

Enterprise Agility: Rewiring your business with Andy Young

TALKING AGILITY PODCAST TRANSCRIPT

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

Elitsa: Welcome to Talking Agility, a new podcast by Accenture looking to explore the topic of enterprise agility. I'm your host, Elitsa Nacheva and today I'm joined by Andy Young, who was also my guest during our kickoff episode for the podcast. Andy is a managing director in Accenture's financial services business in London. He leads our Talent and Organization practice in the UK and Ireland and also leads our agile organization practice globally. Andy, thank you very much for joining me again and taking the time to speak about rewiring the business for enterprise agility.

Andy: Thanks Ellie, good to be here again.

Elitsa: Today's topic is rewiring your business for agility. Andy, could you unpack it a little bit for our listeners?

Andy: So, what this is really about is applying agile change to specific change initiatives, specific programs, specific product areas within technology. It's beneficial. But we believe the fundamental benefits of agility, both at the strategic and financial level, you can only really get to those when you rewire the whole business, over time, towards agility. Those organizations that are wired for constant change, that ability to respond and adapt quickly to both the opportunities in the marketplace but also the massive disruption that's going on, those organizations are the ones that are going to survive and thrive in the new world we're in and we're going to have to think like living businesses. They're

designed to adapt, designed to evolve over time. They're much like living organisms rather than bureaucracies.

Elitsa: What are the things that a business needs to rewire, actually?

Andy: We talked previously about leadership and culture being the real foundation of an agile organization. I'd add to that a level of thought around how the organization manages constant change, rethinking risk and governance within the organization, how decisions about risk are made and funding investment alongside that being the other big topic. Then we get into the actual organization itself, rewiring the organization structure, rethinking the workforce and then really getting into thinking about the customer proposition, the channels, the operations that serve customers end-to-end. And you can't have this conversation in financial services now without talking about technology and data as well.

So, when we talk about rewiring the business, we mean pretty much every aspect of the business.

Elitsa: Every aspect of the business. Could you elaborate a little bit more on the leadership and culture ones?

Andy: Sure. So, perhaps to give an example to start with, we're working with a large financial services institution in Asia and one of their challenges is really around how as a leadership team do we start to role model these agile ways of working into our organization? And not into just a simple, single country culture but into many different national cultures and legacy

business cultures across Asia. We worked with them to help inculcate those behaviors into their leadership teams, both their executive team but also the different leadership teams around the business. Also help them run experiments, pilots and then help them scale in many different markets. And that wasn't done as a sort of central program of work, it was a grassroots movement within the business.

That story could be many different financial institutions; a lot of them are looking at both leadership and culture aspects to start with. We think that's a really productive place to start this conversation. And there are some really key behavioral things, and these are not going to be universally true. What we're not here to do is give a rote answer, a rote prescription about culture. This is very much for individual organizations to work through. There are a few things that tend to bubble to the top and they're reflective of where all this started in Toyota in 1948 or in the sea lodge when they'd bring up the agile manifesto. These things rang true then and they ring true now, for many organizations, but I do think it is an individual organization choice.

Elitsa: So, changing culture is a unique journey for each business but are there any common themes that come up time and time again?

Andy: Some of those things would be customer focus, so how are the things we're doing relevant to our customers and clients? And obviously that's something that's a struggle for many financial services organizations where other products and other industries seem more relevant to our lives now as consumers than financial services products do. Also, there are some new entrants who are trying to change that.

A way to get around that is participation with customers. In another sector, one of the big home retailers that we work with,

they conducted thousands of home visits to customers to understand how they improved their homes, how they did home projects before embarking on their strategy and their new way of working in agile.

Collaboration is massively important, secondly. Collaboration is something you hear lots about, in agile, in multidisciplinary teams. Maybe less talked about is the collaboration across siloes within an organization and that's particularly true in financial services or outside the organization's ecosystem. That's something that really starts to challenge the notion of what a financial services enterprise looks like. So, are we able to collaborate effectively, can we connect people up, can they co-work on stuff, can they co-create stuff together across the organization?

I think transparency is the third one worth highlighting, so can we share information, can we share success and failure. That needs real trust in the organization, that need leadership examples of that. I think it's one that, given the nature of the industry, a lot of data we're dealing with in financial services, we struggle with that. There's a nervousness now around client data protection as well. So there's definitely some competing factors around that need for transparency, about what's acceptable, what's not. That's something for each organization to navigate.

Learning, again, something that maybe has been misused as a cultural attribute in financial services, in many places that's been pushed back into being training, often compliance training only, but really embracing a growth mindset about, actually, we're going to try something. If it fails, we'll learn from it, we'll move on, if it's something successful, we'll learn from it, we'll move on. That's combined with a reskilling need within the industry. We've got some great examples, particularly from some of the European bank about embracing the

reskilling agenda and connecting that up to being a digital bank.

Elitsa: And what other behaviors are important? Innovation and freedom come up a lot, I would assume.

