Are you all-in with Enterprise Agility?

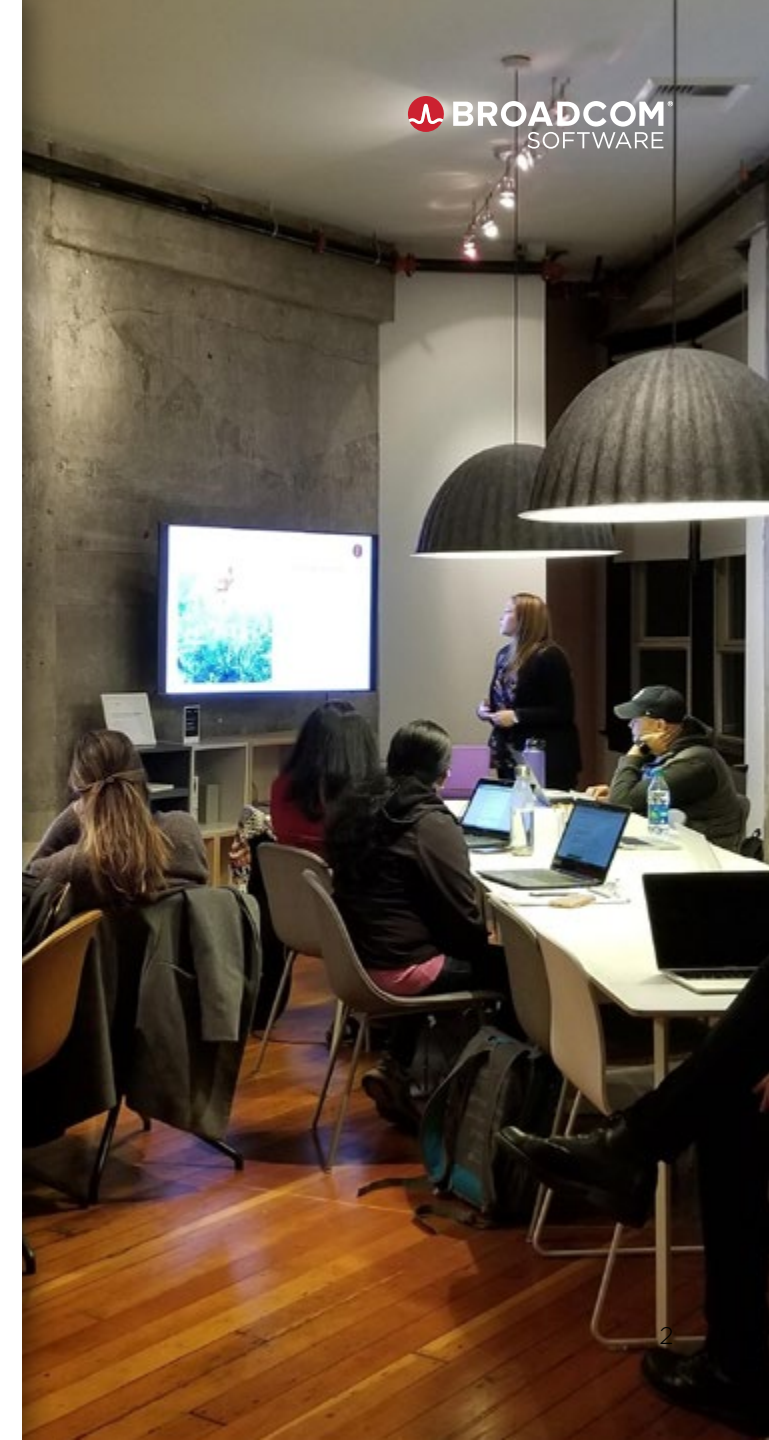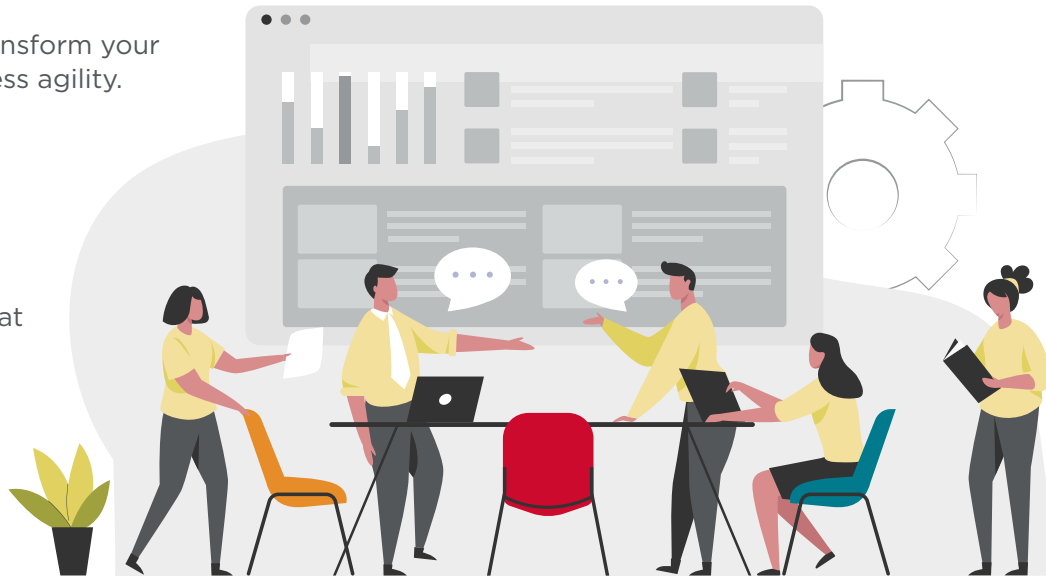# 5 STEPS TO MATURING AND TRANSFORMING ENTERPRISE AGILITY

