



# Enterprise Agility: Where to start



## Why Agile?

Customers expect the digital products and services they use to be easy and seamless like Amazon or their favourite social networking app.

The pandemic has also made clear the importance of being nimble and responsive to situation, regulatory or government changes.

Additionally, an ever-evolving technology landscape provides new business opportunities.

It's clear that organisations must be able to flex and act at pace to exploit opportunities and deliver against expectations.

In response, CEOs plan to invest more in technologies like digital communications, customer-centric technology, data security, AI, E-commerce or sales platforms<sup>1</sup> to improve their offering and the customer experience.

But to get the most from technology investments, organisations must be able to apply technology quickly and in the right way.

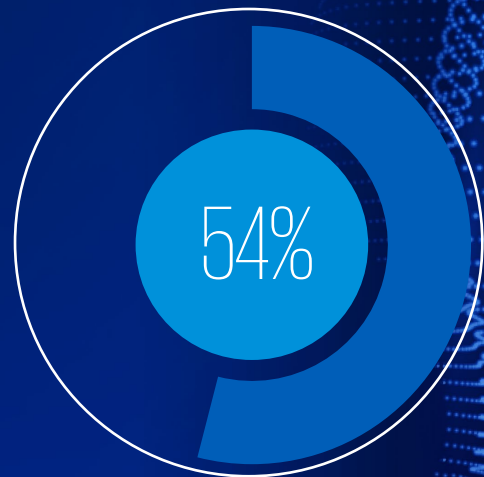
This means boosting organisational agility to be able to identify and explore opportunities, learn what works, invest appropriately, and act across every product or service offering with a strong focus on customer value.

KPMG sees organisations that have adopted Agile as having better agility and being better equipped to navigate external and internal change at market speed. They have faster time to value and enjoy better growth on average as shown in research by MIT<sup>2</sup> (37% faster revenue growth) and Forrester<sup>3</sup> (3.2x industry average growth).

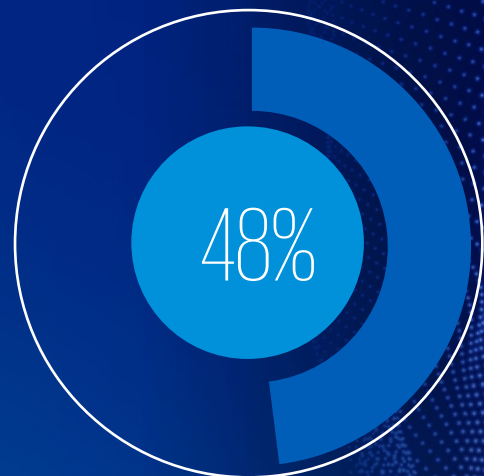
<sup>1</sup> [KPMG US CEO Outlook 2021](#)

<sup>2</sup> Weill, P. MIT CIO Summit. MIT Sloan School of Management's Center for Information Systems Research (2006)

<sup>3</sup> Forrester, *Adaptive Enterprises Are Growing Three Times Faster Than Their Competitors*, 28 May 2019



of CEO's plan to **conduct customer engagement & queries predominantly via virtual platforms**<sup>1</sup>



of CEO's have sharply accelerated progress in creating **seamless digital customer experiences**<sup>1</sup>



## What does Agile transformation look like?

Agile impacts the entire enterprise. It introduces new language, culture, mind-set, roles, ways of working and funding, and a new team approach. Full sponsorship by leaders is vital for this type of change to be successful.

Agile relies on self-managing, cross-functional teams dedicated to an enduring product and the delivery of customer value. Its customer-centric approach may feel more natural for parts of the business closer to the customer, but for functions organised by silos of specialism, e.g. IT, carefully managed support and a concerted change management effort is needed to adopt the new ways of working and embed the required customer-centric mindset.

While the change is big, the change is worth it. Agile enables business functions to work better together at pace and to react quickly as needed.

But a key risk to adopting Agile is not demonstrating the benefits early enough to get the momentum needed and falling back on old ways of working. Thinking big, but starting small and continuously improving is the key, rather than trying to transform everywhere at once. This creates successes quickly and ensures the stability the organisation needs to operate effectively remains intact.

How? Think of Agile as a network in your organisation that connects and harmonises key business capabilities and functions.

