



STRATEGY CONSULTING DIGITAL TECHNOLOGY OPERATIONS



TIME TO JOIN THE REVOLUTION

AGILE CHANGE IN
FINANCIAL SERVICES



THE SHIFT TO AGILE CHANGE IN FINANCIAL SERVICES AND A REVOLUTION IN 'SPEED TO BENEFIT' HAVE ALREADY HAPPENED. HAVE YOU KEPT UP?

In today's fast and evolving digital world, characterized by disruptive technologies and frequently shifting customer demands, a high velocity change approach is required: one that's more flexible, iterative and benefits-focused. For financial services (FS) organizations, agile change is becoming more than a priority. It is a critical capability to remain competitive.

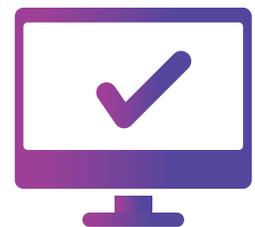
FS firms are second only to software companies in their take-up of agile. Many now understand what agile is, and have started rolling out agile projects. But success levels vary and there is an increasing realization that agile change requires more than just methods adoption.

WHY IS AGILE BUSINESS CHANGE RELEVANT?

Agile was born in software development and, done well, radically improves technology delivery. However, the idea that agile is just about technology delivery is out of date. Across many FS organizations it is now applied end-to-end to business change. This is because a broad approach to agile increases not only the speed of IT product delivery, but also the speed to benefit – as it impacts customers, employees, the organization, processes, technology and data.

The message from leaders, including CIOs, is that a 'people first' approach is needed. Leveraging the true power of digital is about reinventing the organization – reinventing its culture and operating model – to drive innovation and find new ways of serving customers and creating value.

In practical terms, in an agile change you spend much less time on delivery, with changes delivered frequently and more time spent iterating the change many times over. This can lead to early change outcomes and benefits, as well as opportunities to prove and learn over time. However, this only works with the right approach towards leading and managing the change.



SO WHAT DOES AGILE BUSINESS CHANGE LOOK LIKE?

Agile can be effective throughout the business, from small changes to projects and large-scale programs. The defining characteristics are:

1. A clear focus on outcomes and benefits;
2. Putting customers and colleagues at the heart of design;
3. A bias towards pace and speed to benefit;
4. Shorter delivery cycles, with more frequent iterations;
5. More time 'iterating in live', rather than getting there.

ALONGSIDE EFFECTIVE I.T. CAPABILITIES, THE FOLLOWING BUSINESS CHANGE CAPABILITIES AND SKILLS ARE REQUIRED:

- Change leaders who can set a clear vision and direction for the change, especially making decisions quickly, clearing obstacles and building collaboration;
- Implementation planning, in order to deliver frequent releases successfully to the business and to customers, often across multiple locations or countries;
- Customer experience specialists who can map out client or colleague experiences, bringing design thinking, prototyping and user-testing techniques to change;
- A new generation of business analysts who will augment the business with domain/ subject matter expertise, unstructured-problem solving skills and deep analytics capability;
- Change management professionals well versed in using digital and neuroscience-based techniques to build adoption and encourage the right behaviors.



GETTING READY TO DELIVER AGILE BUSINESS CHANGE



1. LEADERSHIP

To apply agile across the change portfolio, shifts are required in IT, the change function and the business as a whole across multiple dimensions including leadership, talent, collaboration, risk and culture.

In a recent Accenture study surveying 1,300 senior executives from leading agile organizations, 'building the right leadership team' was identified as one of the key success factors for fostering agility. In a similar way, our Change Tracking data, which comprises the collective insights of more than a million participants in 650 change journeys, shows 'leadership' at all levels has the single biggest impact on performance during any transformation, and 'vision and direction' has the single biggest impact on benefits realization. Unsurprisingly, leadership and vision are both critical to establishing an agile way of working and delivering agile change.

