



Agility at scale

The agile way of working has arrived in banking

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Banks want to become as agile as most tech companies already are, but many still do not know what agile working actually entails nor how to successfully transition to the agile way of working on an enterprise scale.

Financial services organizations have specific challenges that need to be considered when adopting agile at scale. They are highly regulated, but the foundations for agility are the same for any enterprise. Over the last decade, organizations have focused on making their IT agile, but enterprise agility goes beyond that. It takes into account that IT cannot improve how an organization works on its own. Agile working at scale has to be an end-to-end approach along the complete value stream of an enterprise, starting from the business strategy to the launch and operation of products.

It might come as a surprise, but some banks have already adopted enterprise agility successfully. A leading European bank led the way in 2015, when they chose to adopt the Spotify model to scaling agile working and two of Australia's major banks have adopted similar approaches in the meantime. These banks go beyond adopting agility in technology by removing the boundaries between technology and the business. They replaced the traditional team hierarchies with a new flat organization of cross-functional teams consisting of business and technology capabilities.

Frameworks like the Scaled Agile Framework (SAFe) provide a detailed and structured approach how to scale agile beyond the team level. The Spotify

model for scaling agile was not designed to be used by other organizations. It is an example of an organization implementing its own agile approach by combining different methods from SAFe and other methodologies to tailor it to their needs.

The Spotify model was created by incorporating many aspects from SAFe and other methods to build a unique operational model for Spotify, which had already started out as an agile organization using Scrum¹ before it had to find a way to scale its way of working. Organizations that want to use this model will also have to adapt it to their own needs and fill in the gaps. However, organizations choosing an enterprise agile framework like SAFe will be able to rely on a more holistic and end-to-end toolkit to assist them in adopting enterprise agility.

Is your organization as sluggish as a container ship? Enterprise-level agile replaces it with a fleet of speedboats – aligned by a common strategy and empowered by an agile mind-set.

“**Shu-ha-ri**”, a concept from Japanese martial arts, was used to illustrate agile working by Alistair Cockburn, one of the signatories of the Agile Manifesto. Cockburn aimed to use this concept to explain how an organization learns agile practices. Shu stands for the novice learning level where the basic techniques and methods are practiced. Ha represents the next level when the basics have been learned and can be adapted. Ri is the level of mastery allowing for the discovery and use of new approaches. It is the stage where an organization no longer has to strictly follow a framework, but can develop its own. Based on this definition, the Spotify model represents the ri-level and it provides little guidance on how to adopt it for organizations earlier in the learning process.

^[1] Scrum is the most widely used methodology for agile working at the team level. It defines roles, ceremonies like the Daily Scrum planning event and practices for development teams.

Some of the key concepts in agile working:

- One of the key principles of agile working is that a functioning product is the primary measure of progress. The minimal viable product (MVP) in an enterprise environment is the product that balances the smallest amount of investment while already providing useful functionality to internal users or customers.
- Agile teams are most efficient when they include someone who can provide guidance and feedback on what the business needs. The product owner is the person fulfilling this role on the team level and continuously refines the team's

backlog – the agile to-do list. Backlogs exist on all layers from the portfolio, down to the team level.

- Teams who work agilely in short iterations. Commonly these are two-week sprints on the team level and eight to twelve weeks' increments on the program level.
- Agile working defines requirements less granularly upfront than waterfall methods, to avoid over-specification early on. Requirements are written as concise stories on all layers of an enterprise – from high-level epics in a portfolio backlog, to features in a program backlog and user stories in a sprint backlog.

- Agilists do not like meetings, which are often inefficient and do not always deliver actionable outcomes. They have replaced them with ceremonies, strictly time-boxed events that have a fixed agenda. Examples for ceremonies are the daily stand-up of the agile team in Scrum and the system demo in SAFe.
- In an enterprise, the work of many agile teams needs to be coordinated and synchronized. This is done by implementing a common iteration cadence for all teams, big room planning events, and regular synchronization meetings.

Based on Deloitte's work with clients across the financial sector and beyond, as well as the experience of organizations that pioneered agile working at scale, we consider the following points to be critical for a successful transformation:

- Be committed on all levels of the organization: Executives have to "walk the talk" and lead by example.
- Break down silos: Create cross-functional and autonomous teams combining all required skills and expertise from business and technology to deliver a value stream.
- Optimize for value delivery: Replace project organizations with permanent, autonomous and cross-functional teams that deliver business value incrementally. Strategic themes define the business priorities and lean budgets provide the financial guardrails, so teams can deliver value continuously without the need for annual project and program budgets that add limited value but significantly delay the delivery of value – new products, new

services or new software.

- Train and coach leaders and managers: Managers can become product owners and agile coaches, but organizations have to ensure that these servant leaders have the right mind-set for their new role. They have to put people, product, and the value created for the organization first.
- Do not hesitate when rolling out scaled agility: Plan, train, execute, and do not be afraid to change aspects that do not work during the transformation. Any parts of the organization that have not adopted agile working will inadvertently slow down the parts of the organization that have already transformed their way of working. The impact of this will be continued inefficiencies and loss of employee engagement. Your agile teams will not be able to produce the maximum possible value while the traditional – slower and inflexible – elements of your organization hold them back.

Beware of these downsides:

- Culture eats strategy before the first Daily Scrum: While organizational culture

is essential for the success of an agile transformation, culture does not simply change through hanging up posters with new cultural values and guiding principles.

