

# An integrated agile organizational design and its impact on a faster response to changing customer needs: The case of ING's One Agile Way of Working.

A Master's Thesis submitted for the degree of  
“Master of Business Administration”

supervised by  
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## Affidavit

I, **MAG. CHRISTINE HELMEL**, hereby declare

1. that I am the sole author of the present Master's Thesis, "AN INTEGRATED AGILE ORGANIZATIONAL DESIGN AND ITS IMPACT ON A FASTER RESPONSE TO CHANGING CUSTOMER NEEDS: THE CASE OF ING'S ONE AGILE WAY OF WORKING.", 84 pages, bound, and that I have not used any source or tool other than those referenced or any other illicit aid or tool, and
2. that I have not prior to this date submitted the topic of this Master's Thesis or parts of it in any form for assessment as an examination paper, either in Austria or abroad.

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## Abstract

The old working paradigm is challenged by the digital revolution of the 21<sup>st</sup> century, which is characterized by quickly changing customer demand patterns, the entry of disruptive technologies in all industries, increased democratization of information, and, finally, the best talents' changing expectations from organizations. Hierarchical organizational structures used to pursue the aim of optimized labour productivity cannot cope with this rapidly changing environment and increasing complexity any more. Thus, organizations have to adapt their organizational design and their way of working to stay competitive.

The aim of this master thesis is to investigate the necessary framework for an adequate organizational design on the basis of the concepts of self-organization and agile working principles. A case study on a local branch of an international organization shows how the concept of an agile organizational design helps reach their goals of increased delivery and shorter time to market of services. Furthermore, the study provides insights into effective working processes and how to meet the changing requirements of customers. Both the structural design as well as collaboration practices are, therefore, reviewed in detail.

The findings of the subsequent empirical study confirm the thesis that the presented approach of an agile way of working in self-organizing teams clearly contributes to the achievement of the set goals of decreased time to volume, increased employee engagement, an increase in delivery and efficiency, and international collaboration.

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## List of abbreviations

CoE	Center of Expertise
IoT	Internet of Things
KPI	Key Performance Indicator
MVP	Minimum Viable Product
OAWoW	One Agile Way of Working
QBR	Quarterly Business Review

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# 1 Introduction

The digital revolution of the 21st century is transforming industries, economies, and societies. A global multidisciplinary team of McKinsey describes four disruptive trends that challenge the old working paradigm: as the business environment is evolving quickly and customers', partners', and regulators' demand patterns are developing further, organizations need to change their priorities even faster. In addition, established business are gradually being commodified and replaced by disruptive technology, such as machine learning, IoT (Internet of Things), and robotics. The increased volume, transparency, and democratization of information represents another trend. Finally, a scramble for the best talents who often have different desires, origins, thoughts, and experiences is taking place.<sup>1</sup>

The banking industry is exposed to these transformations, too. According to ING, an international banking group, this industry is *"disrupted by newcomers using new technologies like blockchain, robotics and artificial intelligence"*<sup>2</sup>.



Figure 1: Trends in the banking landscape continue to evolve<sup>3</sup>

Hence, banking services are increasingly offered by non-banks and banking services become commodities. At the same time customer expectations are changing due to their changing behavior when using digital and mobile service which they expect to be instant, seamless,

<sup>1</sup> Aghina, W., Ahlback, K., De Smet, A., Lackey, G., Lurie, M., Murarka, M., & Handscomb, C. (2018, January). The five trademarks of agile organizations. Retrieved April 27, 2019, from <https://www.mckinsey.com/business-functions/organization/our-insights/the-five-trademarks-of-agile-organizations>.

<sup>2</sup> ING.com. (n.d.). Purpose & strategy. Retrieved April 29, 2019, from <https://www.ing.com/About-us/Purpose-strategy.htm>.

<sup>3</sup> ING. (2016, September 30). Accelerating Think Forward | ING Investor Day 2016 [PPT]. SlideShare.



customized and relevant. Finally, *“it’s tech companies like Google, Facebook and Amazon that are setting the standard for how people interact with the brands they love.”*<sup>4</sup>

In the 20th century, organizations followed the Taylorist paradigm<sup>5</sup>. Those organizations that embraced the principles of scientific management were described as hierarchical, and their specialized organizational structures aimed to achieve optimized labour productivity. Organizations such as Ford dominated their industries for decades, they outperformed other organizations, and attracted the best talents. *“When machine organizations have tried to engage with the new environment, it has not worked out well for many.”*<sup>6</sup> Thus, today’s organizations have to change and adapt their way of working to stay competitive. Organizations need to shift from the old paradigm proposed by Taylor to a new paradigm in order to be able to adapt quickly to new challenges and opportunities.

McKinsey views the agile organization as the new dominant organizational paradigm and describes it as a shift in the way organizations are conceptualized: from treating them as machines to regarding an organization as a living organism:

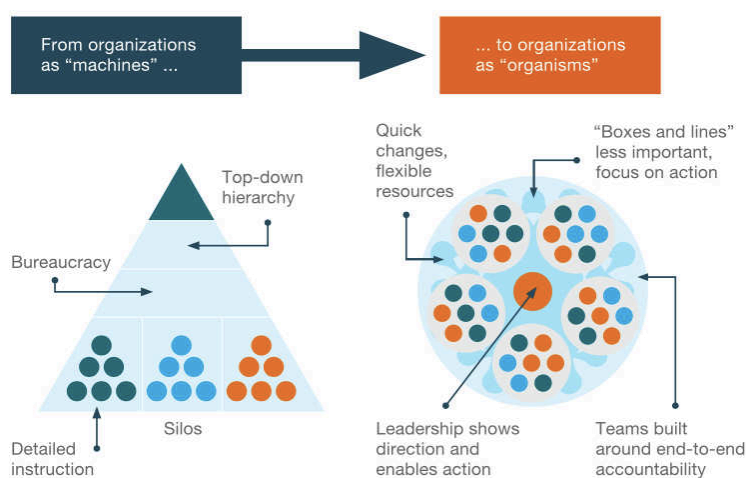


Figure 2: The new paradigm: Organizations as living organisms<sup>7</sup>

<sup>4</sup> ING.com. (n.d.). Purpose & strategy. Retrieved April 29, 2019, from <https://www.ing.com/About-us/Purpose-strategy.htm>.

<sup>5</sup> Caramela, S. (2019, February 12). The Management Theory of Frederick Taylor. Retrieved April 27, 2019, from <https://www.business.com/articles/management-theory-of-frederick-taylor/>.

<sup>6</sup> Aghina, W., Ahlback, K., De Smet, A., Lackey, G., Lurie, M., Murarka, M., & Handscomb, C. (2018, January). The five trademarks of agile organizations. Retrieved April 27, 2019, from <https://www.mckinsey.com/business-functions/organization/our-insights/the-five-trademarks-of-agile-organizations>.

<sup>7</sup> Aghina, W., Ahlback, K., De Smet, A., Lackey, G., Lurie, M., Murarka, M., & Handscomb, C. (2018, January). The five trademarks of agile organizations. Retrieved April 27, 2019, from

McKinsey describes a living organism as a design with “*stable backbone elements that evolve slowly and support dynamic capabilities that can adapt quickly to new challenges and opportunities.*”<sup>8</sup> According to this model, agile organizations are more robust to pressure and thus performance improves. “*Moreover, such companies simultaneously achieve greater customer centricity, faster time to market, higher revenue growth, lower costs, and a more engaged workforce.*”

While McKinsey puts agility of organizations at the centre of future organizational designs, the authors of the Berliner Team see the concept of self-organization as the answer to the old organizational system. They describe self-organization as an organizational design which integrates leadership into teams. Thus, employees structure their work independently and lead themselves by taking over responsibility with a high level of self-decision power. This way of working leads to highly motivated employees and the ability to react quickly to changing requirements and conditions, which contributes to the success of an organization.<sup>9</sup>

This thesis addresses the challenges of the digital revolution and focuses on the shift to a new organizational paradigm as a possible concept for a new way of working. It investigates the necessary framework for an adequate organizational design and, in a case study, it examines if an agile organization can fulfil the expectations on the new paradigm. This leads to the following research questions:

- a) How can an agile organizational design support the delivery and time to market of services to meet fast changing customer needs and increase customer loyalty? Which framework is needed to establish an agile organizational design?
- b) How and to what extent did the transition to *One Agile Way of Working* of ING Austria contribute to an increased employee engagement, delivery and efficiency and a decreased time to market?

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<https://www.mckinsey.com/business-functions/organization/our-insights/the-five-trademarks-of-agile-organizations>.

<sup>8</sup> Aghina, W., Ahlback, K., De Smet, A., Lackey, G., Lurie, M., Murarka, M., & Handscomb, C. (2018, January). The five trademarks of agile organizations. Retrieved April 27, 2019, from <https://www.mckinsey.com/business-functions/organization/our-insights/the-five-trademarks-of-agile-organizations>.

<sup>9</sup> Grätsch, S., & Knebel, K. (2018, February 12). So funktioniert Selbstorganisation im Unternehmen: Die 10 Grundlagen. Retrieved April 28, 2019, from [https://www.berlinerteam.de/magazin/so-funktioniert-selbstorganisation-im-unternehmen-die-10-grundlagen/#Fuehrung\\_heute](https://www.berlinerteam.de/magazin/so-funktioniert-selbstorganisation-im-unternehmen-die-10-grundlagen/#Fuehrung_heute).

To answer the first research question, this thesis develops an overall understanding of self-organizational designs and agile working principles. Using the example of an international organization, the shift from a classical, hierarchical organization to an agile organizational design with self-organizing teams is worked out.

To address the second question, employees of the said organization were interviewed whether and how the new organizational design contributes to bringing value and quality to the customer in a faster and more efficient way. The empirical findings are then discussed in the analysis of the concept.

The thesis is structured as follows:

Section 1 highlights the requirement of a new organizational design due to fast changing customer needs and an increasingly competitive landscape of innovative institutions. This section also includes the research questions and describes the structure of the thesis.

Section 2 reviews the characteristics of self-organizations and the principles of agile working methods. This review covers concepts of management science as well as principles and best practices of agile working methods.

Section 3 introduces ING's model of *One Agile Way of Working*, that combines a new structural design, based on self-organization of teams with agile collaboration processes. Thereby, section 3 also investigates the framework, tools, and practices needed to create a harmonious overall concept.

Section 4 assesses the new organizational design. For this purpose, a qualitative study was conducted in an Austrian subsidiary of an international banking group.

Section 5 provides a summary of the findings regarding the new organizational concept and concrete recommendations for the organization's further steps in the transformation process.

## 2 Fundamentals of new organizational designs

This section reviews concepts relating to self-organization of social systems with the focus on management science as well as agile principles and working practices of the development of innovative services. These fundamentals set the basis to apprehend the case of ING regarding the design of a new organizational framework, its values and goals, and the new working and collaboration processes.

### 2.1 Self-organization in management science

#### 2.1.1 Order as the result of human action (F. von Hayek)

Friedrich August von Hayek, an Austrian Nobel Prize winner in economic science, published numerous books about ordered structure in human societies and the way it can be created and sustained. In his view, order is as a central element of society, which offers vital stability and reliability needed for a society to follow efficiently the set goals.

In his book, Hayek describes an ordered structure as a variety of different elements that are related to each other in a way that members of a human society can learn to develop the right expectations.<sup>10</sup> Interpreted in a simple way, it is the result of ordering activities of an ordering nature.<sup>11</sup> This finding leads to the misconception that orders have to be created and sustained by an authority, a phenomenon which can be observed, for example, in hierarchical organizations. However, the most effective orders of languages, rights and complex systems accrued in a self-organized way and can be described as grown orders.<sup>12</sup>

Besides a grown order, Hayek describes another way of building an order: an organization which is built consciously and systematically.<sup>13</sup> Accordingly, an organization is an artificially planned order that is governed by a director by command and obedience and steered by authority.<sup>14</sup> Hayek points out that, in this way, only a simple order can be formed as the know-

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<sup>10</sup> Hayek, F. A. (1980). *Recht, Gesetzgebung und Freiheit: Eine neue Darstellung der liberalen Prinzipien der Gerechtigkeit und der politischen Ökonomie*. München: Moderne Industrie, p. 57.