Our experience in introducing the agile approach across global FS organizations has helped us to identify a number of leadership success factors for moving to agile change:

SENIOR SPONSORSHIP AND ADVOCACY

The move to agile change needs to be driven at board level, with one or more sponsors accountable for and passionate about the transition to a fundamentally different way of working and managing change. Sponsors must 'walk the walk' as well as 'talk the talk' – they must accept the new ways of working and ensure that other senior leaders also support these – such as giving up some decision rights. This can be challenging for leaders who have

grown up in more command-and-control management roles and who struggle to see how they will apply the necessary rigor associated with regulatory compliance, operational excellence and financial control.

DISTRIBUTED DECISION-MAKING

Agile is more successful when key decisions are taken by experienced stakeholders at every level, not just by senior leadership. This places an emphasis on progress and making decisions in teams, rather than always deferring to busy leaders who lack the time to make well considered decisions and rapidly become bottlenecks. Cross-functional teams should be given decision-making authority so they can respond rapidly to new opportunities and disruptive technologies. This is only possible through building direct working relationships with the business, and establishing the trust of the leadership team in these areas. Leaders, likewise, will need to set a clear vision and target outcome, but will not become involved in the detailed decisions. Whilst the resulting product may not be exactly what they initially visualized, through working with business Product Owners they can ensure that it is valuable and relevant, as unnecessary features could be discounted along the way.

FAIL SAFELY AND LEARN QUICKLY

Leaders need to encourage and foster a culture of experimentation. Agile project teams require trust and acceptance that there will be some failures along the way. Leaders should prepare for these failures in advance and use them as learning opportunities. Equally, leaders should be ready to quickly stop changes that are not showing sufficient progress or business value.

2. TALENT

Agile change requires dedicated, experienced cross-functional teams. Change resources in FS organizations are often not experienced in agile delivery, so it is important to support the development of existing talent whilst also bringing in experienced talent from the marketplace.

SETTING UP YOUR CHANGE TEAM

An agile change program will result in a change in roles and in the skills that are required. You will need to look objectively at your workforce and consider whether there are enough people with the experience to make up your cross-functional teams. It is likely there will be capability gaps, and for rapid mobilization these may need to be filled initially by recruiting experienced external subject-matter experts (SMEs). Some of the workforces you will need are: people in IT who are genuinely skilled in the technologies they are using, but who also can communicate their benefits to the business in a simple way; business analysts who understand the business, can map customer journeys and are skilled in unstructured-problem solving; and change management professionals who can work through the multiple releases and build adoption rapidly once the change is live.

The role of the business itself is also of vital importance. Business stakeholders and SMEs will need to be much more involved in change if the business is to reap the benefits of agile. The approach will only be successful if the business dedicates the time and resources needed to be properly involved and to steer the change throughout, not just at a few steering committee meetings.

DEVELOPING EXISTING TALENT

Providing opportunities for your current workforce to learn about the core concepts and principles of agile is also necessary.

Agile delivery will require colleagues to flex in and out of different teams and roles, meaning that there will need to be a lot more informal training and up-skilling. Learning forums, agile coaching, pairing programs and communities of practice will help to cultivate an innovative workforce whose members can learn from each other. By empowering your colleagues to get involved, you can ensure they too are making the move towards agile change, rather than seeing agile as a capability that has been bought in from outside to be done to them.

MANAGING COMPETITION

It is inevitable you will have some teams delivering using agile techniques, some using waterfall, and some using a combination of both. Monitoring the cultural play-off between the two is essential, as sometimes there can be disruptive rivalry or a feeling that those working on waterfall projects and programs have been left behind – not least because these are sometimes the more difficult regulatory or core-systems programs. Make sure that you take all colleagues on the agile journey, even if they are not expected to deliver immediately in this way. This can help to build an understanding of the advantages and applicability of agile techniques. Even if they do not actually work in an agile initiative, they could take advantage of the techniques and mindset.

EXTERNAL PARTNERSHIPS

External parties can actually be more cost effective and provide greater certainty of impact than internal teams. Consider building momentum by working with fintech start-ups and partnering with companies that have a proven track record of innovation. Large FS organizations have untapped mines of data. By partnering with smaller companies, they can share analytics and together develop even more effective solutions, driving better end-user experiences.

