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Digital Strategies
Roundtable
Diverse Perspectives. Shared Insight.

The Agile Organization

Key Insights and Summary

Center for
Digital Strategies
Tuck at Dartmouth

The Agile Organization

Digital Strategies Roundtable
An executive roundtable series of the
SDA Bocconi School of Management at the Università Bocconi and
the Center for Digital Strategies at the Tuck School of Business at Dartmouth College

Change seems to be the constant of our world. It creates an external environment with an increasing need for speed to market and agility in the marketplace. New technologies arise constantly, and the democratization of data and the digitalization of everything means that competition can come from unpredictable places. Meanwhile, the arrival of millennials in the workplace even as older generations keep working longer creates new internal expectations for enterprises to meet. Leaders face a complex and interconnected set of challenges in order to transform their companies to the digital age.

CIOs and HR professionals from Airline Reporting Corporation, the International Committee of the Red Cross, Sidel, Swarovski and host Clariant, along with faculty from the SDA Bocconi School of Management, met to discuss what's required today to function as an agile enterprise, from execution challenges to culture, leadership, and talent management spanning generations.

Key Insights Discussed in this Article:

1. "Digital transformation" is two words; people often get the "digital" and forget the "transformation." Many companies focus on accelerating technology through agile project management without understanding or acting on the cultural and organizational requirements for effective digital transformation. …………………………………... **pages 2, 4, 8, 10, 14-15**

2. Alignment and communication of vision, priorities, and strategy is the critical enabler for success in both agile and digital transformation. It's difficult to eliminate people's sense of being threatened, but it's possible for leadership to minimize inadvertent obstructionism through clarity and communications. …………………….. **pages 4, 6, 8, 12-13**

3. Start small, and protect. Agile approaches will run into tremendous friction in almost every organization: It's important to give the new teams time to form and perform before trying to scale. …………………………………………………………………... **pages 6-7, 11-12**

4. Every company's digital journey is unique, but it's still important to follow the agile playbook. The defined structures and processes of agile turn out to really make a difference in success: Disregard them at your own risk. …………………………………... **pages 4, 7, 9, 11**

5. Millennials are living in a world that is re-shaping individual priorities, behaviors and expectations. Like everyone else, they want security, advancement, and recognition. Unlike the four older generations with whom they're shoulder-to-shoulder in the new workplace, they're willing to pull the ripcord if their expectations aren't met. ………………. **pages 12-14**

6. The hardest part of becoming agile is scaling from pilot to organization. Most people, including executives and middle management, aren't ready. Sophisticated thinking about where to focus, and with whom, is critical to success. ……………………… **pages 5, 7, 10, 12**

Tough Magic

Becoming agile is often seen as a prerequisite for successful digital transformation. Accordingly, the Roundtable started with the members' experience with and stage of digital transformation, in order to provide context for the discussion of being agile and how to get that way. Charlotte Lindsey-Curtet, Director of Digital Transformation and Data for the International Committee of the Red Cross (ICRC), began:

> When we started to identify what our next IT strategy had to look like, we weren't thinking about "digital transformation" at all. It soon became clear that we had a very inward focus: "I got a piece of this year's pie, so I'm happy," or "I didn't get a piece of last year's pie, so it's my turn." In other words, we were investing a lot in legacy systems — and so we decided we wanted to be less legacy-driven and more vision-driven.

> First we had to work out the value proposition of the ICRC as an organization. We decided to become a trusted manager of data and information on individuals in highly-sensitive environments. Then we researched externally to see what was making disruptive companies successful, and we identified the need to embrace digital transformation. For the ICRC, this has two overarching pillars:

> 17,000 of our 18,000 staff members sit in zones with armed conflict, very physically proximate to our clients. But proximity is not the same as accessibility. So, knowing that the world is changing around client expectations, how do we complement physical proximity with digital accessibility?

> The second part of our strategy focused on agility. But where would that agility come from? We focused in one area where we want agility: data. Hyper-awareness about data helps to inform decision-making, which leads to fast execution. And if we have more data, that gives us more awareness of what's going on, and if we have more accessibility, then we strengthen our capacity to respond.