It brings together people that understand the customer, the product and how it operates. It aligns them around a common set of priorities, plus a strong focus on value. It empowers teams to make informed product decisions and improve learning and information sharing.

All this reduces the interfaces and handoffs that work flows through, which reduces friction and provides the ability to pivot to where the value is, so the right things get done quickly. This is what increases organisational agility.

***Think big, start small,  
continuously improve...***



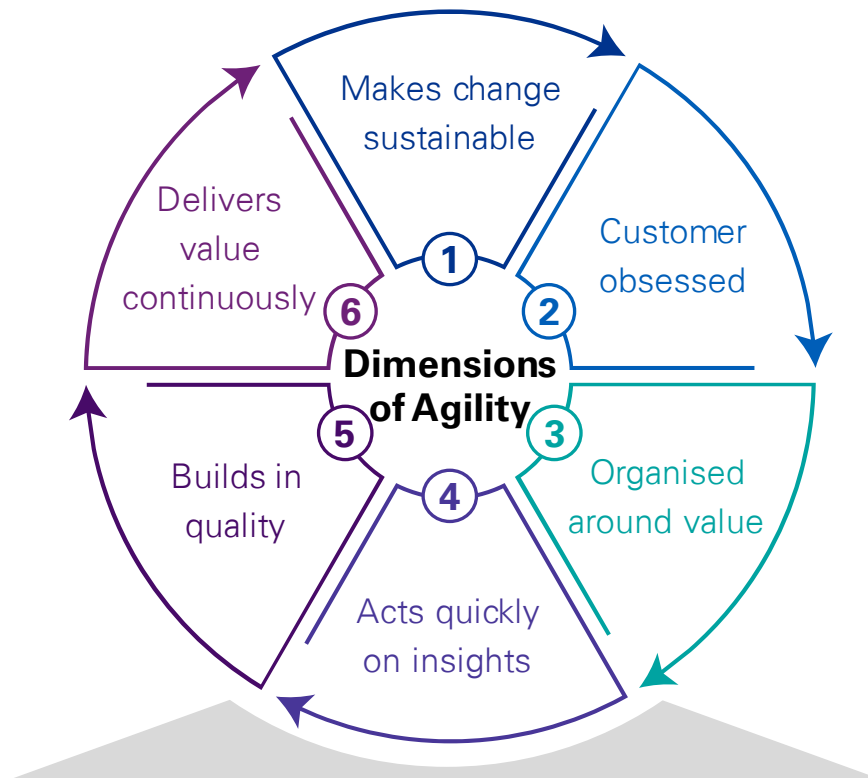
*“Agile connects and harmonises key business capabilities...”*



## Enterprise agility – challenges & lessons learnt

Experience of helping clients has led KPMG to identify 6 attributes that are common to organisations with enhanced agility.

However, developing greater agility and the use of Agile is not easy. Here are a few lessons learnt that we've come across.



**Start Agile with leadership.** Leaders must role model the required behaviours **or the layers beneath them will not change. One size does not fit all...** Start small, educate, support and empower employees to determine **what works best for them and to continually improve it**



**Build rich conversations with customers** in development, by monitoring sales, customer services, customer reviews and product usage. Ensure employees are **focused on value based outcomes** instead of project outputs



**Harmonise business and technology teams around customer journeys** to best provide customer focus and value. **Staff new product roles** with the **right skills**



Use **leading indicators to evaluate response to product changes** and next actions. Be data-led: **Speed of insights impacts speed of decision-making**



