Driving Business Agility the Product Way

The New World of 'Business Agility'

Asymmetric competition is disrupting industries at an unprecedented rate. Born digitals like Amazon and Alibaba continually deliver change with on-demand release of capabilities and features. Amidst omnichannel digital transformation, there is immense pressure for retailers to embrace agility not just at the IT level but at the enterprise level. Business is now being forced to align with IT and drive enterprise agility by adopting lean agile principles, practices, and culture.

Business Agility, which is seen as a core competency, is the ability to deliver business outcomes like speed to market and reduced cost of quality in the shortest lead time, and through an innovative and sustainable model of operations. Business is expected to have a flexible structure, simplified technology landscape, robust digital platforms, and lean processes to drive agility.

> "A product-oriented structure is a great platform to help enterprises continuously rethink, reshape, and adapt themselves to the new world of challenges."

From ideation to execution, business needs to think and act agile, and align with the IT and Operations teams. They need to collaborate and operate with a single vision of delivering value to the customers. Presented below is a framework for driving business agility (see Figure 1).

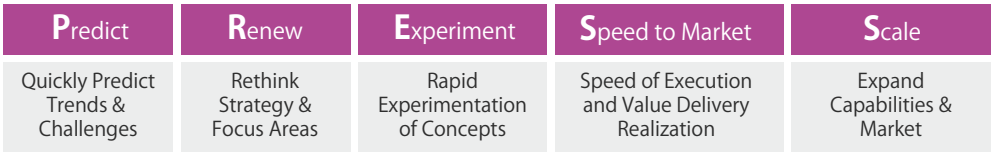

Figure 1: The PRESS Framework for driving business agility

The PRESS framework focuses on the areas that make a business enterprise innovative and adaptive, yet successful and sustainable.

1. **Predict:** Nurture an open ecosystem of associates, partners, and vendors, who will play a pivotal role in understanding customer dynamics and provide a platform for ideation.
2. **Renew:** Develop a cultural mindset to embrace change, accept risk, and rethink strategy in the wake of emerging trends and challenges and create a compelling business case and value proposition.
3. **Experiment:** Build a new Agile product innovation flow backed by a 'fail fast' mindset, and faster learning and feedback cycles. Leverage an ecosystem of research partners, startups, and vendors to enable rapid experimentation of concepts.
4. **Speed to Market:** Adopt an Agile Operating Structure and Delivery Framework; and Continuous Delivery Practices driven by Machine Learning/AI Automation.
5. **Scale:** Establish a foundational Agile Architecture and a Scaled Agile Framework to expand across business units, portfolios, and brands aligning with the overall enterprise strategy and agile vision.

These focus areas irrespective of business or IT, along with the onslaught of technology innovations, development practices, and management philosophies have been forcing retail enterprises to explore emergent operating models with the capability to adapt and grow.

How do Enterprises Strive for Business Agility Today?

Many organizations are implementing new ways of working and adopting new processes, practices, and tools to improve agility. Some common approaches used for driving business agility are:

- **Terminology only Agile:** Specific projects or portfolios adopt only Agile terminology—backlog over BRDs, user stories over requirements specifications, and sprints over iterations—giving the impression that development follows the Agile methodology. There is no tangible change in the processes or practices within IT or business.
- **Process only Agile:** Specific portfolios or projects adopt agile processes and practices such as daily stand up, iterative delivery, and retrospectives, to create an open culture with focus on collaboration, feedback, and iterative development.
- **Practices only Agile:** Specific portfolio teams adopt Agile engineering practices such as Continuous Delivery (CD)/ Continuous Integration (CI), and testing or tools automation in order to improve the agility of IT processes and operations, specifically the 'code to deployment' pipeline. No changes are made to the development methodology.
- **IT only/Project Agile:** This is a more mature model with enterprise-wide agile adoption supported by business. Full-cycle agile adoption is driven across portfolios, with special focus on digital portfolios such as eCommerce, mobile, and social, with DevOps and automation having different levels of maturity.

Are Enterprises Able to Deliver Business Outcomes?