3. COLLABORATION

Much of agile is about creating better teams, and working closely together with minimal friction and misalignment. When this is the case the results can be incredible. Yet achieving this in FS organizations can be challenging because of organizational siloes and commonly misaligned goals.

SETTING UP TEMPORARY CROSS-FUNCTIONAL TEAMS

Develop the right structures (governance, processes and performance management, for example) to enable the creation of cross-functional teams. These structures enable functions to continue to focus on their own objectives, be it customer service, risk management or finance, whilst also supporting the ability to free up resources to build temporary, cross-functional teams to deliver specific agile initiatives. The members of these cross-functional teams need to 'take their badges off at the door' and work closely together to achieve the desired change outcome.

SHARE CRITICAL SME'S

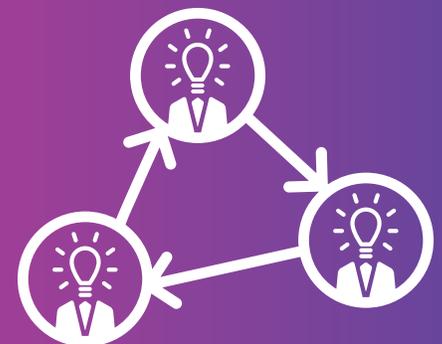
Try to define upfront the demands of the change program on the time of critical SMEs. Some will not have the capacity to join the core agile team, and their lack of availability may delay the project. When a critical SME is not available, utilize change professionals with a good understanding of the business. These resources can relieve some of the pressure, freeing up some of the SMEs' time for key decision making.

WORKSPACE LAYOUT

Considering the structure of FS organizations – with colleagues in different locations and traditionally equipped offices – the difficulty of adapting to a change process that demands two-week iterations and daily stand-ups is easy to understand. One of the key challenges will be overcoming the barriers to collaborative working, such as being in different locations or sitting at individual desks. Small changes can be made – such as grouping desks together or setting up more meeting spaces – to encourage more collaboration.

CASE STUDY 1

- Accenture worked with a tier 1 UK retail bank that wanted to prepare its workforce for the transition to agile in order to improve quality and time to market.
- We helped the bank build adapted methodologies, and revise its change frameworks and governance processes. We also rolled out training to build awareness across a network of agile champions to build the change from within.
- The initial roll-out was targeted at smaller teams to help them pilot the agile approach in controlled, smaller-scale environments. This allowed them to gain momentum before the approach was rolled out to wider teams across the bank.
- Agile was successfully adopted as a genuine alternative for project development and delivery. It allowed increased levels of quality driven by business involvement, and significant improvements in time to market for suitable initiatives.

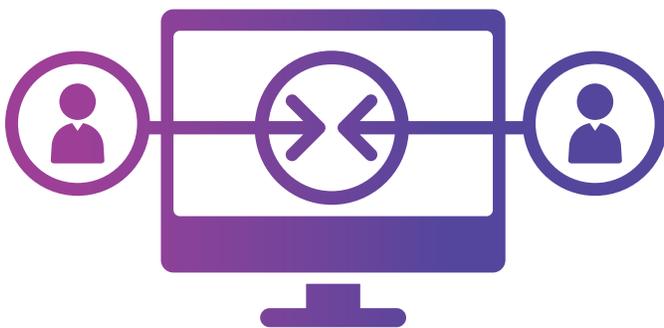


LOCATION

Co-location is preferred by many organizations, but is not a pre-requisite to effective agile delivery. Many FS institutions are global and need to adopt a distributed approach to agile. With the right collaboration tools, disciplines and culture, a distributed agile model can be very successful. It has shown to be very beneficial to bring global teams together for the early parts of an initiative to develop relationships and foster collaboration. In longer initiatives, bringing teams together periodically can also help to maintain close working relationships, even when the majority of the time is spent in a distributed model.

COLLABORATION TOOLS

Simple online messaging systems and SharePoint sites are absolutely essential, but there are other tools that will help considerably to accelerate the move to agile. These tools – such as virtual whiteboards and pin boards, wiki and distributed design tools for co-creation, team-wide messengers and omnipresent video conferencing – go a long way in helping teams embrace a collaborative approach, even when they cannot sit together. Within the technology space there is significant further tooling required around DevOps and other agile-related tooling.



