

Agile IT – From exception to standard.

How companies can successfully transform their conventional hierarchy into agile collaboration.



DevOps, Microservices, Multicloud: More and more companies use agile methods and services to develop applications. But when the solutions are supposed to be scaled and used in live operations, the agile teams require handover points to the classic organizational structure. Three approaches can be used for this purpose.

“We have to become more flexible.” This statement has been heard at many large and established company for years. And top management levels have already been startled by the competition from start-ups and Cloud-native disruptors. Frequently, these companies react by taking over small, innovative companies or by spinning off an in-house department. In both cases, agile methods and processes were supposed to push forward the development of new ideas and solutions.

And in many cases, this has worked out very well. But at this time, agile teams are often isolated units that are almost completely separate from the rest of the company. This aspect is only exacerbated by the prevailing “traditional” organizational structure, which is primarily focused on stability. In such a

static, silo-like and strictly structured hierarchy, targets and decision-making authorities are delegated from top to bottom – with the most powerful management committees at the top. It functions on the basis of linear planning and control, in order to increase shareholder value.

While such a skeleton-type structure may be strong and geared to long-term goals, it can also be very rigid and slow to move. Frequently, customer and supplier relationships are measured with KPIs and managed with SLAs – with a focus on efficiency. This leads to maximum employee specialization with regard to roles and responsibilities, but is also means that often they are no longer responsible for the final product.

From two make one

Things are very different in the agile IT organization. Here, teams collaborate across departmental boundaries to ensure the flexible and rapid development of new solutions. In this way, they can always focus on the benefits for the user and also for the company. They are also responsible for the overall product, particularly with regard to performance, security and added value in continuous operations.

This is a completely different approach compared to the traditional structure. It is also the reason why in the past, product-oriented and agile teams working on digitization often func-

tioned as independent units separate from the „existing business” and the hierarchical organization.

However, with the growing business success of the agile teams, this separation becomes increasingly unworkable. As the digital business models are scaled, these units must once again be connected to the normal operations, because as digital services become more important, companies want to return the responsibility for operating and innovating the digital services to the existing units (such as sales and IT), so their efficiency and stability for “normal operations” can be increased.

Translation required

But that is easier said than done. How should companies combine an agile structure with a hierarchical structure? And how can they combine rapid innovations according to the fail-fast motto with long-term efficiency? In practice, this requires a complex transformation process.

As a first step, it helps to ask how success is measured in the agile and traditional context. In traditional organizations, such

efforts usually focus on efficiency management. In principle, this type of organization pursues the goal of generating stable IT operations to secure business success at the lowest possible cost. In contrast, an agile organization is mostly concerned with the flexible implementation of the requirements simplicity, customer focus and speed.

Operations, people and products

To bridge the gap between the agile and traditional world, companies should consider the following three areas: Basic service operation, cultural management and product-oriented IT.

The **basic service operation** must create a structured transition strategy for transferring agile solutions into the stable, traditional organization. The following items must be considered in this context:

