AGILE TRAPS

By Grant Freeland, Martin Danoesastro, and Benjamin Rehberg

FROM INDUSTRY TO INDUSTRY, agile is spreading in fits and starts—from the IT department to other functions and, in more and more cases, companywide. Or it is trying to. Lots of companies attempt the transition to agile ways of working but end up with either something that is agile in name only or a hobbled hybrid organization that exacerbates the problems they set out to solve.

There's good reason for the interest in agile. When large companies get agile right, the results can be stunning. Productivity can improve by a factor of three. Employee engagement, measured in quantitative surveys, increases dramatically as well. New product features can be released within weeks or months rather than quarters or years. Rates of innovation rise, while the number of defects and do-overs declines.

There's equally good reason for the failures. Agile is hard—really hard. Done right, the transformation affects everything from internal processes to how employees spend their day to how people in the organization interact with one other. It requires rethinking structures, reporting, compensation, and career paths.

But most established organizations like the status quo and fear change. So they try to kill the transformation before it gains traction.

Many management teams understand this, so they're hesitant to take on an agile transformation. Then one company in their industry gets agile right, others see the power of what agile can accomplish when it's done right, and naturally they want to do the same thing. But they tend to overlook the fact that the leader that made the successful agile transformation spent years planning and executing its agile journey. Its top management was fully committed to making the change and was willing to experiment and learn from lots of failures along the way. When the followers don't make the same commitment to planning and execution, they are likely to fall into one of three traps.

Name Only

The name-only trap may be the most common: companies undertake an organizational change that they label agile, but they don't make the kind of fundamental shifts in ways of working—establishing cross-functional teams and institutionalizing a try-and-fail approach, for example—that are the basis of agile. In large and complex companies, speeding things up means reducing reliance on hierarchies, and leveling hierarchies requires reliance on collaboration. For many companies, this is a big organizational and cultural change, and implementation is difficult. Companies that get it right establish the boundaries within which empowered employees can collaborate and make great things happen. But most companies continue making decisions the way they always have—slowly.

Two Tier

A variation on the name-only trap is the two-tier trap. There are a couple of manifestations. One is that the organization is redesigned around agile ways of working, but senior management continues to do things the way they have for years. Another occurs when a company shifts some functions to agile while other functions continue operating in the old ways of working. In either case, if the transformation is successful, the organization, or parts of it, moves much more quickly and nimbly. But the benefits are lost when the results of agile teamwork—a product innovation, for example, or a faster internal process—run hard into traditional processes and deliberate, drawn-out management approvals. The result is not dissimilar to a sprinter running into a wall—pain and even injury are inevitable.

Half Measures

Companies that fall into the half-measures trap get agile partially right. They are successful at cross-functional reorganization. Multidisciplinary teams start to work in scrums and sprints. But these companies do not follow through with critical organizational enablers such as redesigned career paths and incentive programs. Employees adopt the new ways of working only to encounter uncertainty about the impact these novel methods will have on them as individuals. The initial enthusiasm stalls. Organizational change is not linear; companies need to reach a critical mass of change in order to reap the benefits. Rather than speeding up processes, decision making, and results, the half-measures trap—like the other traps—leaves the organization less productive than it was before.

G OLFERS WILL TELL you that traps are easy to slide into but hard to hit out of. The key to avoiding bunkers is good planning and better execution. That's the only way to avoid agile traps too.

About the Authors

Grant Freeland is a senior partner and managing director in the Boston office of The Boston Consulting Group and the global leader of the firm's People & Organization practice. You may contact him by email at freeland.grant@bcg.com.

Martin Danoesastro is a senior partner and managing director in the firm's Amsterdam office. You may contact him by email at danoesastro.martin@bcg.com.

Benjamin Rehberg is a partner and managing director in BCG's New York office. You may contact him by email at rehberg.benjamin@bcg.com.

The Boston Consulting Group (BCG) is a global management consulting firm and the world's leading advisor on business strategy. We partner with clients from the private, public, and not-for-profit sectors in all regions to identify their highest-value opportunities, address their most critical challenges, and transform their enterprises. Our customized approach combines deep insight into the dynamics of companies and markets with close collaboration at all levels of the client organization. This ensures that our clients achieve sustainable competitive advantage, build more capable organizations, and secure lasting results. Founded in 1963, BCG is a private company with offices in more than 90 cities in 50 countries. For more information, please visit bcg.com.