand the difference between centralized and decentralized decision making. Strategic decisions, with long-ranging impact, tied to the course of direction of the company, should be centralized. Most other decisions should be delegated to the person with the domain expertise to make it.

- Accepting feedback:

  - The agile journey is one of continuous improvement, and feedback loops are an important part of that. If the C-suite wants to create a culture in which it is safe to give and accept feedback, they must first be willing to give and accept feedback—and one of the best ways to get feedback is to

begin asking for it. It is also important to acknowledge the feedback in the moment, and respond to it when appropriate, in order to close the feedback loop.

- Participating in coaching and training:

  - An agile culture is a learning culture, and the entire organization will need to learn a host of new skill sets. As part of the talent strategy, (which we'll address later) the C-suite should expect to fund and support ongoing coaching and training for all employees. They should also participate in it, whether that is working with their own enterprise agile coach to develop the skills necessary to lead an agile organization or participating in fundamental training that is targeted broadly across the organization.

## Identifying and Tracking Organizational Success Metrics

### Transformation-Related Metrics

- Is agile being embraced and adopted throughout the organization?
- Are employees satisfied and thriving?
- Are teams swarming to accomplish critical work?
- Are employees innovating and generating new ideas?
- Are worthwhile ideas moving into production?

### Outcome-Related Metrics

- Is the company achieving measurable success in the marketplace?
- Is work aligned to strategy and therefore contributing to key value stream initiatives?
- Is the company making measurable progress on its key value stream initiatives?
- Is the company delivering increased customer value?
- Are technical delivery goals being met?

Note that while it is critical that the C-suite has streamlined visibility into key areas and progress being made, identifying and tracking detailed metrics will primarily fall to the divisional or

business unit, and departmental and team level leaders. However, metrics at every level should align with and roll up to the transformation and transformation outcomes that are being tracked at the executive level.

Another point worth mentioning: like all things agile, the metrics themselves will evolve and should be part of the overall cycle of reevaluation and improvement.

## Talent Strategy: Hiring, Training and Coaching

While an enterprise agile transformation is a comprehensive redesign of the operating model, that operating model is powered by people and will likely necessitate significant changes to its talent engine. In an agile organization, roles and responsibilities, skill sets, managerial styles and processes, and rewards and compensation are often quite different from those in an organization with a more traditional (and less flexible) operating model. This is another area in which the C-suite, led by the Chief Human Resources Officer, will need to set the course of direction as the organization rethinks how employees are hired, how they are trained, how teams are structured, and how they are managed.

As organizations become increasingly agile and practices move beyond pilots into the broader organization, key areas of consideration for the C-suite include:

O Recruiting engine:

● The organization will need to supercharge its recruiting engine—making it more agile, of course, to fill new roles. It will need to identify what new domain expertise and behavioral traits are necessary for the success of the organization and the individual, and put a framework in place for external hiring to fill gaps in the existing workforce. Where to find talent, how to attract it, and how to retain it will be paramount. The ability to effectively recruit will also impact the pace at which the organization can scale.

O New roles and responsibilities:

● The scope of employees' roles and responsibilities will change, and as they do, they will need to have a clear understanding of what their new or refined

roles encompass, how they contribute to their immediate team, and how their teams and departments map to value streams and company objectives. They will also need to understand career paths—agile organizations are typically flatter, with less focus on career advancement through management and more focus on enhancing domain expertise—as well as the success metrics against which their performance and that of their team will be evaluated.

O New management skills:

● Agile organizations require more focus on collaboration across and within teams by people with domain expertise and less focus on traditional, hierarchical, and authoritative management and decision-making structures. Managers will need to move from issuing directives to instilling values and principles that enable team members to make choices that support value creation. In agile organizations, managers must also serve as coaches, helping foster an environment in which team members can innovate, and mindsets that encourage collaboration and curiosity.

O Training and coaching:

● Change is hard, and no one can be expected to go it alone. As team members take on new roles and responsibilities and learn new skill sets, they will need ongoing training and coaching to help them succeed. Agile processes emphasize feedback loops, and this extends well beyond software development, into softer, more human-centric skill sets within the organization. People at every level, including the C-suite, and in both technical and non-technical roles, will need to learn how to give, receive, and incorporate feedback.

## Technology Strategy: Putting the Right Tooling in Place

While agile is all about human behavioral change, putting the right technology and tooling in place to support those changes is critical. We often see agile transformation efforts stymied by outdated, inflexible technology platforms designed to support traditional, top-down project management styles. Organizations with outdated technology face

challenges that include tools that are inflexible and dictate cumbersome processes; tools that don't support collaboration and transparency between teams, so they continue to work in silos; tools that are not designed to integrate well with other systems and require laborious, custom coding to integrate and support; or tools that simply aren't comprehensive enough and require complex, error-prone offline processes.

