



THE FUTURE OF CONSULTING IS **AGILE**

In the modern world, your organization is only likely to survive and thrive if you do a great job for your customers and employees. An Agile organization focuses on these complementary goals. While the term has its origin in the world of software development, it is now used as shorthand to identify a mindset.

In a crowded market, with new, disruptive competitors appearing constantly, it is harder than ever to get and keep customers. Expectations have increased. Consulting organization leaders who participated in a survey undertaken for Kimble agreed that they feel under pressure to meet increased demands from existing customers. Almost four in five reported that clients are making new demands on their consulting business, with the same number citing digital transformation as the driver of these demands.

Employees too have increased expectations. The vast majority of employees today say that they want a greater say in decision-making and to take more responsibility for their work. Highly-skilled professionals don't want to simply show up for work and be told what to do. Making the most of their talents and experience requires giving them more scope to lead. That's engaging for them and more productive for the business.

In short, Agile organizations create a well-communicated set of outcomes, agree on appropriate metrics to measure success, and guide staff to make decisions based on the shared visibility of these metrics. This makes it easier to hire and retain top talent, to 'tune to the market' and to innovate successfully.

Agile - A Kimble Point of View

Kimble Applications is the leading vendor of Professional Services Automation Software. Wholly focused on the services sector, Kimble counts among its customers many leaders in the market, from consulting organizations to the embedded services arms of product companies. Some of our most dynamic customers and partners now use Agile techniques to manage their businesses.

In fact, many professional services organizations of all kinds and sizes already operate in line with the principles of this customer-centric approach. It is in the DNA of most consulting organizations to focus on customer value and customer satisfaction. But, as they grow, it can become harder for them to stay true to the vision. Embracing Agile is essentially a way of formalizing this commitment.

As part of Kimble's market and customer focus, we carry out frequent research into current and future trends. We also offer thought leadership content that is designed to make a genuine contribution to debate on important issues. This eBook discusses how Agile methods and principles can help services organizations to achieve their goals.



Adapting Agile Methods to Running Consulting Organizations

Agile practices first appeared in the area of software development (see appendix). But since then, they have been applied in many other contexts. There are lots of different interpretations of the day-to-day practices. But there are no hard and fast rules - truly Agile organizations are known more by the outcomes they achieve than by their ability to shuffle post-it notes.

We have taken some of the key attributes of Agile organizations and applied that to the specific problems facing services organizations.

One of the clearest dividing lines between Agile organizations and the rest is autonomous decision-making. Rather than information being pushed up the hierarchy and decisions down, Agile organizations share responsibility across the organization. Another is the way they measure what matters, using clearly-defined metrics, not as goals in themselves but to drive the business towards achieving value for customers. A third is successful innovation. These businesses are set up to move forward into a rapidly-changing marketplace, selecting the new propositions and packages which most impact customers.

Employees Are Clear They Want to Work for Agile Orgs

A recent survey carried out for Kimble Applications - The Boss Barometer - showed that employees are enthusiastic about working in more agile ways.

An overwhelming majority - say they want to be more involved in decision-making; and are keen to work in more collaborative, collegiate style environments. Most employees no longer wish to work in hierarchical organizations. The quality they value most in their manager is actually not the manager's ability to make decisions on their behalf; instead it is the manager's ability to inspire and motivate.

Bosses are Behind the Curve

*However, the survey shows that many managers may be behind the curve. More than four in every five US workers - **83 percent** - would like their boss to ask for their input or opinion more often. Two in every three - **66 percent** - said they would do just as good a job without their boss's input, and almost one in four - **22 percent** - said they would do a better job.*



How Agile organizations surmount common challenges faced by services organizations

Problem 1:

Decision-making bottlenecks

In the early stages, many professional services organizations are organically agile. At this stage, they tend to operate in what business author Geoffrey Moore defines as “high-trust networks,” made up of people who understand the company’s culture and share its goals. But when an organization enters a period of growth, that culture is challenged.

Rapid growth can have the effect of shifting the culture towards a more “low-trust network,” where there is a lot more supervision and control rises to the top of the organization.

A desire to keep control of the business as it expands can result in the concentration of power in a few hands. This can lead to a previously dynamic business slowing down, with bottlenecks arising. Highly-skilled professionals can end up getting tied up in red tape and not supported to do their best work. This is not conducive to building or maintaining high-performing teams.

The solution:

Divest control throughout the organization

People on the ground are generally in the best position to make decisions quickly, to respond to what is going on and to deliver successful outcomes.

Project managers can take responsibility for delivering their projects with a high level of customer satisfaction and without compromising the profit margin the engagement was sold at. To do this, they will need to have the information at their fingertips of what the resourcing availability is, what the standard costs are and what the baseline is that it was sold at.

Taking more of the decisions, supported by collaborative workplace technology, allows employees to build their skills and expertise at every level. For example, even a junior member of staff can be given control of the budget for a particular area and held accountable for managing it.



Problem 2:

A lack of agreed metrics

Consulting organizations sometimes have data-gathering practices that have grown up over time. Unfortunately it is often the case that much of this data is 'dark' - nobody ever looks at it. The financial information which is drawn out is retrospective, often out of date and seen as the property of the accounts department.

