

THE STATE OF AGILE IN SOUTH AFRICA 2019



Introduction

The annual IQbusiness survey on the state of Agile in South Africa was launched in 2017. Since the inaugural survey, the focus has gradually shifted away from IT towards business agility. This is in line with a shift we have noticed in the industry globally and in South Africa. While various complementary models exist to present dimensions of Business Agility, the IQbusiness State of Agile Survey was loosely based around the domains of business agility, developed by the Business Agility Institute.

Most of the 2019 survey areas are still centred around the operational element of business agility, especially in terms of process agility and the activities undertaken by Agile IT teams. The role of Agile leadership is a new focus area for 2019. This year's report places more attention on the customer, who is the crucial "golden thread" in the business agility model. While we used the business agility model to lightly guide the survey's direction, we formulated the questions and answer options while looking through a South African lens. Local organisations find themselves paying attention more to the team, people, and process domains, with board and partners not yet garnering much consideration.

In addition to the quantitative survey, we conducted six in-depth interviews with South

African companies of various sizes, all embarking on the Agile journey. A thank you to the following participants:

Anton Fatti – Chief Digital Officer at Discovery Limited

Justin Doyle – Head of Enterprise Agile at Discovery Limited

Nola Dlamini – Managing Executive: Digital Transformation at Vodacom

Richard Bailey – Senior Vice President Engineering at Entersekt

Teresa Strydom – Head of Strategic Build at Liberty

Zayne Upton – Lead Agile Coach at Vodacom

The report is structured to provide insights on three levels:

- **Team level agility** – focusing on which practices, techniques, and tools are used.
- **Enterprise level agility** – agility across the value chain with the objective of delivering value.
- **Business level agility** – culture and mind-set. This relates to the organisation's setup from a people, process and technology perspective – this should enable it to adapt to changing customer needs and market conditions with the aim of gaining a competitive advantage.



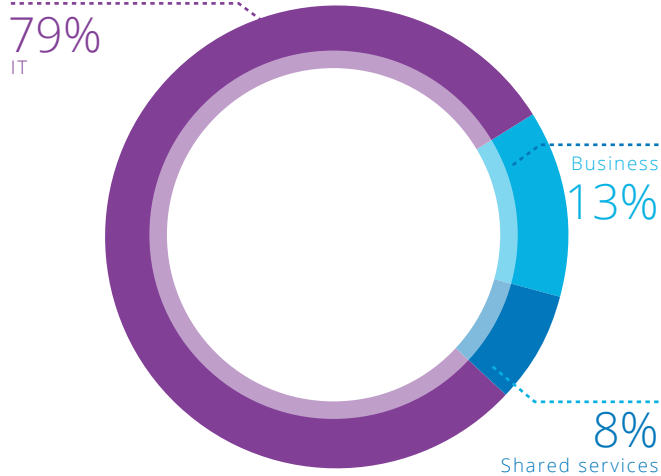
Survey Demographics

263

South African Agile practitioners completed the 2019 Survey.

The sample's demographic profile has not shifted significantly over the past 3 years. The majority of the respondents are from IT (79%) and the remaining 21% from business, shared or support services. Those answering from shared services are mostly from human resources, finance, facilities, and marketing.

Functional Area



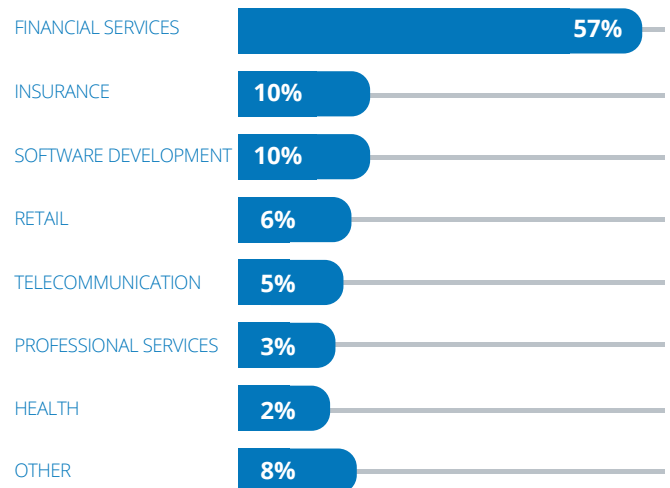
Only a small percentage of the sample are Agile consultants (18%), and these individuals were asked to respond from the perspective of their client company and project.

Employment Type

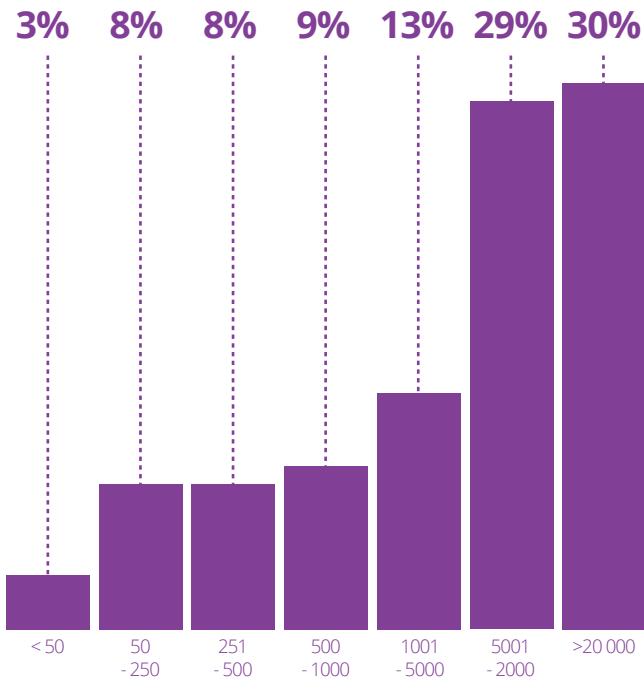


Although our respondents represent organisations of all sizes, 59% are from larger corporates. More than half of the respondents (57%) are from the financial services sector, and as such work in large organisations, primarily banks. The insurance sector and software development are well-represented (10% each) and the balance is made up from a range of other industries, including retail, telecommunications, and healthcare.

Primary Industry

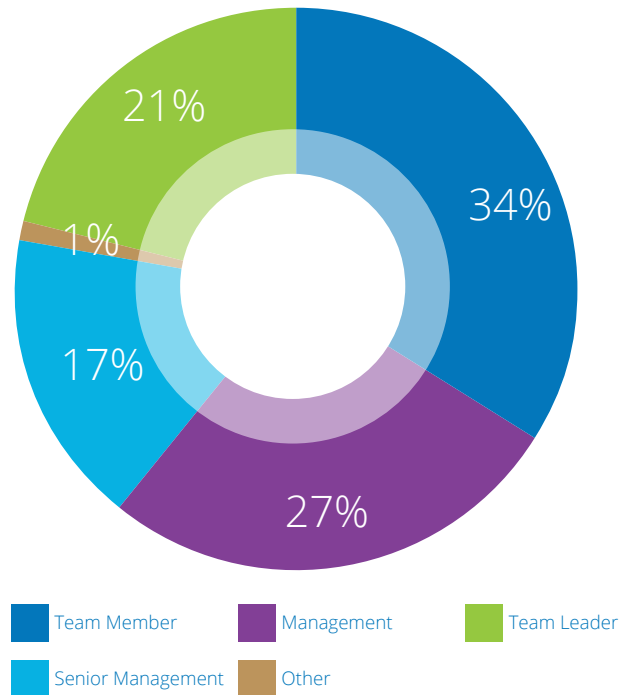


Company Size



It is reassuring to see that delivery team members (developers, analysts and testers) made up the biggest single group of survey respondents, giving us valuable insight into the thinking and buy-in at a team level. Predictably, Scrum masters made up the next largest group, and we were pleasantly surprised that business analysts made up the same number of responses. It is unfortunate that there is a lower response rate from product owners as it will be valuable to understand their perspective on Agile in South Africa. It would be extremely useful to gain more executive insight in future, as these strategic decision-makers steer all the business areas where Agile ways of work could positively impact customer satisfaction and organisational goals.

Level

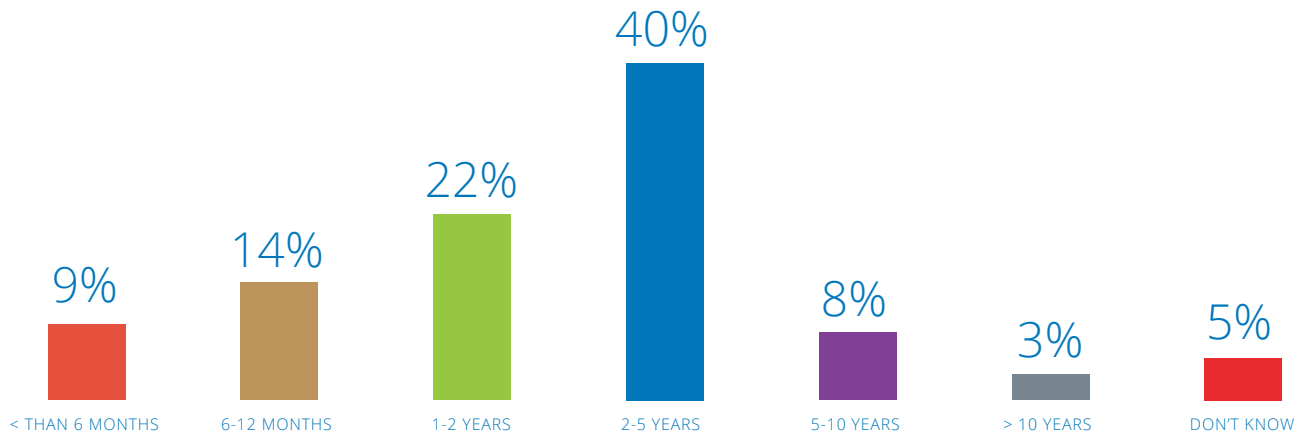


Roles

Developer/Analyst/Tester	28%
Scrum Master	25%
Business Analyst	25%
Agile Coach	16%
Business Role (non-Agile specific role)	14%
IT Manager	12%
Product Owner	11%
Project Manager	10%
Executive	8%
Programme Manager	7%
Change Management Related Role	4%
Other – please specify	2%

Team Level Agility

The IT Teams' Agile journey



Adoption of Agile in Teams

Comparing results from 2017 to 2019, we can confirm that Agile at the IT team level is maturing. Agile practitioners are more experienced and employ a range of techniques and tools. IT teams are moving from temporary to more permanent cross-functional teams, and most claim to operate with a focus on outcomes rather than outputs. However, it is concerning to notice further decline in the use of engineering practices, an area where low adoption was highlighted in our previous report.

