



The last mile of agile: How to give agile teams real autonomy without losing visibility and control



So this is where we find ourselves. Having made the shift towards agile ways of working in order to deliver value to customers, many are finding that it isn't enough. What matters more, is delivering that value at speed; a speed which mandates that decisions need to be made swiftly without deferring to hierarchy. And yet, governance approaches haven't kept up with the pace of change. This leaves those responsible for the delivery, and overall success of strategic initiatives in a dilemma. How do you approach agile without losing control?

Introduction

Making the last-mile change to agile

“One of the common challenges we hear from leaders is that agile asks them to implicitly trust their teams to deliver outcomes for which they remain explicitly accountable but doesn’t support them with tools to bolster their changed leadership role. We hear things like, “the teams have become allergic to words like commitment and estimation, but I still have to front the board with an honest account of progress. I’m working 60-hour weeks and having sleepless nights while the team turns up at 10am for a ping pong tournament.”

– Andrew Blain, Founding Director, Elabor8

There was a time that a competitive advantage could be gained by implementing agile practices at a team level. Today that’s not enough. Companies must now gauge their competitiveness by how effectively their operating model enables them to deliver value. Friction in decision making, legacy structures, and traditional reporting are kryptonite to modern business. Today, your company’s ability to recognise changes in its environment and respond quickly, is the critical factor for success.

Structured, rigid processes have become outdated in many contexts, and old timelines cease to be acceptable. A far more dynamic approach is required, and forward-thinking organisations are reconsidering how they approach agility to identify the holistic changes in culture and mindset that will make the competitive difference.

In particular, it’s around the key principle of autonomous, self-managing teams that many heritage organisations see tension.

Increasingly, leaders are facing demands to give their teams additional autonomy and avoid interference, without any matching change to delivery accountability, nor the expectation that they report honestly and accurately on progress to plan.

As a manager, letting go is essential, but with your neck on the line to deliver results, you need to release control without introducing risk. Giving autonomy without establishing clear boundaries means that if something goes wrong, it can be difficult to preempt or even salvage the situation. Without a base level of governance, you can’t confidently execute a strategy.

Despite the delegation of authority, agile shouldn't be considered a move towards anarchy, or as an excuse to escape processes and accountability. Rather, agile demands those things are done differently to produce a better outcome. When leaders fail to align governance efforts with the needs of agile delivery it means not closing the loop, and they open themselves up to greater risk.

This creates a significant challenge in successfully adopting an agile approach: how do we respect the autonomy of agile teams, while also:

- Being sure we're deploying capital wisely?
- Knowing that what we're doing still aligns with strategic objectives?
- Trusting that we'll deliver the promised benefits?
- Remaining certain that teams aren't introducing unmanaged risk, and that we're meeting our compliance obligations?

So, how do you do agile without losing visibility and control?

We'll show you.



Section 1

A model for change

To shift from a traditional way of working and achieve the benefits of creating an agile organisation, a step change is required in leadership, governance, and measurement.

Truly agile organisations enjoy significant benefits:

- Higher productivity as a result of less waste in the system
- Greater organisational flexibility to respond to rapidly changing market conditions and customer demands
- Better product quality
- Faster speed to value
- Higher levels of employee engagement and the ability to recruit and retain top talent

Leadership – Leading, not directing

There's no getting away from the fact that, as a leader, there's a lot at stake when you confirm that an initiative is on track. When you lack sufficient visibility to feel confident that what you're reporting is true to life, there's a strong temptation to micromanage in order to regain control.

When leading an agile team, however, this interference can undermine the whole approach. Instead, leaders need to focus on creating an environment for success by setting guiding principles and clear boundaries, rather than managing activity. Done successfully, this ensures that execution aligns to strategy while still giving delivery teams the autonomy they need to respond to changing conditions.

Governance – Monitoring without controlling

The iterative and incremental nature of agile means that it's less compatible with traditional methods of governance or oversight. A shift in mindset is required so that governance focuses more on the decision-making process, rather than the decision itself.

Appropriate governance requires implementing a way of monitoring that ensures the work of agile teams aligns with the organisation's top-level objectives, without controlling how people achieve that alignment. This allows leaders to focus on creating an overall environment that supports careful and consistent decision making across a network of empowered teams.

