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Enabling Value Delivery in an Agile World

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Initiatives: Enterprise Transformation Enablement

Organizations fail to gain the full value from agile practices partly due to misperceptions and inconsistent use of agile methods and terminology. To support organizational success, strategic portfolio leaders responsible for portfolio strategy should use this research to identify and promote agile best practices.

Overview

Key Findings

- The misconception that agile practices apply only to software development hinders their adoption by leadership and the whole enterprise.

- Inconsistent agile practices reduce an organization's ability to drive execution from strategy.

- Inconsistent agile terminology obstructs effective collaboration.

- Fragmented technology and reporting hinder informed decisions on value delivery.

Recommendations

To enable value delivery and agility across the organization, strategic portfolio leaders must:

- Correct the misperception across stakeholder groups that agile is only for delivering software. They can do this by educating stakeholders on agile's effectiveness in developing a collaborative, flexible and customer-centric approach across the organization.

- Facilitate the adoption of a common framework for agile methods across the organization by using and scaling existing agile methods.

- Promote common agile terminology by standardizing language and communicating its importance in effective collaboration.

- Drive value delivery by enabling processes to manage and report across all products and projects.

Introduction

The adoption of agile practices is growing in all organizations. The 2022 Gartner SPM Priorities Poll reports that portfolio management office (PMO) and enterprise portfolio management office (EPMO) leaders consider enabling agile and continuous delivery as their No. 1 priority. [1]

In many organizations, people still associate agile practices with software development. For this reason, IT and business leaders often struggle to interpret or articulate the value of agile practices and their respective ways of working at the organizational level. In addition, different agile frameworks may exist in one organization and different teams may use different agile terminologies. As a consequence of these challenges, organizations fail to gain the full benefits from adopting agile approaches.

Strategic portfolio leaders should work with leaders, and agile coaches and teams in the organization to bring the mindset, methods and metrics that promote value delivery. This research describes how you can facilitate the changes needed to effectively connect the strategy-to-execution within agile teams. As part of the organization wide responsibility for governance, planning, execution and managing agile delivery teams, strategic portfolio managers are uniquely positioned to facilitate value delivery and agility across the organization. [2,3]

Analysis

Change Business Perceptions of Agile

Agile is often characterized by the well-known practices it introduces to the software development community, such as sprints, backlogs and burndown charts. Although individual agile practices — for example, Scaled Agile Framework (SAFe) and Large-Scale Scrum (LeSS) — may not apply broadly beyond development, the core agile principles are applicable across the organization.

Strategic portfolio leaders and their teams are vital to the organization's agile success. They are well-positioned to articulate the business value of agile practices. Strategic portfolio leaders should:

- Facilitate the enablement of functional and business leaders to gain a clear understanding of the business value of agile methods. They can do this by embracing the six-core business principles of agile.

- Focus on translating the core agile principles into supporting practices that align with the workflows and goals of partner functions. For example, IT and business functions.

Since processes and workflows are interconnected across the organization, it's critical for functions to support and align their practices to agile ways of working. By positioning agile as a collaborative, flexible and customer-centric way of working, strategic portfolio leaders can enable groups across the enterprise to support sustained agility and help them rapidly attain high-impact business outcomes.

At its heart, agile isn't just a software development methodology. It's also a way of rapidly delivering the highest value work or the needed capabilities in increments. Agile methodologies are based on six-key agile principles (see Figure 1) that can be applied to almost any type of work, such as:

- **Customer centricity.** All parts of the organization, even back-end functions, must view their work from the customer's perspective.

- **Collaboration.** On average, an employee must regularly collaborate with 11 people, so successful collaboration is key for any role, regardless of the department.

- **Continuous improvement.** All staff should seek and embrace ways to learn and improve.

- **Empowered ownership.** Employees must be accountable for their actions, which requires trusting people to make the right decisions and empowering them to do so.

- **Iteration.** Employees across functions must be able to change directions quickly in response to changing business and customer needs.

- **Experimentation.** Build a culture of willingness to test ideas, fail and learn. Doing so fosters innovation and enables teams to adopt other agile principles more easily.

