

Adopting Agile

# NEW MODEL PUTS AN END TO STAR WARS BUSINESS PROJECTS

By László Juhász and Imre Sztanó

**I**ncreased efficiency, flexibility and pace – we have already heard these terms about the agile methodology and these indeed are its important benefits. However, by now, such mystery surrounds the method that it is difficult to see the agile transformation's true value and how we can build a team or even an entire organization based on it. In this series, we are not aiming to provide a silver bullet for adopting agile but to collect the theoretical and practical aspects a company should consider when establishing its own agile model. In the first part we will cover the basics. Though most organizations can reach this level, it still leaves plenty of questions open.

When we talk about the origins of agile, everybody knows that agile was first used in software development. That is true but you should also get familiar with the story of Jeff Sutherland, one of the founders of scrum, the most popular agile school. The story highlights that agile has indeed gone beyond a management technique applied in software development.

When his fellow pilot was shot down in Vietnam despite strictly adhering to the preliminary flight plan, Sutherland realized that strictly adhering to a plan may not necessarily result in the expected result. He suggested that pilots should not follow a predetermined route but rather constantly adjust to the challenges being faced with. Thus, after some detour manoeuvres, they would successfully reach their ultimate destination. This provided the basic idea of agile – the objective that with gathering information efficiently and evaluating the situation constantly we can implement our strategy more quickly and flexibly even amid the changing circumstances.

## Agile way of working – the basics of its methodology, a new mindset

When a manager wants to switch to agile on a team or an organizational level, he or she should start with the core document of the method, the [agile manifesto](#). That explains that the objective of the model is to uncover new ways of creating value while helping one another.

Those looking for a set of detailed rules will be disappointed since the manifesto only outlines a set of values. Those lay the foundations of the culture of cooperation and the broader behavioural model we want to establish. We must note, however, that no single agile methodology is complete, nor does it provide an answer to every question. What's more, the various schools differ from one another even in what elements they fix. It is the user, the company that needs to define and fill in the grey areas.

*"Every company must create itself its own agile model based on its mission. As a starting point, it is important to take into account the company's organizational and cultural characteristics. At NN, we started by acknowledging that immense changes are underway in terms of client and employee needs as well as technology. We are convinced that the key to sustainable success in this environment is ongoing renewal, and with this in mind we have put individual and organizational development in the focus of our agile transformation,"* said Imre Sztanó, Chairman and CEO of NN Insurance Hungary.

It is easier to choose the appropriate methodology and its elements after setting the objective and clarifying the company's special features. No matter which methodology you choose, people working in agile teams will meet numerous new terms, roles and ceremonies in their daily work, such as MVP (Minimum Viable Product), product owner, or the day-to-day stand-up meetings.

*"In order for these elements to be more than just formalities and to make substantial progress, the team members' way of thinking and behaviour need to be changed. We want people coming from diverse fields and working in a team to think together to resolve comprehensive business problems, collaborate efficiently and make decisions together. Agile tools and other resources provided for the team as well as changes in*

*the environmental setting will help them do so,"* said László Juhász, Senior Partner and Managing Director of the Boston Consulting Group.

## Teams focused on creating business value

Let us highlight with the following two basic concerns why it is inevitable to improve the operations of large corporations. These companies have grown into complex and gigantic systems, often resulting in slow and inflexible operations. This makes them unable to adapt to the changing environment at the required pace and with the necessary client focus. Also, related to this issue, their employees cannot find meaning and fulfilment in their job, they are often overburdened and rarely experience a real sense of achievement.

Agile resolves these concerns from several aspects. First, it breaks down projects into small, typically biweekly phases (i.e. sprints), which create value on their own. Due to the short phases, relevant feedback from the market can be collected in a few weeks, not months or years.

