

A cheetah is running across a savanna landscape, with a cheetah cub in the foreground. The cheetah is in the center of the frame, running towards the left. Its tail is long and striped, and it is looking back over its shoulder. The background is a blurred savanna with a blue sky. The overall color palette is dominated by blue and green tones.

eraneos

FOCUS

# Lean Agile Enterprise



From left to right: **Christian Mauz**, Partner; **Markus Reber**, Head of Networks; **Josef Gubelmann**, Head of Project Management & Transformation; **Dr. Ingmar Hammerström**, Head of IT Advisory; **Dr. Pascal Bettendorf**, Senior Manager; **Denise Pellet-Künzle**, Senior Consultant

---

© All copyrights and rights of publication are reserved. Reproduction or forwarding to online services, in full or in part, shall only be permitted with the consent



## Contents

---



Lean Agile Enterprise – Scaling Agility across the Enterprise	4
Structures and Governance for the Lean Agile Enterprise	5
A Volatile World needs “Soft” Agility	8
Agility at Swisscom – An interview with Markus Reber	15



## Lean Agile Enterprise Scaling Agility across the Enterprise



Agile work forms are employed today in practically every company. The digital transformation and VUCA world (volatile, uncertain, complex, ambiguous) are significant drivers in this context. Only agile structures can encourage proximity to customers and achieve a rapid adaptation to a highly dynamic environment. Agility in its concrete form covers a broad spectrum. Following the initial experiences, it is now necessary to scale this across the entire enterprise.

Dr. Christian Mauz

A rigorous orientation towards agile structures requires fundamental rethinking with regard to the structuring and control of organizations. Individual teams working with Scrum or kanban differ considerably from the agility that is anchored deeply throughout the entire company. The SAFe operating model is now exceptionally widespread in larger organizations and operationalized through strategy, structure, processes, people and technology. Value is added along value streams with a consistent focus on the customer. The organizational structure is diminishing in importance, but needs to offer employees a home and further development options. SAFe considers Lean Portfolio Management to be the central element in control of the organization, with control of content in particular representing a major challenge in this respect.

The most demanding dimensions during implementation are the people in the enterprise and the required cultural change. In satisfaction surveys, both employees and executives emphasize the importance they place on responsibility and the influencing of corporate development. Agile structures can lend a hand here and generate intrinsic motivation among the individuals involved. This enhances individual work satisfaction and creates high-performance teams.

Major challenges for management are letting go and the transformation into a servant leader. Hierarchies need to be dismantled and the consistency between units enhanced. Considerably more individual responsibility is demanded of employees. In addition, employees need to gain completely new skills. Interdisciplinary work is the rule and no longer the exception.

We would like to provide you with some food for thought here and hope you enjoy your read.

**“The greatest challenge relating to the lean agile enterprise is the required cultural change.”**

Christian Mauz,  
Partner

## Structures and Governance for the Lean Agile Enterprise



Agility fundamentally alters an enterprise. The organizational structure diminishes in importance, with the process organization becoming dominant in the value streams. The design of the superordinate control system, organizational structure and reorientation of management are particularly demanding.

Dr. Christian Mauz, Dr. Ingmar Hammerström

Implementing agility in an organization involves the introduction of a new operating model. In other words, it impacts on strategy, the structure, processes, people and technology.

### The process organization becomes the primary organization in value streams

The dominant structure in agile organizations is the process organization, and this becomes the new primary organization in a lean agile enterprise. It is oriented to reflect the value streams, meaning customers and products or services. This enhances the focus of all work within the organization on the customer. A differentiation is made here between operational value streams (OVS), which generate direct added value for customers, and development value streams (DVS), which develop solutions for OVS. In recent years, SAFe has established itself in larger organizations as a framework for structuring and controlling DVS as it involves the scaling of agile teams in so-called agile release trains (ART) and solution trains. Strategic control is achieved through Lean Portfolio Management.

Cooperation in DVS takes place in interdisciplinary teams, with consistent responsibility from the market to development and on to operation (BizDev-Ops). The workflow within teams and trains is optimized by continuous iterative planning and implementation. This is achieved through backlogs, sprints and iterations, and lean-agile ceremonies (planning, demos, retrospectives). Continuous learning and improvement is of core significance when it comes to achieving success. An open feedback culture is required for this purpose. It has emerged that 50-100 persons is a good size for a DVS. End-to-end responsibility and a transparent, comprehensible view of the customer experience are important for the development of a DVS. In the case of a utility, for example, value is created in the meter-to-cash process and through OVS meter-to-cash operations, while associated DVS meter-to-cash solutions provide the required solutions (e.g. an SAP IS-U).

