

AGILE COM- PANIES

ADAPTABILITY IS
THE FUTURE

STAUFEN.

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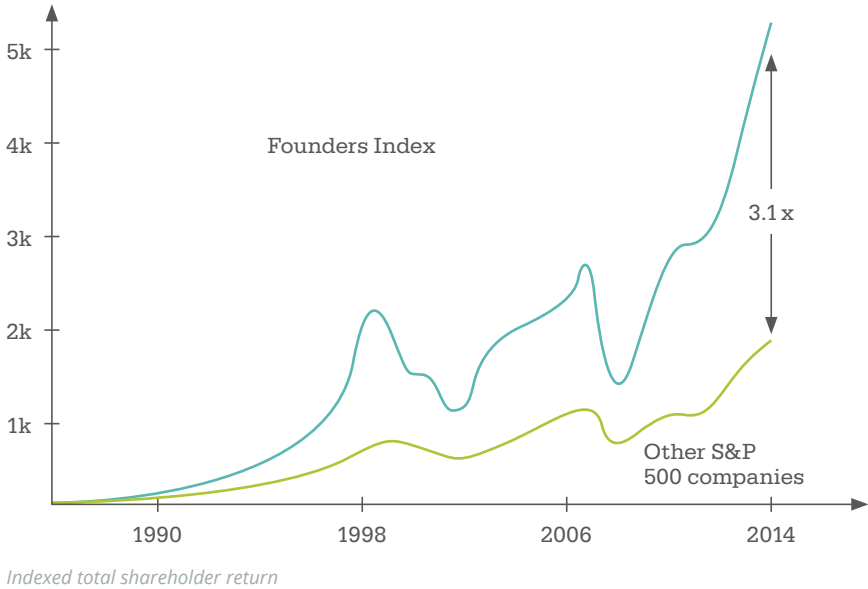
1. SURVIVING IN A COMPLEX WORLD

Studies show that only about 10 percent of companies are able to profitably grow over a longer period of time.¹ One of the reasons for this is the increase in complexity due to the penetration of new markets, in addition to the constant drive for product innovation and development of new customer potential. As a result, companies often focus on their internal processes and establish administrative structures, on the one hand to organize this complexity in the corporate environment, and on the other hand to "put things in order" internally. This order often turns into bureaucracy – and bureaucracy can be crippling. Companies as a result gradually lose their original founder's mentality that originally led them to success. Establishing organizational structures sometimes has exactly the opposite effect of what was originally intended: Internal structures can no longer cope with external complexity and are not primarily oriented towards the value creation process; they develop their own logic ("silo thinking") and complexity.

¹ See Zook, C./Allen, J., The Founders Mentality, Boston 2016

START-UP COMPANIES GROW

THREE TIMES FASTER THAN OTHER COMPANIES



Agile companies focus their organizational design on the actual purpose – creating value for the customer – and create structures that make this possible. If the company finds itself in a complex, constantly changing environment (e.g., market, product), the organization must also orient itself accordingly. So-called organizational design (see Nagel 2017) aims to increase entrepreneurial performance (internal and external), opposes "over-structuring" and corresponds to the idea of value creation.

Agile companies try to follow their original founder's mentality (Glasl 2004, Kotter 2015) from their early days, which, marked by curiosity, skepticism, courage and humor, still has the following characteristics:

- **Strategy:** Provides visionary meaning and is customer and value oriented
- **Structure:** Self-organizing, rather self-determined with freedoms
- **Process:** Iterative, experimental, with smaller tasks and activities
- **Leadership:** Divided into roles and changes among experts according to the situation
- **Culture:** Self-reflective and boldly explorative with fast feedback loops

These are the characteristics that agile organizations – once again – make their own. Forming suitable structures and management, the role of employees and the organizational culture are of particular importance here. Agile leadership can be understood as distributed leadership, meaning employees assume leadership tasks and the traditional leader assumes the role of a facilitator, process designer and successful framework architect. As a result, the importance of the hierarchy decreases. In agile organizations, teams lead themselves in a highly self-organized manner, establish decision-making processes, make decisions themselves and take responsibility for project results, budgets and innovation processes. This minimizes lengthy coordination processes, decision blockades and turf wars, allowing the focus to be placed on creating value for the customer.

Lean management and agility are closely related, especially in terms of content: Transparency, clear communication processes and reduction of waste. An essential difference between the two is that agile companies constantly change their own structural and process organization independently. Variety² in their own processes and structures are thus a result of agile organizations, whereas lean management focuses much more on repeatability and preventing variety in processes. This is a relevant difference. In our experience, utilizing lean elements, which, for example, create transparency and identify potential for improvement, is a factor for success on the path to becoming an agile organization. Agile organizations achieve both: They organize themselves as flexibly and as close to the market as possible and, with lean management, create lean processes where they are useful for value creation, whether in production or in indirect areas. They use established lean instruments that effectively support "agile work."

An agile company is able to recognize changes at an early stage, to adapt itself quickly to current circumstances at any time – taking into account its own needs – and to develop the most effective and efficient organizational form.

