Agile and Lean Transformation: Creating a Foundation for Success

By focusing on four key pillars – individual behavior, team roles, program governance and institutionalizing change management – communications services providers can vastly improve the success of their business transformation initiatives and thereby maximize returns on investment made in Agile and Lean programs.

Executive Summary

Amid ongoing market dynamism and growth, communications service providers (CSPs) worldwide are challenged to retain and improve their market positions while remaining cost-competitive. The rapid pace of wireless network expansion combined with the heavy influence of digital technology are creating new and evolving customer needs, and significantly shrinking product lifecycles, placing added pressure on CSPs’ financial performance.

Moreover, ongoing merger and acquisition moves across the communications industry have resulted in even larger CSPs with complex business operations that span geographic regions.

To stay competitive amid this evolving business landscape, CSPs must transform their operations by increasingly deploying Agile and Lean methods.

Although the objectives of these initiatives vary from CSP to CSP, the common denominators are:

- Updating outdated processes, technologies and organizational roles.
- Optimizing expenditures by increasing productivity and reducing complexity.
- Introducing a new way to market and deliver their products and services.

However, while embarking on a transformation journey using Agile and Lean methods, many organizations do not realize that without a change of organizational culture, Agile and Lean methods are unlikely to be successfully adopted and to contribute business value. Often, organizations fail to articulate a compelling vision for change, one that can be consistently communicated and readily internalized above and beyond the software development process. Thus, the struggle that many CSP decision-makers face is not in where to apply Agile or Lean tools, but in effecting the organizational and behavioral change necessary for a successful transformation.
This white paper provides guidance to executives deploying Agile and Lean methods to help establish a favorable ecosystem within their organizations that ensures successful transformation programs. With pertinent cases studies, this paper also provides a clear view of the struggles and remedies, and illustrates the practices and behaviors necessary to create highly successful and effective Agile and Lean business transformation teams.

The following key questions faced by executives leading Agile/Lean transformation programs are addressed:

• What are the common pitfalls that need to be avoided when initiating and delivering on an Agile and Lean transformation journey?

• What are the foundational blocks needed for successful Agile/Lean transformation?

• What are the short- and long-term benefits realized by following the tenets identified in this paper?

It is important to note that this paper is not intended to provide a definition of Agile/Lean methods and assumes that the reader is familiar with both.

Why Agile and Lean Transformation Programs Fail

Throughout the last few years, numerous CSPs have launched transformational initiatives that apply Agile and Lean methods to reduce costs, process complexity and waste.

However, due to the complexities involved in managing Agile and Lean transformation programs, the success rate has been dismal. For instance, based on a recent survey, Agile is perceived to be in trouble at 45% of the implementations in which it is used.

Among the key reasons for the low success rate is that many organizations deploying Agile and Lean methods use them merely as tools to achieve cost reduction goals. Decisions made often overlook the organizational, behavioral and cultural aspects of such transformation, which not only play a critical role in the success of Agile/Lean, but also help in establishing an ecosystem for other transformational programs.

This unfortunate effect, the result of several causes, is introduced not only during the journey but also prior to the transformation discussion. Among the key reasons why Agile and Lean initiatives fail include the following:

Planning the Transformation Journey or the Lack Thereof

The successful implementation of Agile/Lean programs can be predetermined at the very outset. The following examples illustrate some common missteps taken by organizations to fast track transformation but lead to failure later on.

• Forklifting best practices: To achieve faster results, organizations often copy what appear to be successful practices from other industry-leading organizations and still expect great success. In other cases, business units within an organization do the same by adopting Agile and Lean solutions from other successful business units in the hope of “fast-tracking” their transformation programs. What such organizations do not realize is the importance of the preceding steps those successful organizations undertook in preparation for Agile and Lean transformation. This “forklift” mentality assumes successful transformation can be accomplished by merely lifting the methodology of one group and dropping the best practices into another. This is highly counterproductive.

• Underestimating the need for an “Agile culture”: While making the shift towards Agile methods, organizations tend to assume that the skills and behaviors developed in a traditional command and control environment will work in an Agile environment. However, Agile requires a shift to autonomy and freedom which, in turn, requires well-rounded soft skills and a culture of open, collaborative, team-based communication. Lack of consideration of these relevant skills poses an early threat to success of any Agile transformation.

It is evident from the above examples that the success of Agile and Lean practitioners has less to do with their methods and more to do with how well their leaders prepare the culture of the organization to support the methods.