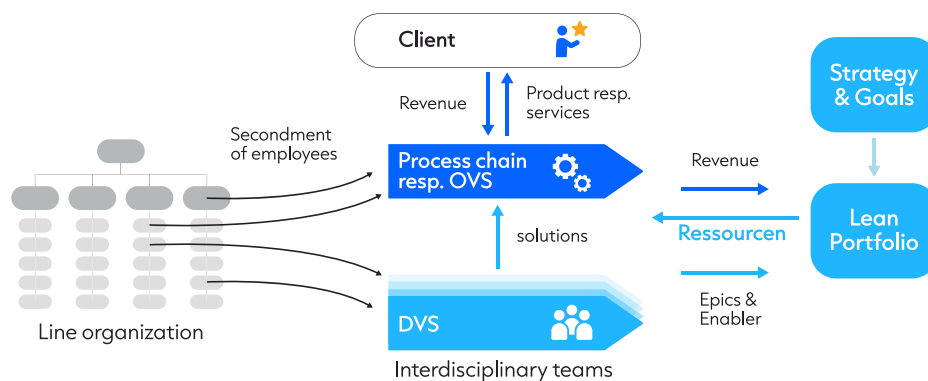


Fig. 1: Interaction of value streams, line organization and lean portfolio

### **Building strong business ownership**

A further DVS success factor is the filling and enabling of business ownership roles. These assure the alignment between Biz and Dev or OVS and DVS. Training of executives in agile structures is therefore of central importance, even if it is inadequate. The business owner in a lean agile enterprise must be completely committed in order to realize the systematic changes required for continuous iterative planning and implementation. We will take a closer look at this aspect in the article on culture, management and leadership.

### **Organizational structure for strategic HR planning and professional development**

The (hierarchical) organizational structure becomes less significant when compared to the process organization. Employees are seconded to the value streams. SAFe provides no guidelines on the design of the organizational structure. Organizations frequently copy the Spotify model with chapters for bundling skills; the idea behind this being that professional development of employees with the same or similar skills can be achieved with greater speed. Line management increasingly adopts a coaching role for employees who are personally responsible for their development stages. This permits the achievement of a flat hierarchy with a manager-to-staff ratio of up to 100 employees. Line management has a particular responsibility for strategic HR planning (i.e. providing the right quantity of resources with the right skills).

### **Lean Portfolio Management for the control and implementation of strategy**

In addition to structures in the value streams, orienting strategic management processes and tools towards lean and agile principles is also decisive when scaling agility at a corporate level. A healthy balancing of the guardrails for risk minimization and maintenance of financial controls that do not create too many restrictions is important for governance.



The following three factors have been shown to be keys to success:

- Substantiating corporate goals through strategic themes and OKR (Objectives and Key Results)
- Lean budgeting to finance stable teams and value streams instead of individual projects
- Implementing of Lean Portfolio Management (LPM) that controls the link between strategy and its implementation in the value streams

In lean agile enterprises, implementation of strategy is no longer planned top down by management in detailed initiatives over many years. On the contrary, the goals of corporate strategy are substantiated in strategic themes through OKR (Objectives and Key Results). Strategy can be imparted to everybody involved in the value streams through well-formulated OKR that deliver simple easy-to-remember messages. In addition, OKR deliver explicit KPIs, thus providing a basis for a common result-oriented metric that illustrates the value added by performances from the value streams. They are a central instrument in alignment.

Rather than funding individual projects as is usual in traditional project portfolio management, entire value streams are financed through lean budgeting. The main reason for this departure from project financing is the advantages of continuous, predictable added value from stable teams. The classic top-down portfolio management approach frequently leads to shortages in key resources that, in turn, lead to delays and cost overruns.

Financing and thus the dimensioning of value streams is inspected regularly together (e.g. quarterly or semi-annually) and adapted to the goals and current situation. Framework conditions for the value streams are defined in the form of guardrails that, for example, determine the capacity mix for new business features and value-retaining, architecturally relevant work within the value stream.