CASE STUDY 2

- Accenture has partnered with a large retail bank (both globally and within the UK) to help it start its journey towards collaborative working.
- We helped the bank assess workspaces and implement changes to promote more face-to-face working.
- Following these initial changes, we rolled out the set-up collaboration tools and channels, and built networks of 'digital advocates' to inspire, coach and embed the right behaviors – for example, providing millennial mentors to senior leadership teams to help them use social collaboration tools effectively.
- Consequently, distributed teams have been able to work in a much more collaborative way. This has enabled them to hold effective daily meetings, and to continue to deliver in iterative sprints, despite being in different locations.

4. RISK

The growing risk aversion of many FS organizations is hardly surprising, given the events in the industry in the last five years. It is one of the biggest challenges to becoming agile. Risk aversion has resulted in an increased level of governance, slower decision making, and the involvement of more approval bodies and compliance functions in decisions. For agile, this level of risk aversion can be detrimental to speed of delivery and more iterative decision making. FS organizations need to set a level of risk tolerance that is suitable for agile initiatives, recognizing those changes that involve lower risk.

GETTING STAKEHOLDERS INVOLVED

Prior to using agile you might have had time to share plans and requirements with stakeholders to get their approval. But in an agile world, things need to move much faster. Early on, you will need to identify those stakeholders who are responsible, available, competent and empowered to help. You will need to engage them from the outset, broker the agreement to collaborate, and ensure they will contribute to the outcome rather than serve only as a point of critique. This includes getting the right compliance functions – such as regulatory compliance, fraud, financial crime, information security, HR and finance – ‘inside the tent’ at an early stage.

CLEAR ROLES AND DISCIPLINED FOCUS

Be clear about roles and responsibilities from the start. Product Owners, team leaders and engaged stakeholders all need to understand their responsibilities so they can launch into delivery within minimal timeframes. Senior stakeholders and sponsors also need to understand what their roles are: oversight and strategic direction. Above all, agile teams should be empowered to focus genuinely on getting to better change outcomes faster.

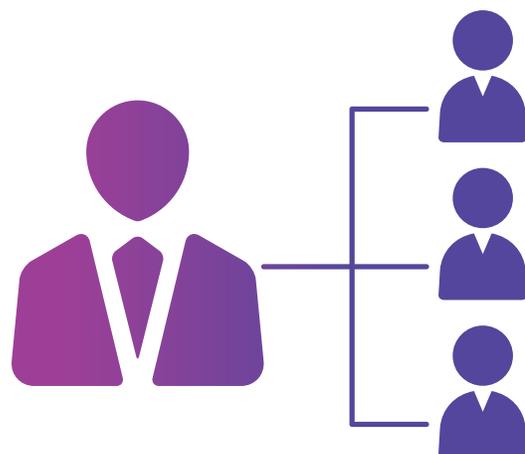
Typically, allowing compliance functions to state their priorities and requirements before a sprint, rather than during it, can be a useful way to avoid distractions and layering of complexity.

BALANCING COST, COMPLIANCE AND CUSTOMER

Whilst agile tends to focus on adding end-user value, there still needs to be a focus on developing the features of a product that help to manage risk in a cost-efficient way. As such the product backlog will need to be prioritized accordingly, and a balance maintained between creating a strong customer experience and developing features that manage the risk of the product.

SCALING UP

Scaled agile can be successful; indeed, these techniques are being used by organizations to implement complex financial systems and major programs. However, it should be recognized that a different risk appetite is required to adopt this. Agile is not, in itself, an inherently higher-risk approach. However, moving to a scaled agile approach requires greater maturity, gained through experience, than applying it at smaller scale and on simpler initiatives.



5. CULTURE

Agile is an approach to change which relies on a strong culture of collaboration, pace and customer focus. This requires a culture change and shifts in behavior.

An agile organization needs a forward-thinking, proactive and innovative mindset. People need to act as self-starters, working with minimal direction and collaborating to overcome obstacles and deliver change at pace.