Figure 1. Principles of Enterprise agile

Principles of Enterprise Agile

Customer Centricity	Focus on customer needs and outcomes
Collaboration	Effectively partner within and across teams
Continuous Improvement	Advance team and organizational capabilities
Empowered Ownership	Establish trust and delegate decision making
Iteration	Prioritize and deliver value incrementally
Experimentation	Test and learn ideation

Source: Gartner
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Strategic portfolio leaders should enable and facilitate the identification of high-value engagement opportunities beyond methodology definition. Also, they should strive to help the broad set of agile stakeholders, including project teams and business partners, to embrace new ways of working. The aim is not just agile development but also developing an agile enterprise (see Figure 2).

Figure 2. Shift the Common Perception of Agile

Shift the Common Perception of Agile
Common Versus Desired Perceptions of Agile

	Agile Software Development	Enterprise Agile
What It Is	IT methods and practices for software delivery	A collaborative, flexible and customer-centric way of working
Desired Outcomes	Iterative releases of working software	Rapid attainment of high-impact business objectives
Stakeholders Involved	Agile delivery teams and IT partner functions	All internal and external groups that — directly or indirectly — support enterprise priorities

Source: Gartner
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Strategic portfolio leaders should follow a three-step approach to enable business stakeholders overcome legacy mindsets that inhibit the organization's ability to scale agile across the enterprise:

- Shift common perceptions of agile.

- Remove barriers to agile ways of working.

- Identify new partnership opportunities.

Shift Common Perceptions of Agile

Partner with your agile stakeholders and business partners to show employees that agile ways of working apply to everyone in the organization, not just IT. Do this by producing short videos that connect agile to the organization's digital goals and identify the roles that non-IT employees play in scaling agile practices. You can also offer an agile masterclass and build an online portal to support employees who want to learn more about agile and how to apply it in their functions or workflows.

Remove Barriers to Agile Ways of Working

Facilitate the hosting of design-thinking workshops to identify and overcome barriers to agile ways of working. In these workshops, strategic portfolio leaders should work with IT leaders and functional partners to:

- **Create empathy maps** for all internal stakeholders involved in a particular corporate process. Workshop participants use empathy maps to clarify what internal stakeholders think, need and want to accomplish. Empathy maps are collaborative visualization tools that help employees build empathy for their colleagues by providing deeper insight into how their processes affect one another.

- **Use customer journey maps** to map stakeholders' touchpoints with other corporate functions throughout a particular process. Customer journey maps highlight the stages and the underlying steps needed to execute an activity. At each step, IT employees should highlight and describe their experience — that is, good, bad or neutral — and the business function they interacted with during delivery. Articulating problems in the customer journey provides opportunities to learn from past mistakes and establishes new partnership opportunities that remove barriers. Workshop participants should examine potential delivery activities and identify friction points or roadblocks that inhibit agile ways of working across both parties.

Identify New Partnership Opportunities

Once workshop participants have identified the greatest barriers to agility in existing processes, encourage them to work together to co-create new processes to address those pain points. Because the co-creation process involves IT and functional-partner stakeholders, workshop participants will design new processes to enable agile collaboration while also helping all functional partners meet the objectives of their functions.

By promoting agile ways of working in the functions that support IT, business partners and employees will grow their digital awareness and proficiency in agile ways of working. This helps them become more flexible, collaborative and able to support the acceleration of their digital business transformation.

Establish a Common Framework

If your organization is just starting on its agile journey, a strategic portfolio leader should be one of the main drivers of the adoption and scaling process. However, if your organization is adopting or about to adopt an enterprise agile framework, you'll be pivotal in coalescing it around a common, contextualized framework. [4] Organizations typically adopt a scaled framework to enable greater cross-collaboration and alignment between teams. [5,6]

Sometimes, different groups in the organization may have adopted different methods. Some of these methods are incorporated into scaled practice, such as Scrum and Kanban. Others, such as SAFe, LeSS, Spotify and Disciplined Agile (DA), may be competing for scaling methodologies. [7] Determine which methods currently exist and which can be scaled. As you conduct this review, determine the prevalence of one scaled methodology over another. Once you have inventoried your organization's current methods, work with the different groups practicing agile practices to select which methods to adopt holistically.