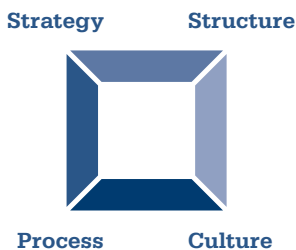
The aim of an agile company is to ensure constant adaptation to the market and the company's environment. The company's strategy, structure, processes and culture are aligned with the manner in which sustainable value creation can be created for the customer.

² Variety (cybernetics): Increase in the possibilities of effect, action and communication of a complex system

1.1 ORIENTATION IN AN AGILE COMPANY

Agile companies can be described as social systems³. These are based on four central dimensions: Strategy, processes, structure and culture. In parallel and in harmony with this, the company, the teams and individuals in their functions and roles as social systems with their own specific logic must be organized, aligned and developed according to these overriding principles. This perspective enables continuous self-renewal. In doing so, companies ensure the necessary flexibility, while maintaining stable and robust structures that allow it to create value.

DIMENSIONS OF AN AGILE COMPANY



- **Strategy:** Vision, purpose, alignment & orientation
- **Structure:** Organizational design (structure, infrastructure, personnel systems, control systems, horizontal connections, management practice)
- **Processes:** Direct and indirect value creation
- **Culture:** Mindset, values, attitudes

³ Luhmann 1987; Gomez/Lambertz/Meynhardt 2019

Most companies can be described as functionally differentiated in terms of their structures. Strategic processes are often costly, rigid and unable to achieve a decisive effect. Employees frequently experience corporate culture as a hindrance rather than a supporter of innovation and change processes.

Agile companies follow a long-term strategy, but their strategy implementation is fast and short cyclical (e.g., using OKR*). They develop structures that are less hierarchical and more circular or networked. The organizational culture can be described as "learning," "at eye level" or "unbureaucratic." And this is exactly what an agile organization needs in order to be effective and efficient.

These aspects make becoming an agile company an organizational development process – moving from one organizational system to another. Once these aspects are understood as an organizational development process, the right measures can be effectively orchestrated, which are necessary to successfully implement agile structures in the interrelationship between individuals, the team and the organization (as social systems). The decisive point is: There is no blueprint for this, but many have had great experiences. Every company must develop an agile structure that suits it, because every company has its own strategy, operates in specific markets, has an individual product portfolio, its own history and must therefore adapt to specific dynamics and determine the appropriate capabilities within these.

As will be explained in the following sections, four central characteristics distinguish an agile company.

* OKR = Objectives and Key Results

1.2 PURPOSE & CUSTOMER FOCUS

Agile organizations create value through the joint enhancement of the value chain by involving all stakeholders. The customer is at the center, to which all structures and processes of the social system or network are aligned. In order to embed all relevant stakeholders in the value creation system, agile organizations define "true north," which gives greater context to the actions of all value creation partners, thereby reaching those involved on an emotional level and causing a meaningful effect.

1.3 STABILITY & DYNAMICS

There are processes in companies that are either perceived as complicated or rather complex (see Snowden 2007; Oestereich/Schröder 2020). When it comes to complicated processes and problems, there are no gaps in knowledge. There is sufficient know-how in the company on how to solve complicated and predictable problems. Complicated processes must be standardized as much as possible. They anchor the stability of the organization and should be designed as efficiently as possible, i.e. lean. One example of this is the assembly process in series production.

For complex processes, the situation becomes more difficult. Here, it is first necessary to gain information on certain phenomena. Interdisciplinary and closely cooperating teams that focus on a clearly defined customer benefit gradually contribute to increased knowledge. These teams (e.g., development or planning teams) work efficiently,

but they also focus on effectiveness in terms of innovation and dealing with constant, unforeseeable changes.

However, stability and dynamics cannot be clearly separated from each other; a mix of both with a more or less pronounced tendency is needed in the respective contexts. But continuously balancing stable and dynamic elements in an organization requires a suitable structure.

1.4 TRANSPARENCY & ITERATION

Important principles for an agile organization are transparency and a willingness to experiment. In order to make decisions in agile companies, figures, data and facts are made transparent and accessible to every employee. In extreme cases, this can involve a comprehensive look into all the information about the company. It is important that information on existing gaps in knowledge that are relevant for fulfilling customer requirements are made transparent. This allows the company to divide the knowledge problem into small experiments or sets of tasks. Each set of tasks, which, for example, is addressed in the backlog of the process model "Scrum," has a clearly defined result that has to be achieved within a certain period of time (for example within a two-week sprint). The method for performing these sprints can be based on lean management, agile software development or other formats. The only decisive factor is that continuous and rapid iterations in the teams ensure clarity about the progress of knowledge, promote exchange within the team and, in addition, enable joint learning within the organization. If an experiment does not contribute to the desired result, it is terminated consistently and early ("fail early, learn faster").

This iterative procedure improves the quality of decision-making processes and offers learning fields for future decision-making processes and their deliberate design.