<sup>11</sup> Hayek, F. A. (1969). *Freiburger Studien*. Tübingen: Mohr, pp. 32ff.

<sup>12</sup> Hayek, F. A. (1980). *Recht, Gesetzgebung und Freiheit: Eine neue Darstellung der liberalen Prinzipien der Gerechtigkeit und der politischen Ökonomie*. München: Moderne Industrie, pp. 47, 58ff.

<sup>13</sup> Hayek, F. A. (1969). *Freiburger Studien*. Tübingen: Mohr, p. 34.

<sup>14</sup> Hayek, F. A. (1980). *Recht, Gesetzgebung und Freiheit: Eine neue Darstellung der liberalen Prinzipien der Gerechtigkeit und der politischen Ökonomie*. München: Moderne Industrie, p. 59.

how of just one mind is used. The gaps of such systems become increasingly larger as complexity grows. Thus, supplementing abstract rule become more and more important.<sup>15</sup>

Next to grown and planned orders, Hayek describes the spontaneous order and unintentional consequences of collective behaviour. In his opinion, a spontaneous order occurs when people live together in peace and are of use to each other without pursuing a common target. As an example, he explains that for most of the demanded goods and services an offer evolves automatically by efficient usage and enhancement of the factors of production. Thus, Hayek interprets an order as a good, desirable, and beneficial condition, and not only regularity and calculability.<sup>16</sup>

### 2.1.2 Evolutionary management (F. Malik)

Fredmund Malik dedicates himself to evolutionary management, in particular to the possibility of adapting and controlling complex and dynamic systems. Management theory emphasizes the unpredictability of future system behaviours due to the complexity and dynamics that limit planning and controlling of organizations. Malik explains that social systems are complex and manifold, because they result from a huge variety of interactions between elements of the system. According to Malik and the school of evolutionary management, only complex systems can absorb complexity. Thus, due to the high level of complexity it is not possible to control systems completely.<sup>17</sup>

In order to design and steer complex, dynamic systems, Malik recommends not to develop complex solutions. He suggests to consciously abandon detailed rules as their design and implementation are not realistic due to the limits of human knowledge. A certain degree of control can only be achieved by designing general structures and rules for complex systems.<sup>18</sup> Within highly complex areas, only general, abstract rules show a regulating effect and

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<sup>15</sup> Hayek, F. A. (1969). *Freiburger Studien*. Tübingen: Mohr, pp. 41-42.

<sup>16</sup> Hayek, F. A. (1981). *Recht, Gesetzgebung und Freiheit: Die Illusion der sozialen Gerechtigkeit*. Landsberg am Lech: Verl. Moderne Industrie, pp. 151, 158ff.

<sup>17</sup> Malik, F. (1984). *Strategie des Managements komplexer Systeme ein Beitrag zur Management-Kybernetik evolutionärer Systeme*. Bern: P. Haupt, pp. 186, 191f.

<sup>18</sup> Grapp, J. (2005). *Ideengeschichtliche Entwicklung der Selbstorganisation - die Diffusion eines interdisziplinären Forschungskonzeptes*. Bremen, p. 41.

constitute the single realistic means of guiding complex systems in the desired direction. Kieser describes this as a self-organizing order-building process.<sup>19</sup>

### 2.1.3 Concept of the progressive organization (W. Kirsch)

Werner Kirsch investigates the limits to the design of complex, dynamic systems in leadership and management science. His book *Kommunikatives Handeln, Autopoiese und Rationalität* includes his concept of progressive organization, which explains that the complexity of organizations is caused by the meeting of different people with different contexts, needs, and targets and the people's incompatibility with multi-person decisions. Kirsch's major focus lies on the creation of an organization's objectives, which are based on consensus. According to Kirsch, decisions that are made by individuals should benefit the progress of the whole organization. This, again, is the prerequisite for team members' individual developments.<sup>20</sup>

Kieser names Kirsch's chain of members that are connected without the involvement of management or other external forces a 'self-organizing snowball process'.<sup>21</sup> This process may lead to self-organized problem-solving. Nevertheless, this snowball process can only work if the members of the system are empowered to make independent decisions and if their level of responsiveness is sufficient.<sup>22</sup>

### 2.1.4 Autogenous and autonomous self-organization (E. Göbel)

In her book *Theorie und Selbstgestaltung der Selbstorganisation*<sup>23</sup>, Elisabeth Göbel describes self-organization as the elimination of bureaucracy and formality. Furthermore, the reduction of hierarchical levels and specialized teams support this concept. Therefore, Göbel suggests that an organization's structural design should be built around self-deciding teams. The management, on the other hand, acts as initiator of the new process of self-organization,

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<sup>19</sup> Kieser, A. (1994). Fremdorganisation, Selbstorganisation und evolutionäres Management. Zeitschrift für Betriebswirtschaftliche Forschung (ZfbF), pp 199-228.

<sup>20</sup> Kirsch, W. (1992). Kommunikatives Handeln, Autopoiese, Rationalität Kritische Aneignungen im Hinblick auf eine evolutionäre Organisationstheorie. Herrsching: Kirsch, pp. 274f.

<sup>21</sup> Kieser, A. (1994). Fremdorganisation, Selbstorganisation und evolutionäres Management. Zeitschrift für Betriebswirtschaftliche Forschung (ZfbF), pp 199-228.

<sup>22</sup> Kirsch, W. (1992). Kommunikatives Handeln, Autopoiese, Rationalität Kritische Aneignungen im Hinblick auf eine evolutionäre Organisationstheorie. Herrsching: Kirsch.

<sup>23</sup> Göbel, E. (1998). Theorie und Gestaltung der Selbstorganisation. Berlin: Duncker & Humblot.

empowers the teams to develop decision power and motivates teams in their learning processes.<sup>24</sup>

Moreover, Göbel distinguishes between autogenous and autonomous self-organizations. An autonomous self-organization is the result of a conscious and intended process. Ideally, members of the self-organization participate in the development of the system in order to create an efficient system that suits the requirements of the parties concerned.<sup>25</sup> Autogenous self-organizations, on the other hand, result from an unconscious and unintended collective behaviour. Thus, these self-organizations develop by themselves.<sup>26</sup>

### 2.1.5 The emergence of a new organizational model (F. Laloux)

In his book *Reinventing Organizations*<sup>27</sup>, Frederic Laloux introduces concepts and practices of a new generation of organizations. They have in common the ability to act more soulfully, more purposefully, and more proactively and they encourage people to develop their potentials. The author summarizes how human organizations have developed and why a transition to a new paradigm is most probable. Laloux further describes how a few pioneers have successfully adopted new organizational models and which essential prerequisites are needed therefore.

Laloux explains that modern organizations have promoted the fast progress of society in the last two centuries that brought unprecedented wealth and life expectancy. In order to meet the current challenges, society has to switch to a new level of consciousness and we must reinvent the way we think and collaborate. The history of humankind proves that the way people organize and collaborate changed in the course of time. At each step in the evolution of humankind, organizational models such as society and economy mirror human consciousnesses and their psychological, cognitive, moral and spiritual development.

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<sup>24</sup> Göbel, E. (1993). Selbstorganisation - Ende oder Grundlage rationaler Organisationsgestaltung? Zeitschrift Führung und Organisation, pp. 389-393.

<sup>25</sup> Bea, F. X., & Göbel, E. (2010). Organisation: Theorie und Gestaltung (4., neu bearbeitete und erweiterte Auflage). Stuttgart: Lucius & Lucius, p. 205.

<sup>26</sup> Göbel, E. (1998). Theorie und Gestaltung der Selbstorganisation. Berlin: Duncker & Humblot, p. 17.

<sup>27</sup> Laloux, F. (2014). Reinventing organizations: A guide to creating organizations inspired by the next stage of human consciousness. Brussels: Nelson Parker.



In the first part of his book, Laloux presents various paradigms and organizational models in the development of human consciousness. Each of these paradigms bring new *“breakthroughs that help people to coordinate at a larger scale and manage more complex problems”*<sup>28</sup>. As the most sophisticated paradigm, Laloux mentions the Evolutionary-Teal paradigm. In the second part of his book, he lists several forward-looking organizations including schools, hospitals and manufacturing companies that started using evolutionary principles, some of them having several thousand employees. Each of the organizations he investigated in detail has achieved three breakthroughs: The first breakthrough is self-management in organizations. Evolutionary organizations work without any hierarchies and manage to transfer the functional design of complex adaptive systems of nature to organizations. Secondly, Laloux describes that Teal organizations use a consistent set of practices, such as self-management, a supportive environment, explicit ground rules for collaboration, and specific meeting practices. These practices reclaim people’s wholeness, so they can bring all of who they are to work. As the third breakthrough, the author mentions the evolutionary purpose, which means that employees *“understand what the organization wants to become, what purpose it wants to serve.”*<sup>29</sup>

#### 2.1.6 Self-organization of non-hierarchical organizations (M. Moser)

Michaela Moser, author of *Hierarchielos Führen*<sup>30</sup>, sets up the thesis that hierarchy as a fundamental organizational and leadership principle is outdated and has to be replaced by new ways of collaboration. She refers to the need for a new concept of a future-proof management and leadership design beyond hierarchies. Moser looks for answers in processes that traditionally structured organizations have to run through during their transformation into non-hierarchical organizations and how this process of change can be influenced.

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<sup>28</sup> Laloux, F. (2014). Reinventing organizations: A guide to creating organizations inspired by the next stage of human consciousness. Brussels: Nelson Parker.

<sup>29</sup> Laloux, F. (2014, March). Reinventing organizations, Excerpt and summaries. Retrieved June 25, 2019, from [http://www.reinventingorganizations.com/uploads/2/1/9/8/21988088/140305\\_laloux\\_reinventing\\_organizations.pdf](http://www.reinventingorganizations.com/uploads/2/1/9/8/21988088/140305_laloux_reinventing_organizations.pdf).

<sup>30</sup> Moser, M. (2017). Hierarchielos führen: Anforderungen an eine moderne Unternehmens- und Mitarbeiterführung. Wiesbaden: Springer Fachmedien Wiesbaden.



Furthermore, the author describes characteristics of non-hierarchical organizations and the frameworks that need to be considered when this concept is applied.

In her description, Michaela Moser uses the term 'Heterarchy' and refers to Markus Reihlen. In his book *Führung in Heterarchien*<sup>31</sup>, he describes Heterarchy as a self-steering organization. The organization's model of order adjusts to the conditions and requirements of the problem to be solved. Thereby, the organization abandons rigid hierarchical relationships and favours a flexible model of temporarily loose or temporarily tight connections and autonomous and self-responsible players. He specifies that self-organization can be seen as a fundamental mechanism for the functionality of a non-hierarchical organization.<sup>32</sup> Decisions are made by the operational units, a separation of steering, organizing, and planning factors and executing factors are fully abandoned. Thus, a non-hierarchical organization arguably reflects extreme decentralization of decision-making and a fully democratic process.

## 2.2 Agile principles and working methods

### 2.2.1 The Agile Manifesto<sup>33</sup>

The *Agile Manifesto* is the work of 17 independent-minded software developers who, in 2001, grouped as the 'The Agile Alliance'. They observed the need for an alternative to the documentation-driven and heavyweight software development processes. The guiding practices of the *Manifesto* are supposed to support teams in implementing and executing agility. However, it does not outline any specific processes, procedures, or best practices for agile, nor is it a rigid framework or methodology. The *Agile Manifesto* is rather a philosophical mindset for software development.

