



Busting the myths of agile

How the pandemic accelerated the adoption of the intelligent operating model

August 2020





OUTMANEUVER UNCERTAINTY

As the health and humanitarian impacts of the COVID-19 pandemic evolve, so do the business and economic challenges. Organizations looking to balance their immediate needs with longer-term opportunities will see the trade-offs play out across three waves of impact: **the Now, the Next and the Never Normal.**

The Now includes an emphasis on supporting people, customers and suppliers. The Next will feature refocusing the business to withstand new threats and seize new opportunities. And the Never Normal will require navigating rapid shifts in cultural norms, values and behaviors.

This is the moment to reinvent business and operating models and reintegrate the value organizations provide into a new societal landscape. The time to shape a mindset of bold business transformation powered by new approaches to technology and responsible leadership is underway.

Facing the challenge

Times are strange.

Luxury brand LVMH, known for the glamour of its Louis Vuitton bags, produced a decidedly more mundane product: hand sanitizer.¹ Dyson, famous for vacuum cleaners and hair dryers, designed a new ventilator in under ten days responding to potential hospital shortages.² Heinz, a powerhouse brand on grocery store shelves, now sells direct to the consumer.³

While most industries were already dealing with market disruption on many fronts that placed traditional business and operating models under severe pressure, these trends have been accelerated by the COVID-19 crisis.

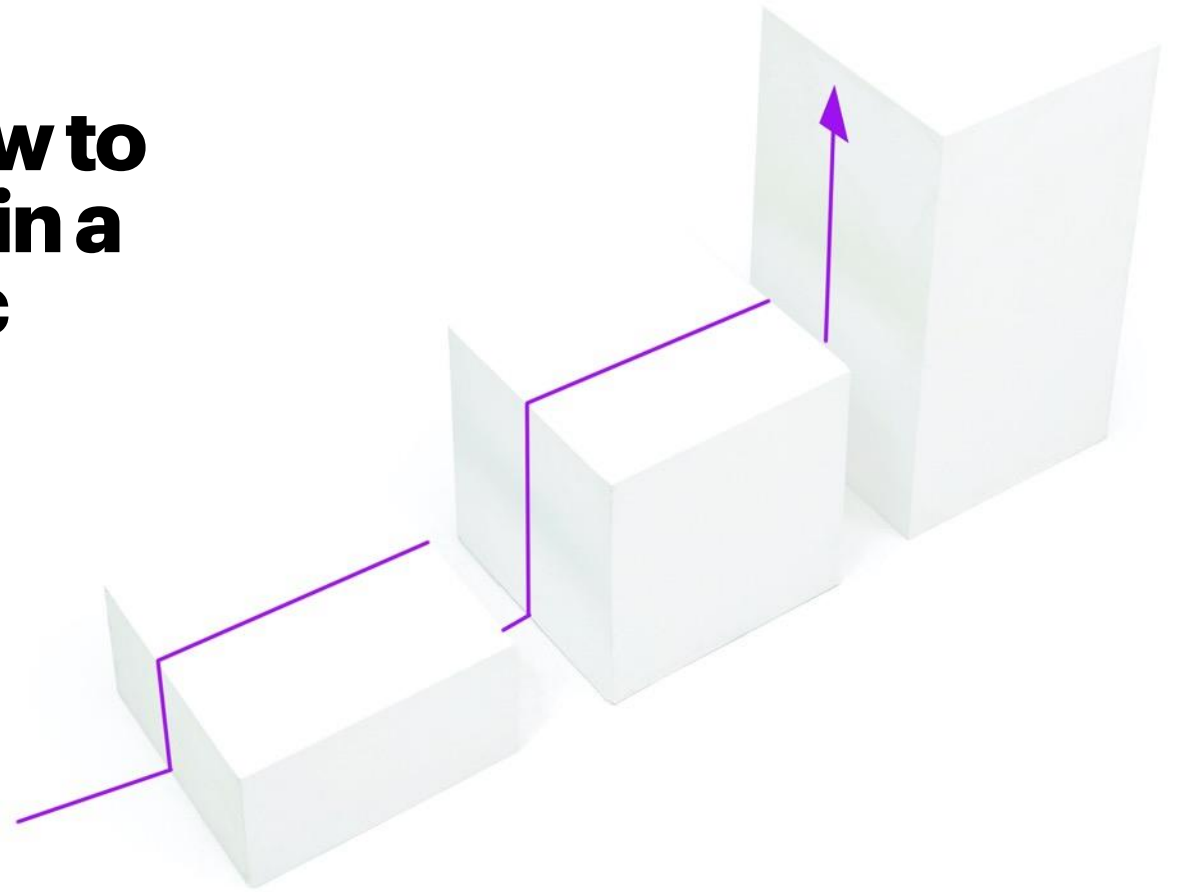
In response, companies have leveraged remote working, reimagined how they serve customers, created new business models, enhanced technology capabilities, assembled multi-disciplinary teams and partnered well beyond traditional boundaries.

