

Scalagility – leadership in the digital era



(*) Le monde est tel que nous le façonnons.

The world is how we shape it*

sopra  steria
next

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Context – Scalability – leadership in the digital era

In 2010, to set up a payment solution for an internet company was a terribly slow and cumbersome process. The whole system was based on decades old technology and involved many parties. Patrick and John Collison, brothers from rural Ireland, spotted the business problem and offered an online solution (Stripe Inc.). The API of their payment platform would allow businesses to instantly (as opposed to several weeks) connect to credit cards and banking systems, and receive payments. The company now handles tens of billions of dollars in internet transactions annually, making money by charging a small fee on each one. This has given Stripe a 23 billion valuation in February 2019.

This story illustrates the changing world we now are doing business in. A world where market positions vanish fast and whole industries are on the verge of bankruptcy. As Gary Hamel puts it in his book *The Future of Management*, and as the story above illustrates:

- The barrier of entry to markets has never been lower, because of deregulations and technologies. Companies are now exposed to Stripe like emerging competitors who are very agile, and who aggressively tackle unaddressed business problems with very low resource costs.
- Platform strategy leverages the internet capabilities to offer a formidable disintermediation (removing the middle man) between consumers and service providers.
- Strategy lifecycle has been tremendously shortened and the competitive landscape is changing faster than ever.

Hamel also emphasizes the fact that customers and employees have never been so well informed thanks to the volume of information easily navigable on the internet: this is another important reason why agility at scale, addressing both issues, is so important today

This echoes with Sopra Steria's Digital Transformation book #1, describing the complex business world, presenting some clear, new imperatives to companies:

1. **Speed** to quickly deliver the product and services expected by the market;
2. **Openness** to see opportunities in rapidly changing market conditions;
3. **Operational excellence** to deliver the right product at the right time, to the right target;
4. The **enjoyment** to tackle new challenges and ways of working.

In our experience, the best way to start answering these requirements is to start implementing an agile approach, and then scaling this approach across the entire organisation.

Core principles

« What does 'agility at scale' consist of? »

There are many approaches and ways of thinking that have contributed to what we today see as an “agile approach”. This has resulted in a complex picture, with many practitioners avidly promoting their specific approach, while in many cases failing to embrace the complexity that scaling agile represents. However, considering the underlying mindset of these different approaches, we see five principles that shape Sopra Steria Consulting’s vision of the topic:

- Customer value focus
- Learning through experimentation
- Cross-functional collaboration
- Servant leadership
- Agile strategy and aligned branding

Customer value focus

This approach places our customers and their needs front and center in all decisions, and emphasises that no value is created if no customer appreciates the result of the agile transformation. Continuously focusing on the problem to be solved, rather than specifying the steps of the solution, gives us greater flexibility, both in regard to which solution to provide and to other potential ways of creating value.

“No problem, no opportunity, no business. It's simple. No one will pay you to solve a non-problem” - Vinod Khosla

Additionally, we are not the ones deciding if our solution creates value, this is up to the people who own the problem. This is why we need to prototype the solution with them as early as possible, hunt for feedback and validate our hypothesis.

Any initiative is about **value**, not primarily about activity, e.g. lines of code or hours spent. If we want to make good decisions before, during and after the implementation of an initiative, we need to establish goals and indicators that reflect this focus.

Also, the traditional, static goal hierarchy causes us to measure our result according our original assumptions, which often turn out to be wrong. This requires us to continuously adjust our goals to new insight, and to the different hypotheses that we develop along the way, and that need validation from the market.

The most important thing is not to blindly follow pre-defined goals as the market can move and we may end up in a situation where we reached the pre-defined goals while the market as moved somewhere else. Short iterations allows us to get customer feedback and to move our goals according to the market evolution.

“The value of the prediction lies not in its accuracy, but in its ability to serve as a bench-mark for subsequent interpretation of results” - Vijay Govindarajan, author of ‘The other side of innovation’

Why is customer value focus challenging?

“All customer problems are everybody’s problems.” - Kent Beck, lead agile coach, Facebook

For many companies, being client-centric may feel like a complete overhaul of the company priorities, with customer value taking precedence over traditional decision structures, hierarchy, silos, roles and responsibilities.

Turning a company's focus to customers also seems – in many cases – to require a shift in leadership style. By placing employees first, business leadership can demonstrate to employees how a focus on customers can be expressed.

"The way you treat your employees is the way they will treat your customers" – Richard Branson, Virgin

At the same time, putting employees first is a prerequisite for organization to allow them to experiment and learn from failure. The five keys to a successful Google team. This people-centric approach contributes to the psychological safety required by the experimentation approach.