1.5 AGILE LEADERSHIP & ENTREPRENEURSHIP

In contrast to "heroic leadership," in which the leader alone sets the course and ensures implementation through command & control, leadership in agile organizations is no longer tied to just one person. Leadership is rather understood as team sport, in which leadership is tied to a role and can be exercised by different people depending on the context. Focus is placed on each of these people, including their abilities and talents. Consequently, in certain contexts each employee may take on the role of a leader in relation to the team and in other situations they may act more as an expert or specialist. But this requires role flexibility and competence regarding changing roles.

However, agile self-organization does not mean being left alone! Agile leadership defines and creates the framework conditions for action, for example, to develop an entrepreneurial culture that is characterized by a corresponding willingness to take responsibility and action. With such a culture, employees feel responsible for their areas of activity and know how they can contribute to the corporate strategy. In order to promote this type of culture, leaders primarily act as coaches and sparring partners to empower and support employees.

MIT Professor Ed Schein, one of the fathers of organizational psychology and organizational development, sums it up briefly: "In an increasingly complex world, leaders simply do not know enough to decide alone what is new and better. Leadership is therefore a team sport and not an individual heroic activity."⁴ Today, leadership is a team effort with which decision-making processes must be shaped, accelerated and decelerated. Decisions should be made where the necessary knowledge and expertise is available, without having to go through several levels of hierarchies.

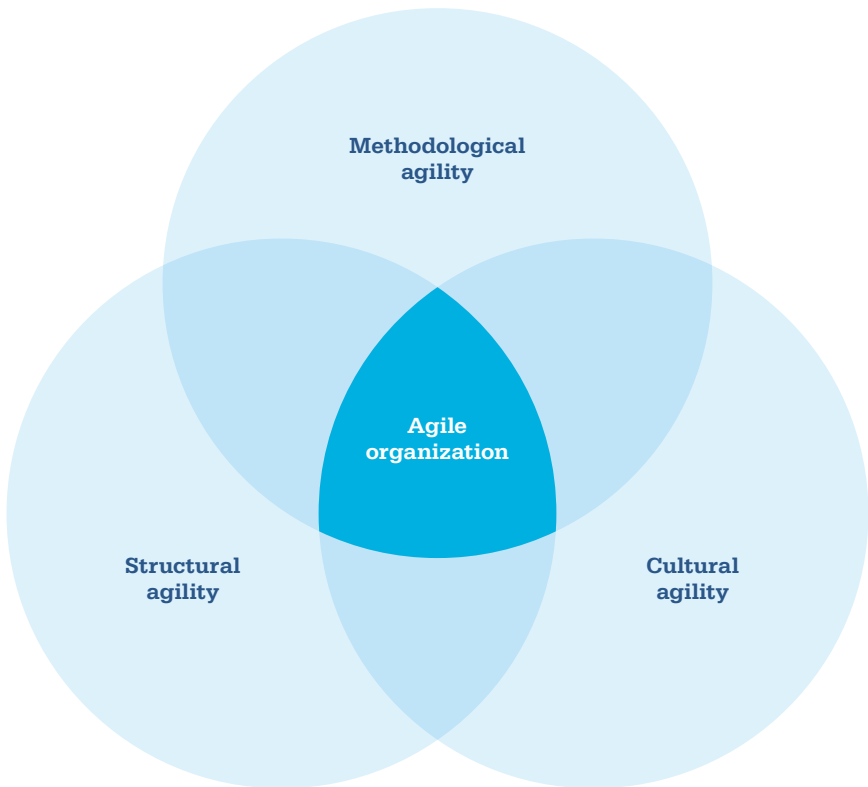
⁴ See Egonzehnder: Lasst uns kennenlernen, online: www.egonzehnder.com/de/insight/im-gesprach-mit-ed-schein, As of: Access on: 10/25/2019

2. DIMENSIONS OF AGILE TRANSFORMATION

2.1 ACHIEVING MORE TOGETHER

Once the strategy has been defined and the path towards agility has been taken, three aspects unite in an agile organization: ① the active use of agile methods (e.g., Scrum, Kanban or Shop Floor boards), which combine transparency, clear roles and clear decision-making or task processes, i.e. the use of methodical agility. In addition, there is ② structural agility, which changes the organizational, operational and communication structures in the company such that functions and hierarchy are "rearranged" according to the task fulfillment processes (see Oestereich 2020). And finally, ③ cultural agility forms the hinge between the company and the managers and employees, providing orientation and direction in day-to-day activities.

DIMENSIONS OF AGILITY



2.2 METHODOLOGICAL AGILITY

By introducing and working daily with Scrum, Shop Floor Management or Kanban Boards in teams, the change process of transforming into an agile organization becomes more tangible and the boards visually represent change. This part of change is also called "Doing Agile." Ideally, the boards are used by teams as a tool for

communication and self-control. It also provides teams the necessary transparency regarding the progress of the project and any disruptions that may require a new sorting process. Additional space for communication and exchange is provided by short-cycle stand-up meetings, which have the same function.