"It's important that this has become part of an *institutional* strategy, not just a tech strategy or a digitalization strategy," Lindsey-Curtet concluded.

> It's actually going to be about organizational transformation. And it shouldn't be about the tech — fundamentally, the tech is the easy bit. The difficulties will come from organizational design and development, from cultural and practice changes, from process changes.

> This will challenge every professional across the organization, and it's highly political, because it challenges the status quo of everything. If the institution is not motivated to move away from legacy, not motivated to move towards the vision — that's incredibly hard.

Clariant's CIO Eric van den Berg presented a counterpoint on digital transformation:

> I come from the IT side, and I'm pretty business-savvy, and I still struggle with this whole thing called "digital." All the talk is as if something magical is going to

happen. But then nothing really does happen, because in the end you still need to implement *something*, and make it work. And that's where the hard part comes.

Data is a simple example: We want to do analytics on our factories, using data to improve the factory. But guess what? If you want to get to the data, you have to go to the sensors. The sensors are old-fashioned analog devices: They're not even digital. That means you need to connect them to some platform, pull all the data together, and throw analytics on top.

That's where the project gets difficult, because some digital transformation consultant has said, "Digitalization! Data! It's all easy, and the world is going to change!" Except someone's got to make it work, and there are all kinds of obstacles. In order to change the plant, we'd need to shut it down, but we don't have the resources and we don't have the money. In the end, there's all this hype, but there is no magic, and nothing happens.

"So we try to take a realistic approach," van den Berg continued.

Can a particular idea work? Is it sustainable? Will it improve things? But these projects aren't really digital, they're classic automation. We are implementing a lot of process automation, which means we've moved all of our business process work to a cheap country. And even within the cheap country, we are replacing people with robots. The people don't like it, of course, but that's in the end what this is all about: It's about eliminating jobs.

"Is this really about eliminating?" Lindsey-Curtet asked. "We were 18,000 people, and then we did digital transformation, and we are still 18,000 people — but only 3,000 of them are the same people."

"For us the transformation is about job replacement," affirmed Deepak Kumar, Executive VP Human Resources for Sidel. "In fact, our people are asking for *more* people, and we cannot supply them. So we have to ask if some of our people are re-trainable, or can people on the verge of retirement be let go and replaced? Because at the macro level, low-paying/low-skilled jobs are going to be replaced with high-skill jobs. And that's where I see risk — more at the societal level than the corporate level."

"It's clear that resources are shifting towards service from manufacturing, because we don't make money selling machines, we make money servicing machines," Kumar's colleague Emmanuel Cron, CIO of Sidel, explained.

And we need to have higher-skilled people in order to do that. The maintenance guy takes his iPad, scans the QR code orders parts online, installs options and upgrades. But this is not digital transformation, this is digital optimization.

And customers are starting to ask when we are going to have a digital twin to our equipment: an asset management platform, with all the data, connected to the IoT. Maybe we can sell the physical equipment *and* the digital twin? But how do we monetize it? *This* is where the possible disruption of digital *transformation* comes.

Where the Hard Part Comes

"Swarovski is *not* in a digital transformation, but we digitize processes massively," declared Max Braun, CIO of Swarovski.

> We do *not* want to step out of brick & mortar retail. But we want to sparkle in our stores, with try-on apps and virtual reality. It's not a transformation, but it's enhancing the business significantly. And so the volume of IT and digital initiatives has increased significantly. We need to work on personalization, which leads to artificial intelligence, and big data, and analytics, and so forth.
>
> What's also changed is the degree of collaboration and alignment between IT and the business. There are thousands really interesting solutions out there now: If we in IT are not in close contact with the marketing team, it will be a disaster. Our people are spending much more time now in strategic design and discussion with the business, and less in implementation. It's key to have this alignment.

"The common thread in these stories is that there are two words in 'digital transformation,' and there's a lot of energy spent on 'digital,' and not much on 'transformation,'" observed Dickie Oliver, VP & CIO of Airline Reporting Corporation (ARC).

