

Agile Transformation Key Challenges and Pitfalls



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Overview

The advent of internet turned the world into a global marketplace, and this changed our business landscape. Interestingly, the change in basic assumptions birthed an era where technology became a tool leveraged by most businesses for competitive advantage. While some businesses caught the wave on time and quickly adapted their business models to comply with the dynamic nature of the market, others sat on the fence but later faced the consequences of their inaction.

As the competition in the market intensified, innovation became the game changer that separated the chaff from the wheat, and within a brief period, digital disruption stormed the business landscape. This disruption later became the catalyst that rendered businesses with lack of innovation and speed less competitive, as customers continue to demand more value for money.

This change in thinking was indeed a welcome development. However, Agile has been in the picture long before the emergence of digitalization, the only issue is that it has never been as important as it is now for organizations to align their business models with Agile. This alignment has been a challenge for most organizations.

Introduction

Successful Agile Transformation requires a change in business operating model, and this is an area where most organizations struggle. It is also critical to clarify some misconceptions about Agile adoption and Agile transformation because some organizations believe that, by adopting Scrum or Kanban with Jira, the organization is Agile. Adoption entails adopting one or more Agile Frameworks to manage projects while Agile Transformation involves optimizing the whole and not just a fraction of the organization.

It is indeed a myth that Agile solves most project management problems and guarantees project success. Agile methodology does not solve problems, it only reveals hidden problems for resolution. To reap the full benefits of Agile, organizations must implement certain initiative-taking measures to tackle transformation challenges, and avoid common pitfalls.

The global pandemic made Agile adoption a necessity and not a choice as most organizations battle for survival in an uncertain, volatile, complex, and ambiguous market. Survey has it that, on the average, 80% of tech companies transformed to Agile in the last couple of years but not all have been successful. Let's take a deep dive into some of the challenges and pitfalls confronted by organizations during transformation.

Challenges

Transformation to an Agile Environment comes with its own challenges, whether it is about difficulties with stakeholders or adapting to a new environment.

Getting Buy-in

Leaders and stakeholders' buy-in is overly critical to the success of Agile Transformation as they are the key decision makers who can help move the change quickly across the organization. They help in establishing new team structures and shape the environment. Only leaders can create an ecosystem that nurtures creativity and learning with experimentation embraced without fear of failure. This type of culture promotes innovation as employees can be creative without fear of losing their job. Leaders also function as Agile advocates and collaborate with employees to create shared goals for the organization and the execution teams.

Early Buy-in vs Buy-in Later

It can be challenging to obtain stakeholders buy-in later in the process if missed at the initial phase of transformation. The reason for this is if the benefits of Agile are not well articulated and understood at the initial stage it would be difficult to obtain stakeholders buy-in later. In addition, past experiences with failed Agile transformations may create problems as some stakeholders may not be willing to try again. The fear of losing control is another obstacle as managers are afraid of giving up power and as such, they try to stall positive change.

Stage-wise implementation vs Big-bang

Implementing Agile in big-bang approach instead of stage-wise implementation with excessive focus on Agile concepts and theory can also create resistance for buy-in.

Culture Shift

Culture is one of the most challenging aspects of an Agile transformation as this is an area where most organizations struggle because it requires change in mindsets. Culture is the visible and invisible values that shapes how an organization operates. One common mistake that most organizations make is to implement Agile practices without culture change, this can lead to frustration and confusion. An Agile culture puts people first by focusing on creating an enabling ecosystem for teams to succeed.

Collaboration is top on the list of Agile Culture attributes followed by creating an environment with psychological safety for creativity. Leaders should promote a servant leadership culture at all levels of the organization and do away with the traditional command and control structure. They should put the well-being of employees first, by giving constant feedback, recognition, respect and seek development opportunities for team members. It is crucial for leaders to build trust and transparency as one enables the other, they should walk the talk by being the change they want to see. Team empowerment is critical because employees are closer to the work and as such, they need to be adaptable to respond to change in their environment.

Employees are motivated when they believe they are contributing to a larger purpose, leaders should ensure to provide to employees a clear purpose and bigger-picture, understanding the outcomes delivered by the team.



Developing Agile Mindset

Typically, there are two types of mindsets – fixed and growth. The Fixed Mindset avoids failure and is usually complacent in any situation. It avoids challenges as failure means lack of expertise which most times results in finger-pointing and being defensive. This mindset category is not open to change, or improvement, feedback with constructive criticism received as personal.

The Growth mindset, on the other hand, is the Agile mindset. It desires continuous learning and confronts uncertainties. Always willing to embrace challenges and never afraid to fail as this provides a learning experience and opportunity for improvement. The growth mindset invests lot of efforts into learning and mastering of new concepts with feedback received as part of current capabilities that requires improvement.

Managing Resistance to Change

There are many challenges on the path to an organizational change. Opting to change one's personal life is quite different from embracing top-down change in the workplace. Resistance to organizational change occurs, as employees do not have a choice, which can trigger a feeling of uncertainty.

There are certain ways by which we can manage change. First on the list is to prioritize the interests of the employees by listening and addressing their concerns, to build trust and alleviate fear to reduce frustration.