The *Agile Manifesto* outlines a set of 4 values and 12 principles for agile software development.

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<sup>31</sup> Reihlen, M. (1998). *Führung in Heterarchien*. Köln: Univ., Seminar für Allg. Betriebswirtschaftslehre, Betriebswirtschaftliche Planung und Logistik.

<sup>32</sup> Reihlen, M. (1998). *Führung in Heterarchien*. Köln: Univ., Seminar für Allg. Betriebswirtschaftslehre, Betriebswirtschaftliche Planung und Logistik, p. 11.

<sup>33</sup> 12 Principles Behind the Agile Manifesto. (2019, April 22). Retrieved May 5, 2019, from <https://www.agilealliance.org/agile101/12-principles-behind-the-agile-manifesto/>.

### 2.2.1.1 Agile Values

This agile mentality consists of the following overarching values, differentiating it from traditional software development processes:

- “1. Individuals and interactions over processes and tools*
- 2. Working software over comprehensive documentation*
- 3. Customer collaboration over contract negotiation*
- 4. Responding to change over following a plan”<sup>34</sup>*

These values encourage putting people before processes. This means that teams can resolve any issues with the tools, processes, and common problems when their members are aligned. In addition, a working software can meet customers’ expectations better and in contrast to comprehensive documentation, teams can adapt to change when required. The third value refers to collaboration with the customer and implies an ongoing communication with the customer instead of preliminary negotiation without any room for discussion. This enables teams to change course at an early stage, if required, but also the clients to refine their vision and requirements during the course of the project. The final value refers to the agile approach that allows changes from iteration to iteration, and shifting priorities at short notice. This also includes the option of quick feedback which helps to improve the project and add value to it.<sup>35</sup>

### 2.2.1.2 Agile Principles

In addition to the values, the *Manifesto* outlines 12 principles for agile development practices, focusing on four distinct groups: customer satisfaction, quality, teamwork, and project management.

- “1. Our highest priority is to satisfy the customer through early and continuous delivery of valuable software.*
- 2. Welcome changing requirements, even late in development. Agile processes harness change for the customer’s competitive advantage.*
- 3. Deliver working software frequently, from a couple of weeks to a couple of months, with a preference to the shorter timescale.*
- 4. Business people and developers must work together daily throughout the project.*

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<sup>34</sup> Agile Values | Definition and Overview. (n.d.). Retrieved April 29, 2019, from <https://www.productplan.com/glossary/agile-values/>.

<sup>35</sup> Agile Manifesto: Understanding Agile Values and Principles. (2019, April 23). Retrieved May 5, 2019, from <https://www.softwaretestinghelp.com/agile-manifesto/>.

5. *Build projects around motivated individuals. Give them the environment and support they need, and trust them to get the job done.*
6. *The most efficient and effective method of conveying information to and within a development team is face-to-face conversation.*
7. *Working software is the primary measure of progress.*
8. *Agile processes promote sustainable development. The sponsors, developers, and users should be able to maintain a constant pace indefinitely.*
9. *Continuous attention to technical excellence and good design enhances agility.*
10. *Simplicity – the art of maximizing the amount of work not done – is essential.*
11. *The best architectures, requirements, and designs emerge from self-organizing teams.*
12. *At regular intervals, the team reflects on how to become more effective, then tunes and adjusts its behavior accordingly.”<sup>36</sup>*

The first three principles put customer satisfaction into the focus. Customers can be seen as the sponsor of the project as they rather prefer working software delivered every Sprint than having an uncertain waiting period. Thus, the customer gets an idea of the progress and changes can be incorporated even in later stages in the developmental process to meet customer requirements. This also increases quality of the delivery. Teamwork plays another crucial role in the agile approach. Thus, business people and developers work together collaboratively, applying a constant feedback loop, which allows them to add course corrections and changes. The teams are empowered to be self-organized and make their own decisions. Regular reflection and self-improvement should optimize the results. Locating teams in the same working space supports not only communication and face-to-face discussions, but also helps to build trust and understanding. The teams' motivation thereby is key for successful delivery and development of superior products. In addition, measurement of progress is essential to project management. With agile processes, consistency of delivery and maintenance of the aimed pace throughout the duration of the project ensure a sustainable development. Finally, working software is the best indicator of the work done.<sup>37</sup>

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<sup>36</sup> 12 Principles Behind the Agile Manifesto. (2019, April 22). Retrieved May 5, 2019, from <https://www.agilealliance.org/agile101/12-principles-behind-the-agile-manifesto/>.

<sup>37</sup> Agile Manifesto: Understanding Agile Values and Principles. (2019, April 23). Retrieved May 5, 2019, from <https://www.softwaretestinghelp.com/agile-manifesto/>.

### 2.2.1.3 Heart of Agile<sup>38</sup>

The *Heart of Agile* is a simplified approach to the *Agile Manifesto*, created by one of the co-authors of the *Agile Manifesto*, Alistair Cockburn. *Heart of Agile* helps to focus on four critical core elements. According to Alistair, “they don’t need much teaching” and “are known by most people. You know if you’re doing them or not.”<sup>39</sup>

*Collaborate*

*closely with others to generate and develop better starting ideas. Communicate often to smooth transitions.*

*Deliver*

*small probes initially to learn how the world really works. Expand deliveries as you learn to predict and influence outcomes.*

*Reflect*

*periodically, along the way. Think about what you’ve learned in your collaboration and from your deliveries.*

*Improve*

*the direction of your ideas, their technical implementation, and your internal processes.”<sup>40</sup>*

### 2.2.2 Modern Agile<sup>41 42</sup>

Another set of agile principles can be found in the concept of *Modern Agile*. Organizations, such as Google, Amazon, and Airbnb have applied the principles of *Modern Agile* in order to produce exceptional outcomes and develop an outstanding organizational culture. *Modern Agile* is based on four principles:

#### Make people awesome

By understanding people’s circumstances, their worries, the motivation that holds them back, and knowing what they aspire to achieve, people can be made awesome. This includes people of the whole ecosystem, such as users of products or services, developers, buyers, sellers, or even funders.

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<sup>38</sup> The Heart of Agile | Agile Methodology Consultants. (n.d.). Retrieved June 1, 2019, from <https://heartofagile.com/>.

<sup>39</sup> Rediscovering the "Heart" of Agile. (2019, March 11). Retrieved June 1, 2019, from <https://heartofagile.com/rediscovering-the-heart-of-agile-2/>.

<sup>40</sup> Let's Begin. (2019, March 11). Retrieved June 1, 2019, from <https://heartofagile.com/lets-begin/>.

<sup>41</sup> Modern Agile. (n.d.). Modern Agile. Retrieved April 22, 2019, from <http://modernagile.org/>.

<sup>42</sup> Kerievsky, J. (2016, October 20). An Introduction to Modern Agile. Retrieved April 22, 2019, from <https://www.infoq.com/articles/modern-agile-intro>.

### Make Safety a Prerequisite

Safety is not only a basic need and prerequisite for people but also key to unlock high performance. By establishing safety in the work environment, people's time, information, reputation, money, health and relationships are protected.

### Experiment and learn rapidly

Frequent experimenting and fast learning protect the organization from wasting time and help achieve success faster. Thereby, experiments need to be designed in a way that people are not afraid of failing and are motivated to run even more experiments instead.

### Deliver value continuously

In order to deliver value faster and continuously, it is required to divide larger amounts of the value into smaller pieces. This enables the organization to experiment and learn rapidly and thus helps make customers happy.

### 2.2.3 Aligned autonomy and iteration<sup>43</sup>

Next to the value driven principles of the *Agile Manifesto* and *Modern Agile*, Spotify defined two key principles of an agile way of working. Those principles are based on aligned autonomy as well as on an iterative and incremental approach of the working processes.

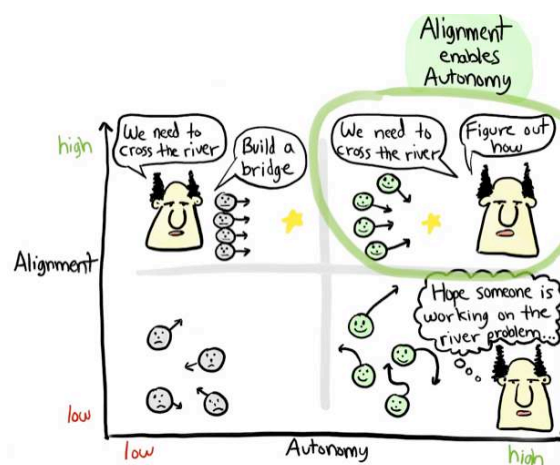


Figure 3: Spotify Engineering Culture<sup>44</sup>

<sup>43</sup> Unify IT, Coppens, H., & Prins, J. et al. (2017, December). One Agile Way of Working Tribe / Squad approach: How IT and business work together in delivery [PDF]. ING.

<sup>44</sup> Spotify Engineering Culture. (n.d.). Retrieved April 22, 2019, from <https://spotifylabscom.files.wordpress.com/2014/03/spotify-engineering-culture-part1.jpeg>.

### Autonomy and alignment

To reach a high level of autonomy, dependencies have to be minimized. Simultaneously, teams need to be enabled to increase output quickly. Thus, the design of an organization has to stimulate creativity among teams, empower them to define 'how' to deliver value, and to continuously come up with new insights and innovative ideas. At the same time, it is key to ensure that the output contributes to the vision and strategy of the firm – the 'what'. Thus, alignment is key to ensure autonomy. This can be ensured through full transparency in tasks and responsibilities and by sharing best practices.

### Iterative and incremental processes

The second key principle of the agile methodology is based on Sprints, or iterations. Typically, a Sprint is an event of two weeks, within which the team creates a part of the value that contributes to the delivery of a product in an incremental process, i.e. a product is built and delivered in pieces. This process can start with an experiment or a prototype. As soon as it is proven that the end product will deliver the proposed value, the actual product can be developed in further subsets of functionalities into a Minimum Viable Product. During this process, a maximum amount of validated feedback from the closed user group can be collected to successively refine the product. With each iteration, the product is improved until it is satisfactory.

#### 2.2.4 Scrum<sup>45 46</sup>

*Scrum* is a framework, which replaces a programmed algorithmic approach with the focus on people and self-organization to deal with unpredictability and solve complex problems. With this framework, various processes and techniques for developing, delivering, and sustaining complex products of the highest value possible can be employed.

*Scrum* has been used for almost everything we use in our daily lives, as individuals and societies, such as the development of software, hardware, and autonomous vehicles, in

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<sup>45</sup> Schwaber, K., & Sutherland, J. (2017, November). The Scrum Guide™. Retrieved April 13, 2019, from <https://www.scrumguides.org/scrum-guide.html>.

<sup>46</sup> Scrum.org. (n.d.). Scrum Values Poster. Retrieved April 13, 2019, from <https://www.scrum.org/resources/scrum-values-poster>.

marketing, managing operations of organizations, and many more. As technology and environmental complexities have increased rapidly, *Scrum's* viability in dealing with complexity is evident daily.

The *Scrum* framework consists of *Scrum* Teams and their associated roles, events, artifacts, and rules, accompanied by the five *Scrum* Values. Each component within the framework serves a specific purpose and together they are responsible for *Scrum's* success.

### Values

The successful use of *Scrum* depends on people becoming more proficient in living up five *Scrum* values: Courage, Focus, Commitment, Respect, and Openness.