> Digital disruptors come at your business from a completely different position. Our legacy companies have run successfully for a long time without embedded technology, and it's difficult to imagine how they could change drastically. But every company is a technology company — some just don't know it yet.
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> I agree with Eric: As technologists, we have to get something done in the end. We know that technology can move the business forward. The trick is getting our business partners to understand how that is going to occur, and how disruptive it will be to their individual organizations.
>
> And that is where things come to a screeching halt, in trying to articulate the disruption to them, and then changing the skill sets. I don't believe it's a job of elimination; it is a job of redistribution. The businesses are going to need more skills, and more different skills, than they've ever had before. Because we can produce all the data they want, but if they don't have the data analysts on the business side to make value out of the data, what have we really done?

"The one-size-fits-all hype model doesn't work," observed Mohini Ghai Kramer, Chief of Staff, Office of the Director-General of the ICRC. "Where is digitalization going to have an impact, versus just increasing the technology part? Where are the areas that can really benefit from a transformation? It doesn't have to be everywhere. Those questions bring out a more nuanced discussion on which pieces to focus on, and how to sequence things."

"Everyone has a different notion of the digital journey," Kumar agreed. "Marketing has one notion, manufacturing has a notion, R&D has yet another one. Services people plan their own digital journey, but unless R&D creates the data flow, manufacturing can't make the machine that Services imagines. If they are all working on parallel tracks, then we don't make our revenue number."

"You can have all sorts of cool technologies and spend tens of millions in digital transformation and still fail massively," warned Khushnud Irani, CEO of InfoKrafts and former Group CIO of LafargeHolcim. "Pilot projects can be highly successful, but the question is scalability: Can you actually go into the organization and make a dramatic impact? This is where organizations struggle between the 'what' and the 'how', because *everyone* sees the transformation as a threat. That's absolutely clear."

"Transformations require leaps of faith that people just don't want to take," Lindsey-Curtet explained.

> That's why when we drafted our strategy for digital transformation, we started with why, then what, including critical enablers, and then we asked what the scaling process looks like: Up, across, out? What were the key aspects in our ecosystem to enable this, and what would be the internal transformation required? Is our culture in line with required skills? Is the strategy in line with our legacy systems? We put it all on the table, where everybody could see.

> The fundamental question becomes how to scale: Which part of your legacy systems do you ring-fence to keep your business continuity, while you're changing other legacy components in order to scale?

"And that's where you get to the people part of it," Oliver pointed out.

> If you take the challenge of moving your legacy platforms to the state of the art, that's going to be a long and difficult journey, because you're going to have to bring all the legacy people with you, who have an emotional connection to why things work the way they work today. And you will battle that forever.

> Some people will tell you, 'I have to be part of this future because I know how the legacy system worked.' That's usually an indicator that that person doesn't need to move, because all they're trying to do is come to the future and tell me how the past worked. So we've been focused on moving individuals over who have a vision, who have the capability to re-imagine what this can be. You've got to pick these people up, one at a time, and move them over.

"The resistance can be incredible," Cron agreed. "People try to obstruct this kind of change, even up to the C-level. The conclusion is that you cannot disrupt the business or look at a new business model while embedded in the existing organization. It needs to be isolated, a "NewCo", even to the point of reporting to the CEO."

"Which makes sense, because remember that our companies didn't start big," Oliver continued. "They started as little bitty organizations, and now 30 years later, 50 years later, they're behemoths. A start-up or Amazon or Google is *not* going to attack you the way *you* do business. They're going to create a small little team that's going to reimagine your business and how to disrupt it, and then they're going to go after you with new technology."

"So what we're saying is that digital transformation is very company-specific," van den Berg summarized. "The story will look different for everyone."

No Process Is the Best Process … or Not?

"Let's talk about the 'how'," suggested Hans Brechbühl, Associate Professor of Practice at the SDA Bocconi School of Management. "It's a well-known approach to fence off innovation strategically, from administration and bureaucracy, to allow it to get a running start. Protect it a little bit, and not apply the same rules."

"That's one of two approaches, and they're complementary," Kramer responded. "The other is, if you actually involve people in coming up with the solutions themselves, you have a better chance of landing the change immediately, without a lot of resistance."