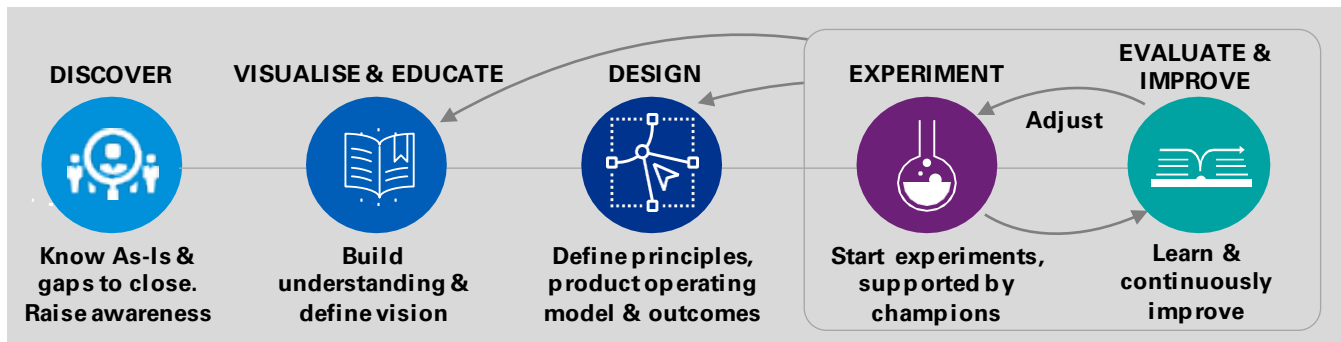
Speed with quality: **Involve Risk and Compliance early** as enablers of quality and **maximise use of automation in QA**



**Bring enabling functions along at the same pace:** Finance for **dynamic funding** of products and investment governance, Governance for the **support of Agile teams**, HR for talent to **close skills gaps...**

## The Journey to Enterprise Agility

To get a journey to agility off to the best start or to scale an existing journey into the wider enterprise, KPMG recommends following their Enterprise Agility methodology.



### Discover

#### Understand the gaps

Knowing strengths, gaps and weaknesses is an important first step in determining how to proceed. Perform an assessment of agility that looks across the enterprise including culture, mindset, ways of working, technology and tools, product landscape, and data. A diagnosis then informs what to focus on to overcome the next barrier on the journey to agility.



### Visualise & Educate

#### Educate the workforce in Agile

Create a common understanding of the language of Agile and what the transformation means by educating leaders and employees at all levels. Help leaders understand the culture to build, the behaviours required, and the support they must give. Create the vision. Help employees see where opportunities to apply Agile exist to achieve that vision. This spawns ideas for improvements in products and ways of working.



### Design

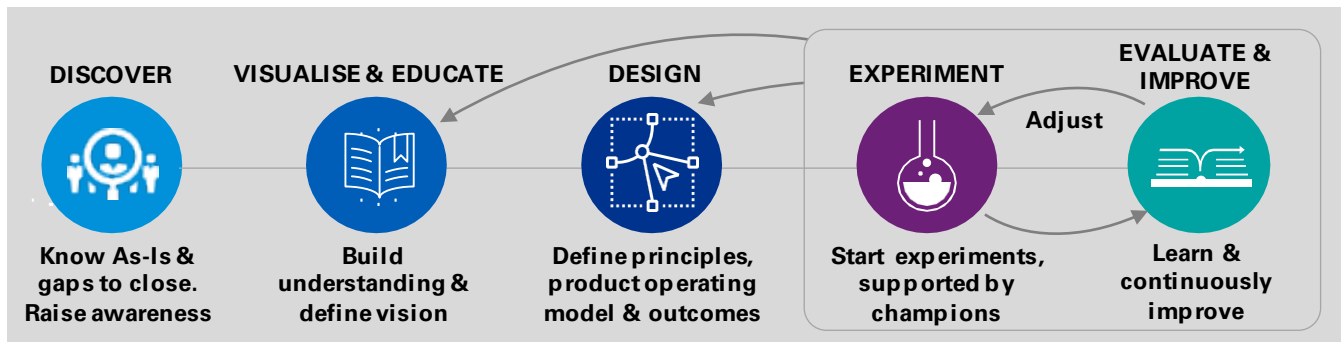
#### Define principles and outcomes

Establish a clear set of guardrails to guide the organisation on its journey. Co-create an agility handbook that includes a common purpose, the vision, principles, behaviours and ways of working so everyone understands the 'why', 'how' and 'what' and knows how to apply Agile practically. Themes might include: Experimenting to discover what works, prioritising value, being open about failure, taking risks, continuous learning, etc. And identify the objectives and measures that make it clear what the next stage of the journey aims to achieve.

#### Choose the right product or area to start

Agile works best where experimentation is needed for a solution to emerge and where requirements cannot be fully known upfront. Common characteristics of a suitable product or area are: a high dependency on customer feedback for success, the need to deliver value early, and good visibility in the organisation at all levels. It's also vital to be able to visualise and agree on the steps that create customer value – from initial customer request, to the request being met – this customer journey anchors the product.