Second, these projects require a variety of expertise and large capacity. The traditional silo operation will necessarily result in silo-like solutions; every department optimizes the project from their own point of view, rarely covering client needs fully. To overcome this, we will set up multi-disciplinary squads (agile teams), which will include team members from each department that are to participate in the completion of the given task. The teams organized this way will have all the skills required to complete the task on their own.

In addition to bringing people together to the same platform, they will also receive a common goal, aligning the team members' individual goals. This

way we will ensure that squad members participating in a sprint will always focus on what creates the most value and what takes them the closest to the target.

Another key element of this operational model is team-autonomy. Squads will decide for themselves how and in what steps to accomplish their strategic goals. This might seem strange in light of the usual business practices. However, this does nothing else but hands over the power of making decisions to the expert colleagues who have the most knowledge of the given field or issue. The resulting combination of genuine responsibility and autonomy will bring forth a real sense of ownership, which is the prerequisite of authentic agility.

These steps will bring about real meaning to the usual buzzwords – which often remain nothing else but buzzwords – in corporate strategy such as customer centricity, fast and efficient operations, or increased employee engagement.

NN Insurance Hungary has used this model to automate its underwriting process, i.e. the process of establishing the insurance premium based on the risks of individual clients. As a result of the

company's first development project carried out under its agile methodology, clients may receive their insurance policy today within minutes instead of the earlier 10-12 days on average.

The automation development project turned out to be a success despite the fact that only a few believed in the project in the beginning. A number of initiatives with the same objective proved unsuccessful before. The project was the perfect task for testing agile live because it involved one of the company's most comprehensive and crucial processes, one, which fundamentally affected the company's integrated IT-systems.

In wake of the previous failures and instead of focusing on building a complete Star Destroyer, the squad concentrated on how the first application could be processed in the underwriting system without human intervention. The squad managed to achieve this goal as early as two months into the project, which unleashed vast energies in the team for further iterations. Twelve months later, every third policy was issued using the new method.

## Agile Ways of Working Promote Speed, Innovation and Autonomy



### Fast-paced

Constantly adapting to changing market conditions



### Entrepreneurial

Teams working autonomously, freedom within a frame



### Speedy delivery

Short timelines, minimum viable products



### Continual feedback

Problems identified and dealt with early

## Hardships, misbeliefs, concerns

There is no transformation without hardships. Every change forces us to step outside of our comfort zone, to use another popular buzzword, triggering concerns and even resistance from team members, even when applying agile at not more than a project level. The most frequent negative feedbacks are the following: (1) individual tasks cannot be broken down into iterations, (2) there is no time left for real work because of team discussions, or (3) it is useless to take part in cross-functional team discussions since we are not competent in one another's areas of expertise and we will never learn them anyway.

All the above concerns have surfaced at NN, and the bad news is that there are no ready-made solutions for them. You need scrum masters to guide the team in implementing agile techniques. As a leader you will need to accept that when adopting agile, you will be walking a fine line to find the golden mean. At the same time you will need to avoid treating agile as a dogma because you may end up being the elephant in a china store. But, if you water down the transformation too much, you will end up with an empty shell of a seemingly agile model that will not bring the expected results. You need to keep a balance not so much in how agile you want to become, but rather in adjusting the elements of the agile methodology in an optimal way to the organization's culture and special features.

A leader's communication, presence and every decision play an important role in demonstrating the transformation's significance for the organization. You also must be willing to listen to both the negative and positive feedback and respond accurately and practically.

The best approach is to engage team members proactively in the design of the new operational model. This will create a sense of ownership, our most important task as a leader in the transformation process.

You may have realized by now the magnitude of the challenges, tasks and learnings involved in launching agile even in a single team. However, after a successful transformation you will see in practice the added value agile brings to and the energy it frees up in the colleagues and the team.

The first demo event, when the team members proudly present the results that may have been inconceivable under the former operational method, may result in a roaring success. This is when you could decide to pursue this positive outcome at the level of an operational unit or even the entire organization. We will talk about this step and the new challenges that will bring in the next part of the series.

## About the Authors

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