Andy: Innovation, clearly, a very hot topic. You've got innovation directors everywhere, innovation labs everywhere. Nothing wrong with those, clearly there may be a few of those people listening. But innovation is about behavior. It's something that everyone should embrace, that spirit of experimentation, of creativity, is really important. The challenge for us as an industry is how do we scale up across the organization when we've asked people not to be creative, not to take measured risks.

And finally, empowerment. That's probably the bit where a lot of this stands or falls on empowerment and trust so, are we prepared to trust people, prepared to give them space to perform, give them space to lead, allow them to make quick decisions. A number of the institutions we've worked with have particularly had to work through the challenges of empowering that product owner type level in the organization. That kind of specialist, middle management rank needs to step up in this change. And that's been something where I think about one of my clients and we've had to spend a lot of time helping them through that journey of product owner education, product owner development as well.

Elitsa: And it's something I also notice in my client context, where someone is given the title product owner but it seems like more of the focus falls on taking the different roles and responsibilities that come with the product owner title but not really embracing the fact that empowerment is in their hands and they need to be the mediator in between the business in representing the customer interests and appeals.

These are very, very important Andy and I really resonate with them having seen them from my experience in works with clients on the ground, particularly with regards to collaboration. It's one of my favorite topics. I was lucky enough to work with the top 200 group of one of our clients when it came to talking about collaboration. It was interesting how the perception they had about collaboration was very different than the perception I had. So I quickly realized we had to bridge that gap. But also I saw that there was the worry about transparency, to what extent they could be transparent. They worry that everything had to be very much meticulously checked, and they couldn't feel themselves empowered to be sharing with their teams, so these are some very important principles.

Andy, would you also mind telling me a little bit about risk and governance in funding an investment

Andy: Yes, topics some of our clients, actually many of our clients obsess around and quite rightly so. A lot of the industry's been founded on managing money, managing risk, so quite rightly some of the questions we get from senior leadership teams are, won't pursuing an agile organization raise the risk profile of my organization? How will I make decisions within that? How will I know what to fund and how will I maintain control of spend? All natural concerns.

Our perspective would be that a truly agile approach towards this topic actually increases both pace but also stability and control. Done in the right way, maybe what you're doing is not so much controlling from the center, maybe not trying to impose yourself on every single decision. But you are raising the level of actual control you have when you're operating within a certain environment.

Clearly some aspects of agility which is about leadership being able to sense and respond to risks and threats in the environment but also that sensing to happen at the edges of the business as well.

I think a helpful example would be that Asian financial services example I gave. Their ability as a leadership team to see everything that was going on in every single market across Asia is substantially less than the individuals actually working in those markets, knowing what's going on the ground, knowing what competitors are doing, knowing what the consumer needs, being able to sense and respond both at a senior leadership level but also at the front line of the business, being able to make rapid decisions within sensible parameters at different levels of the organization is really important. And those decisions increasingly need to be data-driven. A lot of organizations struggle, even though they are financial services institutions, they struggle with a paucity of data, or good data to make decisions. And that shouldn't take away the human judgement and leadership acting in making a decision but understanding the data that's available around decisions is really important and we're starting to see this movement towards intelligent organizations, where data starts to be much more available, not just in the center, around the boardroom but out at the front line too.

On investment, this is really important obviously because there's no greater way to signal what your priorities are than where you spend your dollars or euros or whatever currency you're working in. And where we generally see a need as we move towards agile work, there needs to be a much more flexible and dynamic funding cycle that has space to be able to invest in new change that's coming through. Organizations may need to embrace things like tranche funding and seed funding, not just annual funding cycles for programs. And there's a whole lot of research done on what's called the wise

pivot which to demystify that is, the choices we make between investing in transforming the core business today, growing that core business or building the future business. And actually getting back to making deliberate choices about where are we going to place our bets really is critical. We see our change leaders in financial services doing much more of that than everybody else. They place much more careful bets on selective things rather than spreading the money around everywhere.

Elitsa: Everywhere, yeah. And I think when I was first faced with understanding what a tranche approach was when it came to working for a client who was embracing this particular approach, the way that I saw it is, instead of giving X amount to one particular program, you would give some of that amount to see how this program would do and when they do their first release you're going to make the call, is this program actually worth continuing or would you be better off with repurposing those three-quarters of the remaining funding for something else that will benefit the future organization.

Andy: That's right. Or, if it's really successful, we double down and on the bet.

Elitsa: How about rewiring the organization and the workforce?

Andy: Our view is it's not particularly about the organization structure. There are obviously lots of alternative models out there. We do a lot of work on organization structure and organization development with clients. But it wouldn't be the sole place that we start in terms of trying to create agility. We think there's much more about the way the organization works, the way the business works, the way it serves customers.

But that said, focusing on smaller, more multi-disciplinary teams and understanding how those teams integrate together,

understanding how we create a more flexible organization structure. Something that's more modular, that can be built more like Lego than like bricks and cement.