Enterprise Agility Is the Essential Ingredient for Making a Powerful Impact on the Bottom Line.

Enterprise agility describes a company's ability to quickly adapt to its business environment based on feedback from direct stakeholders (e.g., customers) and changes in market demands. Agile organizations comprise global, cross-functional, self-sufficient teams that collaborate efficiently, maximizing productivity while using fewer resources.

There is always opportunity to mature and transform your enterprise agility in your organization.

This ebook breaks down the five steps that help streamline the process and reduce friction:

> Identify the steps to help you transform your organization and increase business agility.

> Clarify what makes each step in your transformation stick.

> Pinpoint the mindset changes that you need to create and sustain the organizational health that empowers people to regularly and quickly respond to change.

Five Steps to Maturing and Transforming Enterprise Agility

BROADCOM®
SOFTWARE

No matter where you are on your agility journey, you can transform into a customer-centric (even customer-obsessed) organization that produces inspired, sustained innovation and value.

Start by building a strong yet nimble core of delivery. Again, it does not matter how good your strategy is if you cannot execute it.

Step 1: Enterprise-Scale Agile and Lean Thinking

To get your software and IT teams to finish their applications as quickly as possible (without sacrificing quality) adopt an enterprise-scale agile framework. This lets you build stable agile teams and delivery groups, and get people thinking about delivering to shared outcomes.

Try holding your first big room agile release planning sessions (learn by doing). It can help you begin your new, regular practices of a high-trust mindset, as well as raising and mitigating risks together. Repeatedly encourage people to limit WiP at all levels.

Measure three types of success metrics:

Adoption metrics.
These are focused on value streams and the percent of the investment. These will disappear in time.

Operational metrics.
Capture performance indicators that measure and evaluate efficiency.

Impact metrics.
Help you measure change within your organization.

Collaboration software that encourages full-value-stream thinking should be used, along with agile management software that gives all teams visibility into all WiP, not just theirs, but everyone's.

You should also include relentless improvement practices in every team's charter.

Step 2: Agile Planning, Work Sequencing, and DevOps

Choose the most valuable and smallest pieces of work to deliver rapidly to your customers. Think carefully about planning the sequence of work and focus on deploying that work more consistently.

Demonstrate limiting WiP across development and operations teams. Account and buffer for unplanned work. Provide software support to show the flow of work from decisions about application/product and decisions about architecture all the way through to deployment in production.