Organizations that already had an intelligent operating model (built-in agility, guided by purpose, combining new ways of working with data and the latest technology) were better positioned to deal with the crisis. However, many others have gained speed and agility they may not have thought possible beforehand. And they won't want to lose it.

Gaining agility in the toughest of times

Learn more about how companies adopted the characteristics of intelligent operating models and transformed at the advent of the global pandemic: ["COVID-19: Building the intelligent enterprise to create agility and resiliency."](#)

The big question facing business leaders now is how to maintain speed and agility in a world shaped by economic downturn and changed customer demands.



Operating models must change

94%

of C-suite executives say their operating model puts their organization's growth and performance at risk.⁴

85%

say they are not very confident that their operating model can meet shifting strategic priorities.⁵

Why are business leaders so anxious when it comes to their operating models?

Because operating models are often too big and too slow to be effective in responding to cataclysmic market and competitive changes. So, instead of turbo-charging performance, they act as a drag on new strategies aimed at boosting growth and innovation.

In response, more and more companies are adopting intelligent operating models. It's an approach that pays off: The long-term EBITDA growth for truly agile organizations is 16 percent compared with six percent on average for non-agile organizations.⁶

Those that wish to follow suit will need to address the myths of agile head on.

Move fast to thrive: Intelligent operating model

There are five characteristics of an intelligent operating model that set it apart: Human. Liquid. Enhanced. Living. Modular.

To read more about these characteristics visit "[Move fast to thrive.](#)"

Busting the myths of agile

Myth 1

Speed and agility = growth, not efficiency

When moving to more agile ways of working, companies often drive up costs because they simply layer on new agile project-based constructs. This increases complexity. Or they reorganize tasks without questioning their value. When done right, agile can significantly boost efficiency, as well as drive growth.

Myth 2

You can “squad” your way there

Speed and agility are not achieved by simply establishing “agile methods” or moving employees into “squads.” A new set of operating model building blocks are required, with the right structures, processes and technologies to deliver on the outcomes and the challenges at hand. It is not about one model for all work.

Myth 3

It’s all about piloting and scaling

Yes, piloting and scaling are crucial. But success is unlikely without addressing changes to processes and systems. Too many companies assemble project teams running agile methods and expect processes and systems will simply “catch-up.” They need to be more intentional.

Myth 4

Everyone needs to be co-located

Co-location is a condition often cited for creating highly collaborative multidisciplinary teams. COVID-19 forced a massive migration from office-based to remote working. This highlighted that with the right approach (regular, short check-ins, clearly defined roles and objectives) co-location is not a prerequisite for effective collaboration.

Myth 5

You need a blank canvas

Complexity and legacy systems make agility harder to achieve. Before starting the journey, companies need to focus on the value they’re trying to drive, and design with their talent and technology starting point in mind.

Myth 1

Speed and agility = growth, not efficiency

Some companies, when moving to more agile ways of working, inadvertently drive up costs. They simply layer on new agile project-based constructs which only add to the complexity. Or they effectively shuffle work around without questioning its underlying value. But it doesn't have to be this way. You can generate speed and agility and lower costs by combining new ways of working and technology and focusing on activities that drive value.

Consider one global consumer goods company. When they reorganized using agile teams connected to technology in sales and operational planning (a notoriously painful process), they identified 60 percent savings, proving that gaining speed and agility also boosts efficiency.