There has been a constant rise in the adoption of Agile in IT teams, and the maturity of that adoption each year since we first undertook our inaugural survey. The 2019 results are no exception, showing an increase close to 10% in teams already two to five years into their Agile way of work journey. For the first time, we have the majority of respondents (51%) indicating that they work in teams that are relatively experienced in the use of Agile (2+ years). This points to a trend of increased maturity in the market and that teams are following through with this way of work. In contrast, the 2018 survey showed 61% of respondents working in teams with below two years' experience.

The number of teams noting five or more years' Agile experience is also up from 7% to 11%. With new adoptions taking place constantly, the demand for highly skilled Agile practitioners is greater than ever.

Practitioner Experience and Training

In the shared services business areas, Agile is still an emerging discipline, so respondents naturally have fewer years of experience and understand Agile in different terms than their colleagues in the IT space.

Agile practitioner experience by functional area

YEARS	IT/SOFTWARE DEVELOPMENT	BUSINESS	SUPPORT SERVICE
<1 YEAR	16%	27%	43%
1-2 YEARS	13%	21%	19%
2-5 YEARS	42%	41%	24%
5+ YEARS	20%	12%	15%

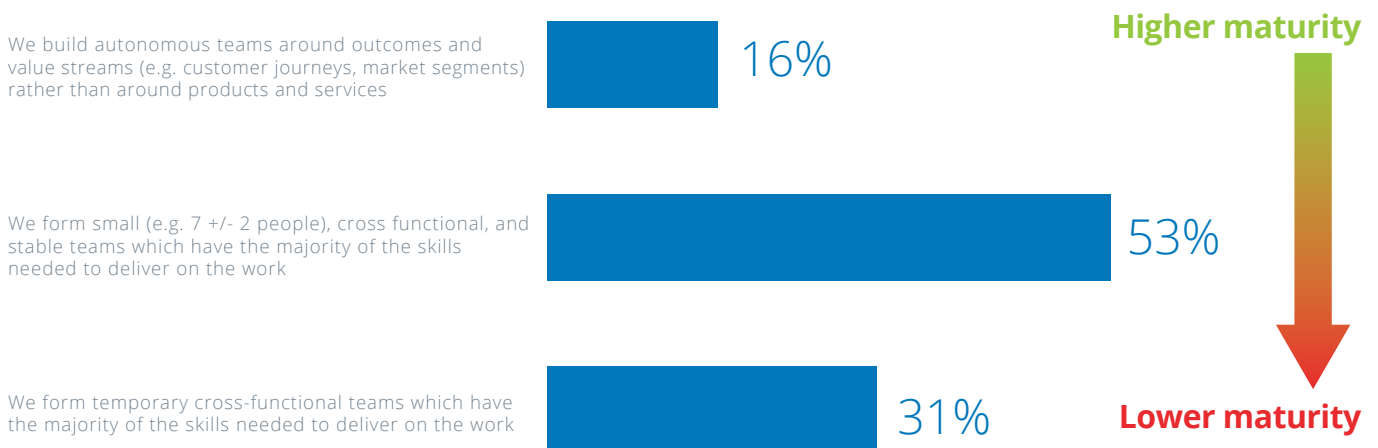
Over the past year, the Agile practitioner has been upskilling through training, most notably in terms of Kanban and the Scaled Agile Framework (SAFe®). The fact that SAFe® is a training focus area is related to the increased perceived need for scaling in larger organisations. These businesses are faced with the challenge of managing delivery pressure across larger programmes and initiatives, with more and more teams working in an Agile manner.

Agile training areas by year

	2019	2018
Scrum	83%	79%
Kanban	43%	32%
Product Owner	35%	34%
DevOps/Engineering Practices	15%	9%
Scaled Agile Framework (SAFe®)	31%	18%
None of the above	5%	11%

It is interesting that Kanban is growing rapidly. The potential driving force behind this is that those who have used the Scrum framework have not necessarily achieved the desired benefits and are therefore looking for alternatives.

Structure of IT teams



It is important to remember that the root causes of organisational challenges need to be addressed by leadership – no framework is going to fix these.

“Scrum is like your mother-in-law; it points out all your faults.” Ken Schwaber; - Co-creator of Scrum

In 2019 we also noted a large increase in the uptake of SAFe® – the big corporates may need to adopt scaling practices to deliver value in programmes or larger initiatives where many teams are required to work together.

Structure

The typical structure of an Agile IT team is that of a small and stable cross-functional team (53%). As much as a third of businesses are still at a low maturity level, where people work in temporary cross-functional teams and very few IT teams have made the move towards high maturity by creating autonomous teams around outcomes and value streams.

Agile methods

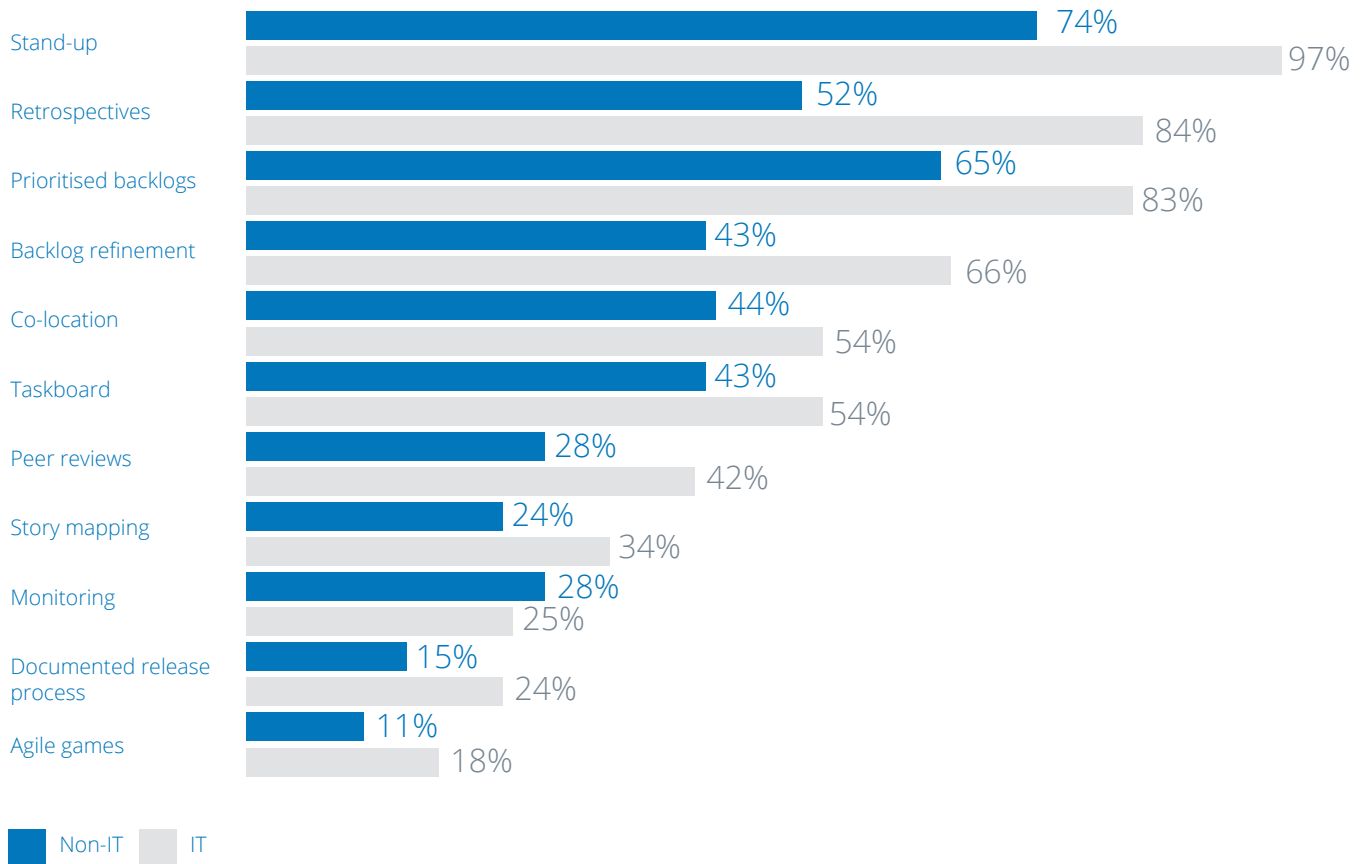
The stand-up is seemingly misunderstood as almost synonymous with Agile as a concept. Over the past three years the number of IT teams who make use of this short daily team planning session has increased from 93% to 97%. It is also the most popular Agile practice being taken up by areas outside of IT. Generally, the popularity of the techniques used in IT teams are mirrored by those outside of IT. As the wider business starts embracing Agile ways of

work, they tend to employ the same techniques, although perhaps not as widely as within IT.