This is consistent with the pursuit of most FS executives for agility across the organization, and the kind of culture they need to succeed in a digital age. Agility is the capacity of an organization to move and change quickly and flexibly. This is often associated with attributes such as variable cost bases, the use of external services, flexible structures, and technical capabilities such as open APIs, but it is most apparent in the leadership, behaviors and working practices of an organization. There are a number of culture-related steps FS firms can take to improve their organization agility:

MAKE THE DESIRED BEHAVIORS CLEAR AND ACCESSIBLE

Communicate clearly the new behaviors you want from your teams – keep them simple and practical. Encourage those who demonstrate these new behaviors and show success stories. Use the reflection time at the end of each sprint or iteration to help the team identify how they can work together better, and discuss anything that is getting in the way of the right behaviors.

CREATE COLLECTIVE PERFORMANCE

The traditional focus of FS organizations has been on individual performance and goals, but this needs to be balanced with rewarding team collaboration. Performance management should be changed to discourage the silo mentality of specializing in only one area and delivering only individual goals. Effective agile teams display strong individual accountability to deliver, and they achieve this primarily through collaboration as a team.

CASE STUDY 3

- Accenture partnered with a tier 1 UK bank to revisit and refresh its existing governance procedure and change framework to allow for multi-speed change delivery.
- As part of this work we created alternative deliverables, approaches to reporting and a new project lifecycle. We also established a selection tool for effective comparisons of waterfall and agile projects, to ensure that the correct development approach was applied to each.
- This initiative gave the bank the methods and processes it needed to introduce and utilize agile methodologies, which will be gradually adopted alongside the more traditional sequential approach.

SCRAP THE IDEA OF PERFECTION

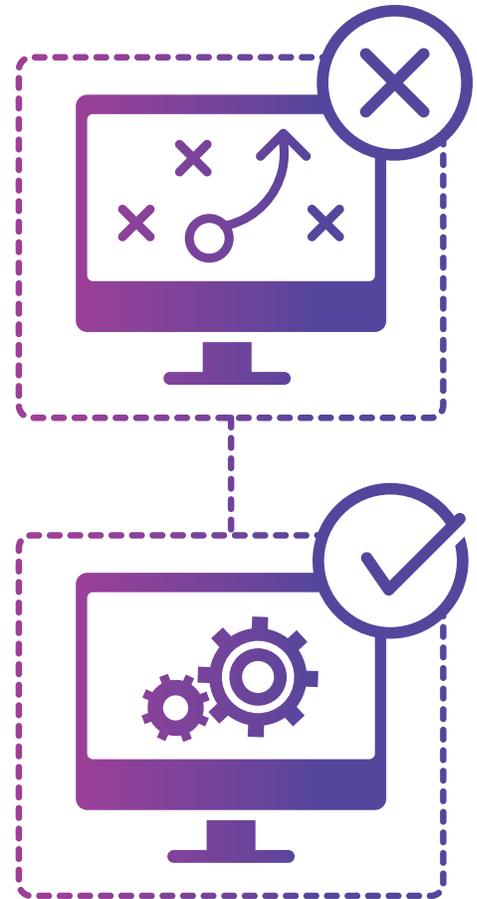
For too long, projects have aimed (at least at the outset) to deliver an ideal, 'gold-plated' solution that meets all requirements at a lower cost and by a pre-determined date. But in a market where customers expect change quicker, this creates the risk that quick wins are overlooked in the chase for perfection. The key question should be whether the product functions well enough to improve the user experience and/or drives a cost benefit. For instance, one of the leading digital solutions in retail went live after a few iterations and then went through more than 60 iterations before it reached anything like its current form. This rapid delivery enabled much earlier customer value and learning, which normal approaches would not have provided.

DON'T WORRY IF IT'S NOT BEEN DONE BEFORE

Try new methods and ideas. A huge benefit of agile is that individual iterations are so rapid that you can quickly turn back or take another direction if you feel something is not working. Do not always rely on proven examples before deciding to go ahead. Similarly, promote the message that mistakes are fine, provided that you can reflect and learn from them. Regular retrospection will enable you to do this and stop the things that need to be stopped.

