

ENTERPRISE AGILITY: INSIDE ING'S REMARKABLE TRANSFORMATION WITH SUBHASH CHANDRA JOSE

TALKING AGILITY PODCAST EPISODE 10 TRANSCRIPT

Welcome to Talking Agility, a podcast from Accenture. Your host is Elitsa Nacheva.

Elitsa Nacheva: When we think of agility leaders in financial services, ING is front of mind. In 2015, the global bank undertook a massive journey to reconfigure the business when Ralph Hamers took over the helm of ING with its think-forward strategy.

They knew they needed to do more than just adopt some agile practices in select teams. They needed to become fully agile across the whole enterprise if they had to execute the strategy.

They looked not to other financial institutions, but to the world's leading digital companies – like Spotify, like Amazon, like Google – who are already operating in an agile way, and they took the leap.

ING recently topped Forbes list of the World's Best Banks in a study that measured customer satisfaction among 40,000 respondents. In the world of agile business transformation, ING certainly is a success story.

My guest today is Subhash Chandra Jose, who is the head of Change Management for ING in the model bank countries in south and central Europe.

Subhash joins me from his office in Madrid today. Welcome to Talking Agility, it is a real pleasure having you today.

Subhash Chandra Jose: Thank you so much, Ellie. Thank you for having me here.

Elitsa Nacheva: Absolute pleasure. I would like to kick off by asking you my first question, which is around the fact that ING undertook massive organizational transformation based on those digital innovator companies like Spotify, Netflix and Google. So, what triggered this transformation on such a scale?

Subhash Chandra Jose: At ING – you know – we are largely – we were largely a decentralized bank. Back in 2010, 2012 – you know – there was a lot of thoughts in different entities, in different business units about how do we transform our business more faster, more efficient and we embrace the agile journey pretty much independently in 2012.

During ING Spain – you know – we started with our own agile transformation. Similarly, in ING Netherlands, we started with agile transformation pretty much independently. So, it all was happening in different parts of the world in 2011, 2012.

And in 2014 Ralph Hamers took over as CEO of ING and he put forward what we call is a think-forward strategy.

The think-forward strategy means that we wanted to deliver our customers with a unique promise, and the promises that we said we will provide banking which is clear and easy, we will empower our customers, we will be any time and anywhere for our customers and we will keep getting better each and every time.

So we had this strategy, and this was basically a very high level strategy, and – you know – we knew that this promise

could not be delivered by just being agile, but we wanted to be truly agile in our thinking, in our actions, in our delivery, in exactly the same way in all across the globe.

So that is when – you know – we also initiated agile transformation across the globe in 2014, 2015. We started rolling it out as in one agile way of working across all the world starting with the Netherlands then – you know – starting to roll it out into other countries.

Then in 2016 – you know – Ralph said, “Okay, I have this strategy, I need to take it to a different level,” so he had to accelerate Think Forward strategy. And this accelerate Think Forward strategy – you know – had in its heart what we call is platform banking.

So, what Ralph said and as a bank what we said is that we are, essentially, a technology company with a banking license, right. And we felt that – you know – we were already doing a lot of innovation. We had a very strong balance sheet, we had a successful business, we had one of the very profitable businesses in our peers – you know – so we said we are not competing with our peers but we want to basically compete with the platforms of the world, like the Amazon or the Uber or the Google. And so how can we actually compete with them? And there we designed our platform strategy. And to have – to be a platform, then it became even more relevant that we had to be truly – be agile. You mentioned already about – you know – Spotify and some of these technology companies. In fact, our agile model is inspired from the Spotify model, so we’ve been in Spotify many times. And we’ve got inspired from Spotify and we’ve kind of – you know – adapted the Spotify model to an ING agile way of working. So, we also work in a similar way but it’s not just coming from the mission to be agile, but it’s actually coming from the mission to deliver a promise to our customers.

Elitsa Nacheva: And I think those technological companies they quoted; Spotify, Netflix, Amazon, they’re an important source of inspiration in the new

level of servicing clients and enhancing responsiveness to those clients in a world where customer expectations are really, really high and also the pace of change is really fast.