As already described, we use well-known agile methods (e.g., from Scrum) or methods from Lean Management (e.g., Shop Floor boards) or a mixture of both (e.g., CIP sprints). However, this depends on whether and which methods are already in use in your company and what previous experience you have had with them. This allows us to integrate your experience and thereby quickly create visibility, transparency and security.

2.3 CULTURAL AGILITY

Convincing leadership behavior, an appropriate attitude as well as the internal orientation of the company are essential for cultural agility. Many executives, of course, know that static roles (or positions) in agile organizations should be replaced by flexible roles or that self-organization should replace external organization. However, the key to success is internalizing these agile principles in the form of an agile self-image. It is necessary to have an environment that is strongly characterized by an agile mindset – i.e., the willingness to constantly reflect on one's own attitude in order to grow.

The greatest task in an agile transformation is translating cultural values of an agile organization into connectable, action-guiding principles and to practice them in everyday life. For example, how can

you make the value of entrepreneurship tangible? What does a constructive rebellion mean in which the status quo is constantly questioned? And how does an unconditional determination to implement things in the interest of the customer express itself? Especially with regards to the employees, conflict management and the interaction with each other. In order to move from "Doing Agile" to "Being Agile," it is necessary to answer these questions within the framework of cultural agility in a company-specific manner and then translate them into structural agility, because this is where the decision is made as to how much agility is (already) possible.

2.4 STRUCTURAL AGILITY

Structural agility institutionalizes Agile methods of working, thereby ensuring stability. It reliably regulates what is possible, e.g., what may be decided by whom and when. It is a misconception to think that an agile organization can be successful without principles, rules and clear responsibilities.

Nor does the whole company need to have agile structures; in our practice, we also develop agile organizational units in companies with a traditional hierarchy. However, an essential criterion for success is having smooth "docking capabilities" to internal interfaces. This succeeds when it is clear who the customer is, who interacts with the customer, and what the unit's business model is for meeting customer requirements in specific cases. In customer projects, we define so-called value stream teams to operate at the interface between the outside world and the internal organization. The value stream team is responsible for the budget and uses it to achieve team goals. Accordingly, goals are no longer cascaded according to

division and department, but rather distributed among the teams, and the teams then decide together on the path to achieve the goal. This ensures that the design of the decision-making process and decision making is as closely related to the value stream as possible.

When developing new structures, we enter into a so-called organizational design process with you that involves different phases (see Nagel 2006). In doing so, we ensure that you take the specific requirements of your company on the market and towards customers into account, and that we use this iterative procedure to allow us to identify or develop efficient structures and processes of the future together with you. As a result, we jointly ensure that strategy, process, structure and culture fit together and can thereby determine the implementation levers relevant to your success.

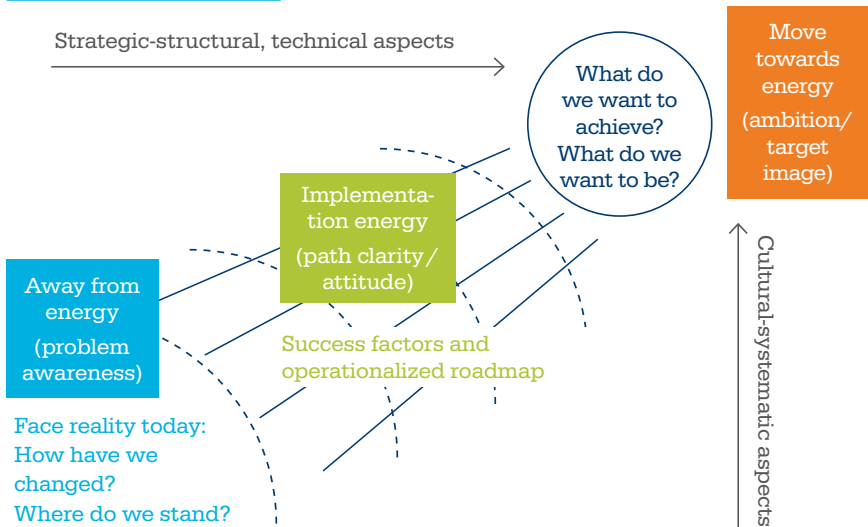
3. STRIKING A PATH: YOUR JOURNEY TO AGILITY

3.1 IN THE BEGINNING: ENTREPRENEURIAL WILL AND A SYSTEMIC APPROACH

At the beginning of every change process – and need for agility – we work with you to establish your entrepreneurial will using the Staufen path compass. Once a common awareness of the problem (What is agility the answer to?), a clear goal (What do we want to achieve?) and an attractive vision and mission have been developed, the fields of action and measures along the strategic-structural and cultural-systemic axis can be derived which take this goal into account (future design). Based on this, we develop a phase concept with you that orchestrates all actions to support you on the path to becoming an agile organization. We define the implementation process using a short-cycle approach. This means that we proceed according to our systemic understanding with the following steps:

① We collect the necessary information on the change project. ② We form hypotheses for suitable interventions (measures), which we verify during implementation. Together with ③ you, we make decisions about the appropriate ④ options for action to introduce and test changes. This allows us to establish ⑤ structures and processes that are stable and resilient in the long term.