PUT THE CUSTOMER AT THE HEART OF THE CHANGE

Agile change should start with the customer in mind – ideally, the customer and/or end user should be involved in the design process. Great changes are simple, human and delightful experiences for people to go through; they also have more impact and carry less risk of non-adoption or failure. Design thinking techniques such as customer research, personas, journey mapping, prototyping and user testing are effective techniques. The biggest mindset shift is towards prioritizing the change around customers. This means considering them first in the backlog prioritization and release planning.



WHAT ARE SUCCESSFUL AGILE ORGANIZATIONS ALREADY DOING?

There is a lot of work to do and it can feel overwhelming. So what are the next steps organizations should consider to increase their agility and ready themselves for a different pace of change?

FOCUS ON BEING AGILE, RATHER THAN DOING AGILE

Agile is something to 'be'; it's a way of working; and this is the culture to build at first. Being agile is fundamentally giving teams the freedom to work in a more flexible change environment; to quickly progress projects and respond rapidly to user feedback and market forces. It may not be appropriate for every single project to work in two-week iterations or hold daily stand-ups, so don't feel under pressure to implement the methodology. But do promote the message that customers have an increasingly loud voice and influence, so all change needs to be responsive to this.

START SMALL AND SHARE SUCCESS STORIES

Organizations that have successfully moved to agile have started by running a handful of successful smaller agile initiatives and then sharing the results. As successes mount, more and more projects can embrace similar thinking. Collaboration can enable change teams to successfully deliver within this framework. This is when organizations can really begin to leverage the multi-speed model and consider areas that might benefit from increased agility, identifying small steps to make the necessary shift.

TAILOR YOUR APPROACH BY PROJECT

Don't forget that every project is different. No agile model will fit all approaches, or is a silver bullet. In some projects it may be appropriate to utilize a fully agile methodology, but in others it could be more effective to start by identifying ways to increase agility within a more sequential approach. Take the time to understand what is appropriate, especially before undergoing massive transformation to introduce new processes and governance structures.

ADOPT AGILE ON A FORWARD-LOOKING BASIS

For projects and programs already in flight, intercept them if you can but don't slow them down. Apply your move to agile on a forward-looking basis, making the changes that you can in a way that will help speed things up.

CASE STUDY 4

- Accenture partnered with a UK retail bank to improve the journey for customers applying for mortgages. The aim was to cut the process from a month to a week over the space of five years, greatly enhancing the customer experience.
- The team initially worked on the online customer journey, starting with a small scrum team. The project has now gradually expanded to more than 70 people in scrum teams and approximately 150 people across the bank, all working on the agile customer journey.
- By taking the approach of starting small and growing organically, the teams could share their success stories and learn from one another, making the transition easier.
- Consequently, a successful agile program was launched, building a solid foundation to take the model into other areas of the application process (not just software) by looking at business processes such as the branch customer experience.

CONCLUSION

Many FS organizations are already taking steps towards an agile approach, but arguably in a limited fashion focused on digital and smaller IT initiatives. To truly accelerate speed to benefit a broader approach to agile must be taken across both IT and business change.

Whilst there are some who are beginning to consider how agile could be applied to their wider change portfolio, such as scaled programs and end-to-end business change, there are barriers to overcome in FS. The high volumes of complex systems, fragmented business divisions, risk aversion and multiple compliance standards have until now made it difficult to achieve this. The mistake, to date, has perhaps been the attempt to implement a new methodology without considering the need to make large-scale change to working practices, capabilities and culture as well.

Approaching the move to agile as an opportunity for business transformation can help you do this. FS organizations need to look at the bigger picture, across leadership, talent, collaboration, risk and culture to really build their whole organizational agility.

The shift to agile business change in financial services and a revolution in 'speed to benefit' has already happened – have you kept up?

To find out more about moving to agile business change, or to join the Change Director Forum – our peer-led event for senior change leaders – please contact Andy Young (andrew.s.young@accenture.com), John Watson (john.watson@accenture.com) or James Tabernor (james.o.tabernor@accenture.com).

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