Once the organization begins an Agile/Lean transformation program, it is critical for the executives and practitioners to be fully aware of pitfalls to ensure that these missteps are avoided proactively.
Pitfalls During Agile and Lean Transformation Execution

Despite an abundance of methodologies and tools, about 75% of large Agile and Lean transformation programs fail to achieve their business objectives.²

Although the causes vary, some of the common reasons for the low success rate of transformational initiatives include:

- Inappropriately structured program governance that does not consider all key stakeholders.
- Lack of oversight from intended beneficiaries.
- Lack of clear decision-making at the right levels.
- Misaligned prioritization of the risks, issues and dependencies at a program level.
- Lack of changes to the annual corporate planning approach; a rigid budgeting process hampers Agile projects and allocation of funds.
- Insufficient consideration of the cultural nuances within the countries and regions where deployment is taking place.
- Incongruent organizational change to promote distributed leadership skills, communication programs designed to build trust and problem-solving programs that help to choose the most effective methods – all of which are the essential elements in every Agile and Lean initiative.

It is therefore critical to have an awareness of these pitfalls before starting the Agile/Lean transformation journey.

Creating a Foundation for Successful Agile and Lean Transformation

Planning a Successful Agile and Lean Transformation

Implementation of Agile and Lean methods requires a coordinated effort and support at all levels within the company. For the success of Agile/Lean projects, strong teams with a clear sense of purpose are among the most critical ingredients. The following summarizes key prerequisites that should be met before starting the Agile/Lean transformation journey.

- **Give teams a purpose:** All teams need an environment and a culture that drives them to succeed, and Agile/Lean project teams are no different. Agile and Lean project teams, however, must have a specific charter that allows the ability to build strong bonds of trust and make connections with one another that last beyond a specific project. Teams must be empowered by both a vision and a well-defined mission, and a clear path forward upon which to build success using the authority bestowed on them. Additionally, successful Agile/Lean teams consist of relationships that are built on communication and trust.

- **Understand synergies:** After setting up a team, executives leading the transformation can benefit greatly from identifying common elements between Agile and Lean programs. This will not only help the organization in getting synergies across the teams, but will also reap rich financial dividends at the completion of the program. Figure 1 reveals the interrela-
tionships between Agile and Lean methods. Tracking the quality behaviors of programs as well as Agile and Lean practices is essential to effective implementation of the methods. It is also critical to select the right methods to enable Agile and Lean commonalities and synergies.

- **Inculcate flexibility:** Research conducted at MIT suggests that Agile companies grow revenue 37% faster and generate 30% higher profits than non-Agile organizations, yet most companies admit they are not flexible enough to compete successfully. An overwhelming majority of executives (greater than 80%, based on recent research), cite organizational agility as key to global success. As such, Agile and Lean practices and methods offer organizations the ability to succeed when the leader of the organization is prepared to lay the groundwork for success. Spending time to prepare the organization will result in teams having the ability to succeed and will enable leaders with the capability to transform processes from a linear model to one of flexibility and responsiveness.

**Agile and Lean Transformation Execution**

Once an organization sets out on the path of transformation using Agile and Lean, pitfalls can be avoided if a solid foundation is set early on in the process.

Although there are many methodologies and frameworks published on Agile and Lean, there is no simple guideline to define the foundation needed for successful transformation.

We recommend a simple yet powerful approach for a successful Agile and Lean transformation, based on four key foundational principles:

- Focus on changing individual behavior.
- Define team roles and responsibilities.
- Manage governance across the transformation.
- Review institutionalization.

As depicted in Figure 2, these tenets are intertwined and have an interdependent relationship that is required for a successful transformation.

- **Individual behavior:** This is the anchor for Agile and Lean, and forms the foundation of the model. Successful Agile projects are built on the behaviors of each individual as an empowered team member. When this is combined with a clear vision, unique responsibilities and strong governance, the team will accelerate the transformation. The following points justify the need for individual behavior:
  - Core behaviors such as building trust and motivation across the team keeps the organization a cohesive, functioning and effective force.
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  - It is the attitude that converts the “can do” way into a “get it done” philosophy.
- **Team roles and responsibilities**: While focusing on organizational change and influencing individual behaviors, executives driving the transformation must not lose sight of the fact that the Agile and Lean efforts are team activities. The team roles and responsibilities define the boundaries within which the core behaviors develop and give shape to a team. Clearly defined and unique roles provide individuals the ability to understand how they fit into the vision and mission and how their skills, energy and strengths provide the support to achieve them. As illustrated in the QuickTake case study on page 9, the team roles and responsibilities are an integral component of the transformation.

