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# LAUNCHING AN ENTERPRISE AGILE TRANSFORMATION AT A LARGE INSURANCE COMPANY

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July 2022

## ABSTRACT

This is a story of a SAFe® (Scaled Agile Framework) implementation that is evolving from an IT to Business initiative. From the outset, leadership recognized that the agile transformation would need to encompass the entire enterprise; therefore, it was intentionally labeled “Enterprise Agility” or “Enterprise Agile Transformation” with the mindfulness that words shape people’s perceptions, attitude, and expectations. Within months, what started as an IT-driven agile practice evolved to a shared IT and Business effort. It is currently led by a vice president from business operations. This article narrates the work that led to non-IT business functions, aka “the Business”, embracing and subsequently leading the agile transformation.

## CONTEXT

The agile practice began as an IT initiative – even progress was reported based on the percentage of IT projects using agile. Non-IT areas were neither engaged in the transformation nor trained in scaled agile practices.

I joined the company in December 2020 as the Senior Director of Agile Practice to lead the agile transformation. At the time, several standalone scrum teams had just implemented a complex enterprise IT system. This accomplishment was celebrated virtually and attended by teams and executives.

However, this successful implementation revealed challenges due to the standalone agile teams’ inability to set business priorities, dependencies, and capacity-demand management, as well as involvement from, and collaboration with, the impacted business areas. Facing these challenges, we needed to scale our agile practices leveraging agile principles to address these challenges and identify new opportunities that could benefit from the use of scaled agile practices.

With a strong executive and leadership support, in February 2021, the SAFe implementation kicked off with a formal inauguration of the LACE (Lean-Agile Center of Excellence), a small team of people dedicated to implementing the SAFe Lean-Agile way of working. At the event, C-suite leaders (Chief Actuarial Officer, SVP/Chief Information Officer, and VP of IT Strategy and Operations Excellence) spoke; other IT and business vice presidents, and 70-80 employees attended.

The goal at that time was to scale up the agile practice from individual standalone scrum teams to ARTs (Agile Release Trains) so more IT applications can be developed. Over the course of 12 months, we evolved to a full “Enterprise Agile Transformation” – a success that was seeded in the right language, adequate training, and participatory approach.

## ACTIONS

The following four key actions were taken to prepare the company, beyond IT, to embrace the Enterprise Agile Transformation.

## LANGUAGE AND WORDS

By leveraging my education in the study of organizational design using the language-action perspective, I knew **how to drive actions using words**. As Austin [1] puts it, **people do things with words**.

From the onset, we purposefully planted the seeds of “people”, “business”, “enterprise”, “inauguration”, and “enterprise agility” in the culture’s vernacular as words matter.

A month after the LACE inauguration, in March 2021, I delivered our approach for Enterprise Agility with a subtitle of “human-centricity” (see Figure 1) to ensure that everyone in the enterprise sees themselves as part of the transformation and that agile can be applied to all areas of their operations. The approach was formulated as New Ways:

- **Way of Thinking** - philosophy, concept, theory...
- **Way of Working** - frameworks, technical excellence, implementation, application domain...
- **Way of Learning** - body of knowledge and skills, innovation, relentless improvement...
- **Way of Supporting** - tools, metrics, data analytics...
- **Way of Organizing** - organizational design, values streams, system perspective...
- **Way of Managing** - OCM, communications, artifacts repositories...
- **Way of Leading** - agile leadership, psychological safety, vision, strategy...

For example, “Way of Organizing” emphasizes that an Enterprise is a system and for this system to be agile, all its elements (components) must be collectively agile, whether it is creating marketing content, designing an insurance product, improving enterprise operations, or development. Way of Organizing also stresses organizing around value flow, but, most importantly, it emphasizes organizational design and redesign due to fundamental changes that an agile transformation brings.

### Enterprise Agility – a Holistic Approach with Human-Centricity

An Agile Enterprise is built on well rounded components of knowledge, behavior, and tools



Figure 1. Enterprise Agility with human-centricity

The words “Enterprise Agility” imply that all functional areas can benefit from agility, and therefore ought to adapt agile principles and practices for the optimum overall outcome. This language helps shape people’s perceptions and reactions.

## BALANCED TRAINING

Business Leadership and associates (from a senior vice president to managers from areas throughout the organization, such as enterprise operations, sales, product development, marketing, and human resources) were trained with the same merit as IT leadership and associates. A SAFe Leading SAFe course was delivered to the SVP/CIO and IT vice presidents, immediately followed by a second Leading SAFe course to SVPs, VPs, senior directors, directors, and managers from business areas.