PATH COMPASS



Path compass for transformation (in cooperation with Andy Duke GmbH)

3.2 TRANSFORMATION INTO AN AGILE ORGANIZATION

To develop and implement an agile organization, a transformation process is necessary. This requires certain framework conditions, comparable to those of other successful change projects. Especially when starting with individual pilot areas ("agile biotope"), these framework conditions are critical for the success of the transformation (e.g., time, capacities, ensuring learning etc.). After all, even agile organizations – like any newly designed organization – are initially fragile and must first prove their advantages compared to the old system. We consider the following points as relevant for success:

- **Ensure support from top management!** Transformations need support from the management floor. Greater sensitivity or understanding for the topic can be created, for example, through good practice visits or in-depth reflection of the project in the management team.
- **Let words be followed by congruent deeds!** Employees must perceive an authentic, determined will for change from the management. If top managers are skeptical about the change, this will transfer to the workforce and consequently, the willingness to change will be lower. Transparency is also important here: Healthy skepticism from top management does not mean that employees are less willing to change.
- **Identify multipliers!** In order to achieve a broader impact and greater authenticity in the change process, employees who volunteer to do so should be identified and qualified as multipliers.

- **Make positive changes!** Nothing is as important as success. Pilot or lighthouse projects help to achieve visible success as quickly as possible and make a relevant, visible difference from before to after. They aim to demonstrate the advantages of the new system and create interest in other areas of the company.
- **Leave room for your own development!** Especially in the pilot phase, management should refrain from ad hoc interventions in the "agile biotope" by considering the consequences of the project. Especially in the initial phase, such interventions can lead to instability, misdirect the energy of those involved and ultimately lead to early failure of the project.
- **Keep the big picture in mind!** Even an "agile biotope" must not lose its ability to connect to the existing organization or relevant social systems. Criteria that ensure process and structural reliability are defined at the very beginning of the change process and form the framework for developing the agile organizational design.

The following "script" shows the elements of transformation which, in our experience, are essential. The loop in the diagram on page 25 makes it clear that we link the individual elements of each phase and the phases themselves in a circular fashion, i.e. we shape the consulting process so that it is iterative and dynamic.

In line with our integrated approach to consulting, we combine our expertise in organizational structures, agile methods and value creation processes with our competence in designing cultural-systemic interventions that focus on values, mindset, leadership and employee behavior. As consultants, we use feedback processes that occur in each phase to initiate the next phase, to incorporate dynamics within your company and to create impact.

A SCRIPT FOR

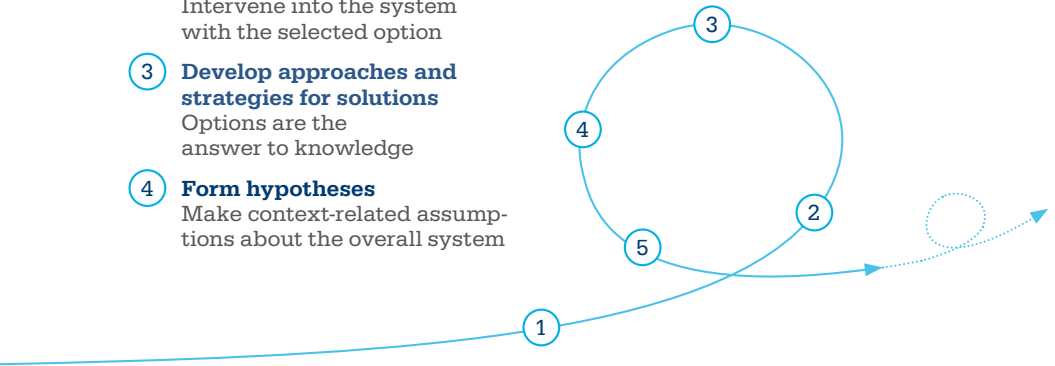
AGILE TRANSFORMATION

	Prepare (2 months)	Structure (2 months)
Expert consulting	<ul style="list-style-type: none">• Determine the complexity drivers of the environment• Determine the company's actual situation• Derive transformation potential	<ul style="list-style-type: none">• Identify the main value streams (end-to-end)• Derive sub-value streams• Define the coordination and support team• Determine the initial organizational structure
Organizational development consulting	<ul style="list-style-type: none">• Good practice visit• Develop a vision / target picture ("Why agile?")• Define the framework conditions for the transformation	<ul style="list-style-type: none">• Select a transition team• Determine the change architecture• Select the change design and interventions

THE COMPLEXITY OF CHANGE PROCESSES REQUIRES CONSTANT REFLECTION AND CONTINUOUS ADAPTATION OF THE APPROACH

- ① **Perceive and observe**
Recognize phenomena and abnormalities
- ② **Select and implement**
Intervene into the system with the selected option
- ③ **Develop approaches and strategies for solutions**
Options are the answer to knowledge
- ④ **Form hypotheses**
Make context-related assumptions about the overall system