"The more people own the solution from the get-go, the better chance it has of sticking," Oliver agreed. "If you just tell them what to do, it's very difficult to create stickiness. If they're involved, then they become champions of the process themselves, and they're much more powerful evangelists in speaking to others in the organization."

"The level of effort and success also heavily depends on how familiar the organization is with change," Braun commented. "We've had significant transformation in recent years, and minds have shifted completely. Now when change comes to these areas, it's already seen as the new normal."

"And so, one of the most important tasks is to align on where the priority is for change," Lindsey-Curtet added. "There are so many transformations going on, and of course every business owner thinks theirs is the most important. So there has to be alignment around which ones get the physical energy of the organization, or everybody flies to what looks like the most successful one, which may not be the most important one."

Oliver completed the logical flow:

> You need to protect the initiatives where you're actually spending money, protect the people that are actually doing the execution. If you don't protect them from the arguing over priorities, they will get really frustrated, really quickly. Then you slow down, and nothing gets done. No progress is being made, and the executives all sit around saying, "This failed." In fact, it's not really failing: There's just a lack of prioritization that's causing mass confusion. It's a symptom of the problem.

"To get attention on the problem, we focus on monetization. If you start talking about a team that costs $70,000 per week sitting around idle, it tends to galvanize the organization a bit," Oliver laughed.

"So it's more important than ever for leaders, in a participative manner, to establish a clear vision and direction of where they're headed," Brechbühl summarized. "Because if you're going to have a lot of people working independently, they all need to know where the compass is pointing. And, more than ever, it's a leader's job to clear out obstacles for a team that's been chartered to head in a certain direction."

"If that's all accurate," he asked, "Then how does this conversation square with agility and the ideas behind agility?"

"If we ask our business colleagues what they want from IT, then agility means flexibility, and the ability to do everything very cheap and very fast," Braun responded.

> But we cannot transfer the entire organization, with its huge heritage, to an agile organization with our small IT organization. That's unrealistic. We *can* start with lighthouse projects to trigger a change. Then we have to choose wisely where agile fits and where it doesn't: The closer you are to the consumer, the more it makes sense to work in an agile style. Not always in the back office.

"Exactly," Cron agreed. "When it comes to your backend, your transactional system of record, even if you go to a more modern system, you still need your blueprint. You can't 'try' these things: You need to follow a certain number of steps. And you don't change your ERP or your transactional backbone every six months, or even every year. With your systems of innovation, with everything that is customer-facing, the pace of change is much faster."

"In terms of a really agile organization, I wouldn't situate it in IT," Lindsey-Curtet recommended.

> There's a lot to learn from IT, but for organizational agility, what's critical is to decide how to shift resources and priorities dependent on how clients' needs and expectations are changing. Otherwise you change by adding — another unit, more resources — rather than actually prioritizing within scarcity.
>
> And that creates a very heavy and complex organization to change architecturally and systems-wise if you've changed just by adding. And of course, to reconfigure it becomes highly political, because everybody can demonstrate the value of what they're doing. Then the organization isn't agile any longer, it's just blocked.

Oliver described when agility works best across an organization: "Agile at its optimal is in the moment of crisis. People on the ground aren't adding resources, they're prioritizing. They don't have the ability to draw things out because the crisis is upon them. It's amazing how fast an organization can move."

"Because you take the layers out," Kramer nodded. "The challenge is how to adopt that mindset and that ability in non-crisis times. That's what we're all trying to achieve."

"To create a singular focus on one objective," Oliver specified. "There are aspects you can pull in, but no one likes to live under a crisis 24/7, 365. That can wear on an organization. But this is what I hear when I think about an agile environment: the ability to work at the pace of our customers, without impedance."

"To support your point," Cron added, "Have you noticed that if you're in crisis — or in agile mode — you don't follow any heavy process? We've all spent the last years in heavy process that makes that makes us comfortable, but brings inertia. The best process is no process, because it's so evident what needs to be done that you don't need to write it down for people to follow. That's what happens in crisis: You don't have time to do the process."

"But business reality has a fundamental difference," Irani objected. "In a crisis, you have a

fixed time duration, and you have to make a decision, and there is a high level of collaboration. A normal organization with 20 different priorities 365 days a year is completely different. You need processes."