It is important to define and communicate reasons for a change with emphasis placed on the benefits by leveraging existing data as proof to buttress the need for the change.

Leaders should build excitement communicating the need for the change with passion as this can be contagious. Organizations should delegate change by establishing a company culture that makes overcoming resistance a vital part of change management and not a separate corporate function.

Change implementation should be in phases, this will enable employees adopt new ways of working one step at a time. A longer, more strategic roll-out is always the best avenue compared to a radical shift in direction.



Pitfalls

Here are some common pitfalls that organizations can plan to avoid during an Agile Transformation.



Lack of Vision & Strategy Communication

Not communicating the vision and strategy of the Agile transformation can result in failure to get buy-in at all levels and this can generate some resistance. Agile transformation impacts all aspects of an organization, its operating model, organizational structure, and culture. It is critical for leaders not only to have an aligned understanding of the transformation goals, but also to communicate the vision and strategy of the transformation. Leaders need to promote innovation and collaboration as a part of Agile ways of working while supporting employees to develop Agile mind-set.

Lack of Clearly Defined Needs & Goals for Agile Transformation

Some organizations adopt Agile for the wrong reasons. Any Agile transformation without problem statements may fail. Agile does not solve the problems confronted by an organization, it only reveals those problems for resolution.

The 5-Whys technique is effective to ascertain transformation goals and then Agile transformation is customized to achieve these goals. It is however important to communicate the “Why” and Goals of the Transformation to employees. This transparency enable teams to understand the need to change the way they work. As a result of this, employees will be able to make emotional commitment to change and respond with more excitement and determination than fear.

Absence of Leadership Participation, Commitment, and Support

The goal to obtain leadership participation, commitment, and support to stretch the request that leaders to lead the transformation as only leaders can affect the desired change. A successful Agile implementation requires support from team members, management and executives.

Change is difficult and inadequate communication could breed fear that leads to resistance from employees. Some of the areas where resistance could emerge is with the 'middle-management'. This group of employees can express their distrust for the new process because they lack an understanding of the changing roles. Not addressing the concerns of this group of employees may lead to resistance.

Also, the absence of a strong Agile transformation plan may cause project and program managers, or functional 'resource' managers to feel isolated mainly because their roles are no longer clear, this may generate resistance.

Executives have a key role to play in helping mid-level managers to understand how they fit into the changing organization. They should model the behavior they want their management team to display in terms of value through living by example.

Agile Transformation as Top-Down Only

Agile Transformation requires a combination of top-down and bottom-up approach; a one-sided only top-down approach has some inherent risk. As much as leadership needs to lead the change and provide direction in terms of vision and strategy, they also need to carry along those impacted by the change.

Top-down approach to transformation increases resistance to change as leaders and executives make all the decisions and expect subordinates to follow these decisions. Top-down initiatives apply uni-directional and traditional approach to transformation, so all decision making happens at the top of the organization without any information, suggestions and ideas coming from the bottom, this may result in poor employee motivation and performance deficiency.

Bottom-up approach to transformation is based on collective decision making by involving those affected in the process of change. This approach avoids the pitfalls of imposed change by allowing individuals to come to terms with the change thereby propagating the change throughout the organization, all the way to the top.



Adopting Agile at Team Level Only

Organizations at times ascribe being Agile to implementing Scrum, Kanban or adopting Agile project management tools like JIRA, Rally, Version One, Azure only at the team level. Success achieved with this approach is not sustainable as teams may encounter impediments that they lack capacity to resolve. Agile promotes transparency and reveals problems but if teams lack the capacity to resolve the problems, improvement implementation will be difficult. Teams' inability to solve problems may lead to frustration with the assumption that Agile adoption is problematic.

The system thinking approach would yield better results. This entails optimizing the entire units within the organization in a synergistic way to achieve better business outcomes. Adopting this approach for successful transformation requires changes to be made in the organizational structure, strategic goals alignment with operations, failure management restructuring, transparency, knowledge sharing, promoting innovative culture, servant leadership, and workforce empowerment.

Not Aligning Organizational Structure with Agile Practices

Operating in a volatile, uncertain, complex, and ambiguous (VUCA) world can be challenging. Agile provides much-needed flexibility to manage such challenges. However, failing to align organizational structure with the Agile, flexible way of working will not yield the desired outcomes. There should be a change from the traditional functional structure with command and control to a fine blend of vertical and horizontal matrix structure that promotes cross functionality and breaking down of silos. Furthermore, servant leadership, empowerment with lots of collaboration in an environment with psychological safety would be beneficial. Leaders in the vertical structures remove obstacles and help teams maintain focus on agile best practices.

Absence of Agile Transformation Office

Agile PMO & Agile COE/LACE are important aspects of an Agile Transformation. These two teams have distinct functions, but they work together to ensure the success of the transformation. Having one without the other would create a vacuum in the transformation process. APMO differs from a traditional PMO by taking a coaching approach to project management, being more collaborative, efficient, and flexible in supporting initiatives.

