

Strategic Transformation Scaled Agile Management



December 2020

History of Agile

The trend in most markets is that **more** is required **for less**. Better **quality** in **less time**. More **flexibility** for a **lower price**. It is already widely accepted that this all boils down to perfecting the allocation of your resources.



Examples are widespread, as this holds for software developers tasked with creating a solution for problem A, whereas a better vision would guide them to incorporate a platform to also connect to future product B and C.



A manager in a financial firm tasked with projecting a portfolio over a multiyear horizon, that delivers within project timelines, but has a painful task when asked to reconcile the starting point to the firms balance sheet.



Or a manufacturer reducing the emission of a combustion engine, while the market has increasing demand for solutions that do not require fossil fuels.

Market use of Agile in Application Development



16%



46%

16%

A recent Gartner survey shows that 16% of respondents¹ use agile for all their application development changes. An additional 30% state that they use agile for 50% or more application development. This sums up to 46% of all respondent using Agile for most of their development. Companies nowadays are comfortable with Agile, but have difficulties with scaling their Agile approach to incorporate Scaled Agile Management.

If you are not yet up to speed on all different types of Agile, a good overview on all Agile variations can be found [online](#).

Change is Everywhere

Just as with a new generation of people, a new generation of companies has an intrinsic advantage

Every new generation of employees holds more knowledge than the previous. This is because all knowledge gets deepened over the years, new theories are developed and tested, and new initiatives arise. This also holds for companies. A new company does not have the legacy of an existing company and can start small. With full focus, without technological difficulties that pre-exist.



Take for example a software provider in financial services that just started working for its first client. Every piece of the software can be tailored to that one client, and they can start as soon as the client delivers its feedback. The more clients the start-up services or the more services the start-up offers, the more complexity the firm gains.



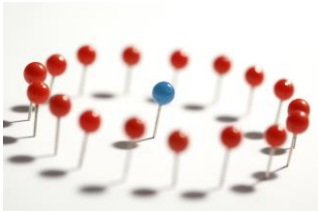
One way this can be achieved is to remain **flexible** and keep one **focused** stream per client. Where new functionality becomes available for one client, this can be introduced to another client, without the dedicated team having to develop it. **Synergy!**

Application in Financial Institutions

This can also be applied to an existing firm, with an existing structure. The executive board needs to create a strategy for the firm. When the firm is organized in value streams, where senior management **aligns** their value **streams'** strategy with the board, you have **multiple teams** working towards a single goal of realizing the strategy. When a significant part of the organization is organized this way, it is considered Scaled Agile Management.

Vision is the Starting Point

If I asked people what they wanted, they would have said faster horses
 – Henry Ford



A common seen goal nowadays is to become more **client centric**. This means shortening the feedback loop and the development time. **Agile principles**.

If we now look at a common finance problem that insurers and banks face in their portfolio, for example prepayments of mortgages we can see what value can be created.

Let us assume once more that the main strategy was to become the most client centric institution in the country. To be fully client centric means to give a client a fully flexible prepayment structure for their mortgage. This, however, can create problems for a bank or insurer when prepayment models are not sufficiently accurate, due to the hedging strategy in place to stay compliant to the risk appetite statement.

Creating Value Streams

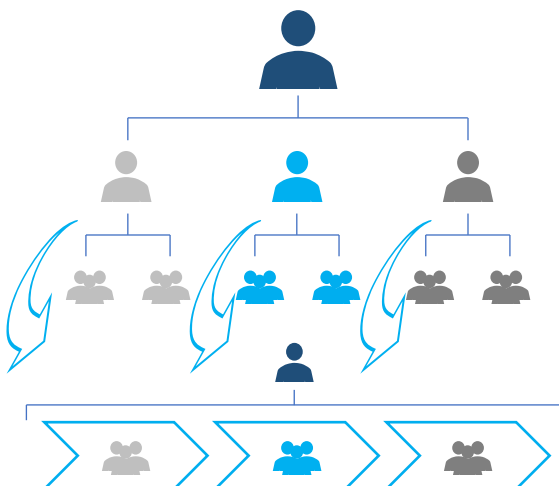


Figure 1: Creating Value Streams

The value stream responsible for mortgages, including sales, pricing, modelling and customer contact, can increase model accuracy. This would result in the ability to better anticipate what clients will do given the current and future economy. This would reduce hedging costs, and hence the costs of the service delivered by the bank or insurer, while giving a client full flexibility with respect to paying back the money borrowed for the mortgage.