All but two of the Agile practitioners in IT who took part in the survey use either physical or virtual tools, with 72% using a combination of the two.

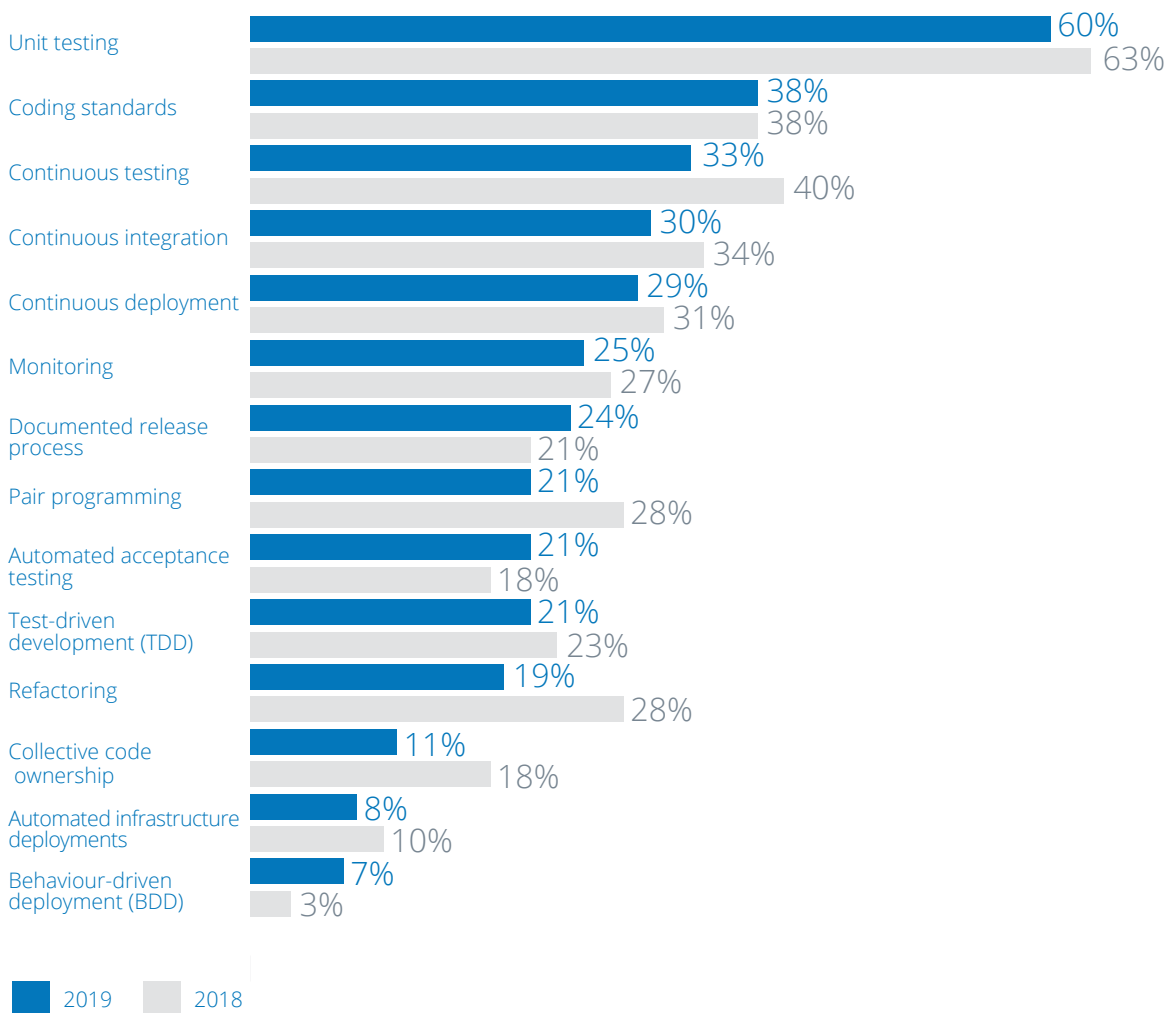
Physical tools (task board, index cards, wall space)	73%	▲
Virtual tools (electronic)	88%	▲
None of the above	1%	▼

Agile tools and techniques used by teams outside and within IT



“As with other Extreme Programming practices, the idea behind continuous integration was that, if regular integration of your codebase is good, why not do it all the time? In the context of integration, “all the time” means every single time somebody commits any change to the version control system.” - Jez Humble - Continuous Delivery

Engineering practices employed by IT teams



The adoption of engineering practices is still a lower priority than process-related practices. The practices that do end up being employed seem to have a short-term delivery focus. Unit Testing has been topical in traditional approaches with a delivery focus. We did not ask respondents to distinguish between manual and automated unit testing. Automated Unit Testing (frequently confused with Test-Driven Development - TDD) is often seen as a luxury that can be sacrificed when the focus is on short-term delivery.

The only practice that showed a marked increase is Automated Acceptance Testing. It is promising, yet still reflects a short-term focus. A regression testing cycle before a release to production is often frustrating and very visible to business stakeholders. This increase could also be associated with the realisation by many organisations that DevOps is critical to faster delivery.

DevOps is commonly and incorrectly seen as a toolchain discussion and not a different way of being; a new culture. The first practices that are generally mentioned after the word DevOps are Continuous Integration and Deployment (CI/CD), and there are many tools that support these practices.

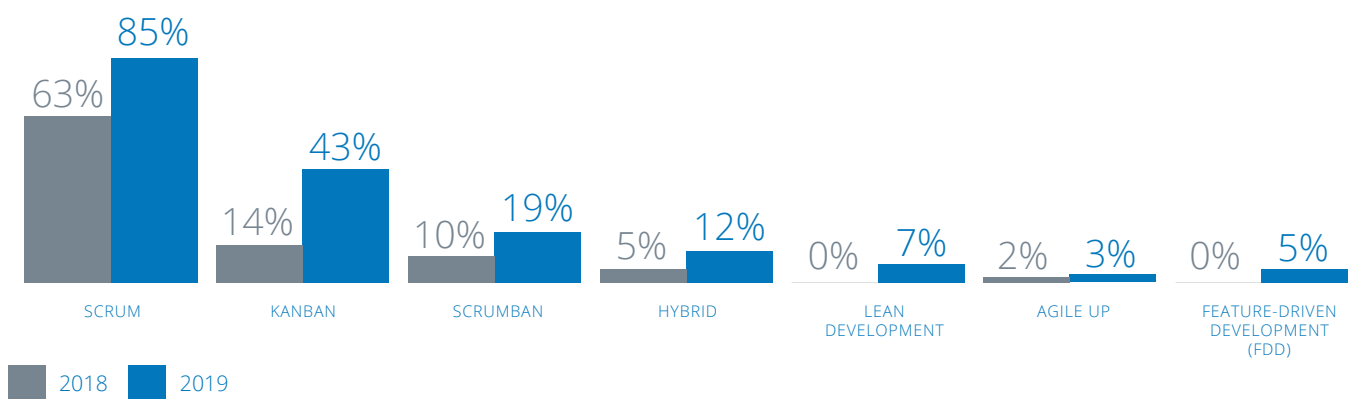
However, Continuous Integration is, first and foremost, a behaviour change that is merely enabled by a tool.

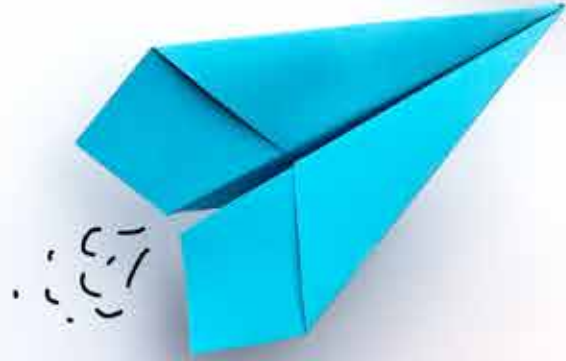
Experienced software practitioners understand the value of investing in other Extreme Programming practices such as TDD, refactoring, pair programming, and collective code ownership. These ensure sustainable delivery and reduce the total cost of ownership. Extreme Programming practices are about behavioural change, and it is difficult. It is easier to explain the benefits the use of a new tool promises to bring to the CFO than why two developers are working on the same piece of code at the same time.

Frameworks

In 2019, we've seen a large increase in the use of Scrum, with an even more extreme increase in the use of Kanban. Does this represent true application of Kanban as a process, or simply the use of boards visualising ongoing work? Either way, we see that more teams may have realised that Scrum isn't the answer to every problem. This hints at an improvement in the overall maturity in IT teams.