As you determine the agile methodologies to employ at scale, remember that not everything may need to move — or be suited — to this new way of execution. Some areas will prefer to continue following a project based approach. Accommodate and even integrate this work into the new model. This may be difficult as some scaling methodologies prefer a large portion of the organization to align to the new model. If this is the case, include these groups in the planning process. [6]

Standardize the Terminology for Agile Methods

During the transition to a common framework, review the agile terms used by teams or present within systems. Many agile methodologies exist, so your organization is likely to have overlapping or conflicting terminologies and interpretations of agile methods. For example, one team may refer to a two-week period as a "sprint," while another refers to it as an "iteration." These may be minor differences, but larger ones are likely to exist — for example, teams may ask, "what is a program?" So you'll need to facilitate the standardization or understanding of key terms with the agile community to enable accurate data collection and reporting. [8]

> Organizations often use a mixture of conflicting agile terms and methods. It's a case of, "your agile is not my agile."

Promoting this common understanding and lexicon may prove difficult, as teams may argue that you're stifling innovation. [9] But innovation requires a standard method of communicating so that ideas can be transmitted — that is, speaking the same "language." Reinforce the need to use common terms to collaborate effectively across the organization and report a common view of the portfolios.

Allow teams to innovate and create new methods that other teams can adopt in the organization. Maintain just enough standardization to get the reporting needed to facilitate a link between strategy and realization.

To facilitate the standardization of methods and terms, create a center of excellence (COE) or community of practice to ensure the necessary adoption and collaboration. [6] This will ensure that the agreement, alignment and communication required to tackle these vast changes are set in motion.

Create the Ability to Manage and Report

The organization must also devise metrics for the agile way of working. You can facilitate this through a COE or community of practice. This will ensure that agile teams agree and understand the metrics necessary to report at the portfolio and enterprise level. [3] Exactly what this requires depends on your organization. The strategic portfolio leader will need to show progress on roadmaps at the portfolio level and demonstrate progress toward strategic objectives at the enterprise level (see Figure 3).

Figure 3. Pyramid of Purpose and Dashboards

### Pyramid of Purpose and Dashboards
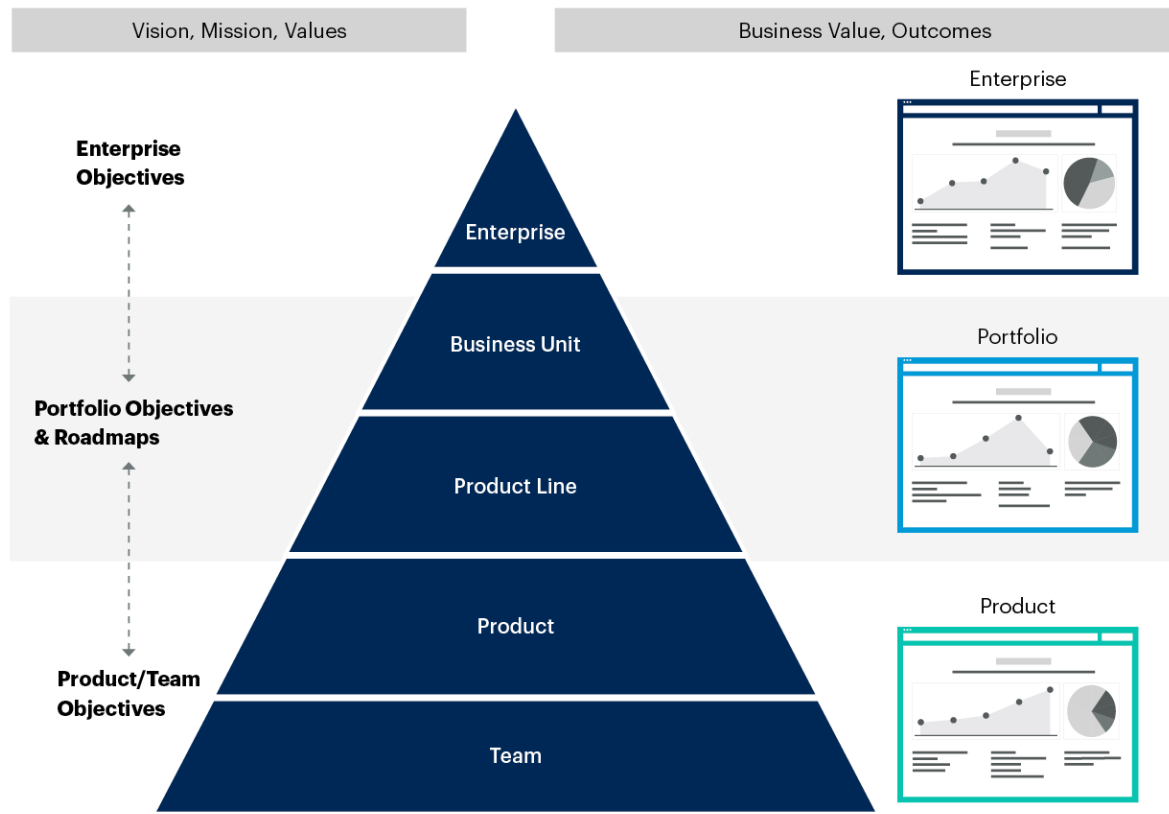
Source: Gartner
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To accomplish this standardized reporting at the portfolio and strategic level, you need to determine if work is on or off course to achieving business objectives. By using these delivery metrics in conjunction with measurements aligned with portfolio objectives, leadership will have a true understanding if strategic goals are being achieved.