Myth 1 already busted:

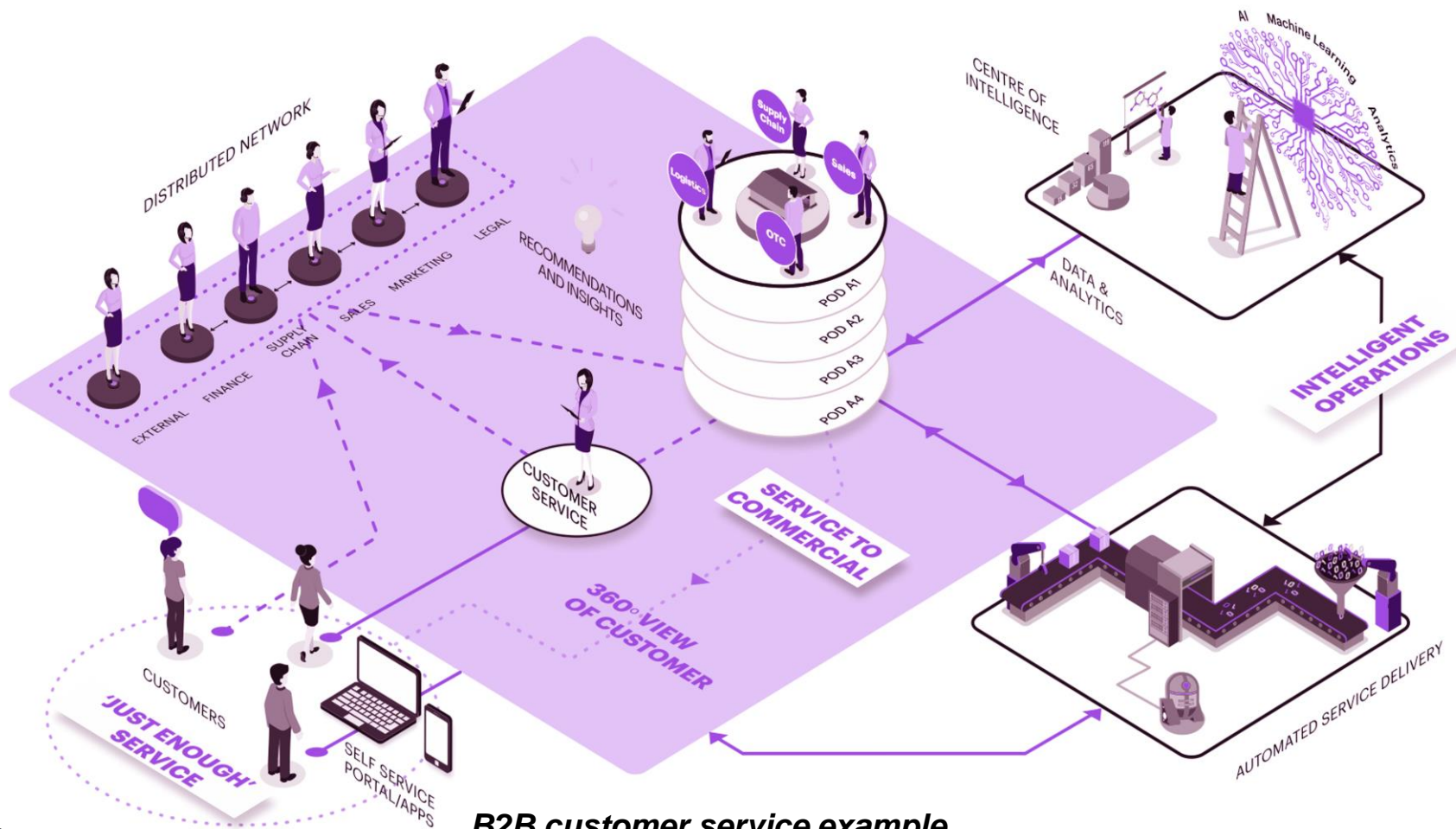
COVID-19 busted this myth again and again. Work was radically prioritized and laser-focused on what really mattered. Companies galvanized multidisciplinary teams and empowered them to act, and they leveraged collaboration technologies to enable productivity and efficiency. Think about Microsoft Teams. The online collaboration platform now has:

75 million daily active users, adding **31** million⁷ in just over a month.

Myth 1

Unlocking the right combination

Technology and new ways of working are enabling a paradigm shift. Unlocking the right combination of intelligent operating model characteristics is the key to success.