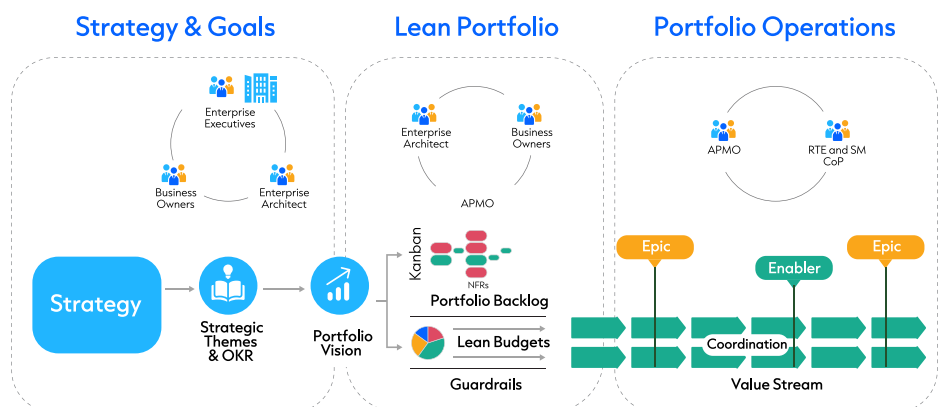


Fig. 2: Strategy, portfolio and portfolio operations

In LPM, individual ideas for solutions are harmonized with strategic themes in the form of epics and prioritized. Epics are not a top-down creation, but very frequently a decentralized development in value streams. Enterprise architecture contributes epics for sustainable development of the architecture. Prioritized epics are moved to the value streams for implementation. LPM therefore ensures a continuous flow of value-oriented performances by the value streams. Annual objectives are subdivided into measurable steps. This reduces the exposure to risk and increases the predictability of goal achievement and the creation of value.

LPM is orchestrated by the Agile Portfolio Management Office (APMO). Decentralization of strategy implementation in value streams means that the APMO must pay particular attention to the coordination and alignment of value streams. Intensive and regular interaction and communication with the respective roles in the value streams (particularly the Release Train Engineer and Solution Train Engineer) is therefore important. The APMO controls the lean portfolio as a mutual process in collaboration with the business owners and enterprise architecture. The performance of the portfolio is measured and evaluated together with regard to strategic goals and, for example, the budget for the value streams can be redefined. When compared to classic top-down approaches, this team approach increases the sense of identification with the goals set.

### Agile Roots in Lean Management

Agility builds on management. It therefore makes sense to understand the core principles of Lean as these also apply to agile structures:

- Define value from the **customer's point of view**
- Map the **value stream**
- Create **flow**
- Establish **pull**
- Seek **perfection** (Kaizen)

Agility focuses strongly on **innovation** to react rapidly to changing framework conditions and needs. A core principle of agility is "Deliver early and regularly". This facilitates rapid verification that resources are really used for value-generating customer needs.







Moreover, **modern forms of work** such as those illustrated in the article on culture, management and leadership are closely linked to agility.



## Objective Key Results (OKR)

Objective Key Results (OKR) are a modern instrument used to formulate and operationalize goals in a dynamic environment. In contrast to static KPI, the purpose of the OKR also remains visible if the quantitative goals are adapted.

### OKR Example

 Objective	Increase customer engagement in our community platform
<b>Key Results</b>	
	Reduce membership chum from 20% to 5%
	Increase Net Promoter Score from 35 to 60
	Improve average weekly visits per active user from 5,000 to 20,000
	Increase unpaid (organic) traffic from 1,500 to 5,000
	New customer platform established and operational



## A Volatile World needs "Soft" Agility

---



What exactly distinguishes agile enterprises? A command of agile, rather procedural methods, practices and scenarios certainly provides the required basis. Building on this, „soft“ aspects such as values, principles and mindsets should be internalized. Management, leadership and culture must undergo radical change on the road to the lean agile enterprise. Far from being achieved overnight, this demands a much more structured, gradual approach.

Dr. Pascal Bettendorf, Josef Gubelmann, Denise Pellet-Künzle

### Agile champions master the agile mindset

Agile success factors encountered in champions:

- **Changes**

Agility thrives on questioning existing conditions. It is important to depart from old paths to develop new ideas.

- **Leadership**

The manager takes on a support role. They ensure that options are available to the team, clear obstacles out of the way, motivate the team and help in the event of conflicts.