- ⑤ **Interpret and recognize**
Understand the essential elements in context and their interactions



Pilot (6 months)

- Select and establish the pilot teams
- Introduce agile methods
- Initiate governance process

Scale (ongoing)

- Scale the pilot in waves
- Support teams and leaders through further training

- Sensitize and train
- Coach leaders and teams
- Communicate success

- Anchor the change architecture
- Support and anchor the change design
- Implement continuous coaching

3.3 PHASE I: PREPARE

Agility is not an end in itself, but rather it represents an opportunity for companies to respond to an increasingly complex environment with suitable structures and processes and to interact with this environment in a responsive manner. Consequently, it is necessary to assess how complex the respective industry and the environment in which a company operates is, and to determine what solutions the company has available in the current situation to deal with the existing complexity. The Staufen Organizational Capability Assessment

COMPLEXITY DRIVERS OF THE CORPORATE ENVIRONMENT



(OrgCap) is a map that provides an answer to the question of which aspects of the company within the context of the market and the business environment present themselves in the context of agility and how.

In a first step, the OrgCap assessment focuses on the drivers of environmental complexity, such as macroeconomic factors, customer product requirements or market and technology developments. The respective industry-specific characteristics of the environmental factors determine the complexity of the market and thus represent the demands of the market on the company. The results of the assessment provide important information on whether and to what extent an agile organizational structure makes sense for the company.

In the second step, the company is assessed as to how it is positioned with regard to the central dimensions of an agile organization. The company's organizational ability is tested by means of the corporate culture and evaluation of a total of seven fields of action:



The third step examines the results of the market environment analysis and the current situation of the company. By comparing the different values, it becomes clear how the company is currently positioned internally with regards to external requirements, and what procedure results from this for the change process.

The goal is to determine the focus of the agile transformation and which fields of action should be addressed within the change process. In addition, the framework within which agile transformation can be shaped must be defined. The following questions must therefore be answered: What opportunities and limits does top management give to leaders and employees? What can be decided? What requires approval? What can be designed and what is on the playing field?

3.4 PHASE II: STRUCTURE

The preparation phase determined how value creation is generated in the respective industry, how value creation functions within the organization and under which general conditions this currently takes place. This information is the basis for the initial structure including the essential processes, the appropriate management systems and the relevant management principles. This is also divided into three steps.

The first step is to identify the main value streams of the organization. This involves defining customers or their needs and analyzing value creation. In most cases, cross-functional teams (value stream teams) combine different disciplines of the end-to-end process with their own business model to create the best possible result for the customer.

The second step determines which sub-value streams support the main value stream. Sub-value streams are also mostly organized on an interdisciplinary basis but are more specialized than the main value stream. They have a support function and accordingly provide core services to the main value streams.

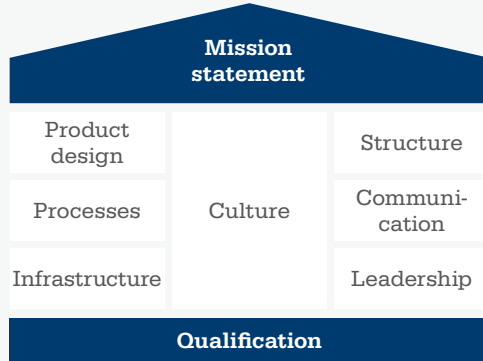
MARKET REQUIREMENTS

Context analysis

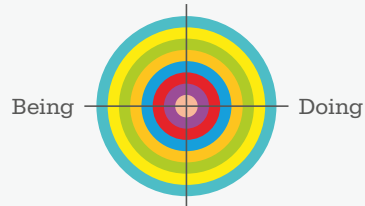


Evaluation of the external environment to determine the target system

Field of action analysis



Cultural analysis



Evaluation of internal fields of action to identify levers of success

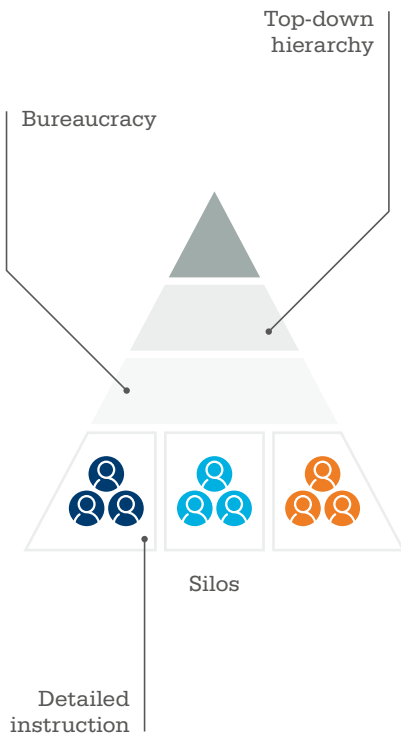
Transformation potential

IN CONTRAST TO ORGANIZATION AS A MACHINE, AN AGILE ORGANIZATION IS A LIVING ORGANISM

From organization like
a "machine"...

