Lean Flow to Enterprise Agility
Transforming the world of work by creating an adaptive organization
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The age of disruption

No industry or company, large or small, is immune to the disruptive forces present in our global economy.

“Disrupt before you become disrupted,” is the mantra that rings true in every industry and sector today. Leaders are realizing that being disrupted can quite possibly adversely affect their market position and competitive advantage. In 2017 Chapter 11 filings increased by 6 percent and affected industries as diverse as retail, energy, telecom, banking, and technology. Common themes in these filings included an inability to deliver products in a timely manner, failure to recognize changing customer trends, recognition that technology strategies were out-of-date, and defending market share against global competition. Business leaders unable to alter their ways of organizing, operating, and behaving in response to increasing rates of change in today’s global economy will almost certainly fail.

As a leader, you have an opportunity to direct or redirect your organization to become acutely focused on your customers. One top priority should be to build enterprise-wide innovation and value-delivery ecosystems that adjust quickly to ever-changing customer expectations and unmet wants, needs, and desires. Embracing enterprise agility can enable your organization to respond rapidly to changing conditions, internal as well as external. You will be better prepared to find opportunities in disruptive change to create customer, stakeholder, and company value.

Achieving enterprise agility is the name of the game in today’s global economy. Organizations should recognize and heed the urgency to instigate change now, before it is too late and the possibility of corporate extinction becomes a reality. According to CSO Insights, an independent research firm within the Miller Heiman Group, “[B]uyers’ behaviors are constantly changing, faster than ever before. Adapting to the rising and changing of buyer behaviors as quickly as possible is not a luxury—it’s mandatory for corporate survival.” Industry disruptors such as Amazon, Google, Yahoo, and others have mastered agility by creating innovation and value delivery ecosystems that build agility into the entire enterprise, from ideation to product development, all the way through to release and support. The result? Their products reach the customer within hours, days, or weeks instead of months or years, swallowing up market share and running their competition right out of business. Those that are finding it hard to adapt to this new business climate and rate of change may be scrambling to figure out how and what to change, leaving them asking, “What must we do to survive?”

Competitive advantage is primarily generated by a company’s ability to create customer value. It is only limited by its inability to harness technology and push innovation out to the market, forcing disruption.

Customer-centricity

One answer? Customer-centricity! Putting the customer first to become intensely focused on producing products that deliver customer-centric value should become the No. 1 priority for everyone in your organization. Leaders should change from being focused on what is important to them—an inside-out approach—to taking an outside-in view that shifts to what is relevant and produces value for your customers.

The traditional inside-out approach that dominated corporate strategy in the late 20th century focused on cost-cutting measures or inorganic growth through mergers and acquisitions (M&A), which may not be sustainable today. At some point, to stay competitive in the age of disruption, it is necessary to pivot and shift to a strategy of organic revenue generation instead. This calls for paying attention to your customer and delivering products that offer value from their perspective. Those that have not made this shift could end up being disrupted by competitors who have. Permanence in the marketplace arises from delivering what the customer wants, and in turn, increasing corporate revenue.

After all, companies are in business to make a profit by fulfilling the unmet wants, needs, and desires of their customer base. Ultimately, the benefits of such a relentless focus on the delivery of customer value can be higher profits and greater shareholder value, which represents a win-win situation for both your company and customers.

It sounds simple and intuitive, but take a look at the saga of Blockbuster. Once heralded as a disruptor of traditional movie distribution and the epitome of retail success, its leaders completely ignored the disruption that was on their doorstep. The rise of the Internet in the 1990s brought a whole new form of competition to the entertainment market. Online competition from Netflix didn’t faze Blockbuster’s leadership team at all. Before they knew it, this online competitor invaded their market space and stole market share. Unfortunately, Blockbuster never recovered and has vanished entirely from the global marketplace.

Ignoring your customer is no longer a choice. Disruption is here, and savvy business leaders adjust and exploit technology to reach global markets that have opened up through the use of technology and the Internet of Things (IoT).

In today’s global marketplace, business and technology leaders must recognize that all companies are essentially technology companies. A holistic approach must be taken to increase your customer base. Competitive advantage is primarily generated by a company’s ability to create customer value. It is only limited by a failure to harness technology and push innovation out to the market, forcing disruption.