Learning through experimentation

Learning through experimentation creates a virtuous circle. Similarly, the ability to quickly implement a testable solution is central to become more and more relevant, to reduce waste (time, financial resources, team energy, etc.) and to increase delivered value. It gives us the opportunity to fail fast and pivot to new business hypothesis before too much time and resources have been spent.

Every element of our solution needs to be tested and adjusted for its contribution to our overarching effect goals. This means that we will have to establish sub-goals that are specific enough that they actually help the team make concrete decisions. At the same time, each goal should be directly related to the overarching goal, so that any decision-maker can evaluate frequently and make decisions on whether to continue, adjust or remove the initiative.

Our traditional ambition of guaranteeing success upfront – through thorough analysis and planning – is unreasonable for many reasons. We should rather work to quickly identify the uncertain elements and start the process of removing this uncertainty, through testing, prototyping and other kinds of insight gathering.

"You should take the approach that you're wrong. Your goal is to be less wrong." – Elon Musk

There are many ways a solution may fail, but there are three main categories of uncertainty that we need to explore:

- The solution has to be desirable, meaning that at least one of the needs from a targeted group is covered.
- It has to be feasible; we need to be able to develop the solution with the tools available.
- And it needs to be viable, we need to be able to deliver the solution without putting the future of the company at too much risk or hurting the company's reputation.

Experimentation will help us increase value and reduce risk, but only if we actually learn and improve our process or product/service. If there is one thing that web giants have taught us, it is this: we are no longer in the knowledge economy but in the economy of validated knowledge. Building and measuring should lead to validated learning, as Eric Ries defines it in his book *The Lean Startup*.

Ideally, we build the solution as part of the prototype, and the early prototypes and associated features may not be part of the final designed service. These prototypes should not be seen as waste, as long as they have helped us avoid spending time and money on elements that do not serve value creation.

It is worth recognizing that 'learning through experimentation' is a key aspect in the application of Agile in an organisation, but it is also a key aspect in the evolution of Agile itself. We must be

¹ [The five keys to a successful Google team](#)

prepared to try and fail fast. In the context of Agile evolution, there are also maturity models that can guide us to understand both where we currently are and the effect of the actions we have taken to date.

Why is learning through experimentation challenging?

In order to be able to run small and simultaneous experiments, in autonomous teams for instance, organisations need their leaders to provide the right context to foster these practices.

In our experience, such a context can take many shapes, but each of these elements can contribute to innovation, engagement and value creation:

clear and compelling visions and strategy, to facilitate distributed decision-making, whereby everyone is put in the right situation to take decision related to their operational context without having to escalate for upper validation ;

- clear and robust interfaces with the organisations' existing processes, especially planning, budgeting and decision processes ;
- visual management and co-location of teams, to ensure alignment and engagement
- technological and organisational infrastructure that enables teams to move efficiently and safely at high speed;
- access to organisation-wide databases and systems to any team that needs it, while still staying in control of security and compliance;
- Developing a framework like this can be very demanding to many companies who want to take a more agile approach.

Cross-functional collaboration

Focussing on customer value and learning through quick experimentation are strong enough reasons to implement cross-functional collaboration. The ambition of having a clear vision communicated to everyone, shorter feedback loops and insight-based decisions requires us to tear down the walls between silos and involve everyone across the organization

In addition, we have witnessed that cross-functional collaboration gives us a better chance of implementing solutions that answer actual problems. It also increases engagement and constructive contribution from everyone, inside and outside the organisation.

People should be involved not according to their place in the hierarchy, but according to their competencies and knowledge, as well as the capacity to and their ability to provide the questions, answers and effort required. Involvement also builds engagement and community, and the lack of it creates silos and fragmentation, both of organisations and of initiatives and services.

Agility has tackled this issue in a radical fashion by building the organization around feature teams: a set of cross-disciplinary professionals so that all the required competencies and skills are within the team. This removes external dependencies and accelerate decision-making.

Why is cross-functional collaboration challenging?

There are many benefits from cross-functional collaboration, but in many organisations, it represents a significant change. It requires effort from leadership and team members, to build psychological safety and understanding across departments and cultures. Cross-functional collaboration is a demanding, but essential ambition for agile enterprises.

In many organisations, employees are expected to solve their assignments without being empowered to collaborate with other departments. This creates complexity and delay the process. This is the so-called organisational silos in action. Removing these silos is one of the most complex

task of the agile transformation. We aim at building rather a “Network Organisation” to foster a learning culture as Edgar Schein explains in his essay Organizational Culture and Leadership.