*“Scrum Team members have courage to do the right thing and work on tough problems. Everyone focuses on the work of the Sprint and the goals of the Scrum Team. People personally commit to achieving the goals of the Scrum Team. Scrum Team members respect each other to be capable, independent people. The Scrum Team and its stakeholders agree to be open about all the work and the challenges with performing the work.”<sup>47</sup>*

### Scrum Team

*Scrum* Teams are self-organizing and cross-functional teams, which consist of a Product Owner, the Development Team, and a *Scrum* Master. The team members choose how best to accomplish their work, rather than being directed by others and have all competencies needed to accomplish the work. The team set-up is designed to optimize flexibility, creativity, and productivity, and to deliver products iteratively and incrementally, maximizing opportunities for feedback.

### Scrum Events

To create regularity and to minimize meetings, four formal events for inspection and adaptation are used: Sprint Planning, Daily *Scrum*, Sprint Review and Sprint Retrospective. These events are specifically designed to enable critical transparency and inspection.

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<sup>47</sup> Scrum.org. (n.d.). Scrum Values Poster. Retrieved April 13, 2019, from <https://www.scrum.org/resources/scrum-values-poster>.



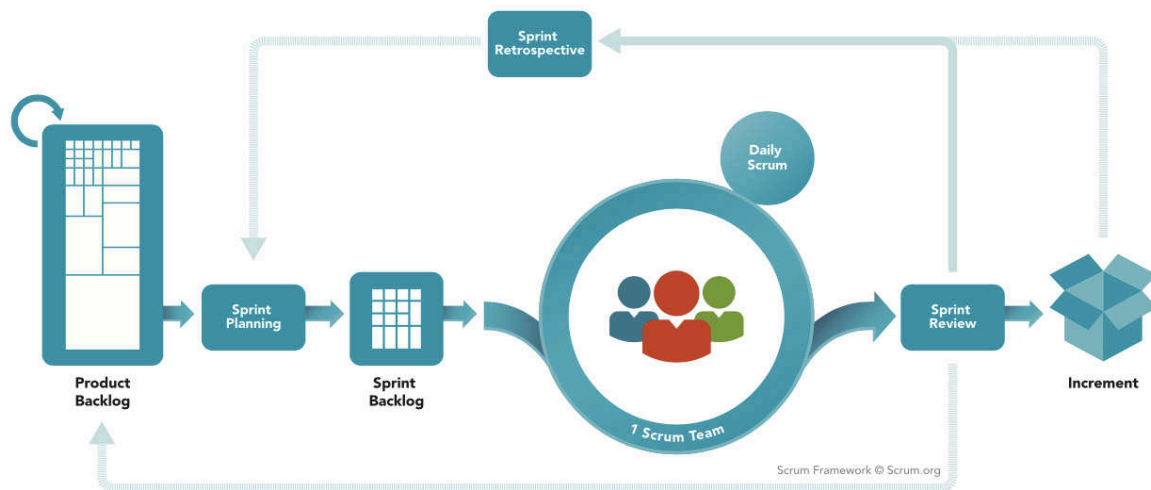


Figure 4: The Scrum Framework<sup>48</sup>

A Sprint is a time-boxed event with a consistent duration throughout a development effort of one month or less. During this period, a Done is created for a useable and potentially releasable Increment, the sum of all product backlogs. Each Sprint is used to achieve a defined goal. The work to be performed in the Sprint is planned at the Sprint Planning created collaboratively by the entire *Scrum* Team. The *Scrum* Master ensures that the event takes place, that the Team understands its purpose, and teaches them to keep within the time-box.

To synchronize activities and to create a plan for the next 24 hours, the *Daily Scrum* is held every day of the Sprint. By inspecting the work done since the last *Daily Scrum* and forecasting upcoming Sprint work, team collaboration and performance are optimized.

At the end of every Sprint, a Sprint Review is held with the purpose of inspecting the Increment, adapting the product backlog, and collaborating on the next things to be done to optimize value. After the Sprint Review, the *Scrum* Team has the opportunity to reflect on their work and to create a plan for improvements to be made during the next Sprint. During this Sprint Retrospective, the Team discusses what went well, what could be improved and what to commit to improve in the next Sprint.

<sup>48</sup> Scrum.org. (n.d.). What is Scrum? Retrieved April 13, 2019, from <https://www.scrum.org/resources/what-is-scrum>.



### 2.2.5 Kanban<sup>49</sup>

Like *Scrum*, *Kanban* is an iterative work system that relies on process flows. Both methods encourage work to be broken down into manageable chunks with the aim to reduce waste.

In *Kanban*, a *Kanban* board is used to visualize work as it progresses throughout the work flow. The board is attached to a wall in the Squad's working area. Every *Kanban* board contains stories and is split into three basic sections that show the latest status of the tasks that are requested, in progress and done.

The difference between *Scrum* and *Kanban* lies in the definition of manageable chunks. *Scrum* limits the time allowed to be spent on accomplishing a particular amount of work in the time-box of Sprints, *Kanban* limits the amount of work allowed in one condition. Thus, only so many tasks can be carried out at the same time as can be on the to-do list. As a result, *Kanban* will not perform in a Sprint Planning but will work on the items with the highest priority. Whereas *Scrum* is best for teams with priorities that do not change over time, *Kanban* is used in projects with widely-varying priorities.

## 2.3 Conclusion

To sum up, all the thinkers introduced in section 2.1 who deal with self-organization of management science agree that the increasing complexity and dynamics of systems demand new ways of collaboration in order to guide complex systems in the desired direction. According to their research, hierarchical systems are not able to cope with this new complexity of the business environment, whereas self-organized systems are the most effective ways of organizing work. Key to success is that the management empowers self-deciding teams and builds the structural design around these teams. Thus, all decisions are made by the executing units directly. This results in an extreme decentralization of decision-making and reflects a fully democratic process. An evolution into this way of organizing can qualify organizations to act more soulfully and more purposefully and it allows employees to bring their whole selves to work.

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<sup>49</sup> Kanban vs. Scrum: What are the differences? (n.d.). Retrieved June 20, 2019, from <https://leankit.com/learn/kanban/kanban-vs-scrum/>.

Next to self-organization as a solution for dealing with an ever-increasing complexity of social systems, agile principles complement the new approach to working (see section 2.2). The pioneering agile principles focus on a change of mindset rather than on working processes. Agile frameworks put people of the whole ecosystem in the center, such as customers and employees. Customers have concrete and changing needs; thus, it's vital to integrate them in designing the aimed solution. On the other hand, collaboration, teamwork, self-responsibility and autonomy of teams as well as empowerment of employees are key to create motivated and successful teams. Next to the focus on people, experimenting, learning, reflecting, and quick problem-solving represent further important elements in the agile mindset. In addition to these elements, continuous and fast delivery of smaller parts of the software are essential components of an agile way of working. Finally, the elaboration of concrete working processes complements the overall agile principles in order to facilitate efficient and effective workflows.

Many elements of the presented concepts function as an inspiration for the design of the *Agile Way of Working* at ING. The new organizational design and its interdisciplinary team set-up is based on self-organization of problem-solving at team level and empowered employees' decentralized decision-making. Overall, this leads to a reduction in hierarchies. A further important element of ING's successful self-organization is the definition of a clear purpose of the firm. Thus, employees on all levels understand the purpose the organization wants to serve. Within the new organizational design, people are able to act more purposefully and more proactively, and they are enabled to develop their talents and potentials. In order to make this concept successful, the organization needs self-responsible employees, who bring all of who they are to work. Nevertheless, due to the comprehensive regulatory requirements, an entire removal of bureaucracy and formality is hard to achieve and the step towards an entirely non-hierarchical organization with fully democratic processes is not yet attainable.

Next to the self-organization of teams and the new structural design, the agile principles, values, and working processes build the core of ING's *Agile Way of Working*. Customer centricity has already been an important enabler for the success of ING in the past. With the new way of working, customer needs take further center stage as customer feedback loops are integrated into the incremental innovation process. Furthermore, this working process is

based on the principles of iterative and incremental software development and uses *Scrum* and *Kanban* techniques for fast, efficient, and effective implementation of the new service elements.

Overall, the organizational concept of the ING *One Agile Way of Working* combines design elements of various forward-looking sets of values, agile principles and working processes that are consistent with the promising purpose and business strategy of ING.

### 3 The ING One Agile Way of Working

#### 3.1 About ING

ING is a global financial institution with over 52,000 employees, offering retail and wholesale banking services in over 40 countries with a strong European base<sup>50</sup>. As one of the seven challenger markets of ING Group, ING Austria was founded in 2004 with roots of the former Quelle Bank and as a branch of ING-DiBa AG Deutschland. The Austrian branch manages around 533,000 customers and employs more than 240 people in Vienna.<sup>51</sup>

#### 3.2 Purpose and strategy of ING

In response to the continuously changing banking landscape describes in section 1, ING launched the *Think Forward strategy* in March 2014, which is valid for all ING units worldwide, establishing the firm's purpose and defining clear customer promises. The strategy thereby focuses on customer needs, a superior experience, digitalization and innovation.<sup>52</sup>

In October 2016, the strategy was enhanced and the next step in the transformation to a global digital bank was announced. In this *Accelerating Think Forward strategy*, ING unveiled a number of initiatives that should eventually result in a single global platform for financial services with one consistent experience for all customers.<sup>53</sup>

##### 3.2.1 Purpose

ING's purpose sets the overall framework for both the retail and wholesale banking activities of all units of ING Group. It defines the role of ING as a financial institution, claiming to support

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<sup>50</sup> ING.com. (n.d.). Key figures. Retrieved April 29, 2019, from <https://www.ing.com/About-us/Profile/Key-figures.htm>.

<sup>51</sup> ING Austria. (n.d.). Zahlen und Fakten. Retrieved April 29, 2019, from <https://www.ing.at/ueber-uns/unternehmen/zahlen-und-fakten>.

<sup>52</sup> ING.com. (n.d.). Purpose & strategy. Retrieved April 29, 2019, from <https://www.ing.com/About-us/Purpose-strategy.htm>.

<sup>53</sup> ING.com. (2016, October 03). ING strategy update: Accelerating Think Forward. Retrieved April 29, 2019, from <https://www.ing.com/Newsroom/All-news/Press-releases/ING-strategy-update-Accelerating-Think-Forward.htm>.

and promote economic, social and environmental progress by “*Empowering people to stay a step ahead in life and in business*”.<sup>54</sup>

### 3.2.2 Customer promises

The ING customer promises state how to empower customers and aim to build up a differentiating customer experience: banking shall be designed in a clear and easy way, in terms of products, language, process and by offering fair prices. The customers should be able to use their banking at any time and place and in any way, they prefer. ING furthermore promises to provide relevant and up-to-date information in order to support customers in understanding their choices and all resulting consequences. Finally, ING commits to put improvement into the focus of work and investigate on new ideas on an ongoing basis. By following these customer promises, people will be empowered to “*stay a step ahead*”.<sup>55</sup>

### 3.2.3 Strategy

Whereas the purpose and the customer promises define the reason and the ‘why’ for doing things for ING, the derived strategy determines ‘what’ to do.

The global strategy of ING focuses on four strategic priorities to create an excellent customer experience: at the center of the strategy, there are ING’s customers. To understand them better and to be able to meet their changing needs, data and advanced analytics are used. Fast innovation as the second strategic priority is essential to make banking easy to use and to fulfilling the customer promises. By challenging traditional banking models, ING will be able to develop new services and business models that pay into the strategy. Finally, ING wants to develop a relationship with the customer who perceives ING as her or his primary bank.<sup>56</sup>

The *Accelerated Think Forward strategy* aims to unite ING as one platform with one consistent experience of financial services for all ING customers. Uniting ING at the end-stage thereby means to unite its platforms, processes, operational models, products, data architecture,

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<sup>54</sup> ING.com. (n.d.). Purpose & strategy. Retrieved April 29, 2019, from <https://www.ing.com/About-us/Purpose-strategy.htm>.