- **Management governance**: This sphere provides the path upon which the teams travel. It prevents deviation from objectives and eliminates the roadblocks that may hinder the progress when new ways of getting work done are adopted. Strong governance reinforces new behaviors essential to making the shift from a traditional lifecycle, behaviors that are a prerequisite in the process of maturing in the new methods and organizational norms. Providing the governance processes and the standards within which the team is expected to operate provides greater development in the area of both institutional and cognitive trust and project expedience. Leveraging the Agile readiness assessment framework, leadership can gain insights into strengths and weaknesses of the existing processes and teams. A strong governance team then supports selecting the right approach to enhance the process maturity and resolve known and unknown problems. One of the ways this can be achieved is by adopting a matrix-based tool to select the problem-solving approach.

The performance improvement decision (PID) tool offers a revolutionary way to improve CSP performance by focusing on the end goals rather than the means to achieve them. This unique and simple tool helps analyze the level of understanding of a problem and awareness of solutions to recommend the best possible tool or approach. The result could be Lean, Six Sigma, Kaizen, Just Do It or any other tool or approach, as shown in Figure 3.

- **Institutionalization**: Making it stick, otherwise known as organizational institutionalization, is often where organizations face transformational process challenges. But how can an organization move in the direction of Lean and Agile methods and ensure that the changes are fully integrated into the way work gets done? Change must take into account both the human needs and the methodologies involved. It requires a thorough articulation of the current state and the desired state to clearly describe the gap between the two. One of the best ways of filling this gap, while maintaining focus on the behaviors necessary to institutionalize Agile and Lean within the organization, is to conduct an organizational assessment that focuses on the state of required behaviors of Agile and Lean teams. We leverage our Agile Readiness Survey to help clients determine their readiness for Agile and Lean (see Figure 4, next page).

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**Tool to Prioritize and Select Problem-Solving Approach**

![Figure 3](image-url)
Our Agile Readiness Survey is a tool used to establish organizational readiness in terms of process, training, support and vision required prior to the launch of such transformations. The tool provides a complete view of the organization’s ability to thrive following the launch of an Agile and Lean program, which is essential to ensuring a successful launch and institutionalization of the new program.

**Quantifiable and Sustained Benefits**

In a time when the world has grown so small that the competition knows you well, leaders must keep their ears to the ground, listening for every nuance and change in the tools available to stay combat-ready. Lean and Agile are enjoying resurgences as organizations globally take notice of the operational efficiencies enjoyed by practitioners of these methods.

Business conditions change all the time and it is hard to predict which trends will gain business leaders’ mindshare in the coming years, let alone decades. Agile and Lean, however, are different. As revealed in Figure 5, Agile and Lean appear to be gaining wider adoption across industries. Large corporations embraced Lean in the 1990s, and Agile became the new byword in the 2000s with the release of the *Agile Manifesto*.

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**Tracking Agile, Lean Interest**

![Tracking Agile, Lean Interest](chart.png)

*Source: Google Trends*

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**Figure 4**

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With the four spheres model referenced earlier, organizations can reap rich rewards early on in the transformation journey underpinned by Agile and Lean. The case study from our engagement portfolio illustrates cost optimization and improved customer experience benefits via Agile and Lean methodologies. It reinforces the importance of the four spheres of influence and showcases how organizations are gaining benefits by integrating these changes into their work culture.

Cost Optimization

As markets evolve and product lifecycles compress to months, CSPs can no longer hope to fine-tune their operations to fit an existing set of conditions and then expect simply to run unchanged for years and years.

Figure 6 illustrates how a transformation investment translates into reduced costs and increased productivity and maturity for an Agile organization. Leaders must be ready and their organizations capable for increased productivity and maturity of operations.

Improved Customer Experience

Improving customer experience is a critical focus as digital technologies are more deeply embedded in the market. A 2014 customer experience survey we conducted revealed the potential for improvement in various aspects of customer support for CSPs. Of interest is that traditional methods of obtaining technical assistance including phone support is still preferred, which shows that the opportunity to create a streamlined process as part of the digital transformation must be a priority.

The data showed that younger customers are among the least satisfied with their current CSP, which can be viewed as an opportunity to create a new customer experience with the potential to build brand loyalty. While traditional methods of obtaining technical support are still preferred, customers show a significant interest in connected home technologies, indicating a willingness to adopt digital technologies.

For CSPs, the willingness to adopt new technologies coupled with an opportunity to improve customer experience further substantiates the need for providers to embrace Agile methodologies to evolve into their next phase. Customer-centricity (see Figure 7) is gaining much attention and is an exceedingly important part of Agile and Lean transformation due in part to the immediate impact such initiatives have on customer experience.