- **Decisions**

As many decisions as possible are reached in the executing teams. Managers gain time for major business-related decisions.

- **Communication**

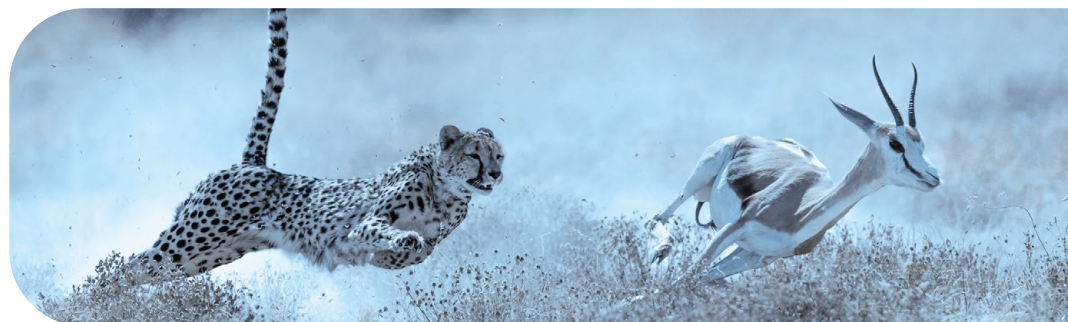
Direct, personal communication is more important than standard enterprise-wide communication.

- **Emotions**

Emotions are a firm component of agility. Joy and disappointment are as important as humor and create a positive starting position for addressing things in a different way.

- **Feedback**

Continuous, feedback becomes a supporting pillar. Feedback is encouraged, occurs regularly and provides the basis for learning and change.



Further aspects of a psychological nature in agile enterprises are based to a considerable degree on lean management approaches. These include systemic thinking, continuous improvement and a high degree of transparency. The agile mindset is a combination of all soft aspects. It is imperative that successful agility be accompanied by the establishment of an appropriate agile mindset in the enterprise and the entire workforce.

### Confidence Pact – Why Agility and Fear are not Best Friends

There is an increasingly greater focus on the adaptability of the individual as a success factor and the organization in a dynamic environment. As a consequence, the perceived pressure and, potentially, the feeling of unease at the thought of jumping on the „transformation train“ grow – particularly where it has already commenced its journey in the organization.

How can one succeed in embracing the new agile mode of working with a feeling of confidence?

The rational and emotional conversion cannot be achieved at the push of a button. In exactly the same manner as agile product development, a sustainable transformation of cooperation and the management culture occurs gradually as part of a learning process. This enables development of the culture, management style and cooperation forms in the desired direction. At the same time, this makes the morsels of change more palatable and feasible. As a result, the joy of discovery associated with minor and major successes encountered during this journey to agile working replaces the fear of a loss of control.

#### Management and leadership

Few other aspects are as decisive during the successful implementation of agility in the enterprise as the relevant adaptation of the management culture. Middle management, which encompasses every level between the direct line manager and the executive board of a company, is most heavily affected in this respect and also confronted with conflicting goals.

The transformation invalidates the management tools employed to date, replacing these mainly with structures in which employees themselves have greater decisionmaking powers. This „loss of power“ leads to uncertainty among managers that can soon turn into resistance against the transformation. Many advocates of agile methods regard this disempowerment as completely desirable as numerous negative excesses of contemporary corporate cultures are strongly driven by middle management.

#### Management in the agile enterprise

That agile approaches strengthen the importance of professional management is not disputed. This also indicates the direction in which managers should de-velop. The line organization is frequently dominated by a financial control view. Although staff positions fulfill a technical purpose, traditional governance means that their role is either interpreted as advisory or con-

trolling. However, everyone must assume responsibility in the agile world, contributing their technical expertise directly through involvement in implementation structures and by demonstrating solutions.

There is still a need for management in the agile enterprise, but the requirements are radically different. Professional management and social skills are more important than directive management such as the enforcement of processes, monitoring of performance indicators or the issuing of instructions.

### **The importance of leadership**

How can the enterprise as a whole pursue common goals without being dissipated? Leadership is a combination of a winning vision, a credible demeanor and leading with confidence. Leaders indicate a goal, actively pursue this goal and motivate others to accompany them on this journey. The differences between management and employee goals become less distinct.