"Of course we do," Cron acknowledged. "But are they too heavy? If you look at each individual function — sales, supply services, HR, all of those — they're pretty much lean-optimized within the function. The residual value is the interaction between those silos. It's the coordination. Having interactions and bridges is what makes you agile. In the crisis, we're forced to do that. So why can't we do it when we aren't in crisis?"

"Because in crisis everybody is well aware of the priority problem," answered Laura Baruffaldi, Lecturer in the Leadership, Organization and Human Resource Department at SDA Bocconi. "In other times, everyone has their own problems. If I don't know your problem or if I don't share your priority, then I don't understand that I'm an obstacle to you, and we spend 80 percent of our time coordinating instead of acting."

"You can't put too much stress on the 'lighter process' piece of agile, however," Marco Sampietro, Associated Professor of Practice at SDA Bocconi warned.

> If you do, then executives think agile means doing something in a way that is both flexible and structured. Managers believe that agile means removing documentation processes, and then things will magically happen. The participants envision a meeting of skinny people speaking about useless stuff that is very light.
>
> No: "Agile" is not light, and it deserves to get back the dignity of the word "methodology." Agile is a defined set of practices and processes that lead to the end result of agility. But it's not "light" at all: scrum has even more ceremonies than waterfall. It's just *different*.
>
> If your focus is on the processes, you have it all wrong. You still have processes, but they have to serve the people, who are the primary focus. The process shouldn't be in service of the process.

Caught in the Middle Again

"The next piece is to create a contract between you and the team," Oliver declared.

> You tell me how long it's going to take to deliver this singularly-focused thing, and once we've aligned on that timeframe, I'm going to protect you, and keep you focused, and keep all distractions out. And you'd better deliver.
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> Imagine if you had 100 teams executing at the pace we want, singularly-focused and on-schedule? How powerful would your engine be? There's nothing at that point that you can't do. It's a matter of prioritizing, how fast, and who is working on what. And that's where we get bogged down, because when we say, "We want to be agile," the organization doesn't understand what that means.
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> You can't just throw it to IT, and they're "agile," so you're off the hook. No. *Your* job

is now going to change: *You* have to think six months out, *you* have to have customer engagement much earlier in the process, *you* have to get your requirements nailed so we can push these singularly-focused engines at a really fast pace. And that takes time and energy.

"So if you're pursuing agile as an organization, it's not structure or process that's going to get you there," Brechbühl recapped. "It's going to be culture, and singularity of purpose; understanding of the broad vision, whether you're working here or here or there. Everybody knows, broadly speaking, where you're moving."

"We study many companies," began Sampietro:

> The first element that makes a company or department agile is to have a common purpose. In agile companies, strategy is clearer and more communicated than it is in other companies: Give the people freedom, and a polar star to follow, so they know at every level what the strategy is.
>
> The second factor is an obsession with the customer. CEOs of agile companies use the same simple question: "Who is your boss?" If the answer is not "the customer," they respond, "You are not thinking in the proper way. I am your boss from a hierarchical perspective, but we *exist* because of the customer."
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> From an external perspective this may seem kind of stupid, but when people *really believe* the customer is the driver, their behavior changes completely: If there is a problem that touches the customer, everyone tries to solve it, without thinking about their department, or whether their boss is going to be satisfied.

"The *weakest* point in any agile transformation is middle management," Sampietro continued,

> Their typical day — 80 percent of their job — is to distribute work and control performance. The remaining 20 percent is to support their teams' careers and remove roadblocks. With agile, it's exactly the opposite. Are our middle managers ready for that? 70 percent are not.

"Because they've built their little kingdoms," van den Berg agreed. "The middle managers become obstacles because they have the most to lose. They don't want to give up what they've taken so many years to gain. And it's the people at the bottom who ask, 'Why didn't we do this five years ago?' Because they are the ones who suffer from the protected little kingdoms that don't share information and don't enable others."

"That's why you have to flip it from an obstacle to an opportunity," Kramer emphasized. "They have to see what's in it for them. Unless you just get rid of your entire middle management, which isn't a solution, either."