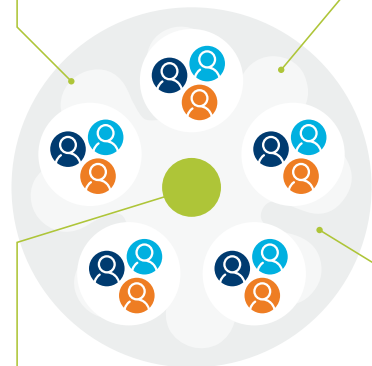


... to organization
as an "organism"



"Boxes and lines" lose their
meaning, the focus is on action

Fast changes,
flexible resources



Leadership sets the course
and enables action

Team building
based on consistent
accountability

In the third step, the value flows identified and their active responsibilities can be transferred into an agile organizational form, e.g., a circular organization. The principle "less is more" applies, because only essential circles and their industrial relations should be included. The aim is to offer employees orientation as to how the management and coordination relationships in the circle model function, so that they can work within the new structure. It is not about presenting all industrial relations of the current situation.

Instead, communication channels and essential management and coordination functions are mapped. In this case, work is no longer exclusively a production factor, but also part of a problem-solving activity. This means that employees come together in teams or circles when something must be jointly decided or coordinated. Consequently, it is primarily a matter of organizing leadership, coordination and communication – not work. It is crucial that employees are able to play a decisive role in shaping "their organization" and are also allowed to make decisions within the scope of the previously defined decision-making powers. For this reason, a so-called "transition team" is established during this phase to work intensively on the new tasks, structure and attitude. Special attention must be paid to work in the teams, which differs significantly from previous "teamwork." Do the new teams have the necessary competencies, skills and abilities to be operational and effective?

3.5 PHASE III: PILOT

In the pilot phase, it is important to take the first steps in the agile world and to try out the new processes and structures. Proactive volunteers in particular should be involved in the first pilot project, who then act as multipliers within the organization. Furthermore, selection can be based on the process cascade and should include at least one value stream team that can directly contribute to the main value stream. In the pilot phase, it is also recommended to include the teams that support the value stream team as partial value streams in the process cascade. Note that the pilot should cover a delimited area with as little interdependence to other areas as possible, but it also contains the necessary charisma to have a positive impact on the organization if the pilot is successfully implemented.

3.6 PHASE IV: SCALE

After continuous reflection on the experience gained and adaptation or fine tuning, the pilot can now be scaled across the entire organizational unit. Similar to an agile project, scaling takes place in different cycles. The agile concept with the new processes and structures is therefore gradually introduced in other areas. As in the pilot phase, additional end-to-end processes (value streams) will be converted as horizontally as possible. The transition is once again supported by a transition team selected by the employees, agile coaches and multipliers. Regular reviews, iterations and reflections lead to the step-by-step adaptation of the concept to the real requirements.

Once the first cycles have been successfully implemented and the introduction phase has stabilized, the transition team is replaced. However, since adapting an agile organization is an ongoing process, the transition team should be replaced by a comparable senior management team consisting of different representatives of the organization. This leadership circle, also called a coordination circle in an agile context, absorbs tension from the teams, resolving it or creating space for it to be worked out. It also makes decisions on necessary organizational adjustments, e.g., regarding the establishment of new circles and roles. With this governance process, the company is also able to continuously adapt to environmental conditions in the future.

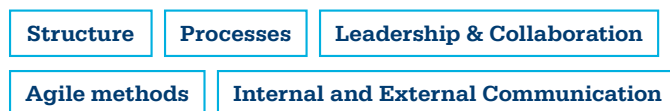
4. AGILITY IN PRACTICE – EXAMPLE BMW

The areas of research and development in particular are currently facing immense challenges as a result of rapidly changing environmental requirements. Increasing unpredictability and high dynamics in product development lead to complexity that is perceived as high, and our customer's organization must be able to manage this complexity in order to act and react quickly.

The agile transformation described here was carried out in the development department of BMW AG. In order to pilot an adaptable organization, a main department with approximately 250 employees was selected. The initial situation of the main department was described as follows: somewhat outdated image, problems in meeting deadlines, excessive costs and strong silo thinking.

During a visit to one of the Staufen BestPractice Partners, visitors were able to gain a direct and personal impression of the opportunities but also the obstacles of agile transformation. Following the visit, it was time for a "reality check" of their own organization. The company's organizational skills were assessed together with the client. With a clear understanding of the initial situation, an ambitious target image was developed, which served as true north and an important reference point for the entire project duration.