## The Journey to Enterprise Agility (cont.)



### Design

#### Organise around the product

Adaptable organisations avoid unnecessary hierarchy and devolve governance and decision-making authority closer to the work and customer. Create the cross-functional, multi-disciplinary product team/s empowered to act in the interests of customers. Bring roles together that plan, design, build, test and operate the product, but keep team sizes small. Ensure there is ownership and accountability for the success of the product, its outcomes and budget management. Include assurance and security so quality is built-in. Engage early with enabling functions and partners, e.g. HR to help with access to needed skills, 3rd parties to ensure they can support Agile working.

Compared with projects, funding products requires a shift from long-range annual budgeting towards funding the capacity of persistent teams. Start the conversation early with Business, Finance and Governance stakeholders around a rolling view that enables an iterative release of value. Be able to adjust investment based on where value exists and driven by business owned portfolio prioritisation.



### Experiment

#### Start and learn, supported by champions

Create a product-focus by helping teams be clear on their product's purpose and its customer benefits. This starts the shift from a tasks and deadlines mind-set to customer outcomes and value mind-set. Support them to experiment to deliver that value. Don't expect to get it right first time. Practice to build the muscle memory needed to make Agile behaviours and ways of working second nature and the right fit for the organisation's needs. Establish the support needed to sustain this change via a Centre of Enablement. Use coaches at all levels and build communities for knowledge sharing and continuous learning.



### Evaluate & Improve

Implement feedback loops to understand how customers respond to product changes and use insights to drive product decisions and priorities. Support employees to identify improvement ideas for ways of working too. Empower them to turn the best ideas into results using a goal-setting approach, e.g. Objectives and Key Results (OKR's).

Empowerment creates employee engagement and buy-in as they can shape how they work. Assess overall improvement and ensure data drives continuous improvement.

## What are the criteria to start?

Based on KPMG's experience, there are common criteria to evaluate pilots for the highest chance of success and future scalability:

- 1 Commitment exists in leadership and the business to align on Agile values and principles. Teams believe in putting customers first
- 2 The pilot represents a realistic set of conditions that create vital experiences for the team to learn from and provides credibility to scale
- 3 The product or service is new or can be iterated. Rapid prototyping with fast feedback loops and discovery of early results is possible
- 4 It is an adaptable small slice of the organisation and time to market is critical. This provides top-to-bottom engagement and focus on outcomes
- 5 There is responsibility and trust in teams to deliver value independently
- 6 There are no constraints on key roles in the cross-functional team/s or scaled partners. A business product manager is in place
- 7 Can start small, then expand when proven. This fits Agile principles, makes the journey sustainable, and avoids a risky big-bang approach

Don't do this on your own. Learning lessons from others is key to accelerating progress. Contact KPMG's experts to learn more about our approach, criteria to start, and our services. Make the right start in your organisation.

## Want to find out more? Contact us



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## How KPMG's Agile expertise has helped clients

### Helping a large UK Financial Services client move from a project-funded to an Agile outcome-funded world

- We delivered an operating model and investment governance framework providing a multi-modal portfolio with dynamic funding model and traceability of objectives to strategic outcomes using objectives and key results (OKR's)
- Also, enabled the client to move to large-scale portfolio prioritisation using Weighted Shortest Job First model
- Increased transparency for execs of squad delivery & value realisation, improved funding prioritisation, and increased accountability of squads for managing funding and outcome delivery

### Helping an Aerospace & Defence client create sustainable agility and deliver customer needs at pace

- We delivered an operating model, supported by coaching in new ways of working to build a modern technology capability and increase adoption of Agile
- This reduced the organisation's risk through shorter delivery cycles, increased the visibility of customer demand, and enabled them to rapidly flex to meet customer needs

## KPMG Enterprise Agile Services

KPMG's Journey to Agility is designed to help regardless of whether you are introducing Agile for the first time or looking to get the most from an existing Agile transformation.

Our service portfolio embeds a continuous improvement mindset and leads to continually improving organisational agility and resilience.

400

UK trained agilists



[kpmg.com/uk](https://kpmg.com/uk)



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