Despite achieving process and technical agility, many organizations have realized only modest benefits and have not been able to significantly improve quality, speed to market, cost optimization, or innovation capability. This can be attributed to a siloed approach where only IT-driven agility is adopted with the business playing a supportive role. Today, portfolio leads or product managers run multiple projects aligned to a business portfolio or product (for example, stores

and merchandising) in which each project has a fixed scope and timeline, and is delivered using the Agile methodology. In a Project Operating model, a functional or techno-functional member of the IT organization plays the role of a proxy business owner who collaborates with the Agile teams to drive business value delivery. This results in several challenges:

- **Lack of visibility into the vision or roadmap for a business portfolio or capability.** IT business owners (aka proxy business owners or system business owners) are restricted to their project(s), unlike actual business owners. Also, business owners work with multiple proxy business owners from IT and do not interact with the agile delivery teams. This limits their ability to provide timely feedback, relegating it to 'end of sprint' reviews.
- **No dedicated project team.** There is no dedicated project team for delivering a continuous value stream of business capabilities, with high dependencies across multiple horizontal functional teams like testing, integration, non-production services, and support services.
- **Inefficient measures to evaluate business outcomes.** Measures like improved customer traffic or better conversion rates as project-based structures mostly align with IT outcomes or service level agreements (SLAs).
- **Lack of predictable outcomes in terms of productivity, quality, and cross-functional skills in the project structure.** This is because the Agile team could move on to a different domain or function depending on the project funding and priorities.

How Can Enterprises Deliver Expected Business Outcomes?

Customers expect higher value, consistency, and immersive experiences spanning digital and physical ecosystems. Each element of these ecosystems can be considered as an independent enterprise capability that impacts the customer journey and drives superior experience. For example, within the .com portfolio, 'Search' could be a product in itself that drives the P&L of the product, and needs to have a focused vision, team, and funding. Similarly, the entire organization could be structured around products aligning to the customer journey (with scope for continuous business value delivery).

The following are the key attributes of an enterprise wide product-based organization:

- **Single accountability:** The product owner is solely responsible and accountable for driving the product vision, roadmap, and backlog. The roadmap is developed based on the enterprise strategic theme and value streams.
- **Business value driven development:** The product owner aligns features or user stories with key business metrics or outcomes that drive growth. The capabilities or features are prioritized based on the business outcome.
- **Dedicated, high-performing engineering team:** The product team is a self-contained, self-sufficient Agile team with a scrum master and engineers. The engineers are committed to delivering the prioritized backlog, while consistently improving speed and quality.
- **Dynamic value stream based funding:** Unlike project-based funding which happens at the start of the project, product funding can happen every quarter or even more frequently to ensure that resources are allocated to maximize business value and outcomes. Frequent customer feedback must be sought to determine which features should be developed further and which must be abandoned. Each product could maintain a P&L to drive change and deliver maximum value to the business.

The Enterprise-Wide Product Operating Model

A product-based agile organization is typically an extension of the existing portfolio structure, where each business portfolio consists of multiple products that are managed by product owners. Each product has only one product backlog that is based on the product vision or roadmap. This backlog is driven and owned by a business owner (product manager or product owner) who works with the Agile team to drive the implementation of the product backlog items (PBIs). Thus, the business owns the product and is an integral part of the Product Agile teams that deliver incremental business value.

With the enterprise-wide adoption of a Product Operating model, the organization's vision is cascaded to portfolio execution by organizing the agile enterprise around the flow of value through one or more value streams. Each high-level business capability is built as a strategic theme. The themes are elaborated into prioritized epics, features, and then into stories that are implemented by the respective product teams. There are several Agile frameworks that facilitate the scaling of agility in a large enterprise. Figure 2 presents a sample Product Operating model aligning to the Scaled Agile Framework (SAFe) where the portfolio, program, and product teams are aligned to deliver business value.