Frameworks Used By IT Teams



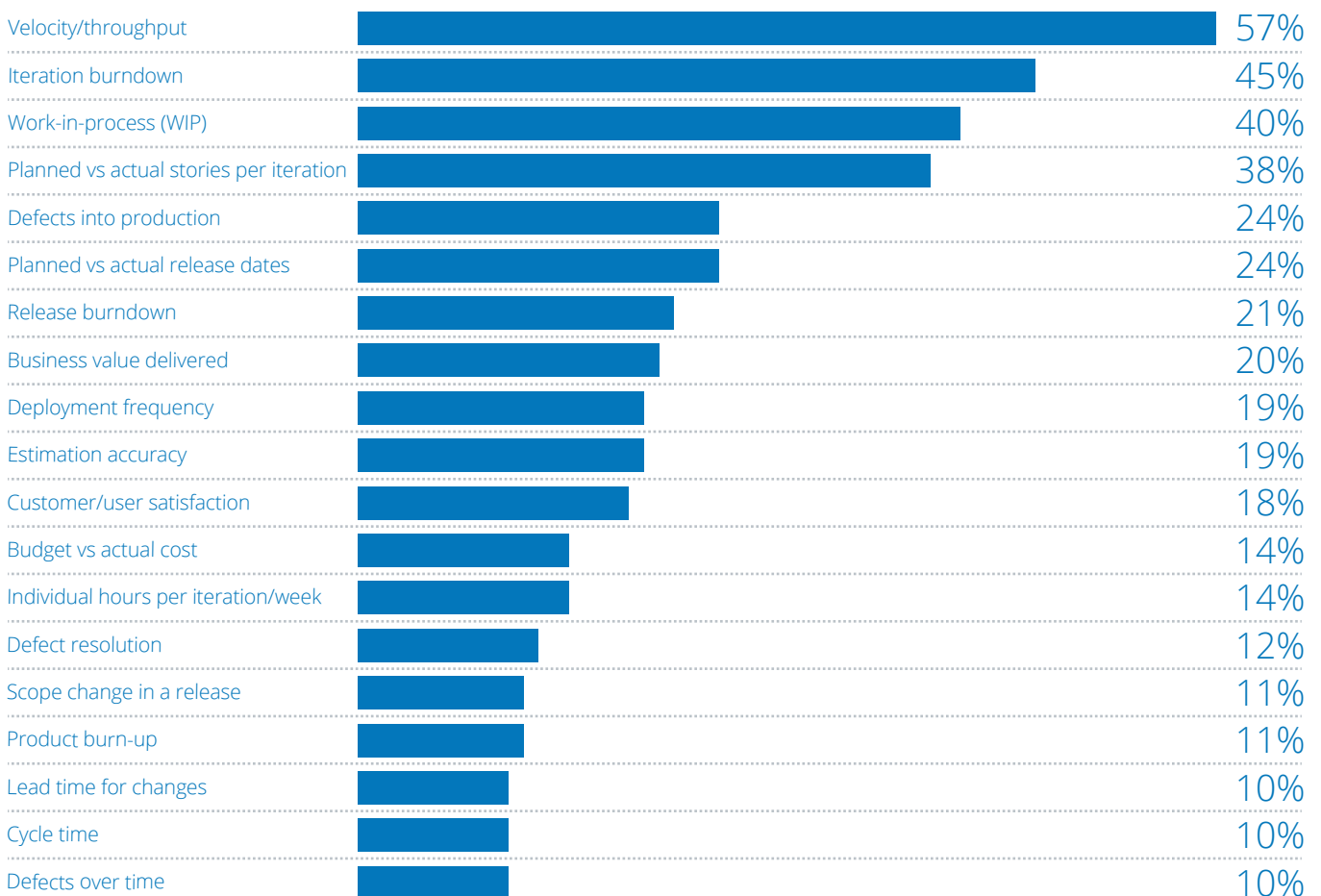


Metrics

Most South African businesses do not realise the expected benefits of getting products to market more quickly; and very few are using the correct metrics to gather this information. Although usage is still low, those adopting Kanban are more likely to use lead time and cycle time. These metrics measure time from customer request to delivery and the team's process time respectively. There is, however, no reason why these metrics cannot be employed in a Scrum context to measure the lead time and cycle time (time from when a team's capacity is used to get work "ready" until it is "done"). If we do not measure this, how will we know if we are getting to market faster as an organisation?

Most respondents claim that they are focused on outcomes and products rather than on outputs and projects (69%) but the metrics used do not support this; three of the top five metrics are output-focused (velocity/throughput, iteration burndown, and planned vs actual stories per iteration). Senior management respondents seem to understand this disconnect best, as only 44% of them agree that there is a focus on outcomes over outputs. From the qualitative interviews conducted with some of South Africa's top Agile and business executives, we have confirmation that the focus of organisations has not yet truly shifted from outputs to outcomes.

Metrics Used By IT Teams



***“As William E. Conway said, measurements of productivity are like accident statistics. They tell you that there is a problem, but they don’t do anything about accidents.”
- W. Edwards Deming, Out of the Crisis***

The popularity of Scrum might contribute to this divide. An indication is that the nature of the Product Owner role is still misunderstood and presents a challenge to sustainable Agile delivery. The role is often still only seen as the person that the development team is accountable to - and not a “Product CEO”. As a “Product CEO” the role goes further than holding “IT” accountable, it includes articulating the purpose, the outcome. Some respondents we interviewed commented that teams do a lot of work without being provided clear direction, another symptom of the above challenge.

Seventy percent of our respondents feel that delivery expectations are unrealistic. The primary metric that enables predictability in the Scrum context is velocity/throughput. The fact that it is the most prolific metric, yet unrealistic delivery expectations still hold, points to its misuse as a performance measure for team productivity. When velocity

is used to compare teams or as a team performance measure it loses all its value in terms of predictability. You get what you measure and in this case, a higher velocity without an increase in team value delivery.

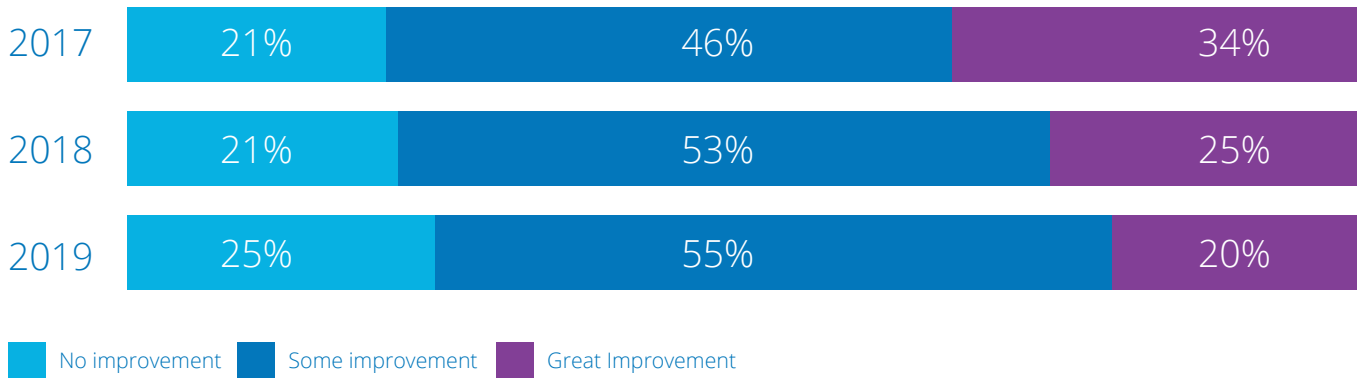
Business value delivered (used by 20%) and Customer/User Satisfaction (used by 18%) are less prevalent and these reflect our focus on outputs and not on outcomes. Defects in production (used by 24% of respondents) is also in this category, as it detracts from customer value. It is also a good metric to use to balance a focus on output, and often when output is increased, quality suffers.

The high focus on output as opposed to outcomes and customer value, is another indication that business and technology still don’t share the same objectives and that there is still a misalignment across the organisation.



The Agile enterprise

Benefits of Agile: Faster Time to Market



Recently, enterprise agility has started to become a discrete domain of its own. In the context of this report, it refers to scaling Agile outside of IT teams and managing the product or portfolio level in a more incremental and continuous manner. The increased focus on enterprise agility is driven largely by the realisation that Agile practices haven't translated into faster time to market which is one of the main reasons for adopting Agile.

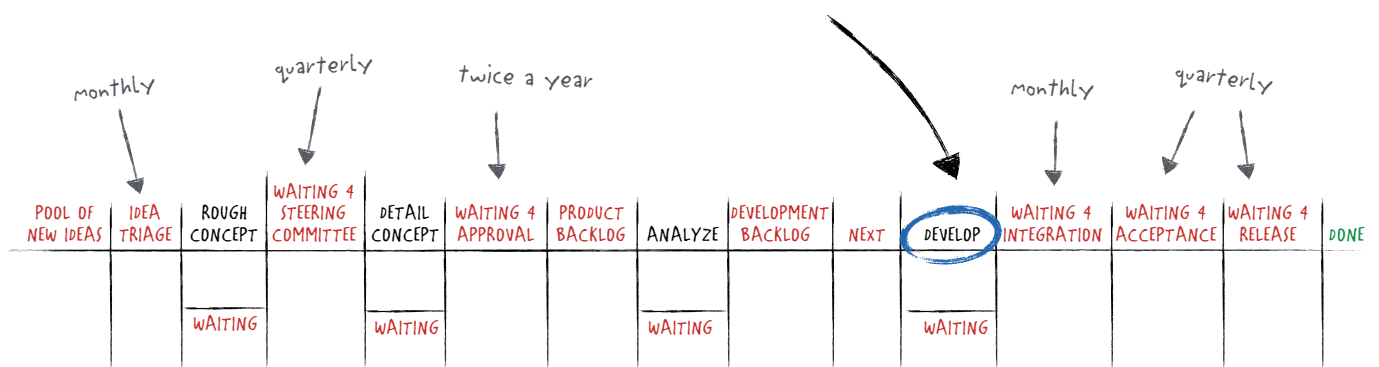
Over the past three years, the IQbusiness State of Agile

report has picked up a trend showing that fewer and fewer organisations experience an improvement in the time to market.