"Well, so what is the new role for middle management?" Sampietro asked. "First, there's an inversion of the flow: Middle managers have to remove roadblocks and issues from the team. They're *serving* the team, which is a supporting role, not a center of power. Second, they have to help their team members grow job competencies, by finding time and funds to

do so. The final activity is prioritizing, and reallocating people among different teams, especially when they receive a new project they weren't even aware of."

Walking the Razor's Edge

"There seems to be a bit of a fine line between 'being agile' and 'chaos,'" van den Berg observed. "If you start a project, then stop it after two weeks because there's some new priority, you get nothing done. The amount of energy being burned by starting, re-starting, doing something differently…you can call that agile, but it's really just chaos, because you don't accomplish anything. You need to set clear priorities, and finish what you start."

"The question is how to balance an agile culture inside big legacy organizations," Lindsey-Curtet rebutted. "There is some middle ground where you keep the qualities of each that you need. The challenge comes back to, you can pilot, but can you scale?"

"It's important to clarify where you want the agile mindset," Braun reiterated. "To set up a cool web solution needs a start-up mentality, but it's nonsense to apply agile to sell our whole product portfolio of 300,000 components through the supply chain. It's an either/or question."

"And the next question becomes whether you really have separate organizations, or if you bring the agile team back into the existing organization," Irani continued.

> I created a separate customer-centric organization with architects, data mining, machine learning experts. They didn't follow any processes, and they were very agile. If a business unit asked them for a trial, there were no security checks, no architecture checks, nothing.
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> Then once we learned what we needed, the team would collaborate with IT in order to push the trial more broadly into the organization — because it wasn't possible to be agile with 1800 IT people across 90 countries. It was one of the most successful teams I ever led, with huge positive feedback from the business. There were risks, but it was powerful.

"That's a good example of micro-level agility," Brechbühl observed. "What can we learn from building agility for an individual team that we can then use to translate to scale?"

"When we started with agile, the excitement was very high, but we quickly developed a couple of different 'dialects,'" Braun responded.

> We failed with a classic rollout: Some teams used scrum, others used Kanban, and so on and so forth. Which was unfortunate, since when different teams met in one initiative, the beginning was always to define how they worked, which was very inefficient.
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> So we created an agile framework that defined minimum standards: As pragmatic as possible, and leaving some freedom for the teams. It's worked out very well, and we see huge benefits, but it's still not easy to have the same understanding in all areas.

"Where we failed was in announcing that we were going agile, putting in a coach, and assuming that agile in its purest form was going to be adopted," Oliver commiserated.

> That went Boom! Splat! because people did not understand the why, the purpose behind it, what's wrong with what we do today. So we stepped back, focused on a seed group, and "ARC-itized" a working methodology around agile, directed and owned by the team. When we stood up Team 2, we cross-pollinated it with members of Team 1, to avoid the multiple methodologies that Max just described.

To Buy, Or Not to Be

Sampietro shared lessons for successful agile implementation from a 680-company survey:

> First of all, don't cut the scrum master. Companies look at the role and ask what it does: He's not making any decisions, he's just enforcing some rules. So what are we paying him for? And very often it's the first role they cut. Then the teams stray far from agile, because no one is enforcing the rules, and they get disbanded.
>
> The problem is that people believe scrum master is a full-time job. It's not. Maybe for the first month, but then a typical scrum master can support up to four teams in parallel. And scrum as a methodology is king, because it's independent from technology. Extreme programming is for programming; scrum can be applied to marketing, to sales, to HR, to IT, to everything. Scrum covers 70 percent of current agile applications.
>
> The other failure point is talking with the *representative* of the customer, and not the customer. You work along for a couple of two-week sprints, and discover that the person you listened to finally checked with the boss, and now everything has to be modified. On the other side, there are people who refuse to accept feedback from *any* customer. So then they destroy the agile team and go back to the traditional way.

"And finally, here is why there is a huge difference between testing agile and scaling agile," Sampietro finished, "When you *test* agile, you can select the best people — you can take the top 5 out of every 100. When you scale agile, you *have* to take the other 95, who maybe aren't ready."