We established an Agile Training Academy, which I asked a non-IT colleague to lead. The colleague, who was a manager in the enterprise operations area, became our eyes into the training needs of the business, as well as our liaison. He oversaw the comprehensive agile training curriculum and jointly shaped the training strategy and needs for the entire enterprise. This built a sense of ownership and trust and broadened business participation.

The training of business leaders was crucial. We trained them on Leading SAFe with an in-house developed PI Simulation, a product that they knew, could relate to, and appreciate.

## EXECUTIVE COACHING

Executive coaching at the VP level was a strategic part of fostering the Agile mindset. A bi-weekly Executive Coaching series allowed a safe environment for discussion on what it really means to evolve into a SAFe organization executing “Enterprise Agility”. The initial focus was essentially on SAFe and the dual operating system, which subsequently led to forming an enterprise level coalition to lead enterprise agile transformation using SAFe Framework and Organizational Design as per Dietz and Mulder [2].

By targeting the business for executive coaching, it profoundly instilled a sense of ownership, which culminated in several VPs achieving SAFe SPC (SAFe Program Consultant) certifications and the launching of an Enterprise LACE (eLACE) led by a business VP.

## THEORETICAL FOUNDATION

The introduction of Enterprise Agility needed a sound understanding of:

- What is an enterprise? If it is a system, what are its components and how do they interact?
- How to model enterprise operations (marketing, sales, HR...) to transform them into agile?

I adapted “Enterprise Ontology” by Dietz and Mulder [2] for the study of the enterprise as a system.

The success of onboarding the business was driven not only through training, but through partnership. Co-creating the transformation approach, and most importantly encouraging business leadership of the transformation, and clearly defining the business outcomes they wanted/needed to achieve drove this achievement.

The organization is embracing Agile after transparent conversation that agile is a way for any work to be delivered incrementally and offers opportunities to learn from and get feedback of work produced. The power of language, particularly the words “business agility”, “enterprise agility”, and “business outcomes” were critical.

After one year, we are just taking the first steps in applying agile to non-technical work (such as for claims and product development processes) and looking forward to substantial breakthroughs in the future.

## TIPPING POINTS

While many actions contributed to the success of IT and business partnerships, the following played a crucial role.

## GUIDING COALITION

A foundation for the future guiding coalition was established by identifying and hand-picking 15 people to participate in the SAFe SPC course in February 2022 using these criteria:

- Diverse functional areas such as enterprise operations, marketing, sales, and product development
- Influencers in their respective functional areas
- Passionate and enthusiastic about new approaches

Eight were from non-IT areas, including vice presidents and senior directors, and seven from IT who shared a mindset that an Agile Transformation is an organizational change, not just an IT practice.

The actions following the training surprised the company. A vice president, senior director, director, and other associates began discussing forming a community, which led to a guiding coalition that now leads the “Enterprise Agile Transformation”.

## ENTERPRISE AGILITY

On March 29, 2022, several weeks after the SAFe SPC course, I delivered a two-hour “Enterprise Agility” session, where I presented a “Vision for Enterprise Transformation”. The session was structured as:

- Presentation, where I discussed organizational agility, business agility, enterprise, and enterprise transformation
- Case study (using a pizzeria) to illustrate enterprise operations and what agility would mean across areas of the business
- Introduction of a new structure to lead the enterprise agile transformation, where emphasis was placed on the role of co-leadership from non-IT people
- Open discussion

The session was attended by over 60 people, including seven vice presidents, three of whom were from business areas, and existing ART leadership. In this session, using the pizzeria case study, participants understood that if an enterprise (company) wants to become agile, such an initiative cannot exist solely in the IT silo, it must be led by a guiding coalition consisting of members representing all functional areas, not only IT.

The aha-moment for the organization was witnessing a business vice president ask, “Now that we spent two hours understanding the necessity, what do you want and how can we support and help?”. After this session, the existing LACE evolved into the eLACE previously discussed.

## EXTERNAL EXPERTS

Based on the momentum, organizational mindset and “Agile” common to the corporate lexicon, we determined we needed experts with a track record in Business Agility and expertise to engage non-IT people. In April 2022, we brought one SPCT and SAFe Fellow, one SPCT candidate, and one experienced coach with SPC. Around the same time, we hired a Lead Agile Coach, a SAFe contributor.