Strategy is Everything

Rugby is a game of commitment and love. when one person scores a try, the whole team takes the glory

The best analogy that comes to mind is one between a good functioning firm with **Agile Management** and a rugby team. Everyone in a rugby team trains for their specific position, but during a game in the heat of the moment, it boils down to one team consisting of 14 players with only two distinct roles. The Forwards, and the backs, and **everyone** within that role **can take over** if you have just been tackled. After all, a rugby game waits for no-one.



How Covid Will Help us Implement Scaled Agile Faster



Due to Covid, whole economies changed to a work-from-home setting. A year ago this was unthinkable, as managers believed that the work could not possibly be performed at home! After more than half a year working from home, and no changes to be seen in the near future with the second wave crushing through Europe and the United States we are adapting to a corporate **culture of trust**. Trust that colleagues perform their duties, whether they are in the office, or at home while the kids are either dancing through the background of the virtual meetings or breaking down the house.

The **problem** with Agile is that companies have shown to have **great difficulties** with **implementation** of **Agile Management on scale**. Examples are plenty where the executive management made a video about the new message of Agile, titles of middle management changed in name, but the working bees (the actual experts of getting thing done) remained to be micro-managed into submission.

The coronavirus, as mentioned above, has forcefully limited the possibilities to micromanage. Nowadays everyone is used to working from home, and that is why **today** is an opportunity to **start scaling Agile**.

How can FiSer Consulting Help

We operate in the heart of change

FiSer Consulting uses a **proven framework** to support its transformation and change management projects. Focusing on 6 key elements (illustrated in Figure 2):

- ❖ Governance
- ❖ Leadership
- ❖ Engagement
- ❖ Communications
- ❖ Monitoring
- ❖ Training & Education