The case study on the next page illustrates how one CSP is taking a holistic Agile and Lean approach to improve operations and enhance customer experience.
Quick Take

Reducing Truck Rolls While Capping Service Costs for a Leading Communications Services Provider

Business Situation
One of the leading CSPs in North America struggled with high truck rolls (i.e., the need to dispatch a technician in a truck to install, move or somehow reconfigure an item of equipment or a wire and cable system, or perhaps to respond to a service call or network outage), and set out to understand the root causes.

Its customer care team was receiving approximately 1.2 million calls per month to resolve service issues related to triple play products. Roughly 80% of the calls were routed to customer service agents, a very high ratio.

Solution
The business process was analyzed end to end. A root-cause analysis and a resolution exercise were undertaken to discover issues with maximum impact. The exercise strongly focused on avoidable and repeat truck rolls that made up the lion’s share of customer frustration and costs. By focusing on individual field services behavior, the company transformed its technicians’ function into a Lean organization.

Benefits
The phase 1 pilot yielded over $19 million in cost reductions, thereby paving the way for a phase 2 national rollout. The focus on individual behaviors within multiple organizations and helping them understand the broader vision of Lean paved the way for successful transformation.

Defining Customer-Centricity

Figure 7
Quick Take
How a Well-Defined Team Structure Powered an Agile Transformation at a Cable Major

Business Situation
One of the largest cable companies in the U.S., with services including cable television, voice, broadband and mobile interactive media, faced numerous challenges when rolling out a major transformation program. The key challenges were lack of cohesive teams and an unpredictable/unreliable cadence of release schedule, which impacted time to market. The first release was delayed, followed by an implementation marred by multiple issues, many of them adding to the long list of backlog defects. There was a lack of a strong governance mechanism, which also impeded progress. Individual behavior was becoming negative.

Solution
• A managed services model was established to take end-to-end ownership of the application design and development, which led the transformation of the delivery model using our Daikibo Agile methodology (separate cross-functional and blended teams with bifurcated responsibilities, a producer/consumer model, operating in an incremental-iterative pipeline approach).
• Fully distributed Agile teams working in four different locations, with one near-shore team, enabled quick response to critical issues. Clearly defined and unique roles enabled individuals to understand how they fit into the vision and mission of Agile transformation.
• Streamlined production releases facilitated quicker time to market and superior management of this company’s dynamic needs.
• Engineering practices such as continuous integration, automated unit testing and static code analysis were introduced to speed up the delivery timelines and improve code quality.

Benefits
The aforementioned changes were endorsed by executive leadership and established a strong governance model that supported the organization’s mandate for transformation. Benefits achieved included:
• Release management and program management were improved markedly.
• Infrastructure issues were fixed promptly and application availability increased above target SLAs.
• Cost savings to the tune of $1.5 million were realized, customer agents’ call handling time was reduced by one minute and production defects in new releases were reduced by 20%.
• Development features and stories saw an increase of over 400%.
Institutionalization of change was a critical factor in the success of this transformation program. This, coupled with management/governance and a focus on individual behavior, ensured the success of this program.
The need for unique experiences for customers places increasingly greater pressure on CSPs to undergo Lean transformation, creating processes, products and services that help improve customer experience. This approach creates a culture within CSPs to respond and adapt to the rapidly changing digital marketplace and unique customer experience, and can result in the ability to generate revenue and achieve cost reductions.

**Looking Forward**

Irrespective of whether your organization is unaware of or familiar with Lean and Agile concepts, it may face challenges in planning and executing transformation programs in a manner conducive to long-term success. Despite the best intentions and alignment of these initiatives with corporate strategy, many organizations’ Agile and Lean transformation programs often fail.

It is critical to understand the pitfalls commonly faced by CSPs in the planning phase and during execution of transformational programs. Therefore, if your organization is undergoing Agile/Lean transformation or planning to initiate one, please answer the below questions to determine readiness for a successful transformation:

- Have you attempted to increase the success rate and value of the Agile or Lean initiatives by utilizing key elements of organizational change management?
- Have you considered the specific needs, requirements and cultures for delivery within the countries and regions where deployment will take place?
- Is there leadership buy-in on the priorities and focus areas for the Agile/Lean transformation?

If the response to any of these questions is “no,” it implies that the four spheres model could pave the way for your organization’s successful transformation.

The four spheres model described in this paper not only lays the foundation of a successful Agile/Lean transformation program, but also institutionalizes an organizational structure favorable to long-term success of transformational initiatives. In the longer run, CSPs not only win in the marketplace by achieving cost reductions and customer experience improvements but also become nimbler to thwart competition.

**Footnotes**


**Acknowledgment**

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