Although we are taking just the first steps of this journey, the three initiatives above were primary drivers of the new enterprise direction, which we hope results in profound agile practices in non-IT areas.

## ENTERPRISE AGILE TRANSFORMATION MODEL

Inspired by the Toyota Improvement Kata [3], we modeled our Enterprise Agile Transformation (see Figure 2). Its simplicity shows how a transformation will happen iteratively, while the items in each of the three steps allow the model to grow to more complex as needed. I developed this simple model at a macro-level, which is easier to share with a broader audience, to easily communicate a common understanding of the transformation.

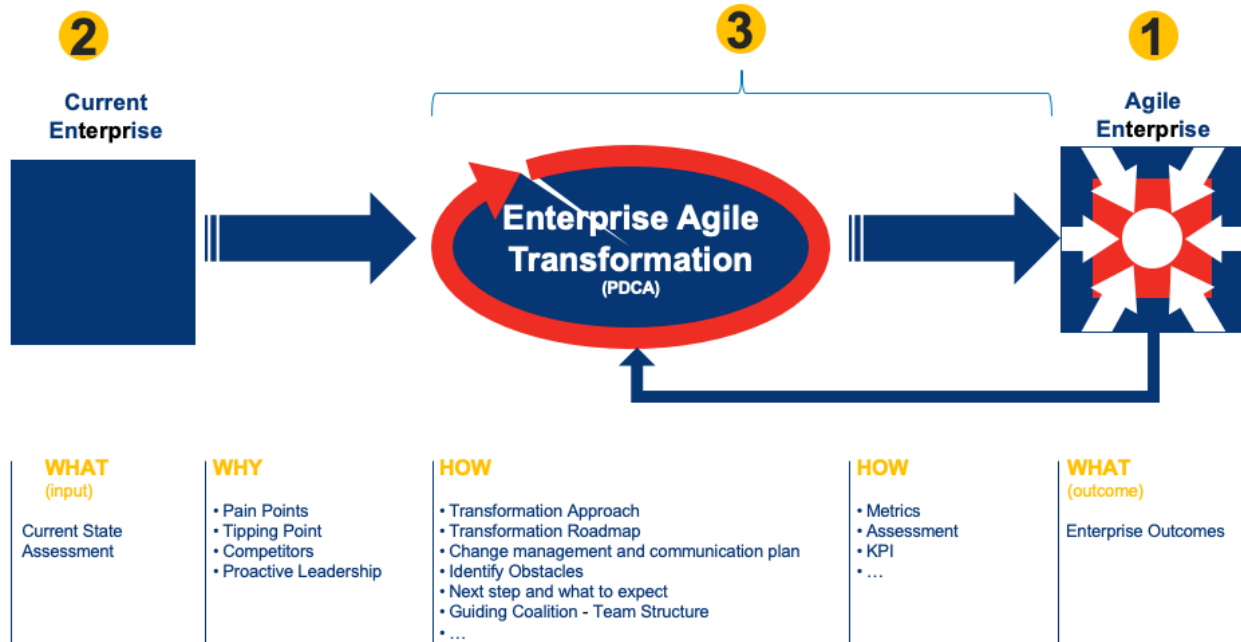


Figure 2. Enterprise Agile Transformation - A simple 1, 2, 3 Model

Each of the three phases requires involvement from the entire organization to define and execute the activities of the step. These steps, as discussed below, represent the stages of the Enterprise Agile Transformation.

### FUTURE STATE - AGILE ENTERPRISE (1)

First, we defined what enterprise outcomes we wanted to accomplish with the transformation. This was a ground-up and cross-functional stakeholders' effort. Associates from marketing, product development, human resources, operations, sales, and IT, from team level to vice presidents, participated. This exercise resulted in identifying five enterprise business outcomes, as depicted in Figure 3.