- Disassembling the organizational structure and rebuilding it as a new cross-functional agile organization is one way to introduce the elements of a new culture. While the 'tabula rasa' approach can be effective, it is not the only option and it certainly needs to be applied with care. Still, changes will be required. If a critical number of people in an organization and especially in its leadership resist, the transformation will fail.
- Lack of a tipping point: An agile transformation at scale is a big undertaking that requires organizational motivation and endurance. Banks have to comply with a barrage of regulatory change while being weighed down by legacy IT systems and a legacy way of working. Has your organization reached its tipping point?

Conclusion

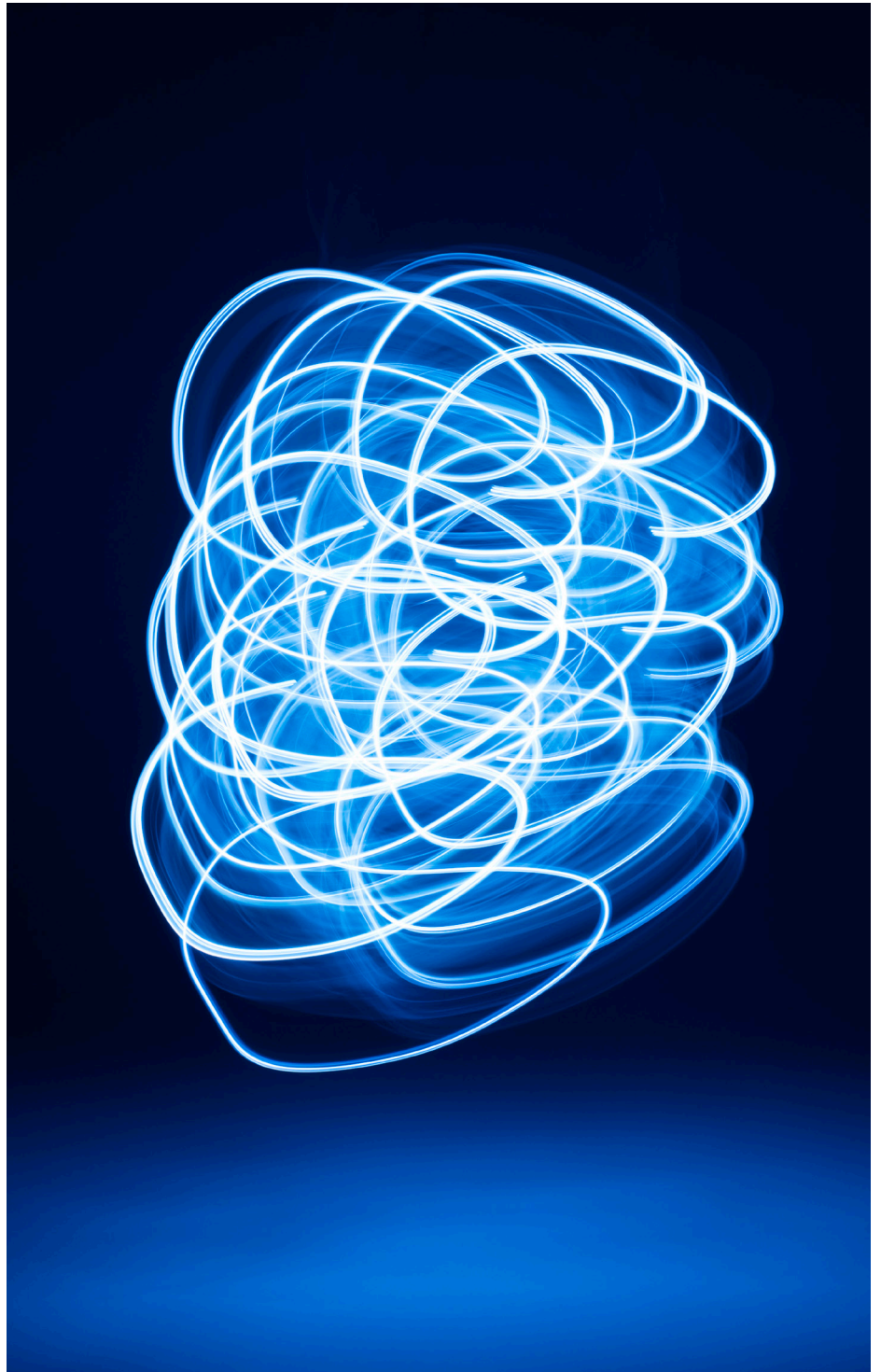
Adopting agile working at the enterprise level cannot be achieved with superficial changes. It requires a fundamental shift to successfully evolve a traditional organization to one with cross-functional teams that work autonomously together aligned by common strategic objectives.

Leaders have to leave their egos behind and become coaches and facilitators when an organization wants to become truly agile.

The 13th State of Agile Survey (<https://www.stateofagile.com/>) from CollabNet VersionOne shows that SAFe is by far the most popular framework for scaling agile working with 30 percent of respondents selecting SAFe, compared to 16 percent for Scrum of Scrums, 7 percent for Disciplined Agile Delivery (DAD) and 5 percent for the Spotify model. The popularity of SAFe was confirmed by a Gartner survey showing that SAFe was adopted by more organizations than all other enterprise agile frameworks together (Gartner, Enterprise Agile Frameworks Maximize Potential for Achieving Agility at Scale, May 2019).

How to start your journey to enterprise agility?

Select a proven framework and get training and coaching for all levels of your organization. Then continuously refine and tailor the approach. The choice of framework is only secondary to the cultural shift required for a successful transition. Beyond this, adopting agile working means to adopt a willingness to continuously review and improve the way you work.



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