<sup>55</sup> ING.com. (n.d.). Purpose & strategy. Retrieved April 29, 2019, from <https://www.ing.com/About-us/Purpose-strategy.htm>.

<sup>56</sup> ING.com. (n.d.). Purpose & strategy. Retrieved April 29, 2019, from <https://www.ing.com/About-us/Purpose-strategy.htm>.

priorities, brand and people – to finally “*overcome local differences and build one global digital bank*”.<sup>57</sup>

Based on the global strategy, ING Austria sets its medium-term local strategy. As ING in Austria is a relatively young organization, the local requirements need to be considered. Thus, a clear growth strategy is defined, i.e. growth of the customer base is the central point of all efforts. Further extension of service offers and features, enhancing the target group by introducing new distribution channels as well as digitalization and scalability of internal end-to-end processes shall support the efforts to increase the customer base and to be recognized as a potential primary banking partner. At the same time, the overall global strategy is supported by selected global initiatives with the aim to unite ING at the final stage.

### 3.2.4 Organizational design and culture

In order to accelerate the implementation of the *Think Forward strategy*, the governance of the way of working needs to be adapted accordingly. The way of working defines how to organize a firm around customer journeys; it describes how to manage, prioritize, collaborate, share and improve the work that is done globally and locally, and determines technology that will be used. A successful transformation to a new way of working starts with agreeing on mindset, enablers, values and principles.

#### 3.2.4.1 Organizing as ‘One’ and as an ‘Agile’ Way of Working<sup>58</sup>

To be able to respond to the rapidly changing environment and customer expectations and to deliver value to the customer faster, we need an agile organization and culture. Agile working increases efficiency, as the number of handovers is low and time to volume short. People in an Agile organization tend to be more satisfied and prouder, which contributes to higher performance.

One uniform way of working comprises bank-wide shared principles and practices, which enables global collaboration. It will accelerate initiatives that enable international collaboration for achieving the end-stage of a united ING.

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<sup>57</sup> ING.com. (2017, February 16). The Olympian task of transforming ING. Retrieved April 29, 2019, from <https://www.ing.com/newsroom/all-news/the-olympian-task-of-transforming-ing.htm>.

<sup>58</sup> Center of Expertise Way of Working. (2017, July 4). *ING: One Agile Way of Working* [PDF]. ING.

The implementation of *One Agile Way of Working* is organized in two phases. In the first phase, agile principles are applied in the local homes of ING in order to make the single regions identical to their peers in the intermediate state of the *Think Forward strategy*. In the second phase, the agile principles will be organized around global processes and products instead of local homes.

#### 3.2.4.2 Orange Code

The mere application of the principles of *One Agile Way of Working* alone can be too mechanical if the people in the organization do not share the collaborative mindset. This is reflected in ING's *Orange Code* which aims to create one shared culture across ING.

The *Orange Code* defines observable behaviors and values that underpin ING's way of working. The values are defined as followed:

- "1. We are honest.
- 2. We are prudent.
- 3. We are and responsible." <sup>59</sup>

Closely linked to the values are the ING behaviors all ING employees are committed to:

- "1. Take it on and make it happen.
- 2. Help others to be successful.
- 3. Always a step ahead."

### 3.3 Goals of One Agile Way of Working

#### 3.3.1 Starting point

Before the introduction of the new way of working, ING was organized in a formal top-down, silo-based hierarchy with a command and control mindset. The change portfolio was steered in an individual program and project planning process while projects were still realized according to the classical waterfall method. Within a certain project, project managers set the priorities, they claimed resources for their project from various departments, managing the staff's time and controlling the time used for the project. Finally, the delivery strategy was built on a big software release twice a year.

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<sup>59</sup> ING.com. (n.d.). Purpose & strategy. Retrieved April 29, 2019, from <https://www.ing.com/About-us/Purpose-strategy.htm>.

At ING Austria, agile software development and two-week Sprint planning were introduced in 2010. Thus, software was deployed every second week, with a testing period of two weeks.

The new organizational design is being introduced in all business units step by step, starting in the Netherlands in 2015. Thus, ING was the very first banking group worldwide that introduced an agile way of working. In Austria, the transformation to the new organizational design started in 2017; since March 2018, the organization has been working in an agile manner.<sup>60</sup>

### 3.3.2 Group goals

The goal of *One Agile Way of Working* at group level is to become more agile, collaborate better and more efficiently on a global scale, and work as one global team across ING. This needs a global, collaborative mindset, proper tooling, and practices that support working across borders in a unified way.<sup>61</sup>

### 3.3.3 Local goals

Based on the global targets, the introduction of the *One Agile Way of Working* at ING in Austria pursues four goals<sup>62</sup>:

#### 1. Decrease time to volume

React fast to changing customer needs, bring value and quality to the customer, and focus on relevant services to be able to follow the growth strategy.

#### 2. Increase employee engagement

Invest into capable, motivated, inspired, and proud people in order to retain and hire key talents as well as to be perceived as an attractive employer.

#### 3. Increase delivery and efficiency

Cover business growth with the current number of employees and be prepared to scale the business.

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<sup>60</sup> ING Austria. (n.d.). Agile Bank - ING Austria. Retrieved October 19, 2018, from <https://www.ing.at/news/agile-bank>.

<sup>61</sup> ING. (n.d.). Way of Working. Retrieved October 19, 2018, from <https://intranet.ing.net/sites/AboutING-global/Pages/Way-of-Working-en.aspx>.

<sup>62</sup> ING Austria. (n.d.). Agile Bank - ING Austria. Retrieved October 19, 2018, from <https://www.ing.at/news/agile-bank>.



#### 4. Prepare for more international collaboration

Collaborate better on a global basis in order to work in a unified, global way.

By introducing the ING *Agile Way of Working* in Austria, these goals are supposed to be achieved on a midterm basis. According to the experts of the global transformation team, the first quantifiable results can be measured after 18 months of working according to the new conceptual design. In this period, the design has to be adapted according to the needs of the local unit and the local circumstances on an ongoing basis.

### 3.4 Fundamental principles of One Agile Way of Working

ING's *One Agile Way of Working* sets out the fundamental principles<sup>63</sup> for all ING units worldwide of how to organize working together more easily and more effectively. This supports ING to transform from a localized, hierarchical organization into a dynamic organization built around agile principles. The model describes how ING manages, prioritizes, shares, and improves work and the way people collaborate. It further defines the technology to be used to support global collaboration.

As one of the main goals is to work as one global team across ING, it is mandatory for the whole organization to implement *One Agile Way of Working* and its fundamental principles. This happens in two stages: at the first stage, the principles are applied locally to align all business units and facilitate cross-border collaboration. This is inspired by best practices and learnings from those ING units who have already implemented the new *Agile Way of Working* at an earlier stage. Secondly, the fundamental principles are introduced to global processes and products. Unifying the way of working over all ING units worldwide is crucial to accelerate the delivery of services and to facilitate global collaboration. It is called *One Agile Way of Working*.

The following section focuses on ING's organizational design and the organization of work with a focus on delivery units and on the local implementation of *One Agile Way of Working* in Austria. Thus, I will not dive deep into the technological set-up that is being set up at the same time.

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<sup>63</sup> ING. (n.d.). Way of Working. Retrieved October 19, 2018, from <https://intranet.ing.net/sites/AboutING-global/Pages/Way-of-Working-en.aspx>.

### 3.4.1 Mindset

Agile is not simply a framework or methodology, it is a mindset. If organisations truly embrace agile working, they have different values, different goals, different ways of organising and coordinating work, a different management role, and different ways of communicating. The mindset shifts from a tell-me-what-to-do-mentality to a mindset which allows employees to fail fast, fail often, take on an ownership-mindset and accept responsibility. The *Agile Way of Working* is based on ING's values and behaviours, the *Orange Code* and collaborative culture, that are prerequisites for the successful implementation and execution of the new framework (see section 3.2.3).

### 3.4.2 Principles

ING's *Agile Way of Working* is based on accepted industry standards for agile working, such as the four values of *Modern Agile* (see section 2.2.2) and the values and principles of the *Agile Manifesto* (see section 2.2.1). Based on these values and principles, ING developed eight *One Agile Way of Working* principles<sup>64</sup>. These fundamental principles set the framework for the organizational structure and the organization of work.



Figure 5: One Agile Way of Working fundamental principles<sup>65</sup>

<sup>64</sup> Valbracht, G. (2017, July 11). Boot Camp One Agile Way of Working, Fundamental principles [PPT]. Amsterdam: ING.

<sup>65</sup> Center of Expertise Way of Working. (2017, July 4). ING: One Agile Way of Working [PDF]. ING.

The first principle states that employees work in high-performing teams. In order to achieve high performance, teams are set up as small, multidisciplinary, stable, self-organizing teams. They have an end-to-end responsibility for their projects, in order to minimize handovers and maximize autonomy and a defined customer-related purpose.

The second principle focuses on the empowerment of teams, with the goal of employees to step up. In order to achieve this aim, teams receive a lot of support and get the trust and environment they need.

Caring about talent and craftsmanship is an important principle to staff capable and motivated people, who are inspired to reveal their talents.

The next principle focuses on the customer. In order to satisfy their rapidly changing needs, customers are directly involved in the design process of new services. Considering the customer feedback helps teams deliver value continuously throughout this learning process.

Principle five stresses the importance of keeping the big picture in mind when it comes to setting priorities. Priorities are set effectively and with a clear focus on business value and the customer. As customer needs are changing rapidly, planning is seen as an iterative process.

The basics of the organizational design are defined in the next principle. In order to collaborate seamlessly, the organizational design and way of working are designed in a consistent way, both internationally and within the local organization. Collaboration tooling supports colleagues to work together in all markets where ING is located.

The organization's principle of simplicity influences velocity and energy. Thus, transparency in processes, results, and roles and a clear purpose are key to success.

The last principle points out the advantages of re-using instead of re-inventing, e.g. by making use of available methodologies and tooling for disruptive and incremental innovation from outside and inside of ING.

### 3.4.3 Practices and tooling

Next to the right mindset and the agile principles, the *One Agile Way of Working* is inspired by tried-and-tested agile working methods such as *Scrum* (see section 2.2.4) and *Kanban* (see section 2.2.5), and by best practices and learnings from within ING and from other organisations, such as Spotify (see chapter 2.2.3), Netflix and Google.

*Scrum* puts the focus on people and self-organization to deal with unpredictability and solve complex problems. The *Scrum* framework consists of self-organizing and cross-functional teams and their associated roles, events, artefacts, and rules, accompanied by five values. At ING, agile working empowers multi-disciplinary teams to take end-to-end responsibility for entire processes and value chains. The teams own end-to-end delivery of products or services and, as a result, of business value. In order to provide the framework in which individuals and teams work closely together across borders, which entails direct communication, less handovers and less tollgates, ING decided to organize itself into Tribes, Chapters, and Squads. With this design, silos are abandoned and interdisciplinary and more flexible collaboration is enabled. This structural design and the roles of the cross-functional teams are described in detail in section 3.4.3.

Spotify's engineering culture is based on a high level of autonomy of the teams and alignment of team outputs with the vision and strategy of the firm. Its agile methodology is built on Sprints and the development of a Minimum Viable Product (MVP) that is improved with each iteration until it is satisfactory. A combination of incremental and iterative development is at the core of ING's *One Agile Way of Working*, in which products and services are designed, developed and delivered in pieces. At the same time, iterative development improves the products and services through successive refinement. Applying this method, an MVP is developed that does not yet include all desired functionalities. After regular feedback rounds with customers, the product or service is refined. The detailed working processes, artefacts, and events of *One Agile Way of Working* are described in section 3.6.

The *One Agile Way of Working* approach has to be agile itself and constantly adapt to the changing requirements of the customers. Furthermore, the organization has to learn how to use this organizational design in the best way to be successful in the long run.