B2B customer service chain example

Some of the key shifts:

- Empowered multidisciplinary teams solving complex issues
- Service playing a sales role, leveraging digital marketing techniques
- Use of a flexible workforce to manage fluctuating demand
- Data-driven, insight-led decisions made at the front line
- Latest technologies, enhancing experience and eliminating work

Myth 2

You can “squad” your way there

Speed and agility are not achieved by simply establishing agile methods or moving everyone into “squads.” Nor is it just a cultural shift. We have moved from a time where production at scale created competitive advantage to one where organizations must continuously reconfigure to meet rapidly shifting market needs. Against this backdrop, the core building blocks of a company’s operating model are evolving to unlock speed and agility, enabling businesses to configure and reconfigure their operating model with the right structures, processes and technologies for each of their different customer needs.

Successful companies bring to bear the right combination of intelligent characteristics. By that we mean applying AI to optimize supply and demand. Or leveraging agile teaming models to solve challenges that require innovative solutions. All while using intelligent automation and, for example, more process-driven teaming models for repetitive standard tasks.

Myth 2 already busted:

Responding to the pandemic, GlaxoSmithKline prioritized “ruthlessly” to keep up with consumer demand and unleash the power of rapid decision making. The pharma giant used live tracking tools to understand consumer sentiment and made search a “clear priority,” improving its search efficiency by

15% to 20%

The goal was to make sure the content being served to consumers was relevant and based on previous searches they had made.⁸

Intelligent operating models maintain a continuous two-way dialogue with consumers and customers to ensure market fit and continuous improvement.

They work to deliver on their commitments to society and actively play a part in shaping the narrative—a responsible business makes for a sustainable business.

There are four integral building blocks, with a management system that ensures they work together to deliver for consumers, customers, staff, shareholders and society.

Corporate Direction

Establishes a common corporate purpose and challenges the organization to innovate, grow and deliver efficiently.

Business Cells

A discrete business that relentlessly solves for its customers, drawing on the platform and ecosystem.

Platform Units

Provide modular physical and virtual services to the market cells that deliver insight, speed and scale.

Ecosystem Capabilities

Bring together partner capabilities (even if a competitor) that unlock possibilities that would not otherwise exist.

This set of building blocks can scale through nesting almost like a Russian doll. By that we mean that where required, a business cell or a platform cell may have its own direction, business cells, platform unit, and ecosystem. Think of a business cell as a category, where you may have brand cells within it. The modular nature of the model makes it flexible and scalable. Each cell or unit will apply the right way of working and technology for the outcomes they seek to achieve. When innovation is required, companies can use agile approaches. Where there are stable repetitive tasks, they can employ more traditional ones.

So what's different?