Defining or redefining your organization to recognize these forces can unleash growth potential by embracing digital technologies, improving the customer experience, and increasing an organization’s brand value. This approach can result in delivering more revenue to the bottom line. By continuously feeding customer data and product analytics back into the process with each release, you can deliver increased value and pivot more quickly, informed by changing customer demands and market trends.
In an attempt to build innovation and value delivery ecosystems, many companies have embraced and implemented Agile Development methods. Millions of dollars have been spent on converting technology organizations from traditional “waterfall,” or linear and sequential, to these methods. Some find that it really hasn’t made much of a difference for them.

Those for whom the anticipated benefits have not materialized may ask, “Why doesn’t Agile work here?” Actually, the opposite is true—it does work. The problem may be in the way it is implemented.

At the center of Agile, the focus has always been on developing products in a research and development (R&D) environment. However, the way Agile methods have been implemented around a project paradigm at the team level does not scale to the enterprise level, where hundreds of teams must work together within a product line, across many complex products and capabilities in an uncertain and volatile world. Developing products with small teams can reduce the complexity, the risk, and the uncertainty of value delivery within product lines, often more effectively than when large numbers of teams are involved. However, many business leaders believe Agile is something that only affects the technology side of their organizations.

Agile is a mindset that should be embraced throughout the organization. And yes, implementing Agile methods in your technology organization is important, but it is only one piece of the puzzle. It is a beginning, and not a means to an end.

One problem is that many efforts focus on improving how development teams work. This is vertical scaling, often with little regard to integrating other parts of the organization into the effort. Teaching the product development teams the “scrum framework,” a flexible, holistic product development strategy where a team works as a unit to reach a common goal, only goes so far. If the business is not engaged in the process and the teams are not supported by an enterprise ecosystem that enables the fast, flexible flow of turning ideas into products that can be quickly released to the market, you are only tackling a small portion of the problem.

Attaining the agility needed to respond to changing market conditions in hours and days, versus weeks and months, happens only through vertical scaling coupled with the horizontal flow of work across the entire enterprise value chain. To fully achieve agility, behavioral change must support and sustain these new ways of working (see figure 1). It is through a three-dimensional approach that leaders can completely scale, transform, and change the entire organization in order to respond quickly and efficiently to changing market conditions, embracing agility and fostering innovation to become disruptors in their markets.

You can achieve some success through vertical scaling alone. But until the horizontal flow of work is coupled with organizational behavioral change that ties product ideation to product delivery, you may only realize a small part of the benefits and responsiveness that can be achieved. In other words, strategy and execution must be unified.

Many leaders have come to realize that Agile methods alone are not the silver bullet they were once believed to be, which can leave them asking, “What more should I do to achieve and embrace the ability to rapidly respond to changing market conditions, to remain relevant and stay competitive in the face of continuous, massive disruption?”

Figure 1. Levels of agility
The evolution of behaviors drives increasingly higher levels of agility and customer value.
The six crucial pivots

To be able to answer these pressing questions, leaders need to pivot or change direction from what isn’t working, to new ways of organizing, operating, and behaving that address the challenges facing 21st-century organizations in their attempt to survive disruption and fight off corporate extinction.

Six crucial pivots (see figure 2) can be made to successfully embrace enterprise agility and respond to disruption. These include changing old behaviors by placing the customer at the front of the product experimentation process and building and releasing products that deliver meaningful customer-centric value.

It means changing old ways of organizing and operating—pivoting to an operating model focused on products, not projects, managed through the use of lean portfolio management (LPM) techniques that allow business leaders to respond to changing customer demands and market conditions quickly.

These shifts can often be addressed in hours, days, or weeks, rather than months or years under more traditional waterfall methods.

This new operating model cannot be expected to function properly if it is supported by outdated corporate ecosystems that were built for traditional waterfall organizations. To instill greater enterprise agility, concurrent change must take place in the way supporting units, collectively known as “deep systems,” such as finance, legal, human resources, procurement, and so on, operate.

Simply introducing “sprint,” the basic unit of the scrum framework, to your technology teams, without changing the relevant platforms and deep systems that support them, is like having a fancy sports car that has no engine. It looks great, but “it’s all show and no go!” To take advantage of all the beauty, speed, and power the car has to offer requires all of its parts to act as one cohesive unit.