Successful enterprise agile transformations require an organization-wide technology transformation strategy that supports new, more collaborative and efficient ways of working. It's a business imperative—the right tools can speed time to market while ensuring better quality and supporting more efficient issue resolution, all of which are inextricable from delivering customer value. Organizations should seek to implement a comprehensive technology foundation that achieves all of the former; supports cross-functional governance while allowing for flexibility to accommodate unique processes; minimizes complex integrations yet is extensible enough to encompass a broad variety of workflows; automates repetitive processes; and supports capturing and reporting on critical success metrics. The technology foundation should also be able to be extended to non-technical functions like facilities, finance, human resources, and marketing, and allow teams across the organization to collaborate, manage their projects, and set up streamlined service desks for their internal and external customers.

While IT and development teams, led by the CTO, will play a significant role in identifying the appropriate technology platforms and implementing and supporting them as they are rolled out across the company, the entire C-suite must offer buy-in for the initiative. They will need to commit to initial and ongoing funding to support the technology foundation, including staffing and training a workforce to manage and develop it. Further, their commitment to a platform will help minimize shadow IT choices in which teams and departments work outside the primary platforms, creating complexity and limiting transparency, collaboration, and reporting.

# Getting Your Enterprise Agile Transformation on the Right Track

In their seminal article for Harvard Business Review, The Agile C-suite, the authors explain that, "The job of a conventional agile team is to create profitable, innovative solutions to problems—come up with a new product or service, devise a better business process, or develop an advanced technology to support new offerings. The job of an agile leadership team is different. It is to build and operate an agile system—that is, an agile enterprise." Building and operating an agile enterprise is an incredibly complex, long-term commitment, and requires both a whole new mindset and skill set. It takes courage and fortitude for the C-suite to make this kind of change, and it's not something that can be delegated—they must be actively involved.

Because agile often starts in IT and product development, and spreads organically throughout the organization, it's common at enterprise scale for agile implementation to be inconsistent, so the company isn't seeing the results it needs. Or perhaps the C-suite is supportive and has committed resources, but hasn't formalized around a strategy, values, and plan. Another common scenario, from the C-suite level to the individual contributor, is a simple skill set gap. Whatever the cause, when an enterprise is struggling with their transformation, it's likely time to call in an expert—a Chief Agile Officer or Enterprise Agile Coach.

## Enterprise Agile Coaching

Coaching is an integral part of agile, and likely any enterprise will have embraced coaching throughout the organization to help build great teams. However, as enterprise agile transformation gains traction, a new type of coach has emerged—the enterprise agile coach. An enterprise agile coach is a trained and certified strategic advisor with cross-domain expertise that encompasses executive and leadership coaching, organizational design, change management, and of course, deep experience in Lean Agile. An enterprise agile coach's role is to work hand-in-hand with the C-suite to tackle their organization's most significant challenges and help them achieve the business agility they need to survive and thrive in an increasingly dynamic business environment.

An enterprise agile coach can help by providing the C-suite with strategic guidance in key areas of responsibility, including:

- Establishing high-level values and aligning the organization around them

- Developing an enterprise agile transformation roadmap, including value-focused workstreams

- Identifying the right agile framework and underlying tooling to support the transformation

- Developing, monitoring, and refining organizational metrics

An enterprise agile coach has the objectivity that comes with an outside perspective and can identify barriers and roadblocks to transformation and strategize solutions for overcoming them.

Importantly, the enterprise agile coach can also provide individual coaching to C-suite executives as they learn the language and develop the behaviors necessary for them to lead an agile organization. Ultimately, the actions of the C-suite have an outsize impact on the adoption and success of agile across the organization. By being open to coaching, learning new skill sets, and new ways of working, the C-suite models the characteristic behaviors that drive cultural change and catalyzes the overall transformation.

# How Isos Technology Can Help

As a premier Atlassian Platinum and Enterprise Solution Partner with an Agile at Scale Specialization, we're experts in change management for people and processes, as well as tool adoption to support agile practices. Our comprehensive agile consulting services help organizations increase customer and employee satisfaction, improve operations, and enhance their ability to deliver. We offer support for agile transformations, agile coaching, agile training and certification, agile software implementations, maturity assessments, and agile staffing.

To learn more about Isos Technology's agile services, including Enterprise Agile Coaching, visit https://www.isostech.com/services/agile-services.

**isōs**
technology

**ATLASSIAN**

**Platinum
Solution Partner**
ENTERPRISE

**Isos Technology**

**855-924-4767**
**info@isostech.com**
www.isostech.com