

When Lean meets Agile – A Complete Organization Transformation Case Study

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Abstract

Lean and Agile concepts, methods, and practices are not new to those organizations that seek organization continuous improvement; however, they were often heard of separately. IT organizations practiced many forms of development standards and agile is one of them while non IT practiced Lean. Most recent there is a huge buzz regarding Lean and Agile that one is not mentioned without the other. The Agile and Lean journey require structure, champions, processes, and change management approach to ensure the implementation success of the Lean and Agile approaches as well as the sustainability of it.

Due to the speed of growth in organizations, there is a need to cover the adoption of Lean and Agile and what it entails to allow those interested in adopting Lean and Agile to learn what is required, and the challenges and rewards. The case study contribute to the practicality of the project management field in general, and sheds light on the Lean and Agile practices in particular.

This paper presents a case study of an organization in the financial industry in Canada that decided while basic agile was helping their IT, not until IT meet with Lean when the organization had a complete transformation to its delivery model and the way the organization aligned its product, software development and project management into a unified model that achieves Leagility through the benefits of both Lean and Agile.

Keywords

PMO, Project Management, Lean, Agile, Leagility

Introduction

About the Case Organization

Interac Association (the “Association” or “Organization”) is a recognized leader in debit card services. The Association is responsible for the development and operations of the Inter-Member Network (IMN), a national payment network that allows Canadians to access their money through Automated Banking Machines and Point-of-Sale terminals across Canada. Formed in 1984, the Association is now composed of a diverse group of members, including banks, trust companies, credit unions, caisses populaires,

merchants, and technology and payment related companies. The Association is a not-for-profit organization, governed by a 14-Member Board of Directors, appointed annually based on the business sector and the volume of transactions processed. More information about Interac Association may be accessed at <http://www.interac.ca>. Today, Canadians coast to coast associate the INTERAC® brand with leading electronic payment services that are trusted, secure and reliable.

The organization Challenge

The organization faces external and internal challenges. External challenges are:

- 1- Change in the pace of the payment landscape: the payments landscape is evolving at a fast pace as Canadian consumers increasingly adopt newer mechanisms to pay for products and services
- 2- Speed to market: the need to improve speed-to-market for new products / services and deliver successfully to build credibility
- 3- Market complexity: the need to integrate with external partner increasing project complexity
- 4- Competitive pressure: the increased competitive pressure on Interac's core products as global card schemes

The internal challenges are:

- 1- Deliver faster, better, and produce more,
- 2- Emphasis on process alignment efficiencies becomes prudent as Interac's seek continuous improvement and reduced waste
- 3- Ensure alignment across the three lifecycle models that Interac employes in the various elements of business and operations: Product Development Life Cycle (PDLC), Project Management Life Cycle (PMLC), and System Development Life Cycle (SDLC)

Lean and Agile

What is Lean and agile?

Lean is an approach that "identifies the value inherent in specific products, identifies the value stream for each product, supports the flow of value, lets the customer pull value from the producer, and pursues perfection. *"Lean is doing more with less. Use the least amount of effort, energy, equipment, time, facility space, materials, and capital – while giving customers exactly what they want. ."* (Womack and Jones 2008)

Agility is the ability to both create and respond to change in order to profit in a turbulent business environment. (Highsmith 2002). Agility is the ability to balance flexibility and stability. (Highsmith 2002)

Why Lean and Agile?

Lean thinking focuses on primarily on customer satisfaction through quality and speed. Secondly on improving processes through minimizing defects. Transforming to a leaner organization involves moving the organization through three major stages of change. However, becoming lean is not a final destination, but rather a way of approaching and delivering services that becomes integrated into the organization's culture. Foster a high trust culture through transparency, reducing the need to rely on bureaucracy to make decisions. *Lean thinking focuses on primarily on customer satisfaction through quality and speed. Secondly on improving processes through minimizing defects. Lean focuses on value stream mapping through VOC (voice of the customer) and process flow.*

Agile describes a set of principles and practices for delivering software. Agile business objectives are: Continuous Innovation, Product Adaptability, Improved Time-to-Market, People and Process Adaptability, and Process Adaptability. Every effort should be taken to automate all standardized and repetitive processes and tasks. Agile focuses on innovation, product adaptability, improved time to market, and support business growth and profitability.

The Role of the PMO as a champion

Reflecting on the role of the PMO within Interac, PMO sits at the Enterprise level helping the organization C-level plan and optimize their business portfolio connecting with organization strategy and annual corporate objectives. At the same time oversee the execution of projects through streamlined processes and standard methodology. The PMO is not involved in either product development or IT build which made the Interac EPMO the perfect candidate to be a champion since the function has vested interest in helping the organization functions to streamline, optimize, speed delivery through Lean processes and improved Agile practices. Additionally Interac EPMO was one of the more mature entities in their practice and processes to enable them to lead a huge organization transformation and the approach that was taking which allowed for flexibility in approach to achieve desired results.

PMO lead the initiative as a project ensuring governance at the various levels and an effective C-level steering committee that included the areas that drive content as in the product group and IT group, where ideas translate into IT builds. The importance of effective C-level steering committee played a huge role in removing road blocks and being in the center of decision making which facilitated successful results.

The approach

The approach consisted of three step process that took in consideration people, process, and then technology, and it consisted of:

- Building people then building products
- Formal education on value of Lean and agile and the benefit for their organization at all levels starting from senior management going down to the team members
- Provide time and support for teams to attend Lean and Agile tours and conferences
- Building process tailored to the organization that encompass all cycles from product ideation to operationalization monitored through gates
- Provide various tools to implement and measure people performance, and process performance

Managing the Change

The approach started as early as the initiative started through identifying vision, validating the vision, then taking action which meant either pivoting and changing direction, or pursuing and accelerating adoption. The approach covered three core areas:

- Cultural and behavioral change
- Leadership alignment and communication
- Process adoption which included ennoblements, capabilities, and tools to help adoption
- Starting the adoption through champions and pilot initiatives before mass rollout
- Continuous evaluations and reflection on pilot performance and adoption of teams

The Learning

The success of Interac' s PMO in leading the implementation of Lean and Agile resulted in the following:

- Foster a high trust culture through transparency, reducing the need to rely on bureaucracy to make decisions
- Focus on people education resulted in better buy-in, and minimize the fear of change
- Include organization layers in designing the process and leave tools to the end.
- Build enough slack to deliver fast, instead of maximizing utilization
- Move forward with imperfect information instead of waiting for the perfect plan

Conclusion

This paper summarized the case study of Interac, an organization in the financial industry in Canada that achieved Leagility through their Lean and Agile adoption. The success of this case study and the Leagility journey of Interac is due to the commitment of its leadership team, continuous coaching and support from their EPMO to ensure adoption, education and allowing people to go through the learning curve, and finally transparency through visualization tools that is part of the Lean and Agile practices.

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