As a leader, you should understand this concept applies to creating nimble and responsive organizations as well. In our experience, failing to view your organization as a cohesive unit is likely to be a barrier to lean and agile scaling and transformational, behavioral change efforts. Leaders must be at the forefront in encouraging nimbleness and responsiveness and lead change against efforts to cling to old ways of organizing, operating, and behaving that stifle and kill innovation.

Finally, an Agile DevOps delivery engine that extends into the cloud should be built to speed the development of minimum viable product (MVP) feature sets that exploit automation and feedback loops. When released to the market, they should not only meet, but exceed customer expectations and drive value delivery. Taking the approach of building just enough of your product to offer value to your customers in small increments can capture market share earlier and generate revenue that you can use as you move your product forward.

Two examples of implementing this type of strategy are the Apple iPhone and Amazon.com. When the iPhone was first released, it was a basic phone that—in shape, form, and functionality—was very simple, with a couple of apps. However, Apple generated value and market share that still remains relevant years later, in part because they were first to market. Subsequent iPhones were released over time with many more features that have generated value for both the customer and Apple, contributing to its market share and customer loyalty.

Amazon’s growth over the past 24 years followed a similar path. When Jeff Bezos, founder and CEO of Amazon, formed the company, he knew he wanted it to be an “everything store.” However, when Amazon.com launched in 1995, its main goal was to compete with brick-and-mortar bookstores like Borders and Barnes & Noble, using only a digital online presence. As the company grew, Amazon expanded its market share by adding more and more products until today, you can buy just about anything from the online retail giant.

Both of these examples clearly depict the strategy of building an MVP that provides just enough functionality to collect customer feedback, as well as provide a revenue stream that would not exist using more traditional product development methods.

Overall, leaders should become minimalist when building products, by thinking small with contained, decentralized teams, and units of work. Embracing agility and using new delivery methods and support systems means creating an aligned, holistic organization that harnesses change as the key to success. As you address the complexities of achieving the six crucial pivots, the organic nature and importance of these organizational, operational, and behavioral changes will become apparent, manifesting themselves in a new form of innovation and value delivery. This is the Lean Flow Ecosystem that is built through conscious and controlled lean and agile vertical scaling, horizontal transformation, and behavioral change.
Lean Flow is an end-to-end innovation and value delivery ecosystem focused on creating Enterprise Agility throughout the organization, allowing it to rapidly identify and develop small minimum viable products, known as MVPs.

When released out to the market in an iterative and incremental fashion, they result in rapid value creation and delivery for both the customer and company. Also, they allow for and encourage rapid customer feedback and product analytics that can be used to improve the product, during each subsequent release.

The success of this ecosystem depends upon putting the customer at the forefront and understanding and addressing their unmet needs, wants, and desires through incremental product development and iterative release.

The process begins when a new idea is fed into the product experimentation process. The product experimentation team models or builds prototypes of the idea, until it is either proven to be viable or not. If it is not viable at this time, it is placed into the “ideation backlog” to low-cost holding mechanism to keep track of all ideas generated, but not ready for product development, to revisit at a later time. If it is proven to be viable, it is dropped into the intake funnel and reviewed for strategic fit, and an initial prioritization is determined in relation to all other items in the product backlog.

If the idea is approved and deemed worthy of investment dollars, the product manager develops or updates the product vision, mission, and value proposition. Using the research of the product experimentation team, management prioritizes it and determines placement on the product roadmap. It then moves to the product portfolio backlog to await development.

Once capacity frees up, it goes through release planning and is placed on the MVP release plan, which determines when and how it will be developed by the Agile DevOps delivery engine. Finally, it is built and tested, using componentization, microservices, and automated processes (DevOps) that live in the cloud, and when finished, it is pushed out to the market in the form of an MVP feature set.

It is the responsibility of the development team to ensure that any issues are promptly addressed and corrected. Following release, customer feedback and product analytics are collected and fed back into the system to ensure it is continuously improved upon, throughout the life of the product. The product portfolio manager tracks exactly where the idea is in the development process, through the use of a queuing system, as it moves across the Lean product portfolio Kanban board (see figure 3).

The success of this ecosystem is heavily dependent on the use of a customer-centric, product-focused operating model with the ability to quickly respond to changing market conditions, by enabling fast, flexible workflow across the entire enterprise. This operating model should enable the organization to focus on unmet customer needs, wants, and desires in short, iterative, and incremental development cycles that quickly respond to and adjust for changing customer demands. It is a holistic approach that requires business and technology leaders to work together to define and build viable products. The model is supported by operations that fully embrace agility in the pursuit of creating and delivering value to the customer, company, and stakeholder value.