Strategic portfolio leaders must align all work with the organization's objectives. Doing so provides the information flow that enables the necessary reporting mechanism to gauge if overall objectives are met. This defined structure supports the alignment between agile teams and is applicable to other teams working with different methods (see Figure 4).

Figure 4. Traceability From Goals to Initiatives — Improving Customer Experience Example

Traceability From Goals to Initiatives
Improving Customer Experience Example
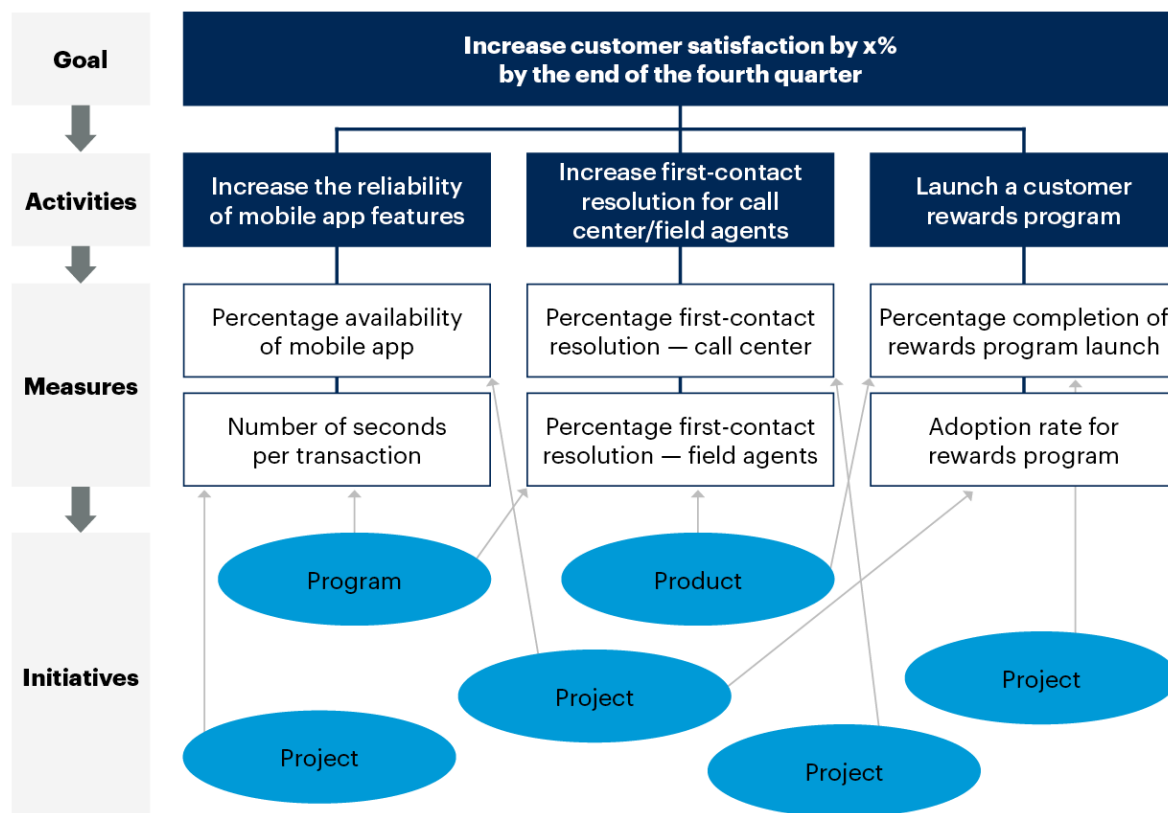
Source: Gartner
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As the organization standardizes the terminology for the agile approach, it must standardize the terms within the applications that track and report on all agile execution activities. Your function is to request the level of specificity needed from the systems and agile teams to enable you to report effectively at the portfolio tier. You may also play a role in this process by gauging maturity and guiding the agile teams through building, buying and integrating their work to portfolio management.