Factors that hinder effective leadership must be eliminated. These include:

- A pseudo-vision that does not correspond to actual goals
- A two-tier society – „Do as I say, not as I do“
- Incomplete or incorrect information
- Disincentives relating to steering of the enterprise, such as a remuneration model coupled to old structures
- Cross-divisional and support functions that pursue their own goals

### **Agile transformation**

Transformation in the business context means a process of change in the enterprise. This specifically relates to the path from the current ACTUAL state to the envisaged target state in the near future. When we therefore speak of agile transformation, this encompasses all activities that endeavor to achieve the defined target state of agility in the enterprise.

### **Best practice in agile transformations**

The agile transformation must act on all four adjusting screws (see Fig. 2). As usual in agility, this occurs gradually through the productive use of the results achieved. The advantage of this is that stakeholders in the enterprise can gain practical experience in their area of activity with each implementation step. The transformation is digested more easily as a result, and the „fail fast – learn fast – fix fast“ agility principle means that optimizations can occur continuously during the transformation.



### Gain experience and learn from it

Personal experience is essential for every behavioral change. This also explicitly includes experience that illustrates what is not working. A good agile transformation therefore always has room for experiments integrated in the daily routine. Every experience, whether accompanied by success or failure, ultimately has a learning effect.

This applies in particular to managers. These should ideally have the opportunity to experience the new world for themselves. Teams that are already working agilely can talk to managers about their daily routine: how they really lead today, what instruments have proved effective and where they actually find themselves now. A dialog of this nature is an ideal breeding ground for the exchange and acquisition of experience. Benefiting from the experience of other organizations is also an effective tool. Managers can categorize their own actions more effectively based on an exchange of practical information relating to experiments, experience, errors, obstacles or cases. In addition to encouraging awareness and attentiveness, this also enables the manager to play an important and active role in shaping the transformation.

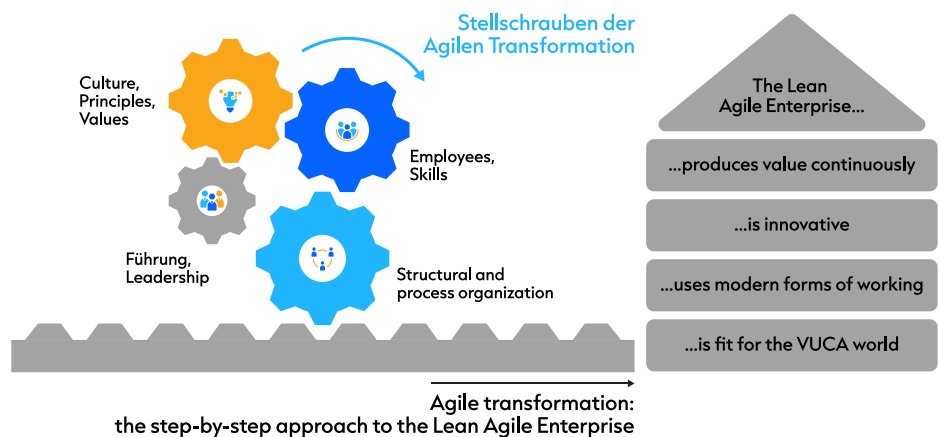


Fig. 3: Step-by-step approach in agile transformation

## Success factors for agile transformations

Appropriate principles encourage the success of the agile transformation:

- **Ist-Soll festlegen**

- **Establish the actual/target**

- It is important to understand the current situation and need for action derived from this. Aside from new procedures and forms of cooperation, „soft“ aspects are also part of the transformation.

- **Make it personal**

- Employees and managers must internalize the agile mindset. Leadership is decisive and has a totally different meaning in agile organizations. The transformation of the boss into a coach is part of the development.

- **Support the architecture and structure**

- Leadership means demonstrating focus and prioritizing, appreciating ownership and constantly reflecting the change. For example, it is no longer acceptable for a manager to be isolated from the team in an individual office.

- **Watch and learn**

- Agility cannot be introduced into organizations as a blueprint. It needs to develop. Continuous learning is a core issue and is as important as continuous measurements that provide information on the maturity of the agility of the enterprise during the transformation.