The product plus platform operating model

To achieve Lean Flow, the organization should first be broken down into smaller, product-focused units, known as product portfolios. These portfolios are built by identifying how your customers interact with your organization through the products you develop and sell. Armed with this information, leaders should then redesign the enterprise operating model so that it is centered on producing products that meet customer demand for that market segment. These product portfolios are the heart of this ecosystem and function on a product plus platform operating model (see figure 4).

This model creates a holistic business, technology, and operations approach. Value can be achieved by ensuring that only those products and product capabilities that align to an organization’s mission, vision, and value proposition, and are tied to its strategic objectives or themes, are considered for development. They are typically organized by product lines or capabilities into portfolios by either business unit or geographic location, forming the foundation of the operating model.

To eliminate product development dependencies and support rapid decision making in response to changing market conditions, all skills and expertise required to develop the products are located within the portfolio, including vendors and suppliers. These portfolios are bundled with the systems or platforms that support and maintain the common components across the product line as depicted in figure 4.

To maintain order and provide oversight, all portfolios have a strategic product roadmap and are managed through the use of a portfolio backlog that tracks progress through a queuing system or Kanban board, based on LPM techniques.

Pivoting to this type of operating model changes the way a company organizes and operates, shifting the emphasis from managing projects, to developing and delivering value-producing MVP feature sets.

For years, project management professionals have acted as the conduits between the business and technology by managing the requirements, definition process. Unfortunately, more often than is desirable, only a brief conversation with the business stakeholders takes place before a requirements document is written and thrown over the fence to technology for development, with little discussion or collaboration. In the absence of collaboration, the technology teams are left to fend for themselves to figure out exactly what the business side really wants.

Because mind readers exist only on the screen or stage, six, nine, or even twelve months later they’ll come up with a product that might completely miss the mark or launch into a market opportunity that has evaporated, or worse yet, has been addressed, developed, and released by a competitor—making the old saying, “a day late and a dollar short,” a reality.

The consequences of this cycle, if it is allowed to happen frequently over time, are likely to be lost market share and a waning customer base, which can potentially set the organization on the road to extinction.

In a product plus platform operating model, requirements are jointly written by business and technology, through a customer-centric lens. Ensuring products or ideas are vetted and prioritized through an intake process coordinated by a product portfolio management function that controls the flow of work through a centralized product backlog, if scope changes arise due to shifting market conditions or an alteration in strategic vision or objectives, adjustments can be evaluated and prioritized, based on all other work items in the backlog, in a timely manner. It is urgent that a new feature or piece of functionality be developed, it can be defined, estimated, developed, and released in days or weeks, not months or years using this process.

However, working in this manner requires discipline and focus. It requires the ability to understand what you should be working on at the right time, focusing on the things that actually add value and generate revenue. What good is it to maintain high productivity and utilization levels within your organization if, in fact, what you’re working on adds no value whatsoever to your bottom line? Being “really busy” on the wrong products is a mistake you cannot afford to make in today’s competitive business climate, and one that is likely made every day by companies worldwide.

Overall, the beauty of working within this operating model is that you are able to track product revenue based on effort expended—one of the greatest advantages of embracing Lean Flow, Efforts expended
after the feature or product is released. When it is released, it generates value. It is a closed-loop system that repeats on a regular cadence, as product development teams iterate through each release. The product manager ignites the engine by working with the product owners from each team to plan the next product release, refining the portfolio backlog and updating the MVP release plan, based on the strategic product roadmap. The ideas slated for the next release are then moved to the product backlog so that the teams can conduct further refinement during release planning. The teams work closely with the product owners during development, to ensure each idea is being properly developed to meet customer expectations, as defined during the product experimentation process. During the development process, microservices, componentization, and automation are used to speed up the MVP agile plus DevOps delivery