Giving leaders and agile teams the ability to not only measure progress and report with confidence, but also the foresight to anticipate, requires a shift to tracking new metrics that are lead indicators, rather than solely lag indicators.

Measurement – The new metrics

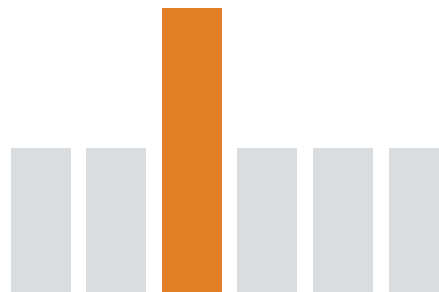
The old measures of project success are based on the effective management of the 'iron triangle' – time, cost, and scope. Yet these don't always generate a complete picture of performance. That's because knowledge work contains inherent unpredictability given the nature of the work is problem solving. Governing adherence to a plan while solving non-routine problems is a fruitless endeavour that only slows things down.

Big projects fail at an astonishing rate



Just 40 percent of projects at IBM meet the company's three key goals (schedule, budget, and quality).

[source: IBM]



One in six IT projects has a 200% cost overrun and a schedule overrun of about 70%.

[Source: Harvard Business Review]

The proverbial watermelon project

Watermelon projects are those that appear green on the outside but are actually red on the inside. When senior leaders impose negative consequences for reporting anything other than a green status, managers may be compelled to hide the true status of their project.

This attempt to resolve issues by buying more time is often unsuccessful, and results in intense pain at all levels when the project's true status is revealed.

While traditional lag indicators give us some ability to monitor progress, they can't be used to influence the future. Lead indicators give us the ability to proactively adjust our course before the point of no return.

Leaders and agile teams should be using the right combination of metrics, across people, process and technology. These should be used to construct a transformation dashboard to monitor markers across business dimensions such as predictability, speed, productivity, stability, risk, sustainability, responsiveness, quality, and cost. (The individual metrics you deem more important and choose to track, will ultimately depend on the organisation and your environment.)



Section 2

The pillars of agile governance

“Leaders are asked to empower autonomy, but they’re often being asked to do it in cultures where it’s never existed – with limited authority over people, capability, and process. Agile governance is the missing piece in the puzzle. Through sophisticated performance dashboards, lead indicators, and visualisation, leaders can confidently forecast, gain a more sophisticated view of the state of play, and identify the parts of the delivery pipeline where intervention is most valuable.”

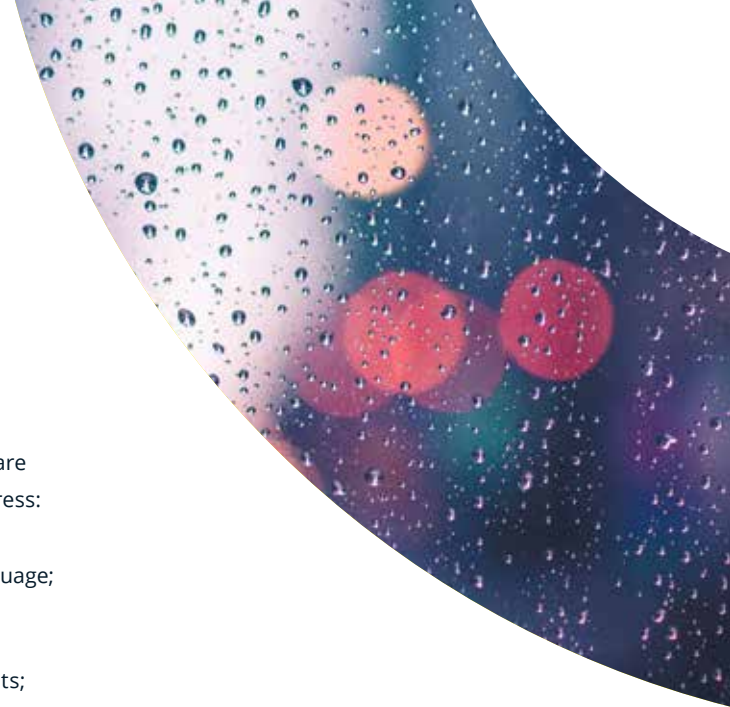
– Andrew Blain, Founding Director, Elabor8

The key to achieving agility without losing visibility and control, is implementing a framework that enhances the work of teams and inspires a level of trust that gives leaders the confidence to let go. Introducing governance framework patterns can help you regain control of delivery teams, while also maximising the benefits of agile.