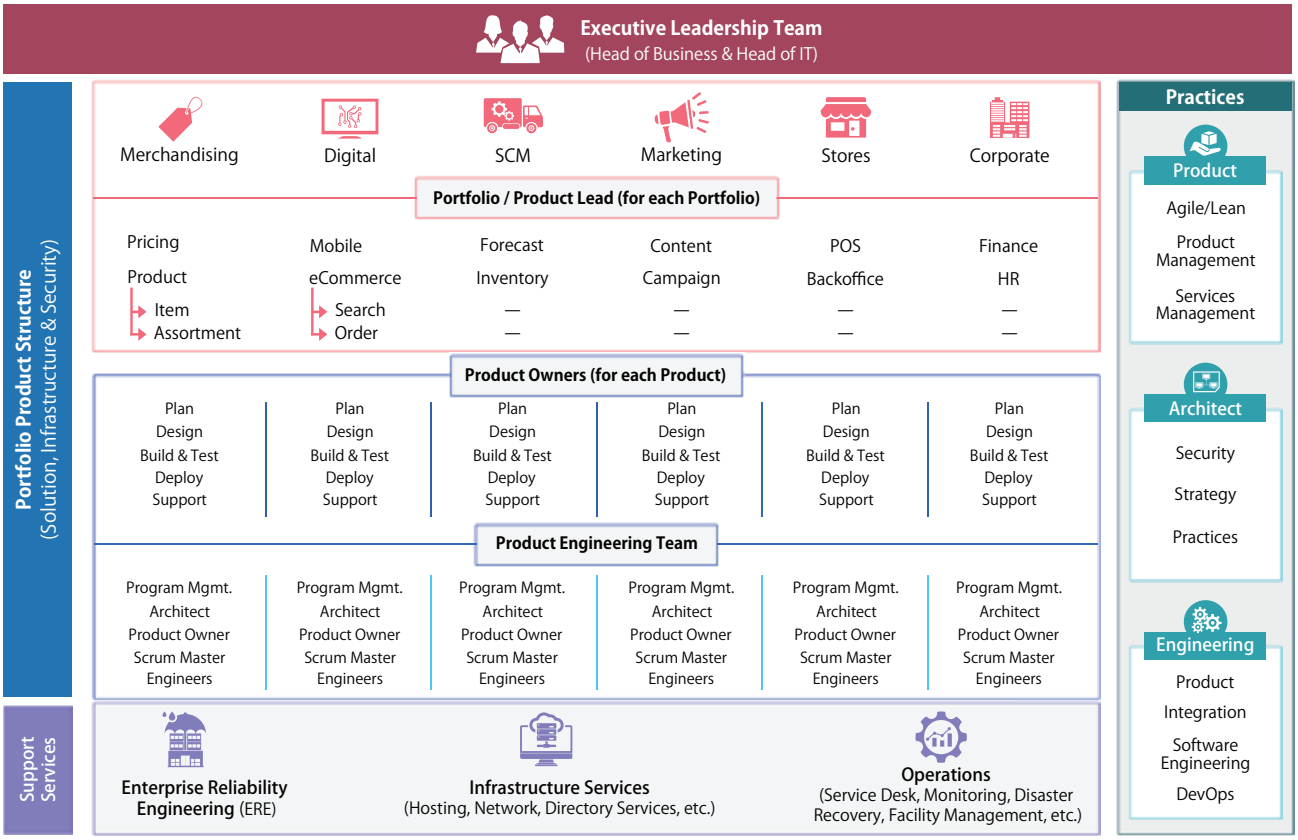

Figure 2: Retail Product Operating Model based on Scaled Agile Framework (SAFe)

The **Executive Leadership Team** comprising leaders of key portfolios define the key strategic themes and related value streams. Value is delivered through a continuous delivery pipeline in a predictable outcome-based model comprising Agile and DevOps principles.

The **Portfolio/Product Leads** are responsible for determining the features and capabilities, prioritizing the program backlog, and streamlining the execution of program priorities. They maintain the conceptual and technical integrity of features or components.

The **Project Engineering Team** is a cross-functional team of engineers committed to driving the product vision. The team comprises development, testing, integration, support, and automation talents, who collaborate over multiple sprints to deliver the features and capabilities. All application and infrastructure related development and support activities are managed by this team with support from the **Infrastructure Services** and **Operations** teams.

Across the portfolio or product structure, the Support Services provide the foundational platform, hardware, and operational support. **Enterprise Reliability Engineering (ERE)** is a horizontal function that manages and supports Enterprise Reliability Engineering incidents based on the standard operating procedure (SOP). As the model matures, the SOP-based recovery can be automated (driven by AI and ML driven tools) to deliver an operationally healthy and stable production system.

The **Community of Practices (CoP) Team** coaches the organization on agile processes, engineering practices, and develops the agile mindset. The CoP defines the Agile standards and best practices. They consistently assess teams and communicate with them through workshops, games, and collaborative sessions to drive Agile and DevOps transformation.

The Transformation Journey

Agile transformation involves a phased transformation of process, technology, tools, and practices across the enterprise while the shift in the cultural mindset happens gradually and effectively as the adoption evolves. The transformation journey is always unique and specific to the retailer depending on their current level of readiness and vision.