Consumers & Customers

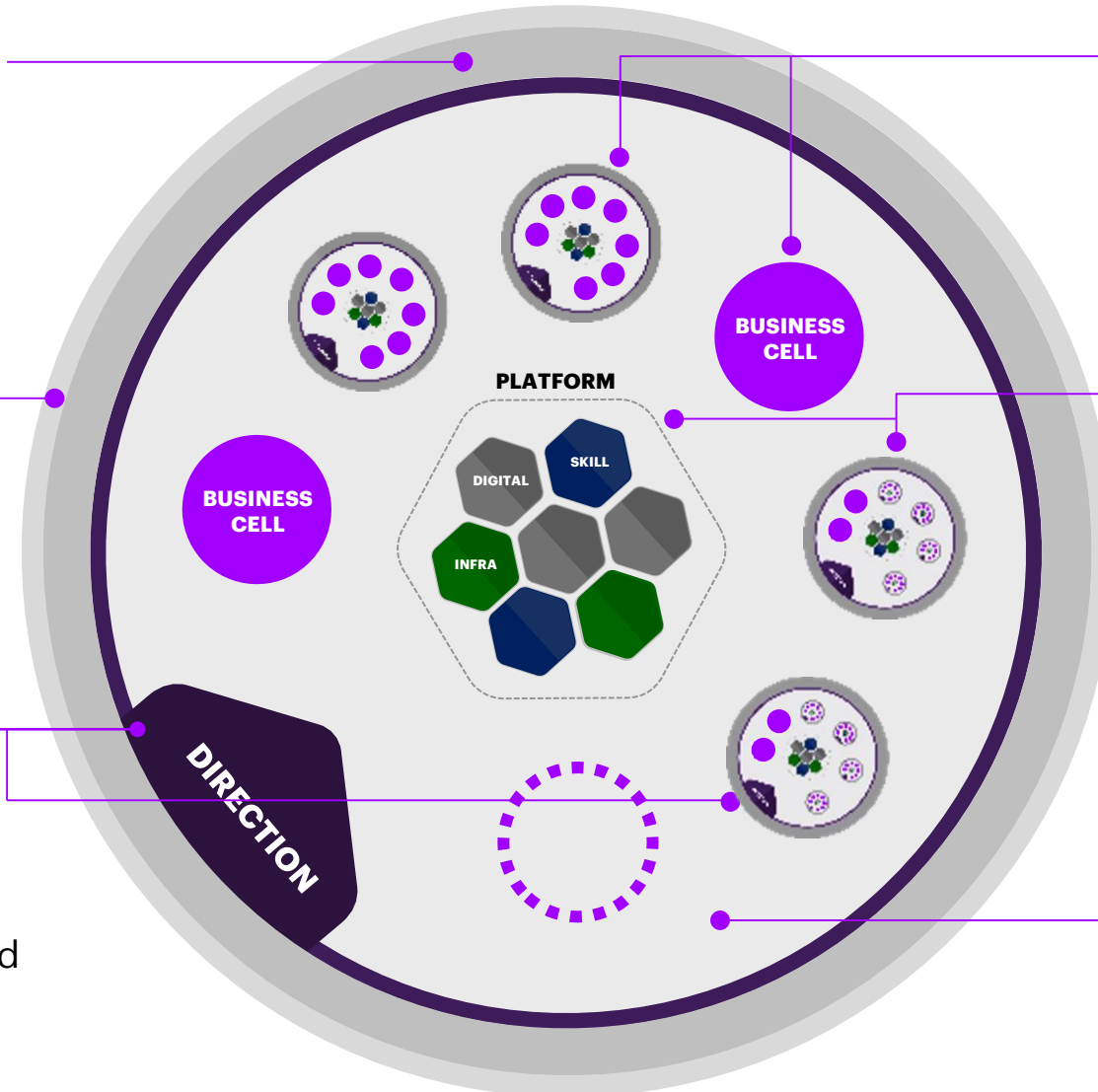
- Co-creators
- Spark innovation
- Community
- Business closer to customers

Society

- Shapes values
- Part of the fabric
- Reflective
- Responsible business

Corporate Direction

- Purpose and ethos
- Coach (not direct)
- Focused on goals and minimum requirements
- Manage shareholders and communities



Business Cells

- Self-governing (controls P&L)
- Customer-obsessed
- Asset light (freedom to partner)
- Flatter (typically a greater number of cells than business units of old)

Platform Units

- Digital (e.g. data) and physical
- Menu-based (few mandated)
- Insight and speed (not just scale)
- Open to ecosystem

Ecosystem Capabilities

- Integral (not transactional)
- Growth mindset
- Access to customers
- Assets and resources

Myth 3

It's all about piloting and scaling

Gaining agility through intelligent operating models is about piloting and scaling. So, to some extent this one holds. But those efforts cannot be successful without addressing changes to processes and systems to promote agility and new ways of working. Too many companies assemble project teams running agile methods with a hope that processes and systems will “catch-up.” This is wishful thinking that underestimates the inertia of the core business and the challenges of cultural change.

Instead, companies should consider the broader shift in the organizational wiring and processes that will be required. They need to determine how these shifts will work with the P&L and consider how they impact cross-cutting processes such as integrated business planning. Companies need to ensure they have the required technology in place to promote rapid scalability using cloud solutions while using modern delivery methods like agile and DevOps. Ultimately, they need to identify the “minimum viable model,” so that when pilots are scaled, the necessary infrastructure is in place. The old ways will drift back if the wiring isn't changed permanently.

Myth 3 already busted:

In response to the pandemic, companies have successfully spun up multidisciplinary teams, adapted policies, and put in place new processes and technologies that enabled them to reach organizational goals.

Take one large telecommunications company. They pulled together cross-functional teams to focus on building and managing chatbots to address increased customer service queries. The virtual agents answer basic questions, freeing up representatives to handle more complex tasks.