You also want to provide software support for various feature-toggled stages in production, and planned as well as unplanned work for all teams. **Make sure your delivery groups include team members from:**

- > Operations
- > Architecture
- > Security
- > Compliance
- > Analytics

You want to give all of these teams visibility into each other's WiP and get feedback from each stakeholder and customer session.

Measure the Net Promoter Score and the number of releases delivered to customers each year.

Step 3: Agile Portfolio Management

Within a value stream, consider the end-to-end cycle. Respect and leverage the very tight connection between the implementation organization and the business need. Encourage the flow of incomplete data and roughly-right plans to stable delivery groups. Eliminate the expectation of exact requirements combined with a set budget to deliver the whole set of exact requirements, and individual resources time-sliced among multiple projects.

Support portfolio agility with software that lets you look at potential allocations of work to stable teams based on real capacity and expertise. Compare options to spot the ones that deliver the most customer value to market most quickly. Initially, consider measuring the ratio of funding decisions based on market and customer value outcomes compared to those based on traditional and specific requirements and plans.

Step 4: Full Value-Stream Agility

Dynamically and intentionally change or amplify the opportunities you are invested in, quarter after quarter, through big room quarterly steering and release planning and a strategy deployment process. On the other end, make sure you are getting the full value out of what you have delivered, that you are giving the business and your customers what they want, when and where they want it.

Optimize what you build for the greatest impact. You can support this by emphasizing the mindsets and skills of disciplined opportunity exploration (using methods such as Enterprise Lean Startup[4]) and by limiting organizational WiP.

Provide supporting software that clearly shows organizational initiatives for the quarter and tie each of them to every person's daily work. This makes all of your organization's work visible. Software can also connect initiatives to enterprise funding sources, incorporate agile costs into financial governance, and handle agile capitalization.

Optimize for Sustainable Shortest Lead Time (SSLT) - the time from when you first identify an opportunity to when you start realizing benefits.

4. Nies, Zach et al. (2014) The Enterprise Lean Startup Approach, Rally, 2014 https://www.rallydev.com/toolkits/enterprise-lean-startup

Step 5: Sense and Respond Clearly

Create what will feel like threatening levels of transparency and delegated decision-making, all the way down. Establish structural flexibility with adaptable funding models and understand how to flow work and how to flex your business shape on-demand, including governance, auditing, and even key suppliers.

Sense new opportunities in the digital age by expecting innovation to come from everyone. Give every single employee a charter of disciplined exploration. Support this step with software that provides visibility into how you vet opportunities at each horizon, showing horizon-based metrics and continuation criteria.

Measure market share leadership. No matter which step you are taking, set the stage for a successful transformation and change that sticks.
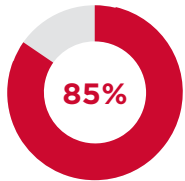
85% Eighty-five percen of major change efforts fail to reach their desired goal, but there are proven patterns to create sustaining change[5].

Start with a compelling why and use an empowered and enabled transformation team. You'll learn more about the how as you go.
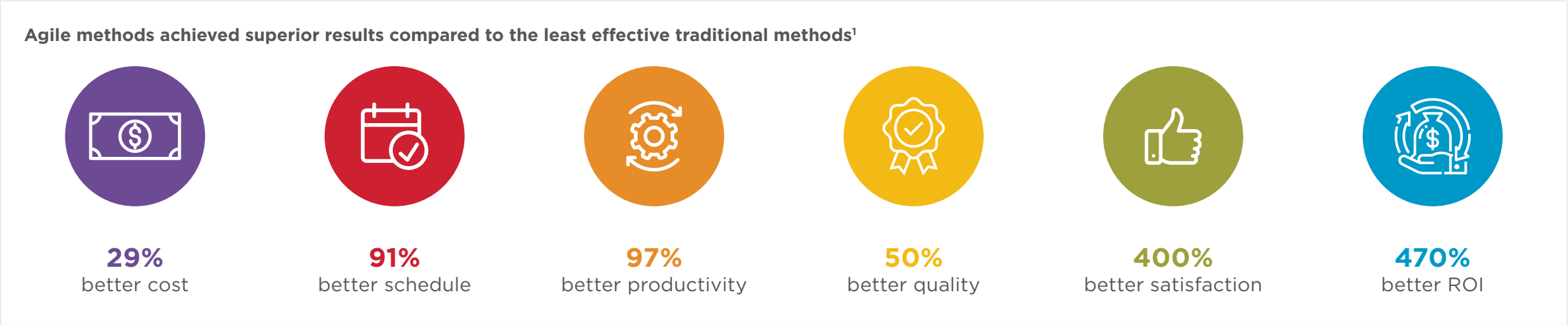
This is a huge organizational change. And it will be messy at times. But with a lean-thinking mindset and following the five steps, you can make incremental progress toward greater business agility and start achieving real business outcomes: delivering more customer value, faster.