"If you can get it to be their idea, you'll be much more successful," Oliver pointed out. "We forget that our systems today aren't infallible. Everyone gets caught up: 'I can't go to this new system because I can't fail, and I don't trust the organization to not penalize me.' Tell me you're not failing today?! I've seen those fire drills. Why is this new system going to be worse? Quit getting caught up in perfection, because you don't have it today. You think you do. But you don't."

"Many companies think if they find a trainer or a scrum master or a coach, they're done," Sampietro explained. "And they don't take into consideration that part of being agile is accepting failure. And then the CEO goes crazy, and they go back to the old system. Too many companies try to buy agile and not be agile."

"'Failure' is a very negative term if it's not linked to feedback," Baruffaldi commented. "Everybody goes through this process of failure, but there also needs to be a real process of feedback. If the experience is accompanied by feedback from your boss, from your peers, then you go through it, you re-visit it, and you learn from it: It becomes something positive."

"So who should be leading the development of this capability across the organization?" Cron asked.

"The C-level, because it's part of organizational development," Lindsey-Curtet answered. "It needs to be embedded in learning and development, in your leadership culture, in your project management culture. If you situate agile, or transformation, around a particular portfolio, you risk not changing mindsets, or the culture of the organization."

"And even more, when you scale up, it's not just a change of mindset, it's a change of many other processes," Sampietro added.

> There are many, many successful agile *project* management initiatives. There are very few *agile* management initiatives. If I apply agile to a team, to two teams, it's a prototype. When you scale up, middle managers start to feel threatened. Then you discover that HR practices are not aligned with agile. If you have just two teams, they are the exception and you manage them. But when agile is the rule, then HR has to change.

Talking About My Generation – And Mine, and Mine, and Mine

"Agility isn't the only trend that affects people in the workplace," Brechbühl expanded the topic. "There is the gig economy, and the fact that millennials bring a different approach and perspective to the workplace. And maybe through digital transformation the nature of work as we know it is changing, certainly with remote working, which then affects a company's ability to create a culture."

"My experience is that young people are not that different," Braun demurred. "They have the same goals, they still need hierarchies, they still need clear targets. I don't see totally different behavior or expectations from these people."

"They want a decent salary, they want an exciting job, and they want a nice boss," Cron agreed. "Very simple, basic stuff. They aren't different from anyone around this table."

"More and more people are willing to sacrifice other things in favor of flexibility, and the ability to do things more according to one's own timetable," Kramer added. "Be it a 50-year-old or an 18-year-old, that's a shift in how people are approaching work. And we need to adapt, be it a workspace area or a home office or work-from-home policies or trading more vacation for less salary. People want more flexibility — bespoke packages, compared to what's been offered before."

"Is that specifically related to millennials, or does this have to do more with a point in time?" Brechbühl asked.

"The millennial generation is more in line with this than we are, but that's not to say I

wouldn't appreciate the same flexibility myself," Kramer answered. "The younger generation grew up with mobile, grew up with moving around, so they're more used to it. The technology is different from what we grew up with."

"There is something different about the length of time they stay in organizations, and how frequently they move around," Lindsey-Curtet protested. "Which means we have to ask how will we be able to retain certain talent, especially in jobs in really big demand, like data scientists? We have to create enabling conditions for them to want to join and want to stay, because they have a lot of offers on the table. If they get frustrated, they'll just go elsewhere."

"Their commitment to staying within the company is quite different from what we used to see," confirmed Kirsten Neumann, Head of CoE Learning at Clariant.

> People used to apply for a job, and immediately ask how safe it is, how many changes we have in the organization. Now they ask how many changes there are, but as a good thing, because they're interested in doing something different after two or three years. And that changes how we address people development: We can't shoot anymore for lifelong *employment*, so what we go for now is lifelong *employability*. Which is very interesting, because we know how to develop them for Clariant, and now we have to see how we can develop them for the outside market as well.

"That's precisely it," Baruffaldi agreed. "They're not staying in the same workplace as long, because the concept of job security, an entire life within the same organization, has changed to career security:

> "I don't care where I'm working; I care about my skills development. If I'm treated here as a person, and my boss acts like a coach who helps me find my potential and individual value, then I will stay. But if my boss treats me like a ready-to-use product, then I will probably leave."