Intelligent operating models see a shift across all elements of the enterprise wiring

Element	From To
Governance	<ul style="list-style-type: none"> • Vertical decision-making • Policies 	<ul style="list-style-type: none"> • Democratized decision-making • Purpose
Structure	<ul style="list-style-type: none"> • Functional hierarchy • Fixed jobs 	<ul style="list-style-type: none"> • Multidisciplinary networks • Dynamic role-based
Process	<ul style="list-style-type: none"> • Activity (complete work) • Procedures and checklists 	<ul style="list-style-type: none"> • Value creation, experience and outcomes • Algorithms
Data	<ul style="list-style-type: none"> • Controlled, limited and static • Structured reporting 	<ul style="list-style-type: none"> • Democratic, abundant and event-driven • Signal-based insight
Technology	<ul style="list-style-type: none"> • Tools to be used • Integrated on-premise architecture 	<ul style="list-style-type: none"> • Fabric of how work gets done • Cloud-based platforms and microservices
Leadership & Culture	<ul style="list-style-type: none"> • Top-down and directive • Risk and control 	<ul style="list-style-type: none"> • Coach, protect and trust • Growth mindset
Workforce	<ul style="list-style-type: none"> • Capacity to do work • Managed 	<ul style="list-style-type: none"> • Differentiating creativity • Empowered, risk-taking and mobile
Performance	<ul style="list-style-type: none"> • Incremental and weakness-focused • Annual or quarterly feedback 	<ul style="list-style-type: none"> • Ambitious and strength-based • Ongoing and transparent feedback

Myth 4

Everyone needs to be co-located

Organizations have always had to operate over distances. Co-location is often cited as essential for creating multidisciplinary teaming models and increased collaboration.

COVID-19 challenged this by forcing a massive migration of employees from office-based to remote working. Those companies that couldn't rise to the occasion are out of business or on the brink of collapse. While agile methods originally promoted co-location, working at greater distance is likely something that won't disappear even after the current crisis. Businesses and their employees are demanding remote working as a new standard.

So, is this the death of more collaborative ways of working? Absolutely not. But it does mean changing how we work, and it requires having the right infrastructure technologies, security, and collaboration tools in place to do it. This is not simply about remote working, but rather it is about distributed working. It's about recalibrating the mode of operation and the use of physical and virtual environments. This requires understanding the new employee value proposition (on their terms) and talent equation (global talent pool).

Myth 4 already busted:

An unprecedented volume of work—from both white- and blue-collar jobs—transferred out of the office during the pandemic, possibly for good. And with new technology this work is without radical dips in productivity.

As an example, during the pandemic Accenture moved

95%

of its workforce to remote working without any reduction in productivity.⁹

Myth 4

Distributed working checklist

- ✓ Ensure there is one living source of truth for all
- ✓ Establish shorter, more frequent check-ins
- ✓ Gauge performance of teams by results
- ✓ Promote empathetic leadership
- ✓ Define how office space is best used vs. private working
- ✓ Find a new work/life balance to avoid burn out



Myth 5

You need a blank canvas

There's no doubt: complexity and legacy systems make it harder to implement an intelligent operating model. So it's critical to understand the starting point before forging ahead. Organizations need to determine how far, and how fast, they can go before embarking on deep transformational change.

Company's need to gauge the level of market pressure and potential disruption for each customer proposition. Decide where they would benefit most from agility versus stability. And bear in mind their talent and technology starting points.

This is not a simple argument of revolution versus evolution. There are multiple pathways. Companies need to pick the set of pathways that best fits their strategy and capacity for change.

Myth 5 already busted:

Even big, complex companies can move at speed and with agility when focused on a shared purpose. Take the retailer that established a new eCommerce warehouse in just two weeks leveraging a partner's capability. Or Britain's Royal Mint. The centuries old government entity dedicated solely to producing coins took just

48 hours

to design a plastic visor to be produced for UK health workers. Within a week they were making one every 10 seconds.¹⁰

Myth 5

Here are five pathways to transformation that don't require a blank canvas:

01 Experiment in target spaces

Controlled experimentation is often the path of choice for companies that have more traditional operations and can't immediately establish the necessary buy-in for new ways of working and technology. Prove then scale.

