Guiding you through your agile transformation
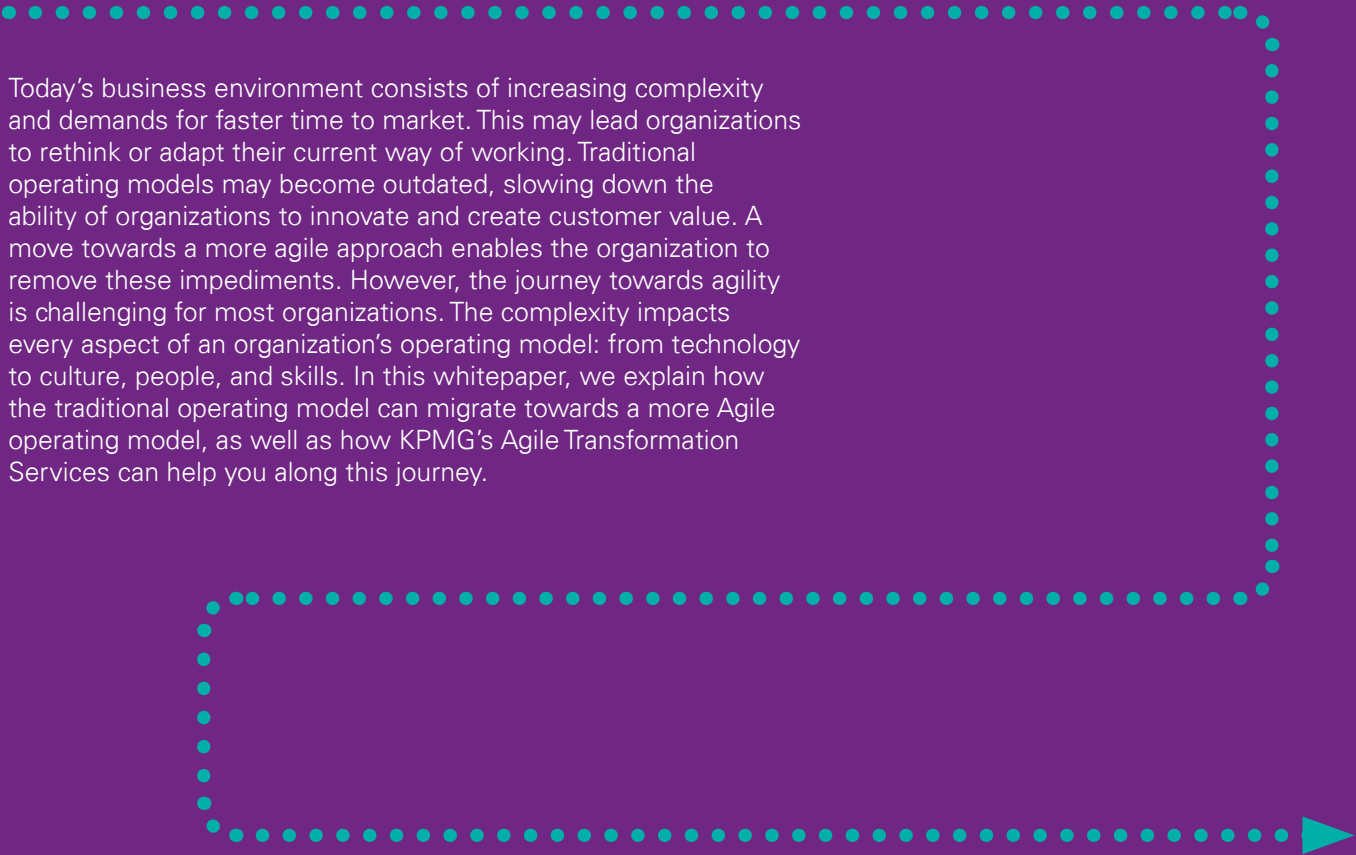
Overcoming the agile operating model challenges

KPMG Belgium

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Guiding you through your agile transformation

Today's business environment consists of increasing complexity and demands for faster time to market. This may lead organizations to rethink or adapt their current way of working. Traditional operating models may become outdated, slowing down the ability of organizations to innovate and create customer value. A move towards a more agile approach enables the organization to remove these impediments. However, the journey towards agility is challenging for most organizations. The complexity impacts every aspect of an organization's operating model: from technology to culture, people, and skills. In this whitepaper, we explain how the traditional operating model can migrate towards a more Agile operating model, as well as how KPMG's Agile Transformation Services can help you along this journey.