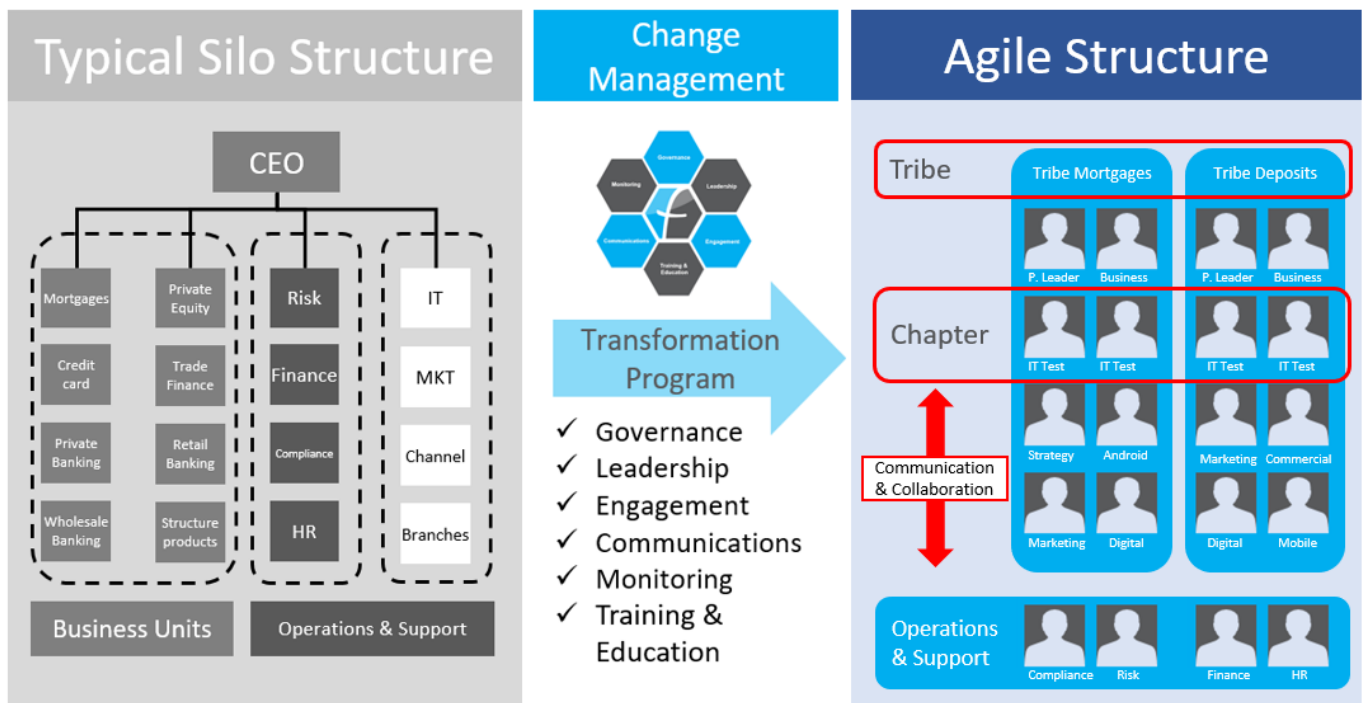


Figure 2: FiSer Transformation Approach

The start of any project is establishing the **governance**. Identify the appropriate decision entities and responsibilities of the teams. When this is clear the focus should be on **engaging** the affected colleagues. This is a task for **leadership** and can be done in i.e. a **guided feedback session** (tip's and top's in the current way of working).

Our Implementation Approach

We operate in the heart of change



Often a large frustration in financial institutions is the **lack of cooperation between departments**. A way to address this source of frustration is through the creation of integrated value streams (tip!). This way employees are heard, solutions are co-created and the door is open for scaling Agile.

At the implementation it is **critical** to have a clear line of **communication** and to **monitor the progress**. Identify potential risks and frustrations of the transformation and clearly communicate the proposed solution. After all, **changing habits** is not always easy!

The final step is **training and education**. With becoming part of a value stream instead of an (often silo) department there is likely to be a change in responsibilities. Ensure everyone is well equipped to deal with those responsibilities. In most organizations, even without implementing Scaled Agile, communications and problem solving trainings along with team building exercises would be a valuable investment to make!

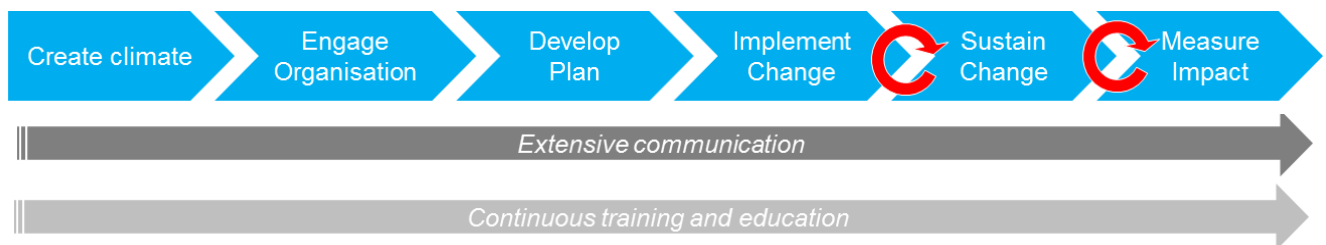


Figure 3: FiSer Transformation and Change Management Plan



Of course training alone is no guarantee for success. As stated before, changing habits is hard, and to **sustain change** it is necessary to use the power of repetition. Incorporate a **feedback loop**, and keep **celebrating achievements**. This way you set-up your colleagues and yourself for **success!**

What Next?

FiSer can help you with complex implementations

In case you have any questions regarding this paper or regarding support for your transformation project, feel free to **contact us!**



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