02 Reset a function or cross-cutting activity

Reimagine the work of a function (e.g. finance) or a cross-cutting activity (such as sales and operational planning), where it is not delivering. This could be due to "muscles being in the wrong places" or simply being too big, too slow and too complex.

03 Build, operate, transfer

Companies lacking the leadership, skills and technology to work in new ways can use an ecosystem partner to build the necessary bench strength at speed. Ultimately companies may decide to bring these capabilities back in-house.

04 Acquire or rent

Buy new capabilities and infuse them back into the core. This is particularly effective for companies with strong integration experience like L'Oreal's acquisition of Modiface. Many consumer-packaged goods companies are acquiring a direct-to-consumer business instead of building it from scratch like Dollar Shave Club and Unilever, or Hershey's and Amplify.

05 Establish a greenfield unit

Establish a greenfield unit alongside current businesses that applies intelligent operating model characteristics from scratch. Do this when setting up a new offering or service or where its not possible to get the current organization there quick enough. Ultimately this unit could take over the existing customer base.

Do you have what it takes to build an intelligent operating model?



Establish a clear purpose and manifesto



Organize around customer value



Assess which ecosystem partners are mission-critical



Prioritize the organizational wiring



Weave technology into the fabric of the enterprise



Design with your talent and technology starting point in mind



Prepare leaders to serve and protect the model



Provide the right level of support and safety

Myth versus reality

To gain true speed and agility, companies must tackle head-on the myths surrounding intelligent operating models. And they must reimagine the very essence of their business.

While we can't predict what will happen next, no matter the scenario, agility will be critical. Companies need to design their organizations with agility embedded across the enterprise and build the necessary muscle to continuously optimize and adapt.

Companies also need to ask themselves hard-hitting questions about what they stand for, how they add value for customers, how they empower their people, who they partner with, and their impact on the world around them.

Now is the time for companies to reimagine their operating model and create a new competitive reality that propels them ahead of their competitors.

Contacts



Kent McMillan

Managing Director,
Global Lead,
Organizational Development and
Europe Lead, Intelligent Operating
Model



Paul Jeruchimowitz

Managing Director,
Global Lead, Intelligent
Operating Model and Zero-
Based Organization