Why do products not get to market sooner?

Getting products to market quickly is not only about enabling faster development of new products, but it is also influenced by the full delivery value chain; from planning and development through to deployment and operationalisation.

*we are so f***ING AGILE, yay!!*



maybe not the best end-to-end performance?!

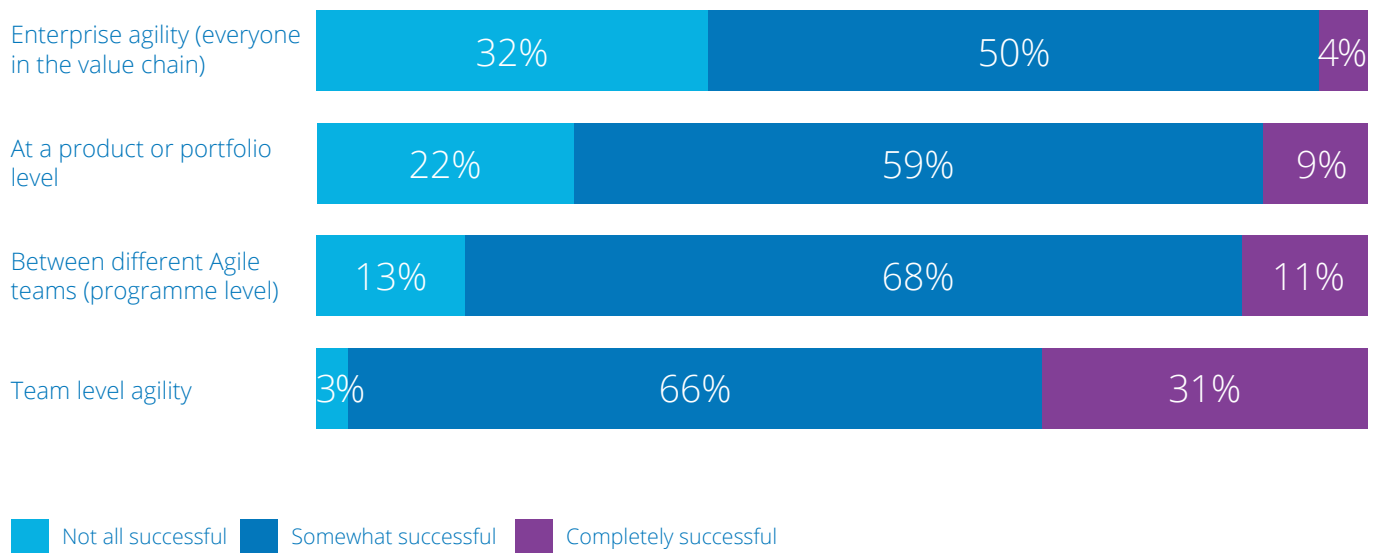
Source: Dr Klaus Leopold, Lean Business Agility

“Pretty much all the non-IT areas cause blockages: HR, vendor management, contract management, procurement, legal, etc. I feel a lot of the problem is because senior leadership verbally buy into Agile but have not truly embraced the Agile mindset. Getting feature teams to embrace Agile is easy; getting organisations to embrace Agility across value streams is much more difficult because it requires the system to be changed - and very few leaders have the understanding, know-how or the skills to do so.” – Survey respondent

Two decades ago, the weakest (or the slowest) link was the ability for IT departments to deliver. As seen in the previous section of the report, Agile teams are starting to mature, and 31% of the sample could confidently say that agility at the team level is completely successful. Although there is

still room for improvement, this compares very favourably with the success of agility across the value chain, which is only at 4%, and at the product or portfolio level (9%). It is therefore clear that the bottleneck has moved from IT to further up or down the value chain.

Success of Agility Across the Value Spectrum



"Finance [constrains agility because of] ignorance of Lean-Agile budgeting and how to apply it to a multi-country approach (across Africa) where systems are built in SA and paid for and used by the other countries." – Survey respondent

From the survey responses and the industry interviews we conducted, the following key points paint a picture of the state of enterprise agility within South African organisations:

Traditional funding structures prevail

Most teams are working on projects funded through traditional project-based methods.

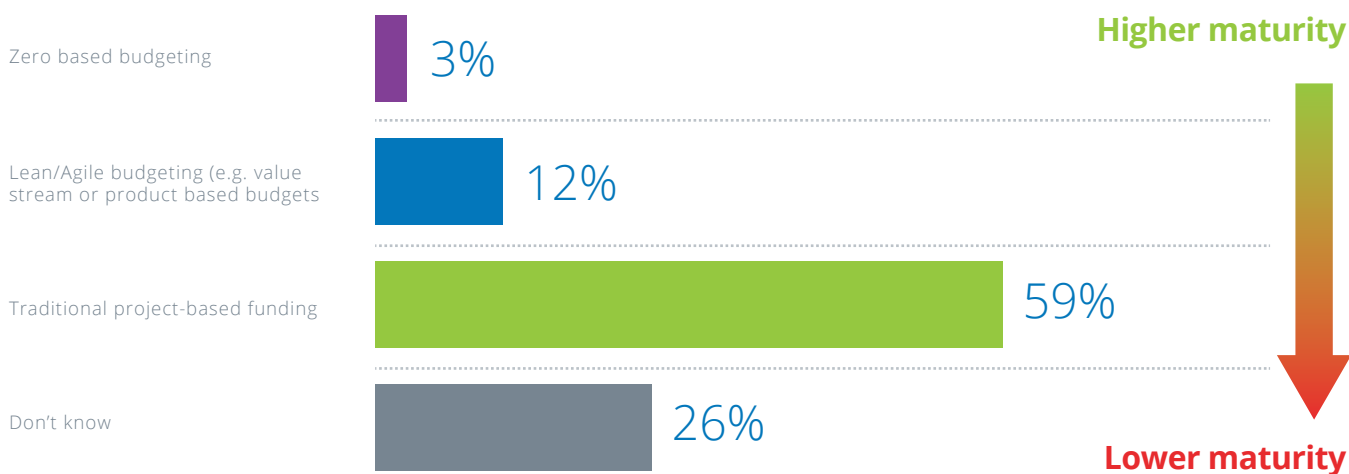
Traditional project-based, cost centre budgeting creates overhead and friction, and lowers velocity as it requires collaboration of cost centres around assigning of people, budget, and schedules. It takes multiple budgets to build a single project budget. This leads to a slow, complex budgeting process; utilisation-based planning and execution; low programme throughput and further siloed thinking. Nimble, Agile competitors may introduce new products and services to market faster than these traditional organisations can develop and approve business cases.

Potential solutions:

- **Venture capital funding** – teams are providing capital for short periods (3 months), where they need to deliver value and improve business results. Further funding is only provided if the benefits are realised.
- **Fund value streams** – the funding of long-lived, dedicated teams in a development value stream allows for improved empowerment, as many of the day-to-day budget decisions can become decentralised at the team or programme level and shift as needed. This avoids costly delay-inducing project cost variance analyses, the reassignment of people or resources, and playing the blame game for project overruns.

By adopting these practices, organisations can shift budgets easier when customer needs or market conditions change – thereby enabling greater agility.

How was your current project funded?



I found that to be the biggest hurdle [budgeting and forecasting], because it just doesn't support an Agile way of working... it's never a reflection of reality. It's a way of managing the expectations of shareholders and funders... the most success I've had with budgeting is where I've asked for money in more of a venture capitalist way... to experiment with a piece of tech, and then only went back and asked for more money when we were successful." - Interview Respondent



High levels of interdependencies between teams

A large majority of respondents (85%) agree that they must resolve a lot of cross-team dependencies before a product can be delivered to clients. The figure is higher in large organisations (up to 90% in companies with more than 500 employees), yet still high even in smaller organisations (55% in companies with 251 to 500 employees and 86% in businesses with 50 to 250 employees). This may be the reason why there is an increase in the adoption of Kanban, as Scrum requires teams to deliver the entire piece of value in increments. Any hand-over to another team is a potential point of failure. Organisations are starting to adopt scaling frameworks such as SAFe® (Scaled Agile Framework) to solve the dependency issue.

At enterprise level, the key is not the Agility of one team, but the Agility of the interactions between teams.

Objectives are not aligned across the business

If an organisation desires optimised results, business development and operations need to be aligned to a common release objective. As Agile-related practices become more prevalent in the business and operations spaces, the work produced by each area will need to come together; using a common, universal language to communicate and create shared understanding. In 2019, almost half of respondents don't perceive there to be this common alignment between teams.