> People used to be hired to cover a specific topic, or activity; now we are in the era of adaptation. People want to be on the front line, to be able to respond directly to challenges. It's the change from the concept of job security — an entire life within one organization — to the concept of career security, which means I don't care where I'm working. I care about my skills development.

"Two years ago we had a roundtable with CEOs, heads of HR, and millennials from eight different companies," Brechbühl recalled.

> I walked away with a similar impression, that the millennials aren't nearly as different as some would have us believe. What they really wanted was experience and development, and they wanted to be valued. And if either of those two things disappeared — if they didn't feel like they were growing, or that they weren't valued anymore — they would move on. Not from a stance of 'I don't want to be here for 20 years,' but from whether they were growing and being nurtured in a way that they could count on.

"If you go back 30 years ago, I would have said the same thing," Cron shrugged.

"The difference seems to be the millennial's willingness to act," Brechbühl suggested.

"Your generation was more patient," the millennial Baruffaldi reflected. "Partially because you weren't constantly exposed to the sharing of impressions and experiences 24 hours a day."

"*Every* interview I have with a person in their twenties, or even up to mid-thirties, they have gone to Glassdoor and know about the company," Kumar corroborated. "That means I have to be conscious of how I'm treating my employees, because they *will* write about it. Companies that act only for the profit motive do not inspire millennials. We have to really show what we value, so they can see how their values overlap."

"Shifting to the other side," Kumar continued, "The future of work also entails changes for older people, as the retirement age keeps being extended and extended. Are the older workers also looking for flexibility, or a different kind of work?"

"This really is a problem," Baruffaldi confirmed, "because the eldest ones are not leaving their chairs. There is no space for the younger generations to grow, to move. There's a huge difference in the organizational environment, because by 2020 we will have five generations working side by side."

"We are working on flexible models for older people, because we have both problems," Braun affirmed. "On one hand we want to get young people into decision-making positions, but we don't have the space. On the other hand, we also have a lot of people trying to leave for their pensions as soon as possible, so we lose knowledge."

"If we come back to the notion of what is agile in organizations, there is *nothing* agile about five generations working side by side," Lindsey-Curtet warned. "It's going to be important to take the skillsets from those who are digitally literate while dealing with a generation at the top of the organization who isn't."

The Final Steps

"So what do we conclude? At the end of the day, is some degree of agile necessary for digital transformation?" Brechbühl asked.

"It's not a prerequisite to be agile across the organization," Cron responded, "But it is a prerequisite to have agile capability in some part of the organization. Otherwise you can't achieve, or even start, the journey."

"When we talk about agile, we need to clarify the purpose," Sampietro added.

> The purpose is *not* to cut costs. The purpose is to be faster in responding to change. And it's here that we often find unrealistic expectations. An agile transformation takes two to three years, at least. Some people believe that agile can be done in six months, because they brought in a scrum master.

> Yes, in six months you can deliver faster, but you don't change the mindset.

Applying a framework that sometimes works better than other things is not the same as changing the company. This is just an oversimplification that agile is related to execution. No: That's just one of the components.

"As we said when we started today, there's so much hype, there's so much buzz around digital transformation," Lindsey-Curtet finished.

There's so much concern about defining 'what it really is.' There are areas where we have to move away from long strategic processes into short timeframes in order to get things done. It's important to work out in which areas we can test and move: Areas that will not only enhance our business proposition, but also areas that the organization can adapt to, and absorb.

9 STEPS TO AGILITY

1. Processes that serve agility
2. Processes that cross siloes
3. Open access to data
4. Leadership that enables
5. Innovation-friendly environment
6. Clear vision & singularity of purpose
7. IT- & technology-savvy
8. Clear & constant communication of priorities
9. Clear accountability

Agile is a way forward in doing that. It's not the only one, and it's not a panacea for everything. It helps us to learn our boundaries, to learn what the organization can do and what it can't. And it has to be embedded with other things that we're working on, like broader organizational development. And if all the different things we're working on have the impact they should, the collectively they'll shift the organization, and *that* will be transformative.

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