1. Agility as an operating model challenge

In general, implementing and understanding agile principles are key success factors in starting your agile journey. However, an agile organization does more than focus on collaboration between teams, applying Scrum ceremonies or using Kanban principles. Although the focus is typically on the general way of working/ methodology, constraints in other domains become visible during an agile transformation.

As KPMG, we are convinced that a balanced and holistic view across the operating model during

the transformation is needed. This ensures early identification of constraints and challenges and engages relevant stakeholders throughout the journey. Depending on the sector and the type of the organization, some aspects of the operating model will require more focus than others. KPMG offers a customized approach to this operating model, in order to facilitate reaching your organization's desired agile framework.

The KPMG Agile Operating Model framework:
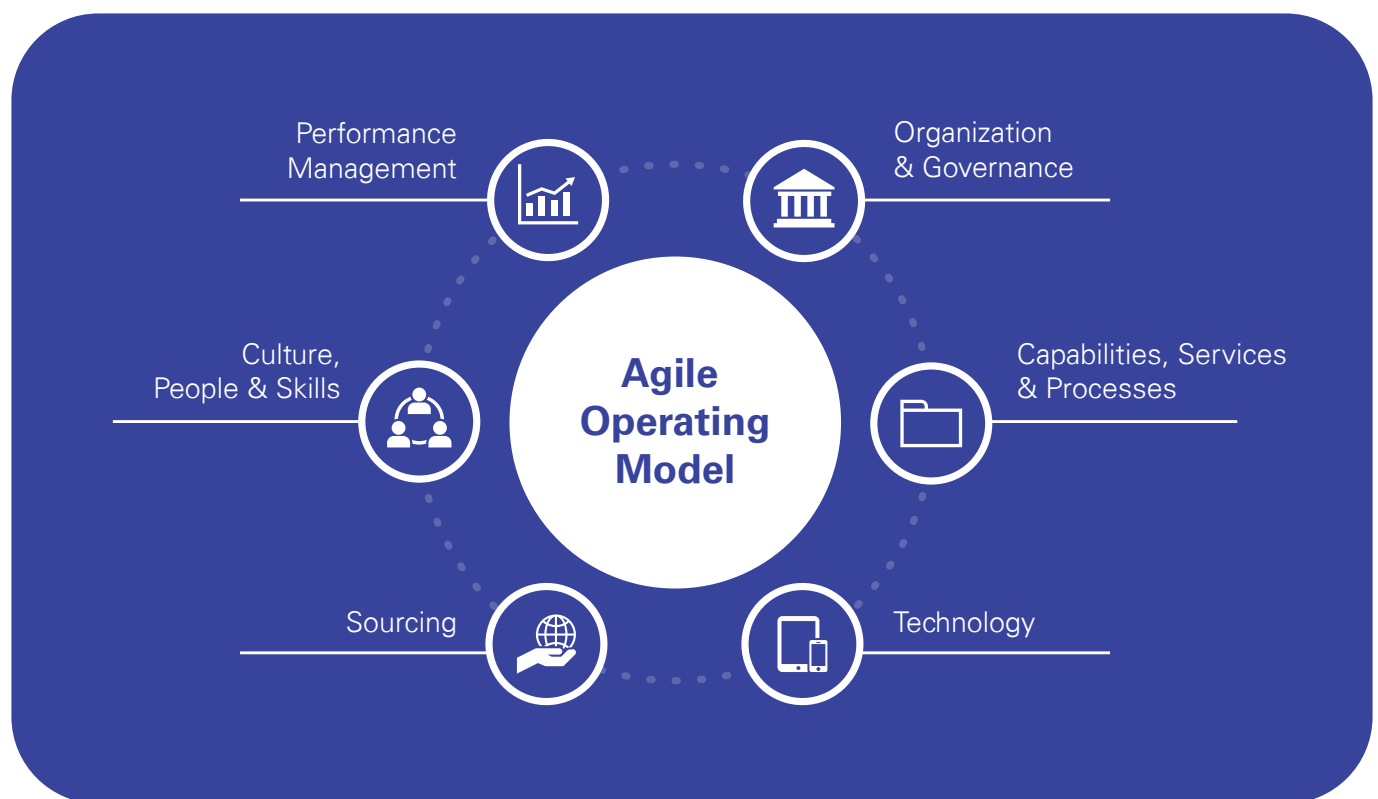
The Agile operating model requires changes across all domains in the traditional operating model. Examples include:

— A change in structure and governance from demand-supply to value streams
— A new way of working and delivery processes across the organization
— A modular architecture with strongly automated IT
— A culture supporting experimentation, people with T-shaped profiles and strong intrinsic motivation for self-steering

The KPMG Agile Operating Model framework contains six domains, namely: Organization & Governance; Capabilities, Services and Processes; Technology; Sourcing; Culture, People and skills; and Performance Management. In order to get a better understanding of the operating model, each of these domains will be discussed in more detail.

Organization and Governance

The organization and its governance structures are the driving force of your agile journey. Moving towards a more customer-centric organization implies a more efficient (i.e. better and faster) decision-making process to meet new and changing customer requirements. Roles and responsibilities will change to meet new objectives. In this respect, value stream mapping and the customer journey are commonly used methodologies. Additionally, new policies and procedures might be needed to meet regulations.

Furthermore, the governance structure shifts from top-down decision making and control to supporting and enabling the teams to make the best decisions. At later stages of the agile journey, scaling of teams to project, program, portfolio, or enterprise level will occur, which requires new types of organizational models or scaling frameworks. The pace and communication of these changes should be aligned with the operational value delivery.

Capabilities, Services and Processes

Organizational processes will change with the adoption of the Agile Operating Model. Processes will have fewer rigid handovers across domains and functions will be characterized by flow and cadence. For example, a product owner should be able to list customer requirements and translate these into more concrete business requirements that can be taken up by the team. The development team, on the other hand, will take more ownership of the processes and decide upon the IT requirements that are needed to fulfill the business needs. This change in process also requires

the team to have additional capabilities. Agile tools and working methods help drive these new processes and visualize the work.

For some organizations these changes, resulting from an agile work method, might prove to be too disruptive. We noted that some organizations, in response, temporarily opt for a hybrid model, and some even maintain this model for the long term. This is due to the different needs of business and IT functions.

Technology

In the technology area, simplification and rationalization of the application landscape are sound reasons for agility. A modular architecture is needed to support smaller and quicker value drops. Automation and tooling should support the continuous delivery with very short

iteration cycles of building, testing and integrated deployment. Continuous delivery and continuous integration are at the heart of the IT agile delivery model.

Sourcing

Becoming an agile organization affects the entire company's ecosystem. Being agile towards clients calls for asking suppliers to apply the same way of working and mindset regarding your organization. Therefore, it is important to implement multi-sourcing models with

increasingly fluid relations, which allow for maximum flexibility in adding and removing suppliers from the ecosystem. It is of added value to establish agreements and effective metrics to the contracts in order to drive both collaboration and performance.

Culture, People and skills

Many companies face a cultural challenge when they embark on the agile journey. A culture of collaboration –that stimulates experiments and "learning by doing"– is an essential requirement for a successful agile transformation. However, we noted that this shift in

cultural mindset can often have a bottleneck effect on an agile transformation. The role of leadership has great importance in facilitating and valuing staff empowerment. Often, there is a need for continuous coaching across all levels in the organization, from floor

workers to the board members. It may necessitate creating awareness and adoption at different levels based on change management principles and techniques.

The agile journey encourages breaking the typical functional silos within an organization and the creation of multi-disciplinary teams that can work across the boundaries of traditional departments. It should be commonly accepted that the team have the required knowledge and motivation, and therefore the capabilities to do the work and deliver the expected value.

Performance Management

Traditionally, companies measure performance by focusing partly or even entirely on individuals. As the focus of agile organization moves from the individual to the team, the same should be done with performance evaluations. What really matters is how the team performed, or even how the organization performed. This performance should then be linked to the value that is delivered.

Another aspect of the measurement framework and metrics is the need for honest, direct, and continuous feedback. Therefore, management should support and award transparent communication. For example, agile ceremonies allow team members to be transparent about bottlenecks, potential issues, and upcoming risks. Open communication is required so other team members can support, where needed.