## Agility at Swisscom An interview with Markus Reber

---



### About Swisscom

With its headquarters in Ittigen close to the capital Bern, Swisscom is the leading telecommunication company and one of the leading IT enterprises in Switzerland. Outside Switzerland, Swisscom is present in Italy with Fastweb. Around 19,000 employees generated a turnover of CHF 5,443 million in the first half of 2020. With 51% of the company owned by the Swiss government, Swisscom is one of the most sustainable and innovative enterprises in Switzerland.

### What is your role at Swisscom?

**Markus Reber:** I'm responsible for the network, meaning everything from customer modem design and connection to transportation technologies to data centers. And that applies over the plan, build, run and phase-out processes. This makes me the main sponsor of the Network Infrastructure Large Solution with three roles, namely 1) responsibility for the unit, including CAPEX and OPEX, efficiency and stability issues, 2) further development of the Large Solution, and 3) rollouts to expand networks.

### Agility is not exactly evident in network operations, so how have you actually addressed agility?

**MR:** Personally, I'm from the network rollout area, where lean principles have always been a core issue. How can I increase flow efficiency? How do I achieve effective utilization over the entire value chain? My IT colleagues regard agility and software development as closely related. We first had to agree on a common framework, start speaking the same language and understand each other's perspectives. Changes occur rapidly in IT, and infrastructure, platform and data center life cycles are much longer. The mutual dependence arising from this is considerable.

The decision to employ SAFe was central in pushing forward this transformation in a targeted manner. We needed to adapt this framework to suit our needs, right up to and including tooling. It's not always possible to apply IT concepts directly to infrastructure-related tasks. For example, fail-fast approaches can be very expensive when used in the construction of a computer center.

### What criteria were involved in your selection of the first Agile Release Train?

**MR:** This was an intensely bottom-up process from the outset and in areas close to software development. IT releases used to be a quarterly event, meaning we had two major and two minor releases each year. Consequently, our customer facing units had to wait at least three months for the next feature – which wasn't an ideal state of affairs in a highly dynamic market.

The first step involved continuous development and deployment in conjunction with continuous learning and improvement. The challenge here was to maintain a high level of quality. To begin with, units with few dependencies, a small team, short cycles and a high degree of autonomy are particularly suitable. The Cynefin method proved very reliable when assessing suitability for Agile as it examines just how complex, complicated, simple (obvious) or

chaotic a problem is. For example, this can be seen during rollout where, if an antenna is constructed once, subsequent PI Planning and efforts to reinvent it every time are then unnecessary. You've got a standard and can achieve improvements through a lean approach. If you then apply this to the entire organization, you need orchestrated tasks, functions and roles. Given this complexity, you need to reach agreement with each other and define the tasks involved clearly.

**When it comes to basic principles, one of the most important in the case of agile approaches is to focus on the customer. How do you achieve this?**

**MR:** As far as we are concerned, the customer is at the heart of the network. This may be a business or private customer or a municipality we are developing a network for. If I want to be a good business owner, I need to understand and have direct contact with the customer. In my case, for example, I was in contact with a power station today, dealing with a municipality last week and a canton the week before that. And if you've got something technical like "network" in your name, you are bound to attract the attention of friends and colleagues.

**Is the interface between the IT, Network & Infra-structure (INI) unit and customer facing units extremely demanding?**

**MR:** You're right. What does a customer facing unit (CFU) expect from agile transformation? As far as it is concerned, they're its customers as it is the one who will receive any complaints that arise. But we also agreed on a framework here with the operational and development value streams (OVS and DVS), and appropriate control mechanisms are needed at portfolio level.

**What does superordinate control involve at Swisscom?**

**MR:** A prerequisite is a shared understanding, and we're still working on this. We found that costs spiraled out of control if all Agile Release Trains acted independently and developed new innovations, and this is why we implemented Lean Portfolio Management (LPM). Group management members of the CFUs join forces here with INI and the CFO to prioritize activities. Management needed to learn how to deal with these structures, how to delegate and also how to live with this delegation. And we had to face some really practical challenges, such as the rules of procedure that limited independent decisions of teams in financial literacy.

Everyone needs to meet these challenges. Management has become more discerning and leadership is decisive. At the same time, teams have much greater responsibility and also need to be aware of this. And, now and again, some of those involved fall back into old behavior patterns.

**What are typical moments when this could occur?**

**MR:** Impatience. You can see exactly when an employee full of verve and with a head full of ideas is acting in a manner that just can't end well. Your instincts compel you to protect them against this. As a manager, you also have to know how to stand back, say nothing and know better. Innovations are not created by approaching the same task in exactly the same manner over and over.