### 3.5 Structural design of One Agile Way of Working<sup>66 67</sup>

The former hierarchical, silo-based organizational design transformed into a collaborative-organizational structure with (aligned) autonomy in the teams' daily work.

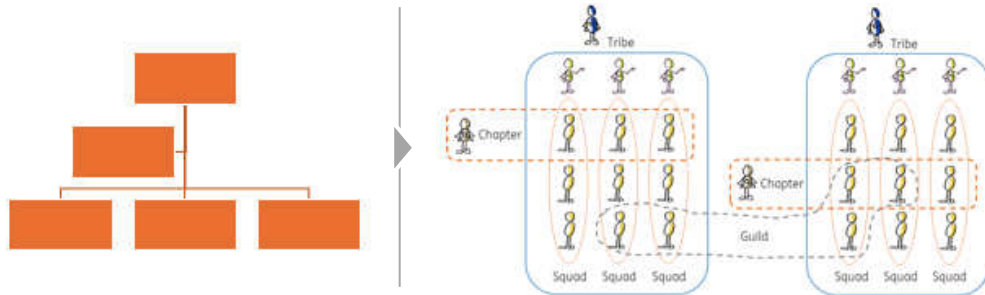


Figure 6: Organization<sup>68</sup>

Within the structural design of the *One Agile Way of Working*, three types of collaborative teams can be distinguished: Squads, Customer Loyalty Teams and Expert Teams. An organizational archetype at ING consisting of Squads is called a Tribe, an archetype consisting mainly of Customer Loyalty Teams is called a Circle and finally, an archetype consisting of Expert Teams is called a Center of Expertise. A comprehensive introduction to ING's *One Agile Way of Working* concept is available on Youtube.<sup>69</sup>

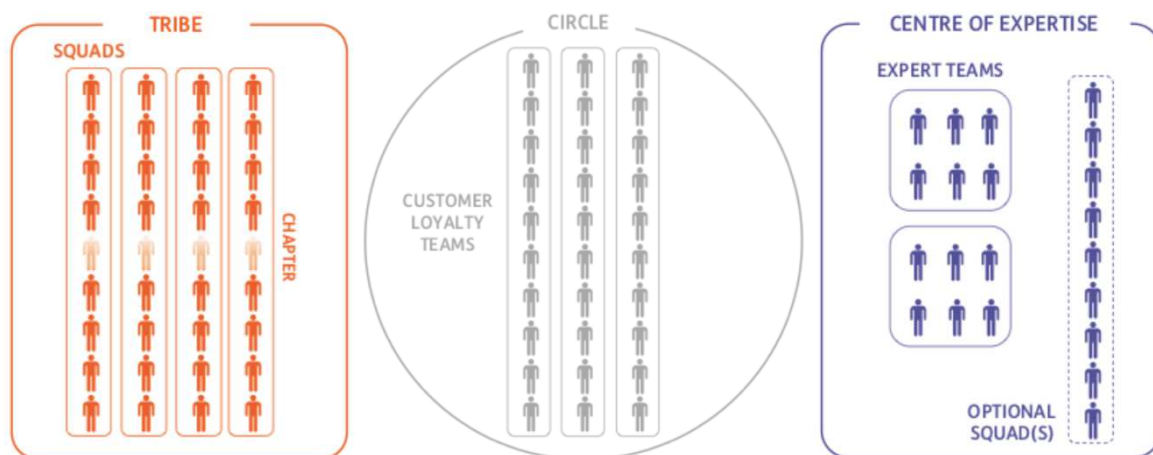


Figure 7: The OAWoW organizational design elements<sup>70</sup>

<sup>66</sup> Unify IT, Coppens, H., & Prins, J. et al. (2017, December). One Agile Way of Working Tribe / Squad approach: How IT and business work together in delivery [PDF]. ING.

<sup>67</sup> ONE AGILE WAY OF WORKING, OVERARCHING DESIGN SUMMARY [PPT]. (2018, July). ING.

<sup>68</sup> Unify IT. (2018, January). One WoW for Delivery [PPT]. ING.

<sup>69</sup> Die erste agile Bank. ING. (2018, June 11). Retrieved March 24, 2019, from <https://youtu.be/NRzTyTPnK-M>

<sup>70</sup> ONE AGILE WAY OF WORKING, OVERARCHING DESIGN SUMMARY [PPT]. (2018, July). ING.

### 3.5.1 The organizational archetype Tribe

The delivery units of the retail business at ING that are responsible for developing and maintaining ING's products and services are designed as Tribes, which comprise Squads and Chapters.

#### 3.5.1.1 Squad

Squads form the foundation of our organization. Whereas in the old days, staff was used for a defined period of time for a certain project, Squads are now staffed on a permanent basis. These teams are designed to perform work with as few handovers as possible between business, operations, and development. Thus, they are composed in a multidisciplinary way and built around different areas of expertise and different backgrounds. Teams of up to 9 people consist of Customer Journey Experts, who focus on product and process development, sales experts, feature engineers, data analysts and IT developers. The composition of a Squad depends on the expertise that is required to deliver the Squad's goals. The teams need to be small enough to remain agile, but large enough to complete significant work within a Sprint. All Squad members are dedicated to a single Squad; thus, the required expertise can be maintained over longer periods of time, allowing for a temporarily stable Squad composition.

Designed for autonomy, Squads are self-organizing, as they choose how best to accomplish their work, rather than being directed by others in- or outside the Squad. Team members organize all their work within the Squads and have all the necessary knowledge and access rights to deliver their product or service. In general, a Squad does not depend on other Squads to make changes to their service. When needed, they approach members of a Center of Expertise to make the Squad more successful. Preferably, they work on an independent end-to-end customer journey or on a module that can be changed independently.

Squads are built around an end-to-end responsibility to deliver a specific product and corresponding value. The scope and purpose of the Squad should be defined for a period of at least 18 months. For example, the purpose of the Squad 'Mortgage application' is to develop the most customer friendly and most efficient way of moving from first mortgage submission to the final approval. The Squads' purposes all add up to the Tribe purpose.

To achieve an effective and efficient collaboration within the Squads, teams are preferably co-located, allowing Squad-members to have day-to-day communication. As high performing teams, their members have to continuously improve their working processes.

### Product Owner

A Product Owner is responsible for 'what' the Squad does. She or he owns the product and shares the vision and is responsible for maximizing the business value. Whereas in the old organizational structure project management was responsible for setting the priorities and claiming resources, the Product Owner defines the goals and determines priorities to reach the defined goals.



Figure 8: Priority setting<sup>71</sup>

She or he manages the backlog and to do-lists according to the Squad's purpose and orders and prioritizes the features and user-stories. Finally, the Product Owner is a delegated asset owner, risk manager, and data owner. Thus, the Product Owner is considered one of the most important roles in our new organization.

The Product Owner is a role that is held by one of the Squad's members, on top of her or his responsibilities, such as Customer Journey Expert or as an engineer. In this role, the Product Owner is responsible for delivering the purpose, but does not represent the hierarchical leader of the Squad members. She or he has a functional line to the Tribe Lead.

#### 3.5.1.2 Chapter

People with the same functions, such as customer journey experts, IT developers, and data analysts across different Squads or Tribes are organized in Chapters.

<sup>71</sup> Unify IT. (2018, January). One WoW for Delivery [PPT]. ING.



### Chapter Lead

Within each Chapter, the Chapter Lead secures the personal development of the team members. In contrast to the Product Owner, who defines 'what' to do, the Chapter Lead defines 'how' jobs should be tackled and determines the way of working in this Chapter. In this role, she or he sets the standards for the Chapter area, develops these standards and safeguards knowledge in this field of expertise. Also, the Chapter Lead ensures that the Chapter members have appropriate competencies and skills and contributes to the improvement of their skills.

Representing the hierarchy, the Chapter Lead takes responsibility for personal development, coaching and performance management. Usually, a Chapter Lead is responsible for 8 to 10 members of the Chapter that are part of different Squads and can also be part of different Tribes.

The Chapter Leads' role is twofold: next to the role as a manager of the members of a Chapter, she or he spends a substantial part of their time within the Squad working on the backlog.

#### *3.5.1.3 Tribe*

A number of Squads that work collaboratively on a shared problem or topic are grouped into a Tribe, e.g. the Mortgage Tribe. A Tribe is organized for a longer period of time around a relatively stable purpose with an end-to-end-responsibility to fulfill the defined purpose. In this organizational design, there are no steering committees, project meetings, sounding boards, or other managerial groups. A Tribe is designed to reduce complexity in alignment and execution of the purpose and is supposed to secure a minimum number of handovers and minimum number of people in decision-making. At the same time, this unit strives for its independence to increase autonomy in both technical and business-related issues.

In Austria, Tribes consist of 4 to a maximum of 6 Squads with up to 54 members in total to keep the teams focused and efficient.

### Tribe Lead

Tribes are steered and enabled by Tribe Leads who take overall ownership of the Tribe. Supported by Product Owners, Chapter Leads and IT Area Leads, Tribe Leads establish the Tribe purpose and vision, are responsible for the delivery of the purpose and determine the



Tribes' priorities. Furthermore, they establish priorities for the Squads, allocate available budgets and ensure that knowledge and insights are shared between the Tribes.

In the role as an asset and data owner, the Tribe Lead guarantees the functionality and quality of all applications and related data. She or he also takes ownership to ensure risk and privacy compliance, business and operational risks. Finally, the Tribe Lead is responsible for the test and deployment strategy of the Tribe.

### 3.5.2 The organizational archetype Centers of Expertise

A Center of Expertise (CoE) is formed around people with the same or related purpose who are not needed on a constant basis in a Squad. By applying their specialized skills, the expert team members contribute with their know-how to the Squads whenever needed, such as for legal, risk and compliance issues, for setting and maintaining the branding framework, for IT security, HR and finance topics and other support functions. Experts can be temporary members of Tribes and Squads to enable their end-to-end delivery and they may be allocated to support multiple Squads simultaneously. Expert teams within a Center of Expertise preferably consist of a maximum of ten full-time employees.

#### Center of Expertise Lead

CoEs are governed by a Center of Expertise Lead, who sets the standard in her or his area of expertise. She or he is responsible for promoting the team members' development of personal and professional skills and encourages them to bring out the best of themselves. In addition, like the members of the team, the Expertise Lead delivers a substantial contribution in the own area.

### 3.5.3 The organizational archetype Super Circles

The Sales and Service area is organized in Circles. Circles are composed of Customer Loyalty Teams, which are small, self-organizing, autonomous teams. Those teams are empowered to handle service and sales requests by fulfilling customer needs in an end-to-end way. Customer Loyalty Teams work on similar and strongly (inter)related sets of client journeys, product transactions and service requests, for instance, digital customer journeys and ING point (branch), mortgage service and sales, and handling of legacies. The teams can consist of members with backgrounds in multiple disciplines, such as customer support, sales and

operations to be able to handle all questions and issues of customers and sell, up-sell and cross-sell ING products and services in an integrated manner. In every conversation with the customers, it is the goal to establish a real connection, a personal conversation and to exceed the customers' expectations. This shall always leave the customer feeling pleasantly surprised. Additional Customer Loyalty Teams focusing on assisted outbound sales can be set up to actively approach customers according to their needs.

### Circle Lead

A Circle is a cluster of up to five Customer Loyalty Teams, led by a Circle Lead. Her or his primary responsibility is to facilitate, motivate and support the team members to achieve a consistent and predictable client experience. Furthermore, the Circle Lead ensures the Circle members deepen their knowledge of the relevant fields as well as their expertise. She or he acts as the hierarchical lead of Customer loyalty Teams.