In my company business, development, and IT ops are aligned towards a common release objective strategy



Clarity of direction is the key needed to unlock the value within self-organised teams. Product owners are responsible for sharing the purpose and direction at a team level. The necessity for a shared understanding of the overarching goal is amplified in larger organisations, where the teams delivering the work are further removed from the customer and the business strategy. In situations where many teams working on the same value stream don't understand the common objective, there will be a tug-of-war towards differing perceived priorities, and delivery of value will most definitely be compromised.

Over time we have observed that organisations measure individuals and teams on input or output, rather than outcomes. In contrast to this lies Objectives and Key Results (OKR) - a framework for defining and tracking objectives, along with their outcomes. Andy Grove is generally accepted as the "Father of OKRs" and the framework is used by companies such as Google and Netflix to allow objectives to be cascaded down the organisation allowing for alignment in the delivery of value.

“So in terms of measurement, we’ve started, in the last 12 months, to use the OKRs as a way of measuring our business. Objectives and Key Results. And I’ve actually felt quite encouraged by that process. It’s been a framework which I think has quite a lot of scope for some Agility” – Interview Respondent

Slow adoption of scaling frameworks in large organisations

Scaling frameworks are used in organisations where multiple teams are required to build a product or solution collaboratively. Large financial institutions such as banks and insurance companies may need scaling frameworks, as many of their products and solutions impact multiple systems, teams and business units. We can see a correlation between company size and the use of scaling frameworks. Smaller organisations are inherently less likely to use these, since most scaling frameworks introduce a measure of orchestration overhead, thus increasing the total cost of the product or solution. The very large companies, with more than 20 000 employees, seem to buck the trend, with only 43% indicating that they use scaling frameworks.

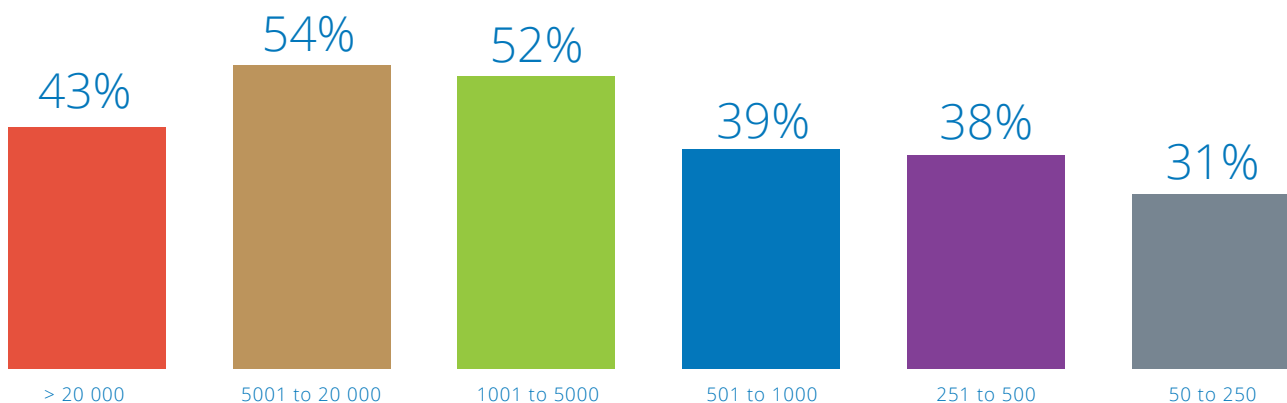
Scaled Agile Framework (SAFe®) remains the most popular (29% of the total sample, followed by Disciplined Agile at 8%).

It is surprising to see that 31% of organisations of 50 to 250 people have adopted a scaling framework. Scaling in an

organisation of this size would imply that the organisation has been set up in a value stream manner and the bulk of the people are working on products or solutions in those limited value streams. If this assumption isn't true, then the organisation may be attempting to do more work than is possible, leading to context-switching and overloading of core delivery capacity. This, ironically, would lead to lower levels of agility brought on by adopting a scaling framework.

One possible reason for the slow adoption of scaling frameworks in the businesses with 250 to 1000 employees is the complexity and cost of scaling in an organisation. The move towards scaling frameworks implies that an organisation has already mastered team-level agility. Based on the survey, we can assume that in most organisations, team-level agility is being practiced but has not yet been mastered. This leads to the complexity of finding standardisation across diverse groups of people and divergent sets of products or solutions in order to scale, often leading to noticeable slowdown and 'chaos mode' while the organisation and its people try to establish common ground.

Adopting scaling frameworks



The Agile Business

Business Agility is the newest buzzword in the Agile industry. What is it, really? Perhaps the best definition is available from The Business Agility Institute:

“Change, both technological and cultural, is occurring faster than ever before. In this climate, modern enterprises will live or die on their ability to quickly adapt. As a result, companies are turning to Agile for ideas to innovate, reduce costs, and remain relevant in a changing market. Business Agility embraces change. Business Agility changes how you think, how you work and the way you interact with people. This change is crucial at every level of the organisation, from the operations floor to the C-Suite.”

Based on input from our interview respondents, this seems to be the promise of Agile that we haven't managed to realise. This section will present views from South African Agile practitioners on customer experience, before moving to other important considerations in business agility, such as the role of leadership and culture.

Customer-centricity

The customer sits at the heart of the Agile Manifesto. Its first principle intentionally emphasises this:

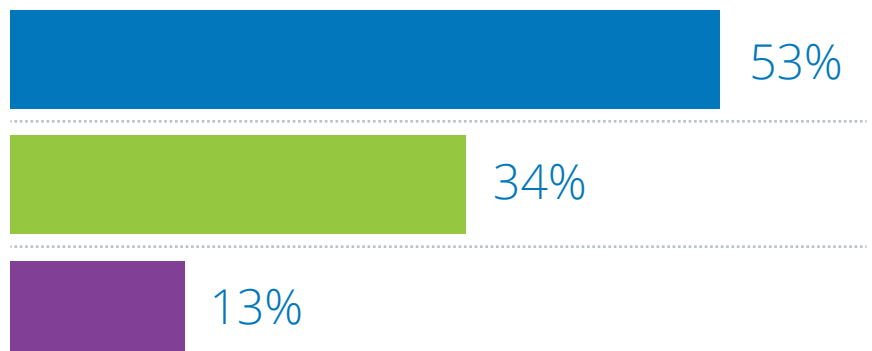
“Our highest priority is to satisfy the customer through early and continuous delivery of valuable software.”

Customer focus

Our business really has a willingness to adapt and leverage change for the customers' benefit

Our business is willing to consider adapting and changing but mostly to avoid falling too far behind our competitors

Our business is not really willing to adapt and change, we only practice Agile because everyone else is



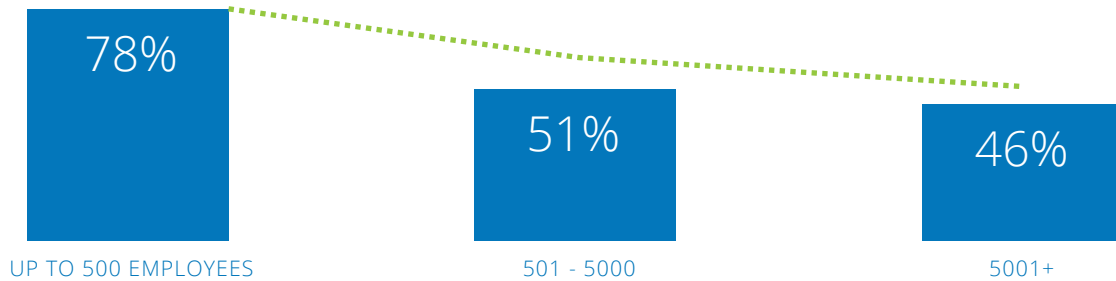
The reality is that in South Africa, teams in enterprises are so far removed from the customer that we have lost this focus.

The spotlight is kept on the customer in the Business Agility Model from the Business Agility Institute, and is also a key component of other models such as the EBA (Enterprise business agility) model used by Agility Health. According to a 2018 whitepaper published by West Monroe Partners, 71% of Customer Experience (CX) leaders expect greater agility to translate into improved customer experiences. Their belief is that:

“... at the heart of business agility is the customer experience. And it is the customer experience that will drive organisations forward and guide them to adapt (or fail).”

Almost half of Agile practitioners in South Africa report that the companies they work for have a desire to adapt for the benefit of the customer. The other half feel that agility is pursued for reasons less directly related to improving the customers' experience, including fear of falling behind the competition, or a desire to get on the bandwagon with everyone else.

Willingness to adapt for the customer's benefit



Our data inputs show that employees working at businesses with more than 500 staff members feel that these companies are more likely to adapt out of fear of falling behind the competition.

What can go wrong when attention drifts away from the customer?

- Placing focus on internally-driven innovation with new technology often generates change that customers don't want or aren't willing to pay for. If product development efforts aren't centred around the customer, organisations run the risk of delivering non-value-adding features or services to the customer at a faster rate.
- When the Product Owner acts as proxy for the customer without gathering data by interacting with them directly, a lot of wasted effort could result, based on unvalidated assumptions or hypotheses. This wasted effort could translate to a massive cost.
- Agile teams in large, bureaucratic organisations pay lip service to customer experiences, as they are too far removed from the customer.