**How did you enable your employees to become aware of their roles?**

**MR:** We are still trying to do this. I believe it's important to create an open-minded, trustworthy environment. Expressing one's own opinion on equal terms must be permitted, and the same applies to challenging opinions and contradicting colleagues or even my boss. And leadership also means openly expressing vulnerability and admitting mistakes or inadequacies. For a boss, no longer being perfect is a pretty big step to take. And despite this, performance is still important. The ultimate goal is to work more efficiently and effectively.

**So how did you approach this transformation, and what steps did you take on this journey?**

**MR:** Initially, there was an exchange with other companies to benefit from their experience and create a climate that encouraged and promoted ideas. A positive level of maturity was achieved in IT within 1-2 years. Connectivity was achieved with other areas through the frameworks. The transformation ultimately released enormous energy, even though the learning curve we followed was quite painful at times.

What's decisive when it comes to success is the establishment of mechanisms for genuine prioritizing by everyone involved, meaning business owners, developers and operators of Large Solutions. We have taken a significant step further if, for example, a marketing employee listens to the operations manager. Actually, this doesn't have very much to do with agility, and would also be possible in the waterfall scenario, but the agile framework forces you to really live these things.

It's also important to synchronize with PI Plannings at a higher level. It's easy to measure the work in progress. And it's satisfying to see how there is no more opposition after 10 weeks and all the parts fit together very well. The interaction between DVS and OVS, which are extremely interdependent, is challenging. To paint you a picture of this, consider that we are transforming a large tanker traveling at full speed into a fleet of speedboats, and we have to distribute the cargo among the boats without losing anything.

**Implementing new features in the value streams is frequently easier than assuring classic operational issues. How do you approach this?**

**MR:** We reserve capacity. DVS want to develop new innovations, and realizing operational improvements is not as attractive. The merging of operations and development in DevOps helps.

Generally speaking, a triad of BizDevOps is a goal to aim for. DevOps is simpler in the initial stage, but challenges are also encountered here. For example, it's demanding to employ a typical developer in a 7/24 operating environment, or to transform a tester into a design engineer because they see the deficits but not the solutions. In mixed teams, it is also necessary to include all their points of view, meaning a business manager from Marketing and a simple tester are discussing things on equal terms. But there is no panacea for this.

**What adjustments have you made to the organizational structure?**

**MR:** At times, we started with 4 or 5 hierarchy levels. New cooperation principles, meaning a new way of working, were defined together with divisional management and were rigorously implemented. The organizational structure is responsible for providing resources for the process organization, thus making the right skills available in the right quantity. The organizational structure should develop personnel skills further. This includes transparency when it comes to the employee portfolio and strategic resource management. It is important to develop clear expectations among employees.

**What is the responsibility of the supervisor?**

**MR:** Well, to give an example, a scrum master evaluates the performance of employees in the process organization. The senior staff member establishes fairness among peers, because what is expected of a junior staff member differs from that in the case of a senior. On the other hand, the tribe chief of a tribe with up to 100 employees must ensure that adequate resources are available for the skills required in close coordination with the process organization. And then, naturally enough, there are the classic disciplinary issues.

**What experience would you like to pass on to other organizations?**

**MR:** Most importantly, I'd recommend that all executives study SAFe intensively, embrace the methods involved and strive to understand the framework, asking themselves "What does that mean for my organization?" This should not be delegated, but developed independently. Wouldn't it be cool if a manager could present what he has understood to get involved in the discussion?



## Experienced in a wide range of industries

Eraneos Group is an international management & technology consulting group that provides services from strategy to implementation. It has emerged from the alliance of Ginkgo Management Consulting, Quint Group, and AWK Group, as announced in 2021. The Group serves clients across three continents where some 1,000 dedicated and highly skilled professionals work jointly to unleash the full potential of digital. Services range from the development of digital business models and data analytics to cyber security, and from sourcing and IT advisory

to the management of complex transformation projects. Eraneos Group has offices in Switzerland, Germany, Luxembourg, Spain, the Netherlands, China, Singapore, and the USA. In 2021, Eraneos Group realized a turnover of close to 200m EUR.

[Contact us >](#)

[Our offices >](#)

[Visit our website >](#)