A Super Circle is a set of Circles led by a Super Circle Lead who propagates the client service goals and ensures alignment with the overall objectives and other Tribes or Centers of Expertise.

#### 3.5.4 Agile Coach

Agile Coaches are appointed by a Center of Expertise to be able to act as independent consultants to challenge, coach and inspire Squads, the Management Team and individuals in terms of content, culture and process based on the *One Agile Way of Working*. An Agile Coach supports the creation of high performing teams through individual and team coaching, by providing process know-how in work organization and in seamless decision making.

The role is a permanent function within the delivery units but increasingly also within the Client Services and Sales areas as well as within the Support functions.

### 3.6 Collaboration practices

One key element of the *Agile Way of Working* is autonomy of teams. Thus, alignment on each level – from strategy to the output of the customer value – is central in order to ensure that the output contributes to the vision and strategy of the firm. To reach alignment, clear and transparent processes and a strict compliance on each level are needed.

In the following, I will concentrate on processes of projects focusing on local changes, that can be organized and delivered by a local branch itself without the governance of a Transformation Program for global projects.

### 3.6.1 Local board session

The local board represents the global ambitions of the Management Board Banking, which are considered for the local Key performance Indicators (KPIs). During the board sessions, local ambitions are discussed and updated. The board sessions also set the governance for the Quarterly Business Review (QBR). Pre-QBR guidance is provided to Tribes at the beginning of the phase, and at the end of the QBR process, follow-up actions are discussed (see section 3.6.2). Furthermore, Tribe ambitions are acknowledged and adjustments to the allocation of budget as well as capacity are decided upon.

Tribe Leads and local Portfolio Managers are invited to these board sessions as speed and coherence in delivery can only be achieved through effective cross-Tribe and program alignment of strategic initiatives. The use of an Obeya Room (see section 3.6.4) to align deliveries is considered to be best practice.

### 3.6.2 Quarterly Business Review<sup>72</sup>

In the classical project organization, portfolio management was based on individual programs or projects. In the *Agile Way of Working*, an integrated planning and reviewing process for the implementation of the strategy occurs on a three-month basis in the Quarterly Business Review.

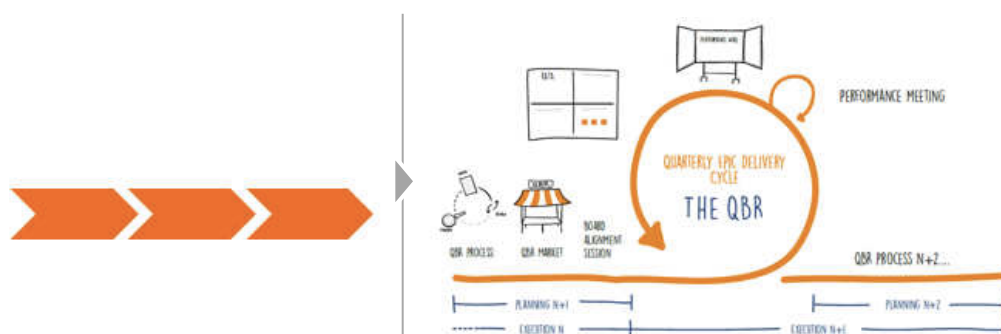


Figure 9: Portfolio management<sup>73</sup>

<sup>72</sup> Unify IT, Coppens, H., & Prins, J. et al. (2017, December). One Agile Way of Working Tribe / Squad approach: How IT and business work together in delivery [PDF]. ING.

<sup>73</sup> Unify IT. (2018, January). *One WoW for Delivery* [PPT]. ING.

The Quarterly Business Review process ensures alignment of or across Tribes with the goal of pursuing the organization's business strategy. Within this process, the definition breakdown and prioritization of topics contributing to the defined local priorities (see section 3.6.3) are achieved. This process secures clarity and transparency of priorities and context for all team members. Furthermore, the Tribes' dependencies and required resources are aligned and it gives the team members the opportunity to collaborate and help each other. This enables the Tribes to respond to changes faster.

The QBR process consists of five steps: In the first step, the local board provides pre-QBR guidance to Tribes. In case of a bank-wide transformation program, the Global Management Board Banking shares their ambitions with local boards in advance. Secondly, based on the guidance of the local board, the Product Owners, or local Road Managers draft the QBR document, that is synchronized with priorities. In the third step, teams can comment on the plans. After this step, the QBR marketplace takes place, an event to resolve open interdependencies and issues amongst Tribes. As a final step, the QBR board takes place in the Country Obeya (see section 3.6.4) in order to resolve any remaining interdependencies or impediments together with the local board.

In the end, the plan for next 180 days is agreed on. The plan for the upcoming 90-days is fixed, whilst the plan for the following 90-days can still be adjusted during the next cycle. The whole process is steered by the Tribes themselves, who have a high degree of autonomy.

### 3.6.3 Execution process<sup>74</sup>

In the *Agile Way of Working*, the realization of the portfolio is based on a constant evaluation of added business value, as opposed to the former waterfall method of project organization and its big technical release for delivery of the updated technical systems.

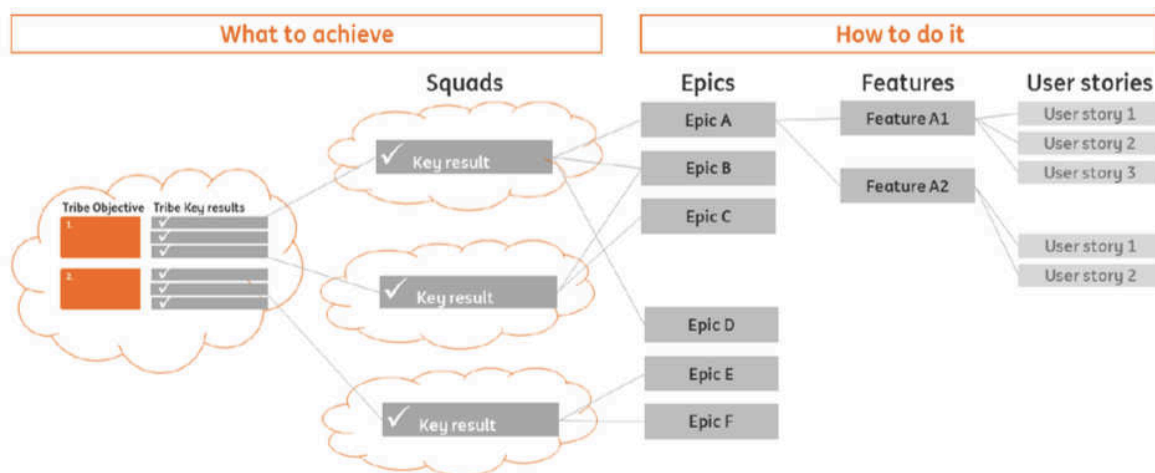
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<sup>74</sup> Unify IT, Coppens, H., & Prins, J. et al. (2017, December). One Agile Way of Working Tribe / Squad approach: How IT and business work together in delivery [PDF]. ING.

Figure 10: Portfolio realization and Delivery strategy<sup>75</sup>

A Theme can be derived from the global strategic transformation program, it can have a focus on growth, speeding-up, and optimization with an impact on the added value for the end-customer. The Theme has to have clear Objectives and Key Results (OKRs) to help to be ambitious and transparent, to force to think, improve communication, provide focus, and enable measurement.

Tribe key results are cascaded to the Squads. Based on their own purposes, Squads determine which Tribe key results they will contribute to and how. They do so by formulating Squad key results and mapping their Epics, Features, and Stories to them. This cascade establishes a clear, explicit link between upstream value contribution and downstream work division.

Figure 11: Cascade of Objectives & Key Results<sup>76</sup>

<sup>75</sup> Unify IT. (2018, January). One WoW for Delivery [PPT]. ING.

<sup>76</sup> Unify IT, Coppens, H., & Prins, J. et al. (2017, December). One Agile Way of Working Tribe / Squad approach: How IT and business work together in delivery [PDF]. ING.

In practice, Epics are steered and executed by Squads and the Centers of Expertise. An Epic is further broken down into multiple Features that could be delivered within one to six Sprints. A Feature reflects a functional or non-functional part of an Epic's value for a specific stakeholder. Both, Epics and Features also have to have a clear value and criteria for acceptance.

Epics and Features are developed into Stories that describe how a team will deliver the value. A Story has to be short enough to be delivered within one Sprint. A Story also can be a technical user story for IT developers to be developed and tested within one Sprint. Stories can be further divided into Tasks that can be carried out within one day of a Sprint. In order to translate Features into Stories, Squads and Centers of Expertise work according to the *Scrum* Framework (see section 2.2.4) and its principle of continuous delivery.

Next to the top-down cascade of the Strategy, the workflow needs room for bottom-up adjustments. On each level, constant feedback loops secure the possibility to share new ideas or new insights and to suggest new Features or Epics as well as adjustments to them.

An organizational design requires tools and practices that facilitate the agile working environment. ING uses a growing number of these tools and practices in their daily work.

### 3.6.4 Obeya<sup>77 78</sup>

Obeya (Japanese for 'Big Room' or 'War Room') refers to a form of project management used in Asian companies as a component of lean manufacturing and is based on a simple idea: dedicated time and space speeds up communication, decision-making, and problem-solving and minimizes organizational barriers.

The Obeya room promotes coordination, strategy, and flexibility and links strategy with the daily situation. The Obeya is a fixed component of structured review and decision-making processes and contributes to the reduction of departmental thinking. It supports the creation

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<sup>77</sup> Center of Expertise Way of Working. (2017, July 04). ING: One Agile Way of Working Agile Collaboration Practices [PDF]. ING.

<sup>78</sup> Unify IT, Coppens, H., & Prins, J. et al. (2017, December). One Agile Way of Working Tribe / Squad approach: How IT and business work together in delivery [PDF]. ING.

of alignment of work streams by sharing roadmaps and interdependencies and resolving impediments and it increases transparency.

There can be several levels of Obeyas within an organization. The description given here applies to an Obeya room in the delivery unit but purpose, mindset, and most of the design principles apply to other entities, such as Sales, Service, and Support as well.

At ING in Austria, there are two levels of Obeyas: The Country Obeya of the senior leadership team and the Tribe Obeyas, one for every Tribe. Each Obeya deals with the same type of information, only in varying degrees of granularity to effectively connect them. Thus, the Tribe Obeya is linked to the Country Obeya on the one hand and to the *Kanban* Boards (see section 2.2.5) of the Squads within the Tribe on the other hand.

The type of information depicted on different walls and boards in a Tribe Obeya room include current scores on strategic KPIs, the distribution and delivery schedule of the Squad's Features, impediments to be acted upon, and improvements that are worked on to realize the strategic objectives.

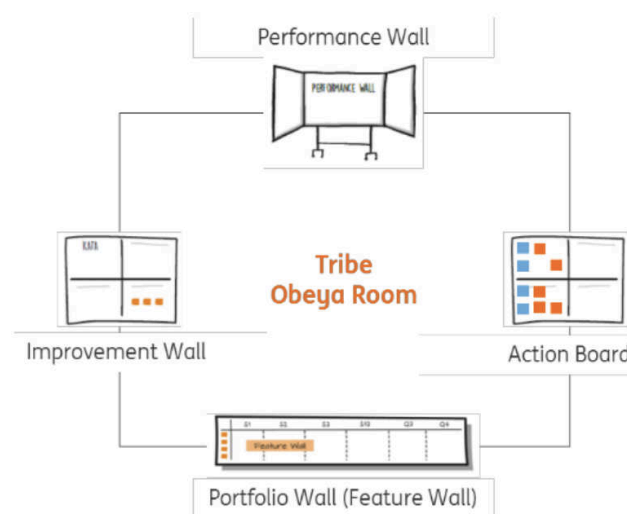


Figure 12: Tribe Obeya Room<sup>79</sup>

On a bi-weekly basis, the Senior management team meets in the Country Obeya for impediment resolution and on a monthly basis for roadmap alignment. The Tribe Obeya

<sup>79</sup> Unify IT, Coppens, H., & Prins, J. et al. (2017, December). One Agile Way of Working Tribe / Squad approach: How IT and business work together in delivery [PDF]. ING.

meet-ups take place once a week. All Obeya rooms are open to all employees at any time in order to increase transparency and engagement.