2. KPMG's Agile Transformation Services: How can we help you?

At KPMG, we know that the agile journey is never simple, and we understand the challenges that companies face on this transformation path. As a trusted advisor, we created four lines of services aiming to offer support to organizations in their agile practice, regardless of their sector, geographical spread, size, and current agile maturity level.

Help Shape Agile Organization	**Assess Agile Maturity**
Assist in the Agile Delivery	**Coach and Train Across Levels**

(1) Help shape Agile organization

Help organization with identifying and implementing the most suitable target agile operating model and frameworks (SAFe, LeSS, Spotify, Scrum…)

Underlying services within the offering:

— Organization-wide Agile Deployment/ transformation
— Pilot selection and execution for agile TOM
— Assistance in agile strategy and vision definition and agile adoption goal setting
— Lean Agile Portfolio Management

At KPMG we understand that transitioning to agile delivery is an important decision for any organization. Uncertainty about the success of the agile transformation and the risks that come along with it leave many leaders uncomfortable taking the plunge.

To guide you, KPMG assists by defining an agile strategy and vision, as well as agile adoption goal setting that corresponds with your overall strategic ambition.

To help shape your agile organization, we support you by identifying and designing the most suitable agile target-operating model, considering areas such as technology, organization & governance, processes, people, performance management and culture. In addition to selecting the best-suited agile framework to drive this transformation, KPMG can also assist in deploying your agile transformation organization-wide, considering typical key challenges and risks faced during this transition track.

Lastly, KPMG helps by applying the Lean principles throughout your agile strategy, funding of initiatives, portfolio management and governance.

(2) Assess Agile Maturity

Assess Agile maturity across organizations areas impacted by adopting agile delivery methods

Assess and review agile controls across departments and functions

Underlying services within the offering:

— Agile Maturity Assessment and benchmarking
— Agile Control Framework Review and Implementation
— Roadmap design for adopting and improving agile practices, aligned to organizational culture, priorities and expected benefits

When organizations contemplate becoming more agile, they might think this implies losing control, as more power is transferred to the teams. At KPMG, we believe this does not necessarily need to be the case. For organizations in a highly regulated environment, where control is very important, the Agile Control Framework Review service or Implementation might allow you to get the best of both worlds.

KPMG designed the Agile Maturity Assessment framework to objectively assess the current Agile state on multiple aspects, such as culture, teamwork tooling and software development. This includes a self-assessment, as well as benchmarking data from our database. With the insights gained in these assessments, KPMG can further help organizations raise their agile maturity to the desired level by working on the different aspects of the agile operating model. Next, the results of the assessment will provide insights on the readiness of your organization for future scaling.

(3) Coach and train across levels

Provide coaching and training from strategic level to team level on understanding and applying agile and lean culture, agile principles and practices

Underlying services within the offering:

— Agile Training for Executives
— Agile Training for IT and Engineering Teams and Product Management Teams
— Scrum trainings
— Coach clients from strategic (board) level to team level on understanding and applying agile methods and techniques

Both employees and leadership are key success factors in agile transformations. Therefore, coaching and training across all levels is important. KPMG has developed a wide set of training sessions to support general and specific requirements that can be adopted and provided on demand.

We support the development and progress of your agile organization, from the first introductory training to the comprehensive coaching programs; with the goal that your company becomes self-organizing as quickly as possible. Therefore, we offer a customized approach that is fit-for-purpose and rolled out at the pace that is comfortable for your organization.

When embarking on an agile journey, the impact on people, skills and culture should not be underestimated. Therefore, attention to change management is considered a key success factor in the early stages and is integrated into the coaching and training of the different kinds of roles, according to the different (management) levels. These training sessions could be hosted on general Agility topics or focus on a specific framework such as Scrum.