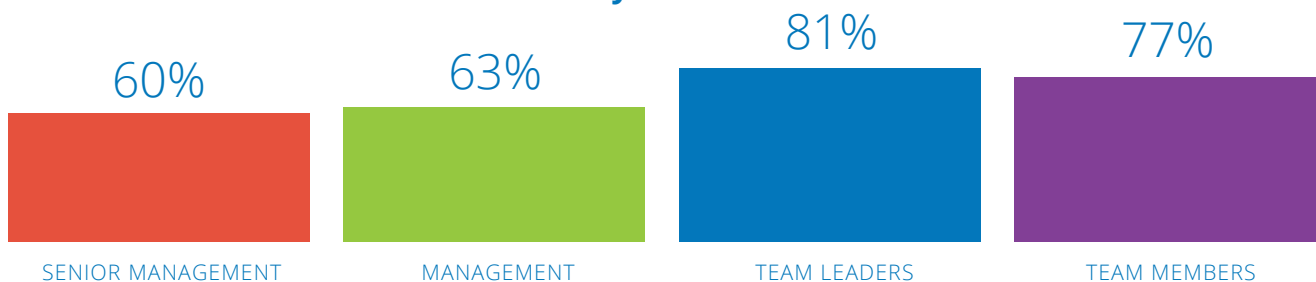
For the business to design products and services that address customer needs, and improve their experience, employees need to understand the customers. Most Agile practitioners in IT and in other business areas, claim to have a fair, or even excellent, understanding of the customer (70% in total).

Customer journeys are most commonly used by the survey respondents (47%) to understand what customers expect from the organisation's products or services followed by customer personas (30%).

The constant feedback team members receive through user experience testing (reflecting customers' reactions to features built) may help them remain closer to the customers' true requirements than their more senior counterparts, who potentially have more opportunity to engage with the customer directly.

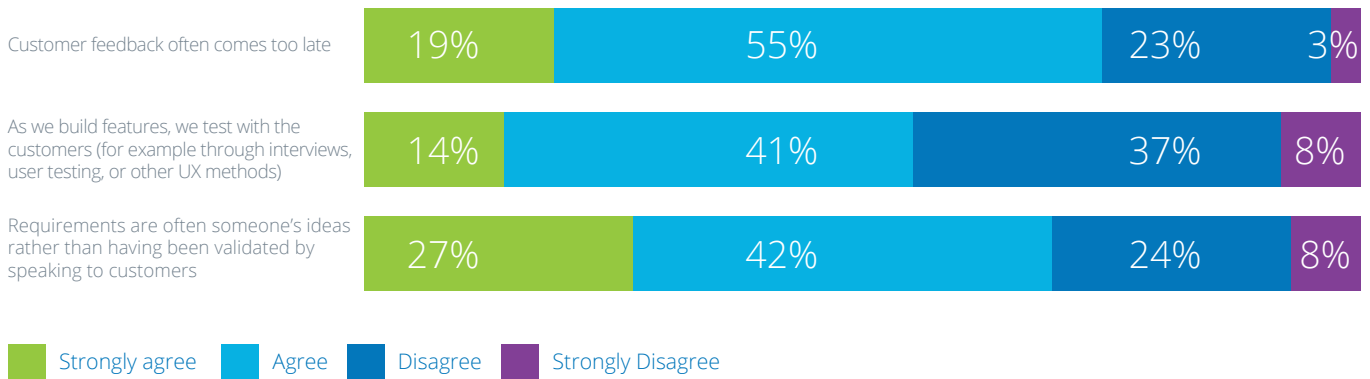
While organisations of more than 5000 employees generally would have personas and customer journeys developed, insights from these do not appear to find their way to the teams as easily as in smaller businesses.

I understand the customer needs that my work is aimed towards



“Business agility is achieved when delivering value to the customer is optimised. Sooner or later, it becomes clear what needs to change in the organisational structure to support this.” Dr Klaus Leopold – Re-thinking Agility

Customer feedback



Culture

The desired culture is one that embraces an Agile, growth-focused mindset. This means that the business is obsessed with innovation and delivering more customer value by getting work done in small, dedicated, self-organising teams collaborating in an interactive network. In the move towards business agility, organisations need to foster a continuous learning environment by creating opportunities to inspect and adapt, provide the space to experiment, fail fast (safely) and recover faster. Individuals are free to learn by doing (knowledge comes from experience) thereby supporting continuous learning. Personal development is a priority and people grow to become comfortable operating and making decisions in a dynamic and ambiguous environment. Leaders allow the space for people to develop and grow, by providing clarity of direction and conditions for empowerment and autonomy.

Around half of the survey respondents report working in a culture where the Agile values are supported, although a relatively low proportion of respondents selected “strongly agree”, raising the question of how vigorously these values are supported. The overarching feeling is that organisations are less likely to provide an environment where it is safe to fail, and where people are encouraged to speak up or learn from failure.

Typically, incentives drive people’s behaviour. One of the biggest impediments to achieving the benefits of business agility is how people are incentivised. Currently, cascading and traditional performance measures force siloed thinking by focusing on individual performance and inputs or outputs, with not enough focus on team-driven value delivery and business outcomes.

“Teams’ incentives have been around delivering things, like delivering projects quickly... It’s not around craft. It’s not around rigour. It’s not around operational efficiency.” – Interview respondent

Organisational Culture

We provide an environment where it is "safe to fail". We encourage people (especially leaders) to speak up and share their failures as learning opportunities



I am encouraged to look for better ways of doing things



Team performance is valued more than individual performance



My organisation respects individuals who challenge the status quo



■ Strongly agree
 ■ Agree
 ■ Disagree
 ■ Strongly Disagree

Leading into our next section, the below interview response points towards the important role of leadership in driving cultural change:

“We need our leaders in the business to start role-modelling the behaviours, and we need to let them make the decisions that can make a big impact on people’s perception of things... If you’ve got a leader in the business going about commanding teams to do certain stuff, pushing things into their sprints, telling them to... they undermine what we have been talking about.”

Leaders might face several challenges when implementing a large-scale change, but they need to be resilient and have the courage to have difficult conversations:

“... not being prepared to co-locate people and to dedicate people to specific projects...”
– Interview respondent.

Leadership

Organisational culture is often described as how people behave when they are under pressure. Leaders are custodians of the organisation’s culture, so they need to model the behaviour that they wish to see from their people. A

Describe the leadership level just above yours

Leaders are selfless, supporting the needs of today and the vision of tomorrow



Leaders take responsibility for their actions, admit personal limitations, and act on feedback



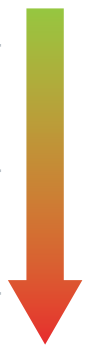
Leaders are task-focused. They engage in discussion to obtain buy-in, not genuine feedback



Leaders are authoritative and achieve outcomes through positional power



Higher maturity



Lower maturity

"The leadership... do not draw a straight line between introducing Agile, digital, and business outcome. There isn't a clear connection... if you're going to drive any major culture or organisational change, it needs to be rooted in a conviction; in a business, that conviction is found in Rands and cents. So, if you're just going to change the way people are operating and behaving in the business, independent of a Rands and cents impact, I wish you well." – Interview Respondent

desirable culture includes leaders nurturing an environment that supports empowerment, trust, and transparency. Members of business leadership often say they support their teams' journey towards Agile ways of work, but we haven't seen a major change in their behaviour. This has been validated by the quantitative and qualitative survey results.

Nearly two-thirds of respondents (63%) indicated that their leadership is not particularly geared towards leading an Agile organisation. Leadership is predominately seen to be authoritative and task-focused.

It has proven difficult to help the top leadership of South African organisations buy into business agility to the extent of committing funding and making changes to the traditional structures. In most large organisations where the "business agility" buzzword has already infiltrated watercooler conversations, only pockets of change can be observed.

Our research highlights that leaders often do not see an urgency for change. Unless there is a burning platform for change, it seems that top leadership are slow to embrace a new way of working and thinking. In some organisations, where a high-performing culture already exists, leadership

might not be able to envision the benefit of embracing business agility if productivity and performance generally remain high. Change costs money, so why spend it if everything seems to be working? Sadly, once the burning platform becomes more evident, it is often too late to adapt and pivot as required.

It's likely that mid-level management are also resistant to change. The middle management layer may feel pressure to pick between transformation and delivery. People have been programmed for many years using a hierarchical, dictatorial approach that has become the "new normal". Where's the motivation for change?

How can we help leadership to see the value?

Large-scale transformation will only succeed with leadership buy-in and support. These are more easily obtained by creating a closer link between the business case for agility and the purpose and strategy of the business. Leaders in traditional organisations structures are generally quite far removed from the actual work. How equipped are they to be choosing and supporting the best ways of working?

"... the structure of a traditional organisation is about management and administration of the system. It's not necessarily about the flow of value through the system. So, when you're at the top of the chain, you spend so much time managing stuff. We haven't figured out a way for [traditional leaders]... to see the change that's needed in the organisation." – Interview respondent

Conclusion

South African IT teams continue maturing in their drive towards value delivery through the application of Agile practices, and in some cases scaling across the business. We have seen that local organisations haven't been able to harvest the benefits they had hoped for: transforming to an Agile business that delivers value to customers at an accelerated pace.

The main reasons provided by South African businesses for adopting Agile have remained consistent over the past few years. Essentially, Agile is seen as a way to deliver quality products to market faster in a bid to respond effectively to the changing needs of customers, changing market conditions, and the threat of competition.