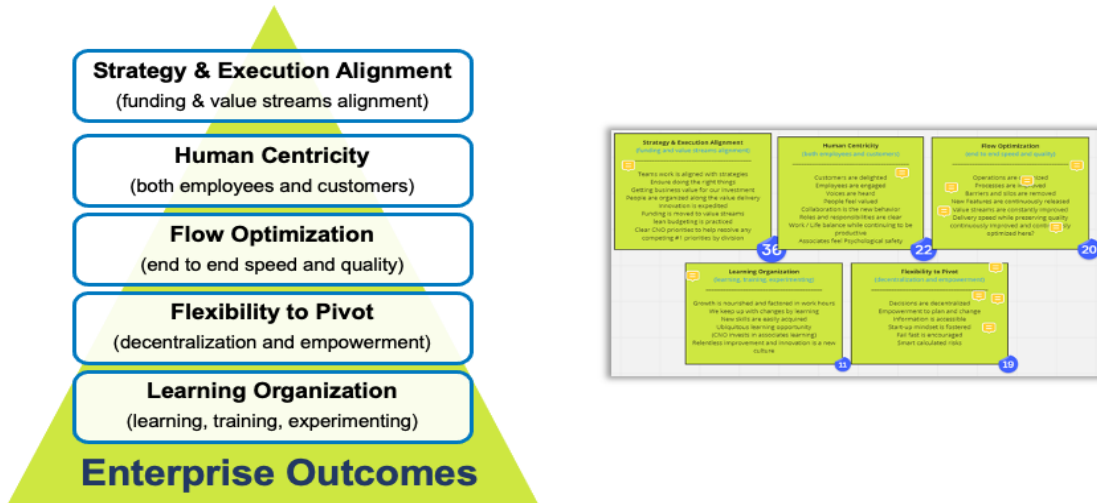


Figure 3. Enterprise Agile Transformation Outcomes

In Figure 3, on the right side is a snapshot of the Miro board that we used for collaboration and voting on the defined business outcomes. For readability, the same outcomes are typed on the left side but ranked top down according to the votes received.

## CURRENT STATE (2)

We knew measuring was important and considered creating a survey, but instead, we leveraged the SAFe Business Agility Assessment within the Measure & Grow workshop, which included business and IT people. The analysis of the assessment and brainstorming for improvement resulted in the following opportunities:

- Define current portfolios
- Identify and socialize failed experiments with no negative consequences
- Give voice/visibility to those who are trying to experiment and tell the real story

This assessment, although not directly aligned with the five agility transformation outcomes we previously defined, gave us some immediate improvement items and fed into the Business Agility Transformation Roadmap owned by the eLACE.

## TRANSFORMATION (3)

This is the core step in the enterprise agile transformation model as it involves both the process to conduct the transformation and the transformation itself.

Some of the activities include creating a transformation roadmap, defining transformation increments, OCM (Organizational Change Management) plans, forming a guiding coalition, defining success criteria and metrics, and executing the change increments. This is an iterative process, where the learning and feedback of each increment informs the next increment of changes. (In Figure 2, see the feedback loop from step 1 to step 3.) This is where we currently are, and through each iteration we are learning as we transform the enterprise.

## TAKEAWAYS

Enterprises rarely immediately embrace agile in non-IT areas. The inspiration for enterprise-wide agility should be planted through components such as language, training, coaching, and sense of ownership, until the conditions are ripe for embracing it. We identified the following conditions:

- When IT demonstrated how agile practices resulted in positive outcomes, such as speed, predictability, and better strategy-execution alignment.
- When the business witnessed increasing predictability in delivering IT solutions.
- When the business was well trained, coached, and fully engaged in these new methods.

Usually, this takes two to four program increments. By then, the agile momentum reaches its early maturity, agile training is widespread, and the initial skepticism is being replaced by trust.

Applying agile principles and practices beyond IT involves taking agile to the operations of an enterprise, which is at the macro level captured in operational value streams (OVS). However, OVS is too high level of an abstraction to apply agile practice. One needs to apply these practices at a business process level, where roles, responsibilities, authorities, and human interactions can be identified, such as how a marketing campaign is executed, claims are processed, hiring is executed, and so on. This level of enterprise operations knowledge is required to model these operations and build business process models. Then, one can consider how these models can be executed using agile principles and practices garnering “business process model driven agility”.

Enterprise business outcomes must be defined by a well-balanced representation of people that are close to enterprise operations, customers, sales, and marketing, including people that lead these business units, as well as people who deliver IT solutions, finance, and human resources. Such an approach reveals why non-IT areas should be a focus of agile transformation. This broad participation instills a sense of ownership as well, which leads to the “Enterprise Agile Transformation” becoming everyone’s business.

## LEARN MORE

[1] Austin, J. L. (1962). How to do things with words. Cambridge: Harvard University Press.

[2] Dietz, J.L.G., Mulder, H.B.F. Enterprise Ontology - A Human-Centric Approach to Understanding the Essence of Organisation (2020).

[3] Rother, M. Toyota Kata: Managing People for Improvement, Adaptiveness and Superior Results. McGraw Hill; 1st edition (2009)