The MVP agile plus DevOps delivery engine (see figure 4) is the heart of the product portfolio. It represents the back-end product development engine, which is connected to the front-end product experimentation process through the product portfolio management function. Its sole purpose is to quickly build and deliver MVPs that generate both value and rapid customer feedback. It is a closed-loop system that repeats on a regular cadence, as product development teams iterate through each release. The product manager ignites the engine by working with the product owners from each team to plan the next product release, refining the portfolio backlog and updating the MVP release plan, based on the strategic product roadmap. The ideas slated for the next release are then moved to the product backlog so that the teams can conduct further refinement during release planning. The teams work closely with the product owners during development, to ensure each idea is being properly developed to meet customer expectations, as defined during the product experimentation process. During the development process, microservices, componentization, and automation are used to speed up the cycle and increase quality. DevOps expands the power of Lean Flow. It is a way of thinking and acting that builds on Lean thinking and Agile methods to enable faster time to market, with greater stability, quality, and security. When implemented and deployed, DevOps can cut the development cycle down from years or months to weeks, days, hours, or even minutes. It also enables instantaneous collection of customer feedback and analytics that can be flowed back into the product development cycle. It breaks down the traditional barriers between development teams and operations, by providing a natural handshake between the two, through continuous integration points and continuous delivery.

The systems development life cycle (SDLC) has changed by shifting many points and continuous delivery.

To create an MVP, you need to

- Gather customer feedback
- Implement improvements
- Prioritize a product focus
- Create and refine a build
- Build and measure the MVP
- Release and repeat!

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driven decision making through customer and product analytics to determine if you should pursue the same course, make minor changes, or pivot completely. Deep systems
Transforming the deep systems functions of an organization is foundational to achieving Lean Flow. These units or divisions include, but are not necessarily limited to, finance and accounting, legal, procurement, security and reliability, workforce management, corporate marketing, and continuous improvement. Horizontal transformation of these functions coupled with LPM represent changes that an organization needs to adopt to implement new ways of operating in this ecosystem.

All too often, organizations only focus on vertical scaling of the product development teams, paying little to no attention to the corporate infrastructure that must be horizontally transformed across the enterprise. In addition, the behavioral changes that must take place to maintain and sustain the change may be overlooked. This is much like focusing on countless numbers of innovative interior features while building a new home on quicksand.

Transforming to a Lean Flow Ecosystem requires that you have enterprise-wide support systems that push agility into every corner of the organization. Deep systems are the oil that helps the MVP Agile plus DevOps delivery engine run smoothly, without experiencing major breakdowns across the enterprise.

Lean portfolio management
LPM is the glue that holds the Lean Flow Ecosystem together. It is essential in ensuring new ideas are flowing across the enterprise. If it is not present, there is no guarantee that you are actually achieving both the fast, flexible flow of work and value delivery. LPM focuses on linking everything you do to both corporate strategic objectives and the product’s mission, vision, and value proposition. Many organizations spend massive amounts of time on vertical scaling efforts that only tackle part of this issue. Their focus is on increasing the speed of delivery and quality, with little thought as to whether or not the right ideas are even being developed in the first place. As stated previously, being “really busy” and delivering “really fast” do not guarantee success in the marketplace.

The main goal of LPM is to link your strategy to execution, by actually developing and delivering customer and company value. This may sound like a no-brainer. However, a lack of portfolio management discipline, from the product to the enterprise level, is a failing that must be addressed and reconciled.

LPM processes and procedures, like strategic alignment, investment strategy, funding allocations, intake and demand management, and metrics and reporting are paramount to the healthy functioning of product portfolios (see figure 7). They must also evolve to support this new organizational form up to the enterprise level. Strategic alignment ensures corporate and product goals and objectives are aligned so that value is actually being created and delivered. It can provide improved ROI and generate better results in terms of speed to market, degree of innovation, and business results.

After all, value delivery is essential. Leaders should focus on facilitating both development excellence and product innovation through a continuous investment mechanism by funding stable teams for a fixed duration that work on variable scope. And, through demand management, the LPM function ensures that product development teams are working on the right ideas at the right time, guarding against bottlenecks and monitoring flow through the product portfolio’s Kanban system.

The Kanban system tracks metrics and provides essential reporting functions so that product managers understand, at any given time, exactly where new product ideas are within the ecosystem. Also, the funding method must support funding products, not projects.

In Lean Flow, organizations assign a budget to each product, which is managed by the product manager. He or she has responsibility for the product’s budget, which increases empowerment, reduces overhead, and shifts the focus from controlling costs to generating revenue. This corresponds to the process of continuous investment that must be present within technology to staff the product teams, ensuring the right resources are available when needed through sound resource and capacity management.