The four pillars that should be addressed are:

- Standardisation
- Transparency
- Leadership
- Performance data





Pillar 1 – Standardisation

In many large organisations it's typical to see forced compliance to ways of working playbooks and process guides, which we know in practice will reduce productivity and teams' effectiveness.

"We found in surveys of agile teams that some 80% to 90% of agile teams perceive tension between the way the agile team is run and the way the whole organization is run. In half of those cases, the tension was 'serious'."

– Stephen Denning, The Age of Agile:

How Smart Companies Are Transforming the Way Work Gets Done

Rather than putting your focus into work practices, there are four key areas of standardisation that leaders should address:

- Firstly, operating model design, cultural values and language;
- Secondly, key metrics and how they're measured;
- Thirdly, delivery cadences and key synchronisation points;
- And finally, standardisation of how value is measured and prioritised.

To enhance the consistency and scalability of an agile approach, we must ensure that everyone aligns on these areas of standardisation.

Leaders are right to start with training and coaching on the fundamentals of agile, but then should rapidly shift their focus to creating an environment where teams are aligned on the things that matter but are still free to optimise how they execute the work. This gives teams a sense of ownership at the delivery level and promotes independent thinking, while maintaining a focused, disciplined, and collaborative approach.

Creating visual representations of the team's work reveals a unique view of how work flows through the system.

Pillar 2 – Transparency

The key to agility lies in the speed at which information flows around the organisation, followed by how this information is used in decision making. Transparency is an essential component of speed, allowing information to be shared in real-time with as many people as possible, and fosters an environment of openness and trust.

Creating visual representations of the teams' work reveals a unique view of how work flows through the system. With the correct use of Lean Kanban concepts like WIP limits, this allows you to identify where the queues, delays, and bottlenecks are, in order to reduce or eliminate them.

It can also improve team communication along with visibility over the course of a project, as team members can better understand how their actions impact the system and, therefore, how they can take greater responsibility.

Convert physical tools to digital

Big visible charts (BVCs) are an excellent way to communicate important information such as project status, metrics, or any issues. Mapping physical BVCs into a digital tool enables us to quickly scan across the whole organisation. Standardisation of metrics and integration with BI tools further elevates their value.

The main advantage is a strong, consistent suite of data that can be used to create a streamlined, real-time reporting process. This enables you to ask better questions while removing any bias of interpretation, by shortening the distance between data being generated and reported.

Dedicate space to sharing information

A lean concept, Obeya Room literally means 'Big Room'. This management tool for increasing business responsiveness and effectiveness takes transparency to the next level by physically displaying all of the information needed to support decision making.

The walls of the room are covered with objectives, priorities, dashboards, quarterly plans, annual plans and upcoming initiatives – everything needed to facilitate discussion and aid decision making. With so much transparency and clarity, it becomes easier, quicker, and safer for people to make decisions, improving alignment, and driving the business forward.

Pillar 3 – Leadership

To enable agile teams that are capable of responding to change rapidly, and able to create value quickly, authority must be moved to the information. Senior leaders need to empower managers and team members, and then trust them to work without the need for constant updates and micromanagement.

This requires a shift to managing the system to ensure it's operating as effectively as possible, as opposed to managing tasks. Leaders should adopt the role of identifying and clearing blockers for their team, rather than directing effort – becoming an enabler of the team to make their work more predictable and effective.

Provide decision making guardrails

Teams' efforts should be linked to strategic goals, and clear boundaries established by providing decision making guardrails. Such a framework gives teams the structure and context they need to make independent decisions, while protecting the organisation from unnecessary risk, and speeding up value delivery. Guardrails should provide clarity on what teams and individuals can do, who's empowered to decide what and when, and indicate escalation points where teams cannot action a decision. A great example of a guardrail is centralised capacity allocation, which gives a rough guideline on what percentage of the product backlog should be focused on different strategic themes. This allows teams to prioritise their own work, whilst also retaining directional alignment.