It also may be the case that the finance department has the only 'hard' data available - so that will be what is used to assess the success of different parts of the business. But another defining characteristic of Agile organizations is their obsession with creating value for customers. So metrics which assess this are key.

Measurement is not about blaming people for being behind their targets; it is about bringing everyone together onto the same page.

The solution:

Measure what matters

First of all, you have to agree on what the vision is. Then it can be broken down into a series of steps. Use measurement to ensure you are achieving against that.

In a consulting organization, measurements of labor, costs, and revenue can be tied together to show 'time to value'. If time to value is improving, customer satisfaction and profitability are likely to be going up too.

Measurements can create 'sightlines' within the company, which enable the people on the ground to understand easily how they are contributing to the overall success of the organization.

Measurement used in an agile way is not about blaming people for being behind their targets and so forth. Instead, it is about bringing everyone together onto the same page, where we can agree about what is working and what is not.



Problem 3:

Failure to innovate effectively

Consulting business leaders may be aware of the need to look at where the market is heading and to identify new opportunities - but at the same time they are often too bogged down in the daily activities of running the business to actually do much about it.

And even where the company has agreed to innovate, money and resources may not be available as they are funneled into what may be an already declining "cash cow" instead of to the sectors that are likely to be tomorrow's star performers. Instead of innovating, the company is trying to hang onto existing services for as long as possible.

Focus on understanding how the customer's business is being impacted by changes in technology and what they need to solve their problems.

The solution:

Prioritize new propositions that create value for customers

Instead of hanging on to old services, an agile consulting organization is focused on delivering existing services faster to create capacity for new offers.

Offering services in areas that are being affected by digital transformation more efficiently, at a lower cost, and more quickly will help to maximize the value to the customer and thereby help to build strong collaborative relationships.

Focus on understanding how the customer's business is being impacted by changes in technology and what they need to solve their problems. This is a sound basis for offering new propositions which will be of value to existing customers.



Final Thoughts:

Welcome to The Age of Agile

In 'the Age of Agile', Steve Denning points out that taking advantage of the possibilities offered by new technology is a basic requirement. But given that every business today has access to the same kinds of technology, how the business manages to make use of this in order to keep and create customers is vital. That is where Agile comes in.

The Agile approach prioritizes small teams, largely self-managed, joined together in networks rather than in a hierarchy, driven by a focus on delivering value to customers. In this agile world, the customer or the prospective customer is the boss, not the shareholders. Value for shareholders will still be created - but as a by-product of getting other things right.

In an Agile organization, the responsibility for success rests with everyone. It is not a top-down model where the C-suite decides and then all that everyone else has to do is to show up for work and do what they are told. Instead, it is the people on the ground who set the scope, make the decisions, iterate, replan and deliver the results. Leaders are in a supportive role, helping their teams to deliver their best work.

And, in the VUCA world - a world that is volatile, uncertain, complex and ambiguous - businesses are looking to navigate digital disruption, the increased availability of new technology and new ideas more generally. This is in itself an opportunity. The global market for digital transformation consulting services is estimated at \$44b. Consultancies which are advising others on becoming more Agile, will first need to take their own medicine!



Appendix - A Short History of Agile and Further Reading

One important contributor to the debate about what Agile management means is Jeff Sutherland of Scrum. Sutherland was one of the authors of the 'Agile Manifesto' of 2001 which laid out the ground rules of how self-organizing, cross-functional teams could develop software more effectively. His writings include "Scrum: The Art of Doing Twice the Work in Half the Time" and a series of articles in the Harvard Business Review, such as "Embracing Agile".

People who were searching for a new way to make business work better found in this a set of principles which could be applied not just to developing software but to business management and Agile has gradually extended into other areas.

One book very much focused on how Agile leads to better employee engagement is: "Reinventing Organizations: A Guide to Creating Organizations Inspired by the Next Stage of Human Consciousness," by Frederic Laloux. After realizing he was disengaged from his work, management consultant Laloux gave up his job and went out to find companies he felt were working in a better way, creating the possibility of really fulfilling work to make the world a better place. He found a dozen, and described how they do it in this self-published work which became a best-seller.

In an article called "Putting the Soul Back Into Business," a New York Times reviewer wrote: "Laloux's distillation of the common practices that characterize these companies provides a rich road map for organizational reinvention. But his descriptions of how these companies actually work — including the voices of their employees — are what make the book most compelling and convincing."

The Harvard Business Review is a repository of many scholarly articles on applying Agile methods to business management. One of the first and best-known is an article from 2011 called "First, Let's Fire All the Managers" by Gary Hamel, who has written extensively on this subject. It looks at the work of a tomato-processing plant in California where the day to day operational management is handled by small, self--managing teams.

Management consultant Steve Denning recently released "The Age of Agile" which draws on his experience over the last few years of helping a group of firms, which includes Barclays, Ericsson, and Microsoft, form the SD Learning Consortium (SDLC), a non-profit corporation with the goal of separating fact from fiction about Agile management. Denning also writes a weekly column in Forbes in which he often considers issues of Agile practice, such as this recent piece entitled: "Why Agile Often Fails: No Agreed Metrics".