In our experience, small steps are the most robust strategy to implement the agile transformation. The following ones can facilitate cross-functional collaboration:

- A customer journey approach will help leaders and others see the organisation’s processes more holistically, and can be used to align different disciplines.
- Managers should encourage, and facilitate if necessary, cross-functional collaboration across departments and teams when needed.
- Cross-functional collaboration can be simplified by establishing, and even automating, collaborative processes, interfaces and other tools.

Servant leadership

To benefit from the potential of emergent intelligence in an organisation, managers should see their role as supporting the self-organising teams, creating the right context for the teams to pursue their mission, building collaborative approaches and improvements through customers feedbacks. Teams and employees who create value for customers should be placed at the heart of all operational concerns, to enable them to deliver stellar customer experience.

“As we look ahead into the next century, leaders will be those who empower others” - Bill Gates

Leaders have to serve the teams’ needs: to allow them to be efficient and to maximize value creation. This entails providing infrastructure, access to resources and other framework conditions in a way that is conducive to the team’s problem-solving process.

To build alignment, shared consciousness and psychological safety, managers have to work with visual artefacts, set up quick daily meetings and clear “rules of the game”, rather than detailed specification of how each team should reach their objective.

Why is servant leadership challenging?

In many organisations, this shift seems to represent the biggest challenge. In addition to all the practical requirements mentioned above, the culture change that an agile approach represents for many management teams can seem insurmountable. In our experience, get-ting started with small, concrete steps on the way to a more agile approach is the best way to increase understanding and motivation, and thereby change the culture.

“It’s easier to act your way to a new way of thinking than to think your way to a new way of acting.” - John Shook, Lean Enterprise Institute

Agile strategy and aligned brand

To be able to quickly align with the rapid changes of digital transformation and pivot when needed, companies need to increase the agility of their strategy and brand vision. Porter’s model of ‘sustainable competitive advantage’ is still valid, but the speed of which choices must be made and changes implemented is increasing, as Rita McGrath describes in The End of Competitive Advantage.

“The only sustainable competitive advantage is an organisation’s ability to learn faster than the competition.” - Peter Senge, author of ‘The Fifth Discipline’

For large companies, this entails continuously rethinking their business strategy, brand platform, , customer and collaborator promises and the 'north star' - or raison d'être - what Simon Sinek would call 'the Why'. All these components needs to be aligned with the companies' core values.

A strong, clear and continuously updated vision and brand can serve as a guiding star to all agile initiatives in an organisation, through:

- Defining the elements of language and purpose, and providing the storytelling of the business strategy.
- Aligning the ecosystem (company entities, partners and providers) on the core principles mentioned above.
- Involving customers and team members in the learning process, and strengthening the strategic feedback loop.

Why is agile strategy and aligned brand challenging?

For many organisations, strategy and brand work already has elements of agility, but there are some challenges:

- Strategic agility requires a rapid feedback loop with inputs from organisation and market. This agility is often hindered by a decoupling of the strategy and brand vision from the operations of the company.
- The combining effects of the increased links between strategy and brand vision and their impact to the implementation of strategic initiatives are perceived as counterintuitive
- At the same time, it is very demanding to communicate a clear strategic and brand's vision and to continuously be open to changes and adapt to many different kinds of input and results.

Among the companies that develop this kind of agile approach for their strategy and brand, we see that 'agility' or 'ability to adapt' often end up as central elements of the brand's perception, differentiating exactly because it is challenging.

Our experience

« Why do we in Sopra Steria Next think this way? »

There are two reasons why we have built our convictions.

First, these statements we have described previously have been the core operational rules of the web giants who have completely overturned the digital market in 15 years. As Scott Galloway points out in his book *The Four: the Hidden DNA of Amazon, Apple, Facebook and Google*, these companies transform the way we navigate the web, build new products, handle communities or distribute product online. But they didn't do so by delivering more features. They did it by removing impediments and technological friction. Regardless of their formidable efficiency, they still raise a concern regarding digital ethics: this topic is at the heart of Sopra Steria Consulting vision regarding Digital Transformation.

Second reason why we believe in these core principles is because we are implementing them in our different business units and within our end-to-end service delivery. We scale agile in our organisation to deliver more value to clients, and to engage our employees. We scale agile in digital projects from consulting to infrastructure or to system integration, as our initiatives are delivered in rapid iterations. We scale agile because we believe it is the backbone of the Platform Enterprise.

Appendix: Results

« What do we get? »

Going agile in itself can give benefits such as increased employee engagement, greater adaptability and stronger involvement in the organisation's initiatives. But to top management, boards and investors, intangible benefits like these may be overlooked in favour of more concrete, bottom-line measurements. However, agile approach help in ensuring bene-fits of both kinds.