4) Assist in agile delivery

Sourcing Agile profiles (coach, product owner, scrum master, agile PM)

Provide Independent Program Assurance (IPA)on agile and non-agile transformation projects

Underlying services within the offering:

— Agile Project Delivery (Scrum Masters, Product Owners, Agile PM)
— Independent Program Assurance (waterfall/agile)

Some agile profiles are hard to find in the market and organizations are looking for top-notch experienced profiles to ensure their agile delivery succeeds. If the necessary skills are not available within your organization, agile profiles, such as a coach, product owner, scrum master or agile PM can be sourced from KPMG. We have a number of well-trained, certified and experienced people who can be deployed to take part in particular initiatives and fill the needed agile role: Scrum Master, Product Owner, Agile PM, Agile Coach, etc.
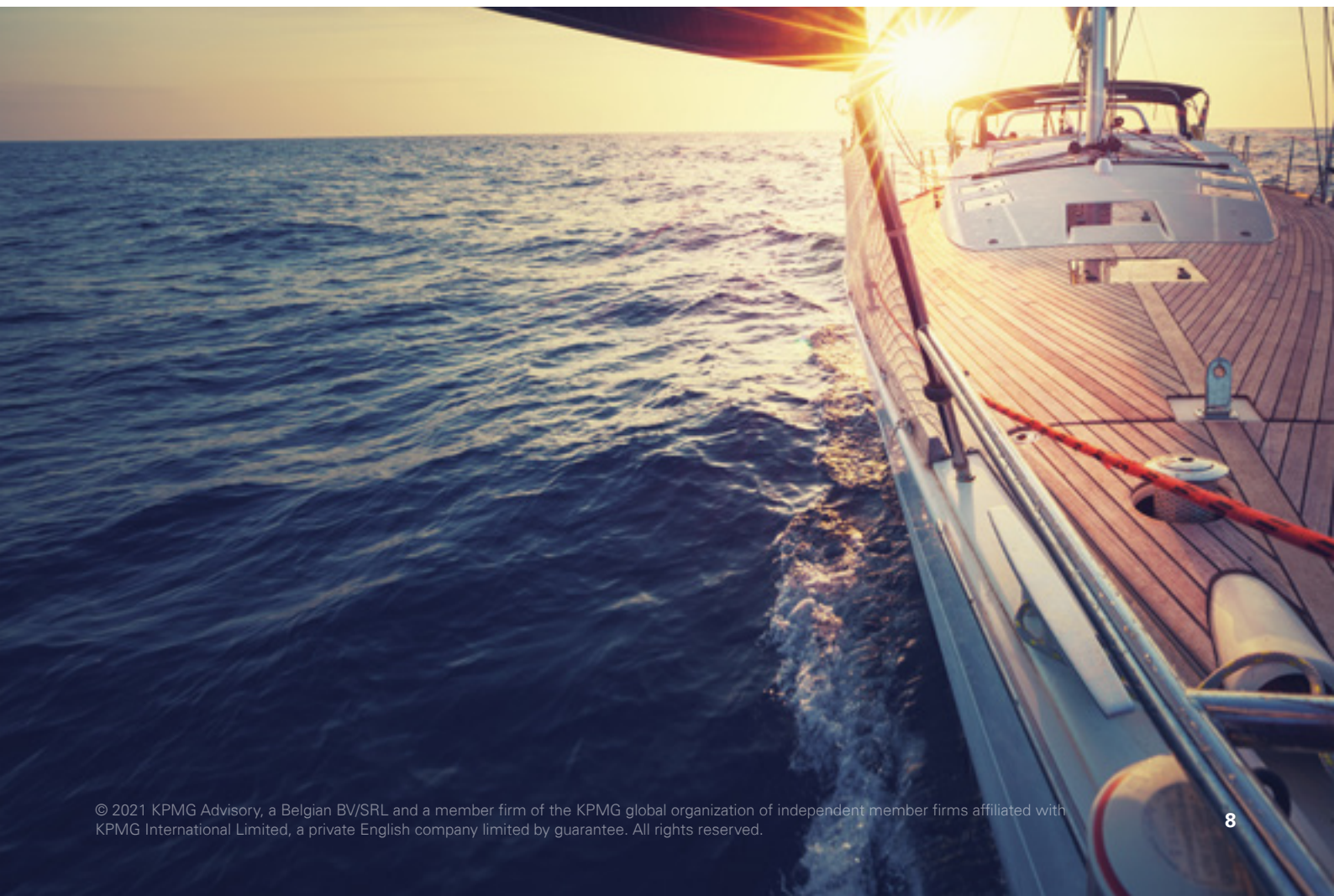
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