

A SMOOTHER, SPEEDIER PATH TO AGILE IN INDUSTRIAL GOODS

By Sebastian Ley, Markus Mohr, and Thomas Körfer

MENTION INDUSTRIAL GOODS AND “agile” doesn’t typically spring to mind. Yet the same methodologies that have turbocharged collaboration and responsiveness for tech companies can bring similar—that is to say, dramatic—improvements to a wide range of industries. Within three years of moving to agile, companies typically experience a 2x to 4x acceleration in time to market and a 15% to 25% reduction in development costs.

But if the old ways of working have to go, how can the new ways best be implemented? That’s the question, and the challenge, facing many businesses today. And it is one that Konecranes, a large Nordic company providing lifting equipment and services to a broad range of customers, has tackled in a unique and instructive way.

Why Agile?

Konecranes understood that digital transformation—and the ability to respond quickly to changing preferences and playing fields—requires closer ties and better

communication between the business side and IT. Companies need to seek out and readily incorporate feedback as they develop new features and enhancements (whether for internal or external use). They need to break down silos and avoid time-consuming handovers, fostering work that’s done in unison rather than in isolation. They need to turn on a dime as conditions and requirements change.

Konecranes also understood that agile methodologies can help achieve these goals. Agile recognizes that software development rarely happens in a vacuum: a change to an e-commerce system, for example, may require changes to CRM and accounting systems, as well as to the enterprise data warehouse and the integration platform. So agile stresses cross-functional teams that bring together all the skills and insight—from the business and IT—needed to deliver a feature or an enhancement. Agile keeps these teams in place long term, so members can apply their expertise—and their familiarity with each other—to related projects. It empowers teams to

make decisions instead of sending requests up the ladder. And crucially, agile emphasizes an iterative approach to development, with work broken down into small increments and feedback incorporated in fast and frequent cycles.

A Smoother and Speedier Path

Yet understanding the potential of agile is one thing. Actually implementing its methodologies is another. In practice, many companies struggle to unleash agile's full power. Others struggle even to make the effort, keeping agile lodged firmly on their to-do list.

Konecranes not only checked the box, it did so in a way that can show the path for other industrial goods companies. The key to its method: five practices that smooth and speed the transition to agile, while laying the foundation for sustainable success.

TAKE A TWO-PRONGED APPROACH

Among the first and most crucial decisions Konecranes made was to work on two horizons simultaneously. It set up a "structure" group, consisting largely of the company's IT management team, and a "change" group, comprising on-the-ground agile practitioners—individuals who were already using or experimenting with agile methods or were highly interested in changing the status quo.

The structure group would define the big picture: how Konecranes' agile teams should be organized; how roles, reporting chains, and career paths would change; how governance and processes like quarterly planning and quarterly business reviews should be set up and who should participate in them.

The change group would refine and implement the structure group's planning—identifying the individuals to work on each team, for example, and the common tools they should use. Training was another key mandate for the change group: getting the product owners, scrum masters, development teams, and other stakeholders up to speed; setting up ongoing coaching; and

kickstarting the agile teams by providing guidance for the early pilots.

The idea behind this two-pronged approach is that the structure group creates the enterprise-wide view of how all the pieces should be arranged, while the change team zeros in on each piece and ensures that it functions—and interacts with other pieces—well.

GO AGILE VIA AGILE

Initially, Konecranes' structure group had some general hypotheses about what the agile model should look like—ideas it would need to flesh out and fine-tune as the transformation proceeded. Similarly, the change group would need to adjust its own plans as the target model, its own work, and the lessons learned evolved. In order to incorporate new insights as they developed, Konecranes adopted an agile-like approach, with frequent iterations of testing, feedback, and changes.

In effect, Konecranes went agile to go agile. Every other week, the structure and change groups would hold a joint demo session, presenting their progress to each other. The two groups would then incorporate what they learned into the planning for the next iteration, or sprint.

This approach had a couple of important side effects. It showed quite vividly—to proponents and skeptics alike—how and how well agile can work. And it enabled senior managers, who typically don't participate in agile teams, to become familiar with this new way of working.

OWN YOUR TRANSFORMATION

Agile is new ground for many companies, and external advisors will often play a key role in shaping the transformation. Yet from the start, Konecranes took a clear position that this was not something to fully outsource. No one, after all, knew its business, goals, culture, and people better than it did. And by taking an active and integral role in the move to agile, Konecranes could focus sharply on what it was trying to accomplish and how agile could best work for the company. To be sure, consultants would

play an important part in jumpstarting the transformation: providing initial templates, inspiring with outside-in ideas, and challenging Konecranes to be bold but realistic. They also served as scrum masters for the structure and change groups. But in both groups, the majority of members were from Konecranes.

This deep involvement enabled Konecranes to create an agile implementation uniquely suited to its environment and needs. But it also brought another benefit: Konecranes could take up the reins of the transformation early on. After eight months, when about 30% of the planned agile teams were up and running (some 18 teams out of a planned total of 45 to 50), the jumpstart was complete, and Konecranes had enough experience and internal agile champions to finish the implementation itself.

COMMUNICATE THE MESSAGE FROM THE TOP

Like many agile transformations, the Konecranes initiative started in IT and was spearheaded by the CIO. But he wasn't the only senior leader playing an active and visible role in evangelizing agile. The company's executive vice president for technologies (who also serves as the responsible board member for technology) was involved on a weekly basis and regularly motivated IT staff in town hall meetings and encouraged other company leaders—including the CEO and CFO—to act as boosters. This support gave credibility and weight to the transformation. And by stressing agile's importance and explaining what it was all about, senior leaders helped to ease concerns about—and ease the path to—this new way of working.

SPEND THE TIME TO GET THE RIGHT “CUT” FOR THE TEAMS

Agile is all about collaboration and efficiency, so it's crucial to get the team make-ups right. As Konecranes discovered, that's not a quick or simple task, because for any of its process areas—such as production planning, procurement, and order management—projects are likely to involve shared platforms, shared business functions, and

interdependencies. The key is to make the dependencies as “soft” as possible by making the teams as autonomous as possible. This means identifying the right mix of skills from across IT and the business for each team's focus area.

Konecranes' approach was to start with a team that seemed right and then test, adjust, and iterate. This took time and was one of the biggest challenges of the transformation. But investing some time and effort in establishing the best team composition is vital to making agile work well.

EARLY RESULTS FROM Konecranes' agile initiative indicate increased collaboration between IT and the business side and faster delivery speeds. As a scrum master in an early pilot put it, “Once your team takes off, they deliver new stuff faster than the eye can see.” But clearly, the benefits have been visible, as all parties—agile team members as well as business stakeholders—have demonstrated commitment to, and engagement in, the change.

By eliminating silos, the cross-functional team structure has also enabled greater transparency into the progress and cost of projects. Konecranes' IT organization is able to spot and reduce bottlenecks early on and ensure that teams are working on the right things. Meanwhile, agile's bread and butter—the frequent feedback loops—allow changes to be incorporated faster. The result: teams focus on what matters most and create more value for the business.

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