On the other hand, the Agile Center of Excellence (COE) or the Lean Agile Center of Excellence (LACE) is a group that helps foster and spread the growth of Agile movement within an organization. The COE helps to make the transition to Agile seamless by providing all the necessary support to teams, executives, and the entire organizations.

The Agile Transformation office is significant to the success of an Agile Transformation as it provides governance, guidance, and support for a seamless transition. At times, organizations misinterpret APMO as Agile COE, this may slow down the transformation process as each one has distinct functions.



Head of Agile Transformation Lacking Experience in Agile

This is another pitfall that organizations fall into in an Agile Transformation process. It is essential for leaders to lead the transformation but that does not mean that the Program/Project Director in a waterfall environment should automatically transition to Head of Agile Transformation. Waterfall methodology is highly methodical, and this leaves almost no room for the unexpected changes or revisions. Coming from this background to lead an Agile transformation would be a sharp contrast. For instance, if such a leader comes across an unplanned road-block that necessitates a change, it would be extremely difficult to pivot.

Agile Transformation can be tricky as each organization is unique and as such the Agile Transformation lead should be someone with wealth of experience in this regard to successfully transform the organization.





Benefits

In a volatile, uncertain, complex, and ambiguous environment like the one we have in today's business world; flexible and innovative Agile way of working enables organizations to create value for customers while increasing profit margins at a sustainable pace.

Successful Agile Transformation impacts people, process, technology, and structure. A good change management strategy will have positive impact on the people, and this will help them transform the culture. With a positive culture shift, resistance will be minimal, hence Agile transformation becomes less challenging with the desired outcomes achieved in record-time.

Communicating the future state of the transformation by way of a vision is beneficial. This gives employees a sense of belonging that they are part of a bigger purpose. It will also help galvanize full commitment from stakeholders at various levels within the organization for a successful outcome.

Goal setting based on an assessment of existing process will help tailor the transformation towards closing the gaps between the current and future states of the process. Waste reduction, cost-cutting, bottleneck removal are some of the benefits of a successful agile transformation for seamless execution, customer satisfaction and increase in business value.

Agile is about speed, quality, continuous improvement, feedback, and customer satisfaction. Getting it right with technology provides great benefits to any organization. This technological advancement ranges from breaking down monolithic applications into micro services architecture, process automation, DevOps practices to using the appropriate ALM tools to manage projects.

It is almost impossible for transformation to occur without breaking down silos. Agile fosters collaboration at all levels for better outcomes. Vertical structures become horizontal, and silos get pulled down to create cross functional teams. Such teams deliver value iteratively, incrementally, for optimization and maximization of benefit through faster decision making and decentralization. To reduce cost of delay, the empowered Agile teams make certain decisions at the team level because they are closer to the work.

Conclusion

Agile Transformation literally means change and change is difficult, but it is a constant factor that businesses need to deal with to survive in today's digital world.



The most difficult aspect of an Agile Transformation is the people. Organizations can deploy tools and technology like ALM tools, DevOps, micro services architecture, and many more to advance the course of the transformation, but the question is, how do we get the people to adopt the mind-set required to maximize the tools for better outcomes. These tools are meant to optimize the process positioned for the teams to swiftly respond and adapt to the change.

The people can change the culture with less pain and frustration by deploying an appropriate change management strategy. One cannot over emphasize the importance of effective and consistent communication in a change process because, most times, the announcement of change triggers apprehension. The best way to deal with this apprehension is to be transparent about the need for the change. Leadership should communicate, the implementation strategy and the impact of the change on existing culture and the benefits to employees. Engaging the people and addressing their concerns regarding the change is key to success of the transformation.

Leaders play significant role in Agile transformation; hence, they should lead the change. As much as we want them to lead the change, equipping them with the required skills and support is essential. Leadership in a traditional environment is completely different from leadership in an Agile organization. We need to pay more attention to this aspect of the transformation. Leaders need to be available for training and coaching to acquire the skills that will enable them to lead the transformation. Transformation without full participation of leaders will be painful and frustrating with minimal benefits achieved for the organization.



Adopting the right transformation strategy is essential because there is no one-size fits all in transformation as each organization is unique. Agile values and principles have remained same, however, the frameworks used to implement Agile principles and practices vary. There must be a reason for calling them frameworks. Engaging people with the right Agile practice expertise to lead the transformation will determine the outcome of the transformation.

Overall, Agile transformation does not have to be chaotic or painful. An organization can have smooth Agile transformation and achieve the desired outcomes with the right foundation in place. Getting Agile mindset right with the people and culture will enable effective use of the right tools and technology for speed and transparency. Engaging people with Agile transformation expertise to lead the change along with business and technology leaders will help to mitigate transformation challenges and avoid pitfalls.

About Altimetrik

Altimetrik is a data and digital engineering services company focused on delivering business outcomes with an agile, product-oriented approach. Our digital business methodology provides a blueprint to develop, scale, and launch new products to market faster. Our team of 5,500+ practitioners with software, data, cloud engineering skills help create a culture of innovation and agility that optimizes team performance, modernizes technology, and builds new business models. As a strategic partner and catalyst, Altimetrik quickly delivers results without disruption to the business.

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