Figure 6. The MVP agile plus DevOps delivery engine

Figure 7. The lean portfolio management (LPM) process
Benefits of Lean Flow

The Lean Flow Ecosystem unlocks the potential of enterprise agility by organizing and focusing the entire organization around the customer, product demand, and the needs of the market, and by exploiting fast feedback loops.

Obtaining fast feedback from your customers takes place through a process of continuously delivering products to the market for consumption and use. However, it is not sufficient to simply implement a continuous delivery method, without having all the major players involved. That is, the business, technology, and operations units must all work together. To obtain the benefits of Lean Flow, you must constantly keep the customer at the forefront, diligently maintaining a holistic enterprise perspective across the organization.

The benefits of Lean Flow materialize when you open the channels of customer collaboration into your organization. Inviting your customers into your world so that you can learn about theirs provides a gateway to continuously building and producing what your customers want, need, and desire. The main benefit of Lean Flow is the evolution of the entire organization, not just the business, technology, or operations separately. The result is creation of a holistic organization focused on accomplishing one goal—delivering customer-centric value. By embracing Lean Flow, leaders can reap organizational, operational, and behavioral benefits. For example:

Organizational benefits
- **Structure**—optimizes the shape and size of your organization to remain Lean and be responsive to change, from the team to the leadership level.
- **Customer-focused product portfolios**—builds portfolios around products, focused on exceeding unmet customer wants, needs, and desires to deliver and maximize both customer and company value.
- **Workforce alignment**—aligns staffing to the amount of work, putting more “hands on keyboards” and eliminating redundant roles. Staffing is predictive and periodically adjusted, based on workload and team capacity. Roles and responsibilities are clearly defined, and all staff understand how they contribute to the production and delivery value.

Operational benefits
- **Outside-in customer perspective**—ensures the customer stays at the forefront of the decision-making process and promotes a focus on generating value that produces revenue, instead of cutting costs.
- **Funding and financial management**—places the responsibility for value creation and delivery at the product portfolio level, aligning funding based on the product roadmap to determine staffing levels based on required capacity to complete the scope of work.
- **Strategic product prioritization**—aligns strategic objectives with product priorities to ensure the organization is working on the right products at the right time to meet market demand, ensuring wise investment decisions.
- **MVP plus Agile delivery**—builds agility into the process by focusing on releasing MVPs to the market that deliver the highest possible value, in the shortest amount of time, through the implementation of Agile development methods.
- **Continuous integration and delivery**—provides a mechanism to enable faster time to market, with greater stability, quality, and security by automating the product development process, as well as rationalizing and componentizing as much of the architecture and infrastructure as possible using DevOps tools, techniques, and best practices.
- **Analytics and KPIs**—provides the ability to create and measure the right things, from a customer and business perspective, ensuring products are meeting customer expectations, as well as maximizing productivity and value.

Behavioral benefits
- **Leadership agility**—develops leaders who can respond quickly to changing market conditions, exploit new opportunities, and seize and maintain competitive advantages.
- **Culture of agility**—builds agility into the DNA of the organization so that nimbleness and responsiveness to change are encouraged and supported from vertical, horizontal, and behavioral perspectives.
- **Performance management**—restructures and aligns teams around shared goals in lieu of peer-to-peer ratings, changing the focus to team versus individual performance recognition, incentives, and pay.
Changing the way a company organizes, operates, and behaves requires a disciplined and structured approach that is iterative and incremental.

In order to create unencumbered flow, we need to understand how work currently gets done from ideation through release. With a clear grasp of processes, we can Lean it out and create the ability for ideas to become products in hours, days, or weeks rather than months or years. That is the true power of achieving enterprise agility — the ability to bring products to market at the peak of customer and consumer demand; making your organization a nimble disruptor, instead of being disrupted.

Change incorporates feedback and analytics from each phase into the next to ensure you are learning and adapting. As you move through each level you can acquire the building blocks to advance to the next level, providing a seamless transition from one phase to the next. Like a great book, each chapter builds upon the prior ones to tell your organizational, operational, and behavioral change story.

The goal of this phase is to experiment with the future state and to refine it before it is implemented across the organization.

Our Enterprise Agility Framework is just that, iterative and incremental. It consists of four phases focused on creating and enabling enterprise agility through the implementation of the Lean Flow Ecosystem (see figure 8). First, the organization mobilizes to prepare for changes in the way it organizes, operates, and behaves. Next, the approach is refined systematically through experimentation. The next phase creates the adaptive organization by scaling and transforming the innovation and value delivery ecosystem using a practical and tested Lean, Agile, and DevOps approach. The final phase introduces processes to continuously evolve and optimize the way you organize, operate, and behave to ensure the changes are maintained and sustained.