Your organization may require a robust strategic portfolio tool integrated with an enterprise agile-planning tool, but first, ensure your practices and methods are sound. The required tools and capabilities will evolve as your organization matures its practices and capabilities. Decide which tools your organization needs to accurately report and align the portfolio of work (agile or waterfall) to its strategic goals.

Evidence

[1] **The Gartner's 2022 Strategic Portfolio Management Priorities 2023 Poll** was conducted online from 3 August through 15 August 2022 to provide direction on where to focus our research in the coming year. Thirty-seven Gartner Research Circle members who are involved in portfolio management participated in this short poll.

Disclaimer: the results of this study are representative of the respondent base and not necessarily the market as a whole

[2] **The 2021 Gartner Digital Business Leader Survey on EPMOs** was conducted to explore digital leaders' attitudes toward the enterprise portfolio management (EPMO) function for transforming, harvesting and scaling the enterprise's digital business investments, with the intention of providing robust evidence to advise digital leaders on establishing an EPMO. The research was conducted online in September and October 2021 among 156 respondents from the U.S. at organizations with worldwide revenue of more than $500 million. Respondents were screened to be digital business leaders involved in program or portfolio management activities in their organizations.

Disclaimer: Results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

[3] **The 2022 Gartner Strategic Portfolio Leader Role Survey** was conducted online from 14 December 2021 through 5 January 2022 to gain insights into portfolio management organizations, including the responsibilities, reporting structure and naming of the highest-level portfolio management leader. In total, 56 IT leaders who are involved with the PPM discipline participated. Respondents included members and nonmembers of Gartner's Research Circle, a Gartner-managed panel. In order to participate, respondents were required to be familiar with and have participated in portfolio management. Respondents were also required to have the ability to accurately answer questions regarding roles and responsibilities of the discipline. Respondents from North America (52%) , EMEA (35%) , Asia/Pacific (8%) and Latin America (4%) participated in the survey. More than half were in organizations with $1 billion or more in worldwide revenue. Disclaimer: Results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

[4] 15th State of Agile Report, info.digital.ai.

[5] Identifying and Documenting Recurring Concerns and Best Practices of Agile Coaches and Scrum Masters in Large-Scale Agile Development, ResearchGate.

[6] Scaling Agile in Large Organizations: Practices, Challenges and Success Factors, ResearchGate.

[7] Comparing Methods for Large-Scale Agile Software Development: A Systematic Literature Review, IEEE Xplore.

[8] Challenges and Success Factors for Large-Scale Agile Transformations: A Systematic Literature Review, ScienceDirect.

[9] Challenges and Solutions of Applying Large-Scale Agile at Organization-al Level, ResearchGate

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