What is ING’s agile structure, Subhash, you mentioned that you were originally inspired by Spotify, so I’ll be interested to understand how ING is able to manage a massive business change with its Think Forward strategy using agile methodologies.

Subhash Chandra Jose: The basic element of our agile structure is a squad. In the squad, we have a product owner and the product owner is not just a position it is actually a role, right. So, what we have is basically customer journey experts. So, there are people who really think about how the journey of a customer or an internal agent or an operations person is going to be, and they design their journeys. And we also have, within the same squad, developers or engineers who are very good in their respective development methodologies. You know, these guys work together when in a squad. And the squad is led by a product owner, but the product owner is actually managing the product, the project owner is not the manager of the squad and that is basically the main difference that we have.

So, it is a self-organizing team, and we also have a group of squads who are working for one single purpose. For example, if we – if I have a group of squads or a number of squads who are working let’s say for consumer lending, which is one of our product lines, then consumer lending in itself becomes a tribe with multiple squads working for consumer lending, and the consumer lending tribe has a tribe lead who is basically the person responsible for the P and O of consumer lending, and the squads all roll up into the tribe-lead. And horizontally we have chapters, different chapters, there’s also, again, a standard model where we have – you know – different – you know – customer journey experts. That is basically our model.

So, we also have what we call a center of expertise. You know, centers of expertise who support, who are cross-functional teams who are – you know – who has a very unique skill in working within an agile organization, in agile tribes, across multiple countries where we can actually roll out this change in a very agile manner.

So, the COEs also works in sprints. They also have ceremonies which are very similar to the rest of the tribes and these COEs or Center of Expertise teams are – you know – highly agile teams who can roll out these transformations itself in different business units, different markets, different locations in a very swift manner.

Our agile organization, our agile product delivery organization are like – you know – a different unit of the country, right. So, let's say we have the army, we have the air force and we have the navy, right, we have... For us, agility means that our army, our navy and our air force are all able to work together cohesively as one unit, right, at scale. So, there is an agile unit which is working at scale, in a scale agile manner so that is basically our basic agile structure, but agile change management is more for us like a special forces unit. Let me state an example of Navy SEALs. Navy SEALs are coming from the Navy, right, but they are like SEAL is standing for they can fight in the sea, they can fight in the air, they can fight in the land so these COEs or these agile change management units are like the Navy SEALs, they might be coming from the Navy but they are working as a special forces unit where they can talk – you know – business, they can work on technology, they can work on operations and they can deploy these changes in the countries.

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Elitsa Nacheva: I love that analogy; it makes complete sense to be honest and – yeah – a really powerful one to really visualize how you are organized.

And that really nicely links to my next question which is around the challenge of

scaling a complex program with this discipline. So, how were you able to avoid the typical pitfalls which derail an agile transformation process, and how were you able to stay on course?

Subhash Chandra Jose: Yes, I think this was a question that – you know – we spent ages discussing within ING because – you know – typically when people talk about agile – you know – if you support short sprints, having more flexibility, giving away your long term detail plans and design documents and so those typical discussions around agile. And then, at the other side – you know – you have a strategy, you have a road map you want to know as an organization what do you want to deliver to the customers.

So, again – you know – this is actually also a kind of a myth that you cannot manage a road map or a business strategy in agile.

So we discussed a lot about it and – you know – we came up with a road map as a company across all our different transformation programs, across all our different – you know – programs and change initiatives that we have across all the countries and we built an integrated road map and then we split this road map into ninety-day cycles, like every quarter. And we are continuously adapting this road map, but at the same time we also have a very strong governance with our central global transformation office. We have a global transformation office – you know – orchestrating all the different transformation programs, working all completely in agile, but the global transformation office also works in agile.

So – you know – we have what we call is a quarterly business review. So a quarterly business review is a ceremony within our agile framework where the tribes come together to see how we are staying on course versus the road map, versus what the agile self-empowered teams and the self-organizing teams are delivering and obviously I need to be very honest that – you know – not always we find it – find that – we have delivered what we wanted to

deliver. Sometimes we deliver more, sometimes we deliver less, but we make it very transparent. We make it very transparent and we try to see what is it that we need to adapt every quarter, right, and then we adapt our road map.