Diana Bersohn

Managing Director,
Technology Lead,
Intelligent Operating
Model



Till Dudler

Managing Director,
UKI Strategy Practice Lead,
and Europe Lead, Consumer
Goods

References

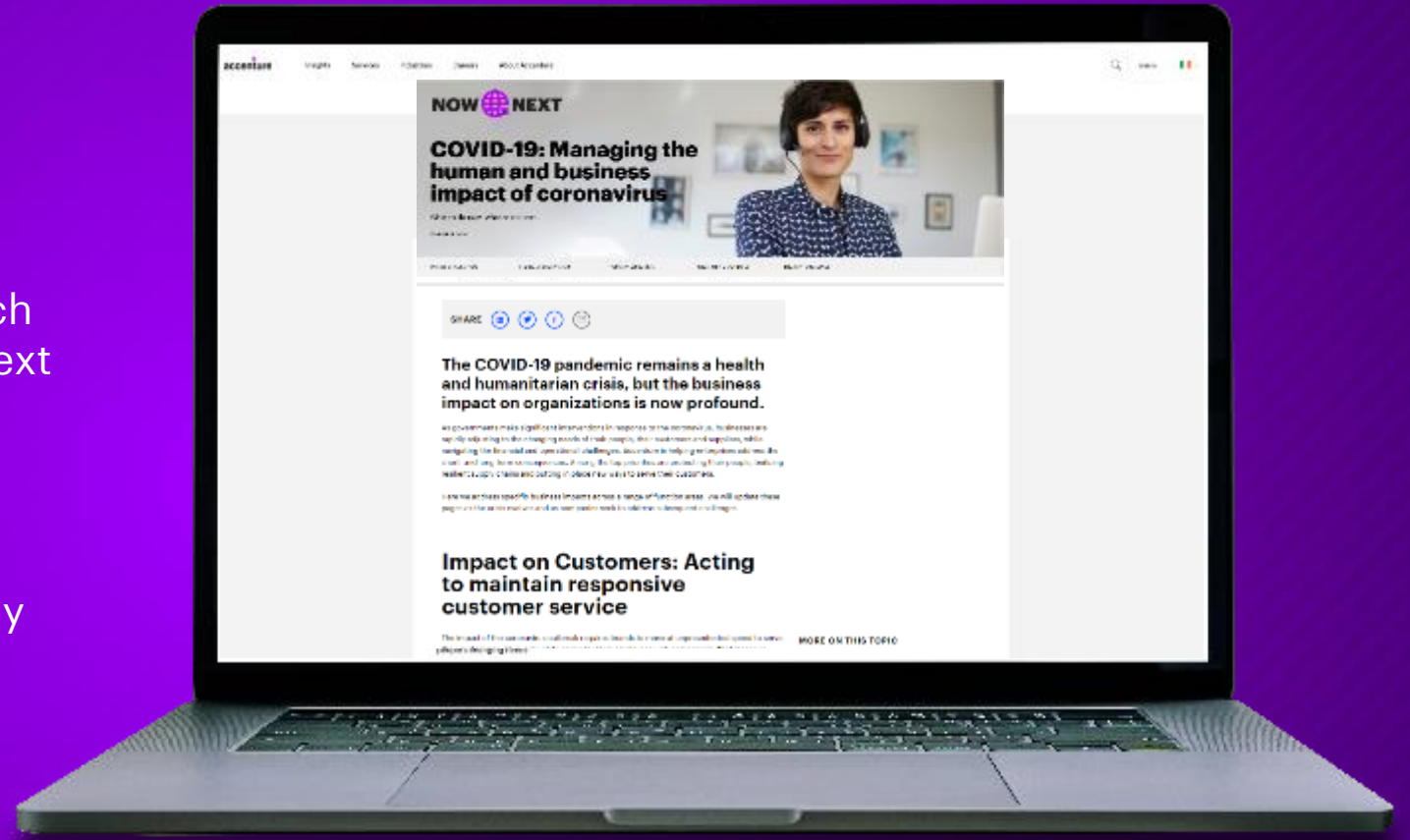
1. [Coronavirus Business Tracker: How The Private Sector Is Fighting The COVID-19 Pandemic](#), Forbes, April 1, 2020
2. [James Dyson designed a new ventilator in 10 days. He's making 15,000 for the pandemic fight](#), CNN Business, March 27, 2020
3. [Big food brands sidestep retailers in pandemic](#), Financial Times, May 29, 2020
4. Execution in Perpetual Motion, (Accenture 2020)
5. Ibid
6. [Move fast to thrive: Intelligent operating model](#), Accenture, 2019
7. [Microsoft Teams now has 75 million daily active users, adding 31 million in just over a month](#), Business Insider, April 29, 2020
8. [How GSK reorganised its brand portfolio in response to Covid-19](#), Marketing Week, June 25, 2020
9. [Accenture CEO Julie Sweet – remote working is here to stay, but don't sell off the office space just yet](#), Diginomica, June 30, 2020
10. [How factories change production to quickly fight coronavirus](#), BBC, April 13, 2020

To help our clients navigate both the human and business impact of COVID-19, we've created a hub of all of our latest thinking on a variety of topics.

Each topic highlights specific actions which can be taken now, and what to consider next as industries move towards a new normal.

From leadership essentials to ensuring productivity for your employees and customer service groups to building supply chain resilience and much more, our hub will be constantly updated. Check back regularly for more insights.

[VISIT OUR HUB HERE](#)



About Accenture

Accenture is a leading global professional services company, providing a broad range of services in strategy and consulting, interactive, technology and operations, with digital capabilities across all of these services. We combine unmatched experience and specialized capabilities across more than 40 industries — powered by the world’s largest network of Advanced Technology and Intelligent Operations centers. With 513,000 people serving clients in more than 120 countries, Accenture brings continuous innovation to help clients improve their performance and create lasting value across their enterprises.

Visit us at www.accenture.com

DISCLAIMER: This document is intended for general informational purposes only and does not take into account the reader’s specific circumstances, and may not reflect the most current developments. Accenture disclaims, to the fullest extent permitted by applicable law, any and all liability for the accuracy and completeness of the information in this presentation and for any acts or omissions made based on such information. Accenture does not provide legal, regulatory, audit, or tax advice. Readers are responsible for obtaining such advice from their own legal counsel or other licensed professionals.

Copyright © 2020 Accenture All rights reserved.

Accenture, its logo, and New Applied Now are trademarks of Accenture.