### 3.6.5 PACE<sup>80</sup>

*PACE* is ING's structured innovation process that is intrinsically tied to *One Agile Way of Working* and its principles. The goal of *PACE* is that the innovation process in the work of a Squad is continuously validated with the customer to ensure that they develop a product or service that fulfils the customer needs. Thus, resources are allocated to innovations with an added customer value, services are launched faster and nonviable projects can be terminated quickly.

*PACE* "combines Design Thinking, Lean Start-up and Agile methods into a process tailored to ING's needs."<sup>81</sup> This standardized methodology also ensures that all units follow a common process and terminology throughout ING globally.

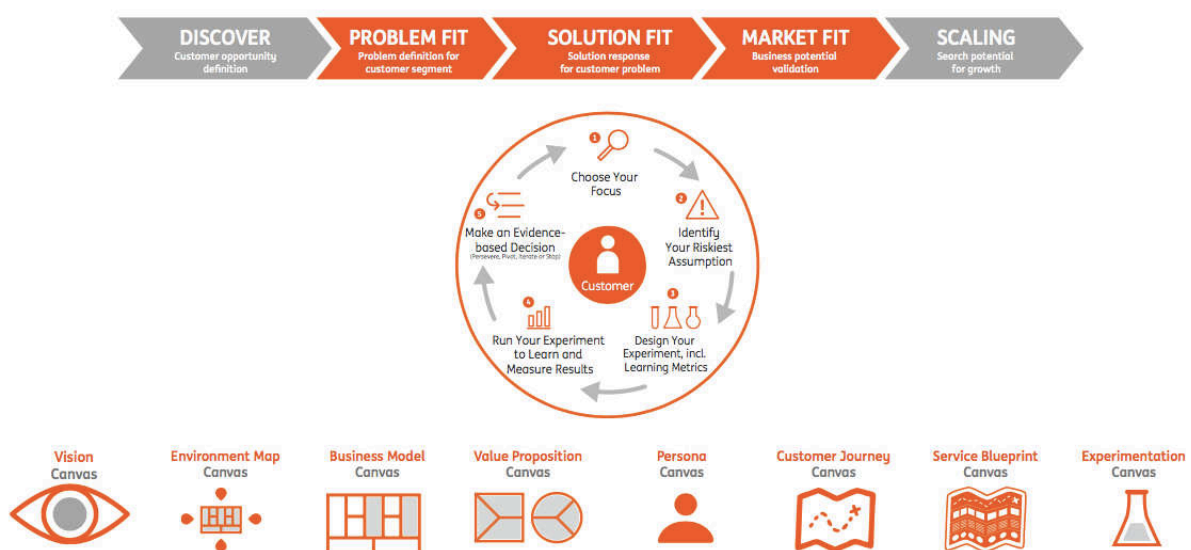


Figure 13: How does PACE work?<sup>82</sup>

*PACE* projects are split into 5 phases: Discover, Problem Fit, Solution Fit, Market Fit and Scaling. Completing a phase is a prerequisite for progressing to the next phase. By running experiments within each of these phases, the assumptions made by the Squad members on the design of a service can be tested directly with the customers. Testing can be repeated in

<sup>80</sup> ING. (2018). *PACE Methodology Playbook* [PDF].

<sup>81</sup> ING. (2018). *PACE Methodology Playbook* [PDF].

<sup>82</sup> ING. (2018). *PACE Methodology Playbook* [PDF].



order to reach the best result and a successful project. A number of different Canvases – analytical tools for various purposes, such as the Vision Canvas, Business Model Canvas, and Customer Journey Canvas help the team members to consider challenges from every angle and to visualize the elements critical to each stage of the journey. The composition of the team and the degree to which its members are empowered to act is most important for successfully using *PACE*. The process is supported by a *PACE* coach, who is trained by either the central expert team of ING or by educated coaches of other ING units.

ING has two types of *PACE*: *PACE Everyday* is used by local units for incremental innovations, whereas the *PACE Accelerator* rather is a tool for global or cross-regional projects.

#### 3.6.5.1 *PACE Everyday*<sup>83</sup>

*PACE Everyday* enables professionals to apply the basic principles of *PACE* in their day-to-day work. This process supports Squads to find better solutions to customer needs and enables the teams to be more efficient in delivering those solutions. It is used mainly for incremental improvements to existing products and services. The result of the process is a customer validated Minimum Viable Product (MVP) or an agreed plan for development and implementation. This process also fosters quick decision-making and strengthens the innovation skills of the participants. Usually, the process is operated in a 6-week cycle by a 2-to-4 person, cross-functional team in part-time.

#### 3.6.5.2 *PACE Accelerator*<sup>84</sup>

A *PACE Accelerator* is applied to strategic projects, such as development of new business models, new products and services, and new customer segments and it is designed to accelerate innovation projects.

In a dedicated environment with expert support, small 3-to-5 person, cross-functional teams spend 12 to 18 weeks testing their ideas for a new product or service and building a customer validated MVP. On average, *PACE Accelerator* programs typically involve 3 to 5 project teams

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<sup>83</sup> ING. (2017). *PACE Everyday*, A playbook for managers and practitioners [PDF].

<sup>84</sup> ING. (2016). *PACE Accelerator Playbook* [PDF].

working alongside each other. The Accelerator period culminates in the presentation of the MVP to a leadership team who determine the future of the project.

During their time in the *PACE Accelerator*, project team members learn by doing and build up innovation capabilities. Dedicated *PACE* coaches support the teams in order to increase their innovation skills and competencies and with mentoring them on content. Furthermore, they have access to specialized resources, such as service design, experiment design, business modeling, and growth hacking.

### 3.6.6 Agile leadership<sup>85</sup>

An agile organizational design needs a strong agile leadership, i.e. managers acting as enablers, not as controllers, in order to activate the team members' talents, full capacities and knowledge. Thus, the role of leaders has to be built on practices and behaviours that support self-organization and sovereignty of the teams.

Above all, a clear purpose has to be set by the leader that is well understood by the involved team members. Everyone should be able to see the big picture and know where to go and why. The purpose defines the boundaries, the scope, the success metrics, and the business impact – the framework of 'what' to do. Unlike hierarchical schemes, the purpose is kept high level and does not define deliveries or a plan itself. In fact, the leader has to make sure that the work is split into sub-deliveries and plans that fulfill the criteria of agile working by the enabled teams themselves.

To ensure continuous improvement, leaders need to encourage proper and ongoing knowledge sharing as the work progresses – the 'how' of work has to be done. Key learnings need to be shared within the teams, with different teams and with relevant stakeholders of the organization.

An agile leader empowers employees to achieve self-organization and autonomy and to take full ownership of the workflows rather than steering, directing, and controlling the tasks to be executed. Thus, she or he has to make the goals and problems to be solved clear to the teams. Furthermore, the leader's role is to ensure that decisions are made in a decentralized

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<sup>85</sup> Center of Expertise Way of Working. (2017, July 04). ING: One Agile Way of Working Agile Collaboration Practices [PDF]. ING.

way by those people who have the best insights in the matter and that impediments are visualized, prioritized, and removed. An important element of an agile workflow is a fail-fast-culture, that needs to be created and supported by the leader. Small failures are supposed to happen soon and often in order to reduce the risk of a serious failure at the end.

Open communication is critical to the agile leader's behavior, as opposed to a top-down, hierarchical communicative style. Face-to-face communication rather than emails and minimizing the need for unnecessary documents, therefore, is key to an efficient and agile communication.

### 3.6.7 People practices

In an agile organization, human resource practices differ from those of hierarchical organizational designs in various areas, such as hiring process, onboarding, promotion, craftsmanship, and performance management.

The hiring process, supported by Human Resources (HR), is the starting point for recruiting both managers and employees. ING actively involves peers in the recruiting process by asking employees to help source top candidates by means of the employee referral program. In the near future, ING will introduce peer-to-peer hiring, where teams themselves decide upon who to hire as their new colleagues. As teams such as Squads are responsible for designing and developing a certain product or service, they will also be responsible for their future colleagues. Team members are able to answer questions on the roles, expectations, responsibilities and operations better than colleagues from HR and team leaders and can discuss with applicants on eye-level. Finally, top employees know exactly what talented applicants want and thus can act as trusted partners.<sup>86</sup>

Training and education are integral parts of the role of every employee in both expertise and culture. Chapter Leads are responsible for the onboarding and learning journeys of Squad members, however, employees themselves are also responsible for their own education. Supported by diverse programs, such as frontline-participation, which helps employees learn about the customer needs by listening to service calls, job rotation within different local areas,

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<sup>86</sup> Quarin, R. (2016, August 5). Have You Tried Peer-to-Peer Recruiting? Retrieved May 5, 2019, from <https://www.iqpartners.com/blog/have-you-tried-peer-to-peer-recruiting/>.

and temporary internships at a different business unit, employees are motivated to broaden their expertise on an ongoing basis. Employees who look for a mid-term challenge abroad can apply for STAs (Short-Term Assignments of six months) and LTAs (Long-Term Assignments of up to three years) to take on new projects or roles within the ING Group. A talent management program additionally supports the careers of talents of all units with tailor-made educational programs, speed-dating events with the executive board, and it offers support with the talents' MBA programs.

To be attractive as an employer, appropriate working conditions are an important factor for both recruiting and retaining top employees. IT infrastructure suitable for mobile working inside and outside the office as well as communication facilities for Skype and Video conferences are mandatory for flexible working conditions. Architectural design of the office with social areas, open working areas or phone boxes support informal and open communication, team work, and stand-up meetings; silent work spaces arrange for inspiration or focused work. At ING Austria, offices and infrastructure are redesigned step by step and offer modern and flexible working conditions.

Integral parts of this flexibility are appropriate working contracts and a wage system (all-inclusive instead of counting overtime) including an appropriate incentive scheme. Self-management of an employee's event of illness, vacations, business trips or the like is based on a trusting employer-employee relationship.

Performance management is based on ING's Step-up performance program with yearly goal setting and continuous feedback. In the target setting process, the employee and her or his superior negotiate various goals: her or his personal contribution to the aligned purpose of the Squad – the 'what' –, 'how' the employee expects to make the contribution to the purpose, but also to some selected elements of the *Orange Code*, and finally, a stretch-ambition is agreed. Next to ongoing and regular feedback loops, a yearly 360-degree feedback is provided to the employee. In a peer-to-peer panel, input from various team members contributes to the review dialogue.

## 4 ING Case study

In the previous section (section 3), the concept, including purpose, principles, organizational design, and workflow of the *One Agile Way of Working* was described and investigated. The subsequent empirical part investigates the questions of how and to what extent the transition of ING in Austria to *One Agile Way of Working* contributes to reaching the set goals of decreased time to volume, an increased employee engagement, an increase in delivery and efficiency, and international collaboration.

Based on this research question, respondents were asked to reflect on the concept and their expectations of the concept and they reassessed the goals after one year of working according to the new organizational design. Furthermore, the interviewees shared their personal experience during the transformation phase and finally assessed possible future developments of the new organizational design.

### 4.1 Research method

#### 4.1.1 Selection of respondents

The respondents were selected for this survey, because they represent different roles within the new organizational design, different professional backgrounds as well as responsibilities during the transformation process. The seven respondents represent the roles of Product Owner, Tribe Lead, Chapter Lead