Delivering speed and transparency

A leading Australian online gaming company knew that to win in their highly competitive industry, they would need to compete on innovation, and be the first to market with original new features. Being able to confidently forecast delivery dates, and having the agility to capitalise on opportunities, were essential for the company in making more sophisticated business moves.

In addition to other measures, a key component of their strategy was the creation of a highly autonomous workforce aligned around a common mission. Their Chief Information Officer at the time, Steve Maidment explains, **"We gave these teams some structure and boundaries, but within these boundaries they can be as creative as they like as long as they are aware of the metrics that deliver value."**

As a result of the new operating model, the company achieved a 300% improvement in speed to value, a 300% improvement in predictability and delivery forecasts, and 280% more features delivered, compared to the same period the year before.

Pillar 4 – Performance Data

One of the key factors when transitioning to an agile approach, is establishing a comprehensive set of reporting metrics, that create a detailed picture of delivery performance. As well as helping senior leaders to retain visibility and control without interfering with teams, performance data science can provide actionable insights that have the power to transform the whole organisation.

Look to the future

Measuring lead indicators versus lag indicators gives senior leaders the ability to understand where teams are in terms of their predictability, delivery, and improvement over time, while taking a data driven approach to monitoring. This helps to minimise project blind spots and allows opinions to be replaced with facts.

Build a transformation dashboard

Using data to reflect on the system as a whole, senior leaders are able to identify bottlenecks, break silos, and find more valuable places to intervene. A dashboard can be created from metrics that span the business dimensions of speed, predictability, stability, responsiveness, quality, productivity, sustainability, risk, and cost.



Key transformational metrics

- **Cost of delay.** An estimate of the daily cost to the business if the release of a feature is delayed. In a capacity limited system, we need to focus on the cost of not releasing value, rather than trying to forecast the benefits of features that may never be released. This forms a critical prioritisation mechanism.
- **Customer lead time.** The time between accepting and delivering a customer order. This becomes a core speed to value measure and dictates your adaptability to changing customer needs.
- **Work in Progress limits.** WIP limits control the flow of work, ensuring that the key constraints to value delivery aren't overburdened. Just like a river system, flow control in an organisation is critical to ensuring that value delivery is frictionless.
- **Throughput.** An indicator of productivity that shows how much work you've completed in a certain period of time. Little's Law states that throughput has a dependency on WIP and lead time, in that if you reduce WIP, you'll reduce lead time, which leads to increased throughput.
- **Flow efficiency.** Possibly one of the strongest drivers of improvement, flow efficiency is the ratio between value-added time and waiting time and shows the efficiency with which a piece of work navigates the delivery value stream. Low efficiency indicates a lot of wait time, and therefore waste.

Performance data in practice

Working with a multinational healthcare and insurance provider, we've used performance data science to bring data to life and to increase productivity by optimising the flow of work.

The creation of a real-time dashboard gives visibility into any team in the company that's using the system and generates insights on the flow efficiency of the program, plus other metrics for improvement.

This allows waste to be removed from processes, enabling the organisation to do more with less, and reduce costs while optimising throughput and quality.

A reduction in median lead time across work systems, increased throughput, and increased productivity translates directly to dollars for the business in terms of faster speed to value, increased value delivery, and reduced cost to deliver.

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“Agile governance enables you to confidently lead empowered, autonomous teams on complex programs of work and build cultures of high performance. It gives you all the benefits of speed to value, without the risks of losing control.”

– Andrew Blain, Founding Director, Elabor8

Increasing speed to value is no longer a ‘nice-to-have’, but an essential step for organisations that want to survive and thrive in an increasingly competitive environment.

Moving towards a truly agile delivery model can be stressful for senior leaders whose livelihood is based on their ability to deliver results. We know that empowered, autonomous teams are the most effective way to deliver knowledge work but getting the most out of those teams requires new thinking in governance.

Making the last-mile shift towards true agility isn’t easy but achieving it will significantly elevate your reputation as a leader. In addition to speed to value, the organisational benefits of true agility include increased delivery predictability, greater customer centricity, and higher staff engagement. At the same time, costs are reduced as a result of less waste, a lower cost to serve, and higher productivity. All this was seen with one of our major Financial Services clients who reported no noticeable productivity loss despite a 25% reduction in operational costs.

With the right changes in leadership, governance, and measurement of outcomes, an environment can be created where you can capture the benefits of agile, without losing visibility or control.