5. "Managing Change: The Quadrants of Change," A. Felix-Reese, Inside Counts, 2008 (original theory: Ken Wilber)

Enterprise Agility as Cognitive Advantage

Creating agility of this order means consciously re-architecting your whole business operating system into one that is designed for speed, steering, and opportunity. This new design delivers results, cutting costs and time to market in half while increasing application quality and customer satisfaction.

Agile methods achieved superior results compared to the least effective traditional methods[1]

29%	91%	97%	50%	400%	470%
better cost	better schedule	better productivity	better quality	better satisfaction	better ROI

To increase business agility, examine and improve three layers within your business system:

Business agility. Organizational health and structural flexibility to seize these opportunities and to deliver on them rapidly.

Portfolio agility. Create the critical bridge between strategy and execution.

Delivery agility. Group execution is the foundation of business agility.

As early as 2007, the data clearly demonstrated that business agility represented significant advantages. An MIT Sloan CISR study showed that agile firms grow revenue 37% faster and generate 30% higher profits[2].

So why haven't you seen results like these?

1. "What is the ROI of Agile vs traditional methods?," Dr. David F. Rico, PMP, CSM, Notre Dame of Maryland, (2008) http://www.davidfrico.com/rico08b.pdf   2. "IT Portfolio Management and IT Savvy- Rethinking IT Investments as a Portfolio," MIT Sloan School of Management, Center for Information Systems Research, Summer Session, Peter Weill, June 14, 2007.

Enterprise Agility as Financial Advantage

McKinsey and Company ran a study analyzing the impact of enterprise-wide agile transformation at 22 organizations in six sectors.

Results were formed in 3 buckets:

Customer Satisfaction	Employee Engagement	Operational Performance
+10 to +30 Points Improvement	+20 to +30 Points Improvement	30% - 50% Improvement

McKinsey and Company refer to this as the "The Agile Impact Engine". Through this study, the impact that agility has in these three areas shows a 20% - 30% improvement in financial performance[3].

What MicKinsey found was that cost savings were a natural by-product of improved operational performance. Teams were working more efficiently and, as a result, businesses were able to reduce the number of people on teams, without impacting the quality of the work (further saving money). What was interesting was that they found that rather than declare the saved money as income, they invested it back into the company to help capture new business opportunities.

So why haven't you gone all-in with Enterprise Agility?

3. https://www.mckinsey.com/business-functions/organization/our-insights/enterprise-agility-buzz-or-business-impact

What Is Keeping You From Enterprise Agility?

Lean Thinking

The reality is that *you* are what's keeping you from business agility. But, you are also an executive sponsor and the leader who is key to achieving it.

You will need to find the courage to create that change. Sustaining change means adopting a different mindset, one based on **lean thinking**.

Lean thinking involves engaging in high-trust leadership, teams, and relationships with customers. You follow the work, not the workers, and make all work visible. You need to be willing to inspect and adapt continuously.

With lean thinking, you also have to limit work in progress (WiP). Don't ask for more, ask for less. It's counterintuitive at first, but it's a necessary shift. Push collaboration through trust and transparency and see the team as a resource.

These are just some of the mindset shifts you need to make to achieve true business agility, creating and sustaining the organizational health that helps you embrace change as part of everyday business.