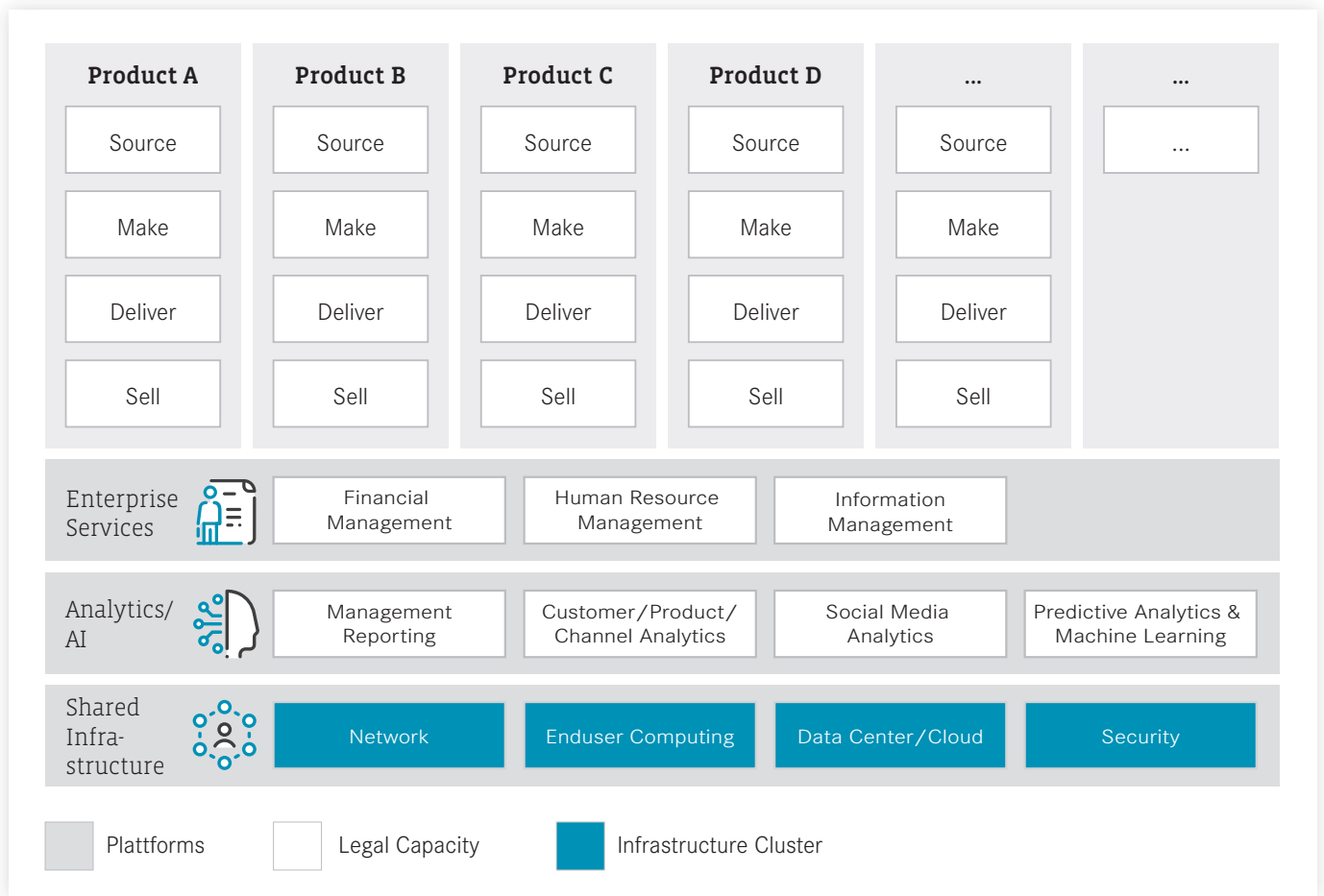
- The basic service operation must increase the speed by which sandboxes, virtual environments and innovation labs are established and made available for the agile teams. In addition, the re-transfer to the regulated world must be simple and structured.
- An interface to the service desk must be established to transfer the existing knowledge of the agile teams and to create the required scalability. This means that service requests, workarounds, known problems etc. are described.
- The agile product must be transferred into the existing governance structure. It defines how access, configurations and further developments are carried out so that the added value can be provided for the business at the minimum level of risk. Examples include regulations regarding changes and information security.

In the area of **cultural management**, the work methods and objectives of the other teams (agile and traditional) must be communicated and depicted in a manner that is easy to follow. In agile people management, the role understanding of the manager, which used to be defined by the concept of the classic disciplinary superior, now follows the motto "Management by

walking around". Employees must be asked: What can I do for you? Do you have everything you need to work efficiently? But this autonomy must be practiced by both sides. Employees should be supported in their efforts to change from a recipient of instructions to an autonomous and independent colleague. This is done with the right change management process. In addition, agile principles should also be gradually introduced in the conventional environment.

In this vein, three employee requirements must be met: Autonomy, Purpose and Mastery. Autonomy means that employees want to have a certain level of decision-making leeway and wish to take on responsibility to work independently. Mastery describes the further development of a person's skills and their targeted use to be able to work independently. Purpose stands for a reason, a goal or a vision for the daily work activities in order to comprehend their purpose and benefit and to work independently. In turn, the agile innovation teams must also be made aware of the restrictions of the classic IT organization, particularly why items such as security, stability or scalability are required.

Finally, the traditional IT organization is converted into a **product-oriented IT** organization in the medium term. Customer Centricity plays an important role in this regard, i.e. focusing on the needs of the departments with their own business processes and products. This means that the focus is on the value that the portfolio contributes to the internal clients. In that case, the IT service portfolio and the business service catalog are tailored on the basis of business processes and expertise with clear contact partners in the business unit - and no longer based on IT processes such as development, operations and security.



Blueprint for a product-oriented IT organization

Conclusion

The work of agile teams outside of the regular organization often leads to the rapid creation of value-added products that must be scaled quickly because of their considerable business success, with a massive impact on the existing business. Therefore these teams must once again be con-

nected to the classic organization. To do this, companies should not proceed according to the either-or principle but rather should combine the advantages of both worlds. This can be done with a triad of basic service operations, cultural management and product-oriented IT.

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