These changes require careful planning, orchestration, and execution. It is a symmetry of moving parts in an iterative approach. Your organization moves gradually through mobilizing, experimenting, and adopting Lean and Agile ways of working. Once installed, the organization can evolve to higher levels of agility to create, maintain, and sustain lasting change.

As you move through each level you can acquire the building blocks to advance to the next level, providing a seamless transition from one phase to the next. Like a great book, each chapter builds upon the prior ones to tell your organizational, operational, and behavioral change story.

Mobilize: Build the foundation

The mobilize phase is the first step on your journey to agility. The goal of this phase is to define your Lean Flow vision and develop an implementation strategy with a roadmap. To accomplish this, we need to understand the organization’s current level of agility and learn how Lean and Agile you want the organization to become. We’ll work with you to map the current state and define a future goal, perform a gap analysis to devise a strategy, and finally develop the roadmap that will iteratively and incrementally result in increasing levels of agility.

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As you move through each level you can acquire the building blocks to advance to the next level, providing a seamless transition from one phase to the next. Like a great book, each chapter builds upon the prior ones to tell your organizational, operational, and behavioral change story.

Adapt: Make change happen

Adapt is the heavy-lifting phase when our focus is on vertical scaling, horizontal transformation, and the introduction of behavioral changes to create a Lean Agile organization that embraces enterprise agility. During the vertical scaling activities, we address the organizational model and reporting structure to support and encourage new and more agile ways of working. The focus is on breaking down old ways of organizing that were command-and-control structures, which do not support the decentralized decision-making processes required for agility.

Decision making must be as close to where the work is performed as possible. The days when the workforce must run issues up a hierarchy to someone who is isolated from the problem will be history. To embrace agility and exploit the competitive advantages and opportunities that arise from it, leaders need to empower their workforce to make decisions based on the strategic intent of the product under development. Respect, trust, and transparency must exist at all levels within the organization.

The shift from projects to products takes place in this phase. The New product plus platform operating model and the LPM functions we install change the way the organization operates horizontally. Customer-centric, product-focused E2E flow of work supports unencumbered flow. The key to unencumbered flow is to ensure your products are considered valuable to your customers up front instead of waiting until the product is almost done, as is common in many companies, by investing in the time and analytics required to define their vision, mission, and value proposition before release. Creating the strategic roadmap as you move through the customer-centric ideation process and feedback loops is table stakes so that you know you are developing the right products at the right time.

Being incredibly busy and running at full utilization is a waste if your products do not fulfill an unmet customer want, need, or desire.

Installing and coordinating product ideation, intake and demand management, resource and capacity control, reporting and metrics, Agile development, DevOps, and cloud capabilities enable the organization to accomplish flow. Also, deep systems are converted to support these new Lean and Agile ways of working.

Figure 8. The Lean Flow Ecosystem approach

<table>
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<tr>
<th>Phase 1: Mobilize</th>
<th>Phase 2: Experiment</th>
<th>Phase 3: Adapt</th>
<th>Phase 4: Evolve</th>
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LEAN FLOW TO ENTERPRISE AGILITY
Our approach

Without accomplishing this crucial step you will build an incredibly fast product ideation and development engine that is strapped to and weighed down by slow and outdated processes wedded to traditional project and program management methods. As Albert Einstein is reported to have said, “The definition of insanity is doing the same thing over and over again and expecting different results.” This step cannot be missed if you intend to support rapid development and program management efforts. As a leader, do not shortcut the need for change management and communicate frequently with your workforce. You are spending a lot of money to effect change. Show your support by leading the change process.

Evolve: Embrace agility to continuously improve
Continuous evolution is a must! Learning never ends. Keep in mind the statistics that were quoted in the beginning of this report concerning companies that chose to try to maintain control over change. Nothing is constant but change itself. So, please do not ignore this fact. The evolve phase never ends, because agility is a journey, not a destination. As a leader of your organization, commit to continuously evolving, integrating, and extending the ways you organize, operate, and behave across the enterprise to remain relevant and competitive. You should continue to refine and optimize your E2E workflow by establishing a process excellence (PEX) team dedicated to continuous improvement. Your workforce needs ongoing training, coaching, and mentoring to sustain change over time. And above all, you must keep your technical capabilities fresh and up to date through rationalization, componentization, refactoring your architecture, and constantly dealing with, instead of ignoring, technical debt. To survive and thrive in a global 21st-century economy, commit to continuous evolution to remain relevant to your customers and your marketplace.