Doing Agile: This is the inital phase where work begins on enterprise restructuring and the Agile delivery methodology and automation framework are defined and set up. An enterprise level role assessment and transformation is undertaken to adapt with the new proposed model. Technology and architecture modernization roadmaps are defined and stabilized through consolidation of development services with single vendor accountability.

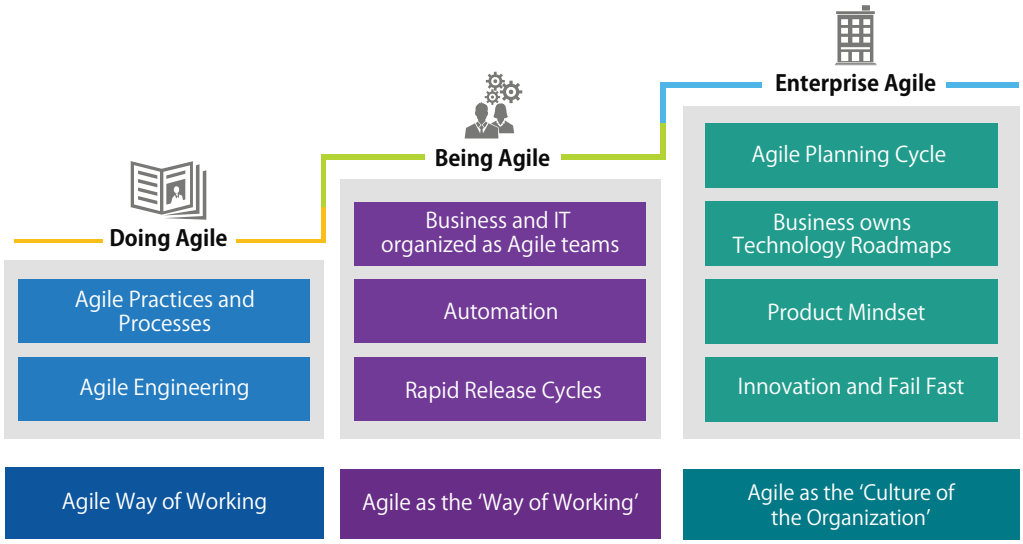

Figure 3: Enterprise transformation into a Product Organization

Being Agile: In this phase, the 'ways of working' across the enterprise undergo a change. This involves significant coaching and upskilling or reskilling to help stakeholders understand and embrace the agile way of working. There is significant automation to reduce or fast track work. These efforts are supplemented by physical changes in the workplace to enable people to collaborate better within and across distributed locations. Team structures undergo a change to align with the Product Operating model.

Enterprise Agile: This phase completes the change to a product-based operating model, where the funding is done for products rather than projects. Benefits are realized from specific technology transformation initiatives that are driven by the product teams. The focus shifts from IT delivery metrics to business value creation.

Conclusion

Omnichannel retail blurred the boundaries between physical and digital ecosystems; DevOps and full stack brought IT and operations together; and now the focus is on achieving seamless collaboration between business and IT through a single product organization. A product-oriented structure is a great platform to help enterprises continuously rethink, reshape, and adapt themselves to the new world of challenges. To summarize, the key factors for an enterprise's successful transformation to a business-driven product structure are:

- Business alignment with the Product Operating model - 100% Agile Product development.
- Product owners from the business driving the product vision, roadmap, and value delivery.
- Single product vision and roadmap with an objective to maximize value delivery balancing product innovation, operations stability, and technology modernization.
- Sustained, continuous value delivery and innovation through an evolving automation strategy and framework based on a 'machine first' model.

About the Authors

Harikrishnan S
SAFe Agilist

Harikrishnan is a retail consultant and a SAFe Agilist focusing on Enterprise Transformation encompassing Digital, Agile DevOps, Automation & Technology. As part of the TCS Retail Digital Strategy and Agile team, he has supported key transformation engagements for leading retailers across the globe to establish and define the TCS Digital Strategy and the future operating model (including organization, people, and process & tools transformation) for retailers.

Hari has also been instrumental in building retail thought leadership through collaboration with various communities of practices, retail accounts, and solution teams.

Krishnan Vijayaraghavan
Transformation Lead-Agile DevOps

Agile/DevOps Portfolio Leader SCM, Multi Channel Applications | Evangelist and Catalyst for Agile/DevOps Transformation. Experienced Agile/ DevOps Portfolio Manager with a demonstrated history of working in the information technology and services industry. Skilled in Java/J2EE AD, AMS and DevOps tools and technologies.