But you do not change your mindset just by deciding to. You get there in five clear steps that help embrace a new way of thinking.

The Cost of Delay

What is the risk of waiting? Even a small increase in agility will net big improvements. Calculate these real-dollar benefits:

10% cost savings in the next year

10% better quality, **10%** fewer customer-impacting incidents

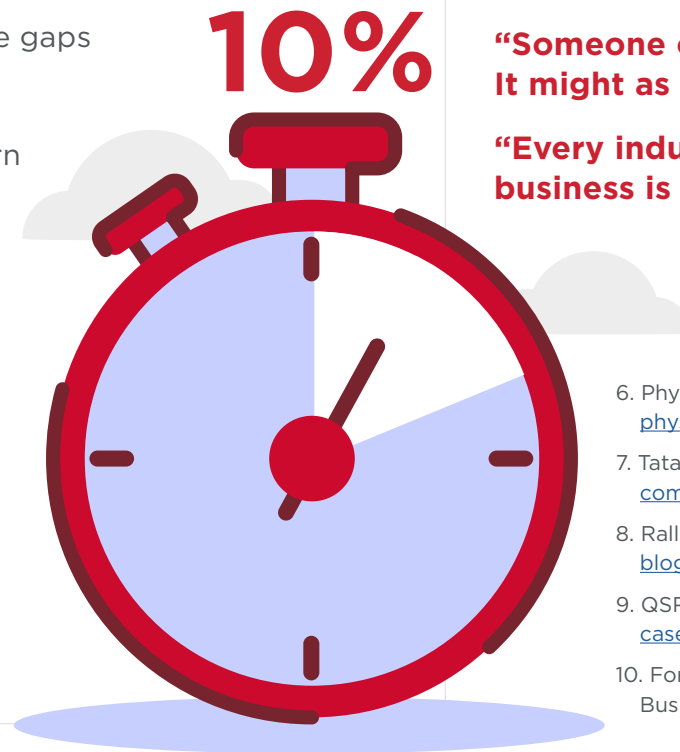**10%** better visibility into risks and compliance gaps

10% more engaged employees, **10%** less churn

10% more innovation budget to explore new market opportunities

10% improvement in time to revenue

10% more predictability for the entire organization

10% faster response time to emerging business needs

10%

Just think of the impact on your business if you got closer to a 50% increase in major release frequency, like Physicians Mutual[6]. Accelerated turnaround on IT projects by 30%–50%, like Tata Communications[7]. Improved project lead times by 60%, like Philips[8]. Reduced user-reported defects by 85%, like QSR International[9].

So, what is your true cost of delay?

Josh Linkner, author of Road to Reinvention, speaking at RallyON!™ 2015, said it best.

"Someone or something is going to disrupt your business. It might as well be you."

"Every industry is subject to disruption. Only a truly agile business is equipped to respond."[10]

6. Physicians Mutual Case Study, Rally, 2015 https://www.rallydev.com/resource/case-study-physicians-mutual-goes-big-Agile-transformation

7. Tata Communications Case Study, Rally, 2014 https://www.rallydev.com/resource/tata-communications-case-study

8. Rally Customer Perspective: Q/A with Edgar van Zoelen, Rally, 2015 https://www.rallydev.com/blog/agile/rally-customer-Perspective-qa-edgar-van-zoelen-philips

9. QSR International Case Study, Rally, 2015 https://www.rallydev.com/resource/qsr-international-case-study

10. Forrester Research, Inc., January 2014, "Forrester Perspective: Measure And Improve Your Business Agility"

Get Started

Making the move toward greater business agility is difficult. But by embracing lean thinking and accomplishing the distinct, high-impact activities we have outlined at each of the five steps, you will deliver results. Keep in mind that trying to build agility at steps that you are not yet ready for (before achieving agility at earlier levels) can destroy the organizational health of your business.

Avoid the costs of delay. Contact your Broadcom account representative to schedule an agility assessment and leadership consultation in the next 30 days.

Speak to a certified Agile guide

LEARN MORE HOW RALLY SOFTWARE IS THE FOUNDATION TO ENTERPRISE AGILITY

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