Finally, a rigorous and comprehensive organizational change management (OCM) and communications campaign should be launched to support and sustain lasting behavioral change. Ask yourself, “Why should we do all of this work if the people closest to the work are not going to support the change?” Forcing change down people’s throats is a fast track to failure. Change cannot be done “to” people. It needs to be done “with” them to garner their support and buy-in. As a leader, do not shortcut the need for change management, and communicate frequently with your workforce. You are spending a lot of money to effect change. Show your support by leading the change process.

It is urgent that leaders drive change so that their organizations can solve business problems and produce products that generate customer, business, and stakeholder value. However, putting the customer first requires leaders to make a commitment to substantially change how their companies organize, operate, and behave.

In today’s competitive global economy and disruptive business climate, successful leaders will shift their thinking from an inside-out to an outside-in perspective. It is no longer about what the company wants and is willing to produce and deliver to its customer base. The focus has shifted to identifying, producing, and releasing products that address customer wants, needs, and desires.

Organizations are faced with the enormous challenge of how to tackle this new, nimble way of working. Deloitte’s Lean Flow innovation and value delivery ecosystem can help you exploit disruptive change for competitive advantage and provide your organization the opportunity to preserve and grow your relevance in the marketplace.

Deloitte’s Enterprise Agility Framework guides your organization through this journey, incrementally. When organization-wide, wholesale change is undertaken, some inside the organization may feel like this change is being done “to” them, not “with” them. Our framework emphasizes validating a sense of urgency by putting your company’s fate squarely in your hands and those of the people closest to the work. You and your workforce become change agents. Your organizational leadership will be supported by our “true north” guidance. Change will be happening everywhere, in small, manageable increments that iteratively take you through a logical sequence of learning and adjustment through experimentation and feedback.

Achieving enterprise agility by building and implementing the Lean Flow Ecosystem has a beginning, but no end. It is a never-ending journey that becomes a way of being. It integrates learning and feedback into the continuous evolution of your company, its products, and workforce to create greater and greater levels of value—for your customers, the company, and its stakeholders alike.

Conclusion
Lean Flow is about embracing agility across the enterprise to create responsive organizations that can quickly adjust to and exploit changing market conditions.

Funding, investment, procurement, legal, supply chain, and human resources processes must be modified to ensure they support an agile organization.
About the authors

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Jean Dahl is the Lean Flow practice lead and creator of the Lean Flow Ecosystem and Enterprise Agility Framework. She is an innovative enterprise Lean Flow leader and transformational change agent, with over two decades of diverse experience transforming organizations at all levels. A thought leader, published author, and speaker in Lean, Agile, Scaled Agile Framework® (SAFe®), and Lean startup methods, she designs, develops, and implements custom Lean Agile at scale operating models and frameworks for her clients. She possesses extensive experience in building and managing multimillion-dollar global portfolios and Lean Portfolio Management (LPM) capabilities for Fortune 100 companies, as well as leading multiproduct and enterprise-level portfolios and multi-team (200+) Lean Agile at scale transformations. Jean is very active in the Lean and Agile communities and has chaired various forums and conference tracks for the Agile Alliance and the Lean Startup Week. If you would like to learn more about how you can achieve enterprise agility through the implementation of the Lean Flow Ecosystem, please contact her at JeDahl@Deloitte.com to discuss how you can create fast, flexible flow throughout your organization.

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Karen has experience that includes Agile coaching, training, and transformation. Karen is also a Certified Scrum Master and SAFe® program consultant. Her Agile experience is across multiple industries and she brings many different approaches to the challenges that are faced in today’s IT project space. She relates Agile processes effectively to a team’s own development scenarios to work toward early acceptance and success. She excels in identifying areas of organizational improvement and supports organizations in the adoption of those opportunities. Karen always encourages collaboration, teamwork, and thoughtful dialogue, and provides a positive working environment where new ideas are always welcome. Karen can be contacted at Kfavia@Deloitte.com.

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Endnotes

9. Manjoo, “It smelled something like pizza.”