There are certain situations where we need to basically – you know – reinforce our deliveries in the agile teams, certain, many other times – you know – it is – it might be more how we manage dependencies, so we have a strong framework to manage the dependencies within the agile methodology and these quarterly reviews helps us a lot to stay on course.

So, one of the things that we have also done as a part of our agile transformation is that we don't have managers anymore. Right, we simply don't have managers in any of our job descriptions, we only have leaders, right. And sometimes – you know – and the leader doesn't mean that – you know – you are actually managing people and – you know – that is not the case. The leader is the person who is – you know – guiding the team, the squad, and that is always driven by a purpose, right. So, anybody can be a leader, so that is kind of the message.

And I'm very glad to tell that it percolates right from the top most level right from the boat level, so for example at ING it is not uncommon for you to see – you know – CEO Ralph Hamers or a board member – you know – sitting with a developer in a meeting room and – you know – you can always have a conversation at any level, so that open conversations and that – you know – are there and there is no need of – you know – a lot of hierarchy and bureaucracy, but at the same time you need to ensure – you need to know that a CEO or any senior leader will not dare to tell a developer or a product owner – you know – "I want this. You need to do this," because it is against the job principal. So we only tell, "This is our strategy," how you reach there is something for the squad to define.

So, that is, I think, our culture as ING has helped us a lot in our agile transformation as well as the transformation that we are doing to embrace the model bank and the program sector I was talking about.

Elitsa Nacheva: And culture vision and leadership are things that were fundamental as well. If I bring our listeners back to our second episode of the podcast where we spoke with Eva Sage-Gavin, it was something that she stressed a number of times of the importance and how vision leadership established that culture of transparency which then leads to, of course, having – being able to establish enterprise agility.

But, speaking of transparency, ING has been very transparent about the transformation, and note there aren't very many banks which share YouTube videos about their operating models. So, I was curious, why do you choose to be so public about it?

Subhash Chandra Jose: Again – you know – it is very inherent in ING's culture so I think we are very honest and transparent, and if there is one thing that we care the most is our integrity. So, what are we doing, we are very black and white and I think that's also to do with a little bit about the Dutch culture and ING has – you know – its roots in the Netherlands where people are very straightforward and a bit blunt about – you know – what they think and speak out. And I think that has percolated in all business units across the world. We believe that – you know – people we should be very honest and transparent about what we are doing. Also, it gives us accountability in that way. But I think that also gives us a huge responsibility, again, which is under the part of our Orange Code. When I'm public about it then I'm also bound by the commitment to deliver that.

And I think we have all, as an organization, right from our board to all our – you know – to our squads and tribes and all of our – you know – the leadership teams we have all put our skin in this commitment that we have given to our customers that we will be

improving ourselves, we will be a better – you know – platform, we will be a better bank we will be empowering our customers etcetera, the promises I mentioned and that is all about this transparency, and we're very, very, also very internally very critical about each and everything we make that we talk about, that we want things to be very – to be the same internally and externally, so we don't have two different standards. That what you see outside is exactly what you'll see inside ING as well.

Elitsa Nacheva: Yeah, so I really like what you said about having skin in the game and transparency and what leads to that.

We are running out of time, but is there anything else you would like to add briefly about ING's agile transformation in our final minute together, Subhash?

Subhash Chandra Jose: Agility has a lot more things to do than just IT or – you know – transformations. I think it is more about a culture.

If I have a piece of advice for other financial services industries – you know – to going agile, I would say that first, before going to agile transformation, try seeing the principals that agility or agile stands for and ensure that your culture is first transforming into those – is resonating the principals of agile otherwise it will be hard for you to be successful.

Elitsa Nacheva: Thank you very much. That is a great final message to our listeners, that the key is not just in finding the methodology and following the principles, but also in the culture and understanding how the culture fits with all of that.

So, thank you very much, Subhash, for your time and sharing your insights.

Subhash Chandra Jose: Thank you so much, Elitsa, it's a pleasure.

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