Every initiative has reasons for being, which can be seen as implicit goals, and may often be more complex than shown in a traditional business case. An agile approach demands us to continuously measure the results, informing every decision and making result-focused adjustments. This way, we can focus on the parts of the initiatives that are strategic, and reduce or remove parts that do not deliver expected outcomes towards the overarching goal.

Driving Digital Transformation

HMCTS (Her Majesty's Courts and Tribunals Service) & CPS (Crown Prosecution Service) -

The overarching vision for the Criminal Justice System (CJS) in the UK is that it will be fully digital by 2020. This will enable new ways of working that will strip costs out of the system, improve efficiency and effectiveness, enable more joined-up working in justice, and provide better access for citizens.

Sopra Steria's onsite integrated, co-located project team at HMCTS location has been working in collaboration with HMCTS staff and other partners to deliver digital transformation within the Criminal Justice System.

"Across the country we have Court Staff, Magistrates, Judges, Police Officers and Advocates routinely sharing and presenting cases digitally. This progress has been feasible as a result of the strong commercial and public sector partnerships throughout the pro-gram." - Court Store Program Director

French Telecom company

Agility at Scale has been successfully implemented to develop a solution to help customers of a Telecom company solving their issues without calling support - with an estimated saving of 10 Millions in 5 years.

Why Sopra Steria Next?

In Sopra Steria Next, our "Agility at scale" approach combines strategic vision with pragmatism. We are, open, confident of new technological standards and safeguarding the specificity of the role of people in this evolution. We developed this approach with other parts in Sopra Steria Group, their customers and suppliers, with a continuous transfer and mutual organization, competence, "modus operandi", methodologies and services.

Agility at Scale relies on the strong capabilities of our Group, to be a complete partner for its customers, based on strong specialization in vertical markets, with a concrete "end-to-end" approach

Our End-to-end approach is the set of experiences of innovation, projects and services developed together with our customers, which include all the areas of our capabilities. This is possible because we are:

- an enterprise software company, specialized in Financial Services, Real Estate and HR sectors. As well as a vendor of one of the most important and attractive infrastructure platforms supporting the Economy API, Axway;
- a system integration company, where technologies are a key element for designing and implementing service platforms in the project with the customer;
- an outsourcing business processes company: from the planning of infrastructures, to the co-conduction of business processes, in the guarantee of safety standards and innovative vision;
- a business consulting company, offering seamless end-to-end solutions thanks to the tight collaboration with all activities of the Sopra Steria Group such as Integration, Infrastructure, Banking Software etc.

Agility for Financial services

Some corporate areas are, by their nature, already "agile at scale", especially the marketing and innovation functions, who stand at the front of the creative and experimental teams in this business area. Again, Sopra Steria Group End-to-end approach, with close relationship between consulting and technology teams, together with the client's marketing and ICT team, has helped to propagate the agile mindset. This allowed to build a common understanding of customer current situation and a common vision of target customer experience, and to design the best engagement and sales tools, achieving increases in the conversion rate of over 110%.

Agility for Retail

Enhancing potential internal capabilities of a retail company means bringing direct and indirect benefits to its customers. Competitiveness is not just exposing the right merchandise to the right place, at the right time and at the right price, but it is also the set of ideas and practical actions, large and small, to improve the service. This may be seen first as an intangible value, while it is well perceived by customers. SSG has collaborated with over 120 managers and operators to teach them Co-Design and Design Thinking. A greater capacity to use collective intelligence resulted in this initiative: this in turn allowed for a positive cultural change in which thinking by objectives means following a path of experimentation and evolution with a test and learn approach.

Agility for Energy & Utilities

Our multidisciplinary team worked closely with a customer of the energy market, to define a “minimum viable product” logic. In less than 6 months, the whole team designed, built and shipped an innovative project from scratch, using iterations to refine the product. Many initial incorrect hypothesis have been corrected during this time, which helped building the desired product.

Conclusion

These different business cases shows Sopra Steria Next ability to leverage scaling agile in many different industries to design, build and ship the required product, while working in close relation with the customer to deliver tangible value for their business.

About Sopra Steria Next

Sopra Steria Next is Sopra Steria Group's digital transformation consulting brand. Its 3,400 consultants in Europe design visionary, genuinely actionable strategies and are committed to delivering tangible results for the companies, its employees and its clients.

Sopra Steria Next is part of Sopra Steria Group, a European leader in consulting, digital services and software development. The Group provides end-to-end solutions to make large companies and organisations more competitive by combining in-depth knowledge of a wide range of business sectors and innovative technologies with a fully collaborative approach. Sopra Steria places people at the heart of everything it does and is committed to making the most of digital technology to build a positive future for its clients. With 45,000 employees in 25 countries, the Group generated revenue of €4.1 billion in 2018.

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