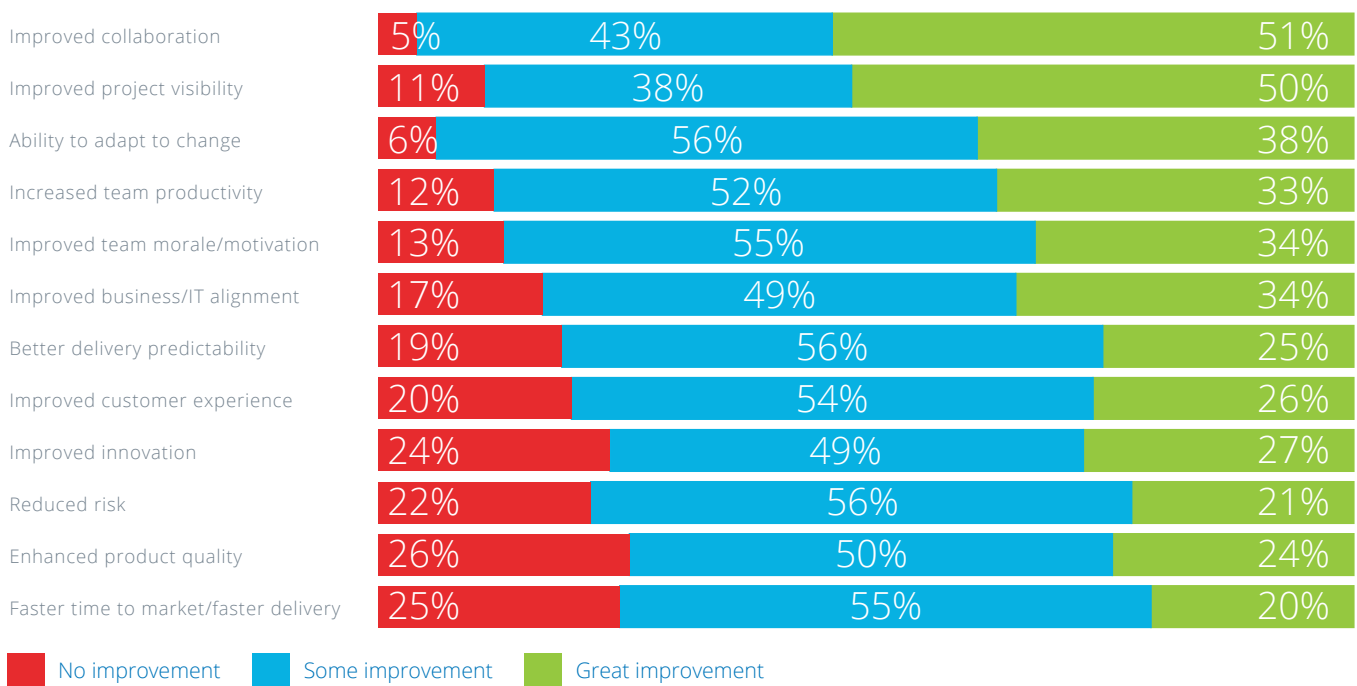
The use of Agile practices is producing benefits in the intended areas such as increasing visibility of work and improving collaboration. One of the successes has been in slowly bridging the divide between business and IT. At the team level, benefits include improved morale and increased productivity. These benefits do not seem to scale all that well, failing to have a major impact supporting business goals such as providing innovative and high-quality products to customers faster.

Top 5 reasons for adopting Agile

- 67%** Accelerate product delivery
- 52%** Ability to adapt to change
- 35%** Improve business/IT alignment
- 17%** Enhance product quality

Only 25% of management and senior management employees report a notable improvement in the ability to adapt to change, and while this figure is higher at the team level (50%), it is likely that the ability to adapt to changing market conditions is front-of-mind for management, while teams place higher value on the ability to adapt to changes

Benefits observed from Agile adoption – Average scores



that impact them directly. Over the past three years, more and more respondents report experiencing little to no benefit in terms of faster time to market. Teams do not feel that they are able to reduce risk, and product quality also hasn't shown significant improvement.

Why haven't we seen more substantial business benefits?

"[Team level agility] has nothing, ABSOLUTELY NOTHING, to do with business agility. And business agility will never be achieved if all of the slow-moving process and system logic is simply maintained without consideration for the end-to-end system. Despite these Agile development practices, this organisation remained a lame duck. End-to-end management of the value stream was missing. Business Agility is created through lean processes that rapidly implement ideas, thus allowing teams to be able to deliver something quickly." – Re-thinking Agility, Dr Klaus Leopold

Even though there is a strong focus on the use of Agile practices, tools and techniques in teams, South African businesses don't yet consider the full value chain. The survey found high interdependencies between teams, slow change from constraining traditional organisational structures and the continued use of traditional funding methods.

A chain is only as strong as its weakest link, or as Evan Leybourn explains in the Theory of Agile Constraints; an organisation can only be as Agile as its least Agile division.

"I think that's what people don't realise when they say, oh, Agile is faster. Well, it's faster, if you're measuring just the front-end component. But you still end up not having the value delivered any faster, because you haven't optimised for the complete value chain." – Interview Respondent

Having adopted Agile practices for some time now, the software development function is no longer the weakest link in this chain. In order to realise the benefits they strive for, business leaders need to turn their focus to the entire value chain.

The problem? Most organisations are still project and matrix organisations. This creates siloed approaches to the development and delivery of products, leading to handoffs and substantial delays between teams and departments.

What can we do? True value lies in creating stable, long-lived teams made up of people who work well together, and possess a skillset enabling them to handle the product's development without being dependent on people outside the team. As the product is completed, the team can tackle a new product concept without the loss of good interpersonal dynamics or the team's experience-based knowledge.

One of the biggest hurdles we've noticed is how initiatives are funded within businesses. The prevailing models are fuelled by bureaucracy, and processes are exceptionally slow. This can be avoided by changing the operating model and structure according to products or value streams. This change would require an accompanying shift in funding models to support faster decision-making and the removal of red tape.

A key focus area should be the Human Resources team (HR), one of the biggest potential areas of value to unlock in the journey towards organisational transformation. They need to enable the recruitment, development, and retention of team members with an Agile, growth-focused mindset. HR

“Delivery of solutions is supposedly Agile; but teams’ structure has been Waterfall...” – Interview Respondent

can support the change through Lean change management. The impact of people-related change management is not appreciated.

HR should facilitate the change in performance management from traditional approaches to one focusing on Objectives and Key Results (OKRs). This will allow the organisation to focus on outcomes and not outputs. It will break down silos in the business, as everyone would be measured against the same key business outcomes.

Are we putting an Agile label on Waterfall practices?

While South African companies are employing popular techniques and tools such as the stand-up and backlog prioritisation, it is questionable whether we’ve truly embraced an Agile mindset. While most Agile practitioners within IT claim to focus on products and outcomes, rather than outputs and projects, the metrics in use, along with the comments from the interview respondents, paint a different picture.

True Agile is a set of values and principles underpinning a culture, much deeper than the use of tools and practices. Only half of respondents feel that these values are evident in their environment. There is still much room for improvement.

What can we do? Incentives drive the incorrect behaviours; focusing on individual performance tied to individual

bonuses. Changing reward structures will be a big motivator in changing behaviours, and through that, culture.

Is leadership committed to doing what it takes?

“Business agility to me makes sense, because being faster-moving to add value to your client base is actually about being faster-moving to add value to your bottom line.” – Interview Respondent

Leaders play a critical role in addressing teams’ challenges and steering towards creating truly Agile businesses. They are the enablers of structural change; they decide how people are rewarded and, ultimately, no large transformation can happen (or succeed for long) without modernising these areas.

Have we reached a tipping point for adopting Agile throughout the organisation?

Is the wider business ready for this shift in thinking? Are the people in leadership being measured in ways that would motivate them to nurture an organisational evolution?

Achieving small-scale change in teams by adopting Agile practices is much easier (and cheaper) than committing to investing in real business agility, but this is where the real benefit lies.

The use of Agile practices was never intended to deliver more to the market faster, but rather to add more value to the customer sooner. For businesses to achieve what they had intended with the use of Agile practices in IT, the entire value chain needs to be considered and adjusted to support the whole organisation shifting to an Agile way of thinking.

Certified



Corporation

WINNER



About IQbusiness

IQbusiness is the leading independent management consulting firm in South Africa, helping clients overcome their business challenges and achieve better results. Since 1998, we have been enabling banks, insurance companies, retailers and others to take their products to market faster, improve customer satisfaction, upskill teams, eliminate waste and strengthen governance and compliance.

Drawing on our core strengths - consulting, research and contracting - we solve clients' problems by providing innovative, faster and more cost-effective services and solutions, backed by teams with real expertise and experience.

Although proudly South African, our perspective is international through the experience of our people, our clients and our business partners. IQbusiness is privately owned and fully empowered with a level 3 B-BBEE certification.

Thanks

We wish to thank the following individuals for their effort in creating the survey and report: Monica Trichardt, Elsa Antunes, Biase De Gregorio, Annalinde Singh

We wish to thank the following individuals for their input into the report: Johan Havenga, Lila Richter, Reneshan Moodley, Brand Zietsman, De Waal Hoon

Contact us

Johannesburg:

IQbusiness Park, 3, Third Avenue, Rivonia
Gauteng, South Africa

The Bridge, 10/11 Floor 73 Juta Street,
Corner of Juta and De Beer, Braamfontein
Gauteng, South Africa

Cape Town:

The Vineyards Office Estate
99 Jip de Jager, Welgemoed,
Cape Town, South Africa

Biase De Gregorio

E: bdegregorio@iqbusiness.net
T: +27 82 411 1976