And then really understanding how the vision and the purpose for the organization is reflected inside the organization. There's a number of very, very cutting edge projects we've got, particularly in the resources sector and the products sector and in some of our retail clients, where they're really experimenting at the extreme end of this. I think, on this topic, financial services will always be a follower because we've obviously got certain aspects of regulation, different jurisdictions, that point towards more traditional organization structures. But even with that, we can start to look at more flexible organizational constructs and, frankly, build collaborative, more agile working practices even within the existing organization structure.

So that's organization. If you think about the workforce now, there's two aspects. One is the reskilling or new skilling journey that organizations are starting to go on with their workforces. We know from datasets cross-industry and particularly in financial services, there's a very high appetite to reskill from the workforce, but actually the organization response to that has been relatively low. Only 3 percent of financial services institutions are increasing their learning investments as a result.

But there are some leaders out there in the markets, AT&T are a great example in the communications sector where they've been helping their engineers co-invest in their new skilling and moving from being traditional communications engineers into being technologists in a new technology company as AT&T is moving towards. For our own journey, we've reskilled, at Accenture, around 165,000 technologists over the last couple of years in New IT. These big shifts in workforce are essential

when we're talking about agility, but the ability to move one of the key resources an organization has towards the skills that are relevant for the new way of working, the new service to the client, whatever it happens to be.

Elitsa: And Andy, what about the workforce?

Andy: The other aspect is actually the workforce itself becoming more adaptive. Increasingly, we've got organizations who are interested in tapping into skills and capability outside their formal organization, whether that's freelancers or service providers or using task-sourcing platforms, like Upwork or WorkMarket, to bring skills into the organization on an on-demand basis. Those things aren't prevalent in financial services at this stage. There are things they use in pockets of the organization. For example, marketing typically uses more of those than other departments but we've seen other sectors move very, very rapidly towards that adaptive and extended workforce concept, particularly in the United States. And I think we'll continue around the world as a trend.

Elitsa: That is very interesting, Andy. The last two of the key elements are channels and operations and also technology and data. Could you tell us a little more about these two key factors?

Andy: This is the core of the business, like how as financial services do we serve our customers, our clients? We're certainly seeing from all customers whether B2B or B2C, this desire for a more coherent digital interaction but also something that works from a human perspective. Sometimes that might be physical co-location and interaction, you might get it in a branch or a relationship manager context, but equally might be something that's enabled by digital as well.

Within that empathy and relevance to the customer that we talked about, as a behavior, that really coming through in the proposition, the channel, the operation. Something that works for me as a customer, we talk a little about frictionless, something that just works. But also when it needs to be human, it's human, it's responsive, so it's not just a slick experience that can work within certain parameters. When I have something that I really need help with, I can seek help with that.

Lots of interesting examples out there of organizations embracing this in some quite traditional environments. It's quite a few years old now, but I really like example of the State Bank of India and their in-touch branches which were this significant digitization of the branch environment in what's one of the biggest retail banks in the world in a very, very traditional Indian market context but tapping into this new generation of consumers through some of the urban centers in India. It's a great story.

Elitsa: And what about technology and data?

Andy: Technology and data's behind a lot of that. So, understanding how you've got these very, very new startups, Monzo or Atom or Starling in the UK as examples and there's similar lists around the world for each country. Those organizations have been able to build very focused architecture and very clean build in terms of they're not dealing with any legacy. They're born digital, they're born agile. Their job is easier. The IT departments, the CIOs of our large clients need to grapple with things moving at different speeds in their architecture and a lot of it's not moving fast enough. So they're very much focused on how they embrace DevOps, how they create multi-speed architectures to separate slower bits from bits that need to be faster, how they start to embrace data to make fast decisions within the business. That's a really big topic. It's

something that we'll get into in subsequent podcasts but we can't talk about this at all without talking about speeding up and rewiring organizations without talking about technology and data. Just look at a Netflix or an Amazon or a Google to see the way the world's going, and financial services will be no exception to that.

Elitsa: Having reviewed those nine key elements, what would you say are some specific aspects for banking, insurance that they need to consider to become more agile?

Andy: So I think beyond the comment about making sure you start with thinking about the whole journey and not just addressing one element like organization or technology, would be two areas where people get hung up. Think about the whole of that, all those nine areas.

The other thing is recognizing that within your organization it needs to be right for your organization, it needs to be right for what you're trying to do strategically for your customers and clients and then recognizing not all aspects of the organization need to run at the same speed.

Elitsa: Thank you very much to Andy for joining me for yet another very insightful conversation. I hope this was as useful and interesting to our listeners as I found it myself. You can expect our next episode in the next two weeks.

In the meantime, I would encourage you to visit our website, [Accenture.com/TalkingAgility](https://www.accenture.com/TalkingAgility) where you can read Andy's blog and also download the report on the enterprise agility topic. In addition, you can also subscribe via iTunes or Soundcloud, review us and rate us and send us any questions, comments, suggestions. I would love to hear any feedback on topics that you'd like to hear more about in the future. Thank you very

much for listening and I hope you tune in next time.