The transformation potential could then be derived from the actual and target situation. Various teams, each covering a cross-section of the main department, determined the important fields of action for successful transformation. The teams focused on the following fields of action, among others:



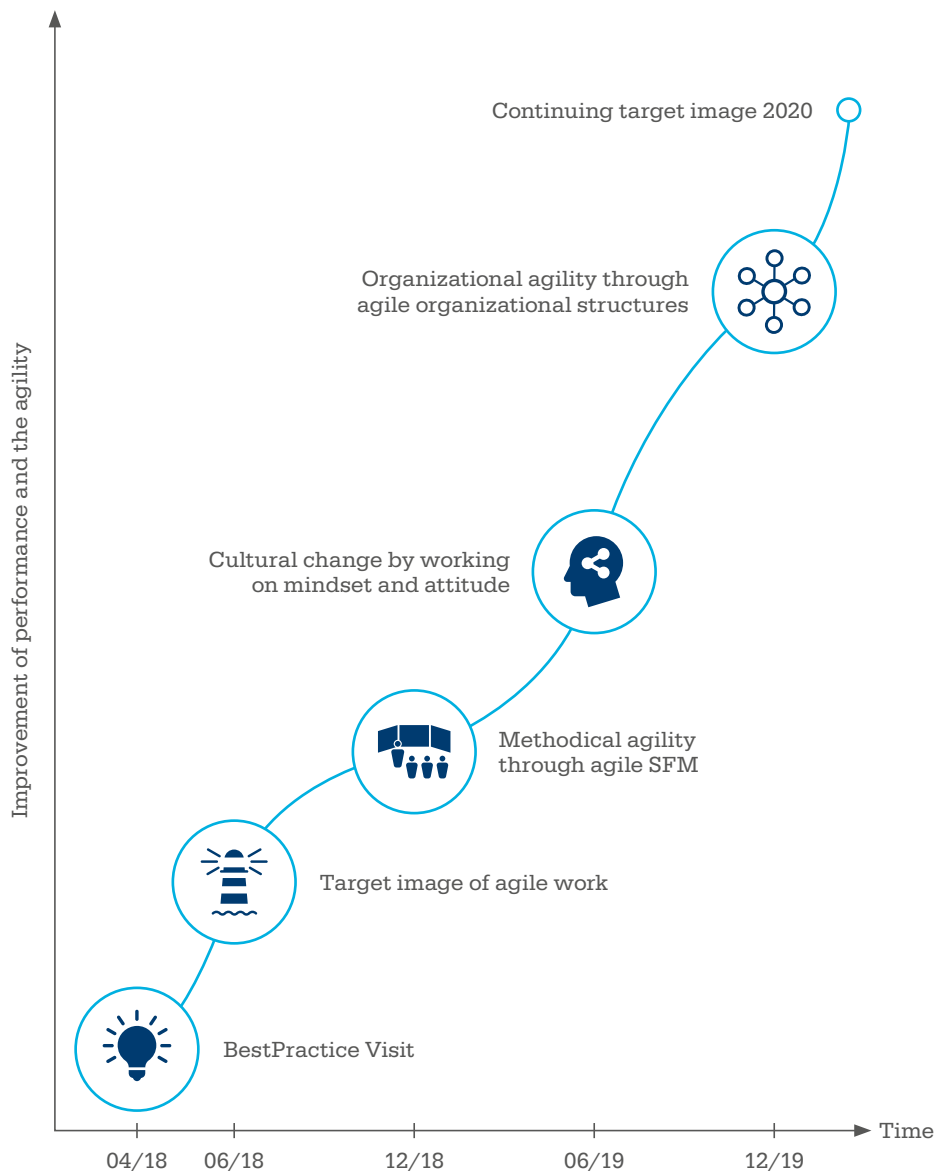
In the area for overall vehicle development, an iterative working method was introduced using agile Shop Floor Management. For example, team-developed Shop Floor Management boards enabled teams to manage and control themselves. Transparency regarding all important information was a vital prerequisite for successfully implementing short-cycle regular communication. A positive side-effect of the iterative working approach was a reduction in committee working hours and an increase in internal customer satisfaction due to more accurate and faster feedback on results.

The guiding idea for the transformation was Kotter's concept of a dual operating system in which the old hierarchy is initially maintained. By maintaining the hierarchy, the necessary stability and connectivity to the rest of the organization could be ensured for the department. Internally, however, the department followed a new operating system. Highly decentralized value stream teams could then interact directly with the customer. The high level of interdisciplinarity and decision-making competence of the teams allowed them to act and react quickly to customers. The value stream teams are supported by self-organized development teams that provide a high level of expertise to the value stream teams.

In addition to training on the Shop Floor Management method, it was crucial to work on the attitude and outlook of employees and executives. Through various interventions ranging from open-space events to leadership and team development trainings, optimal support was provided while introducing the new structure and methodical working methods. Regular sounding boards and the establishment of a cultural workshop, which like a seismograph detected tensions and reactances within the organization and responded with appropriate interventions, ensured transformation could take place in the best possible manner and relapse to old patterns was prevented.

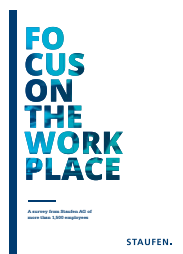
As a result, transformation into a predominantly self-organized organization was successfully completed within 16 months. This not only increased efficiency by around 20%, but also improved effectiveness in terms of higher customer satisfaction. In addition, regular employee surveys have revealed a positive trend: Growing popularity of the organizational unit as an employer in the development department.

THE PATH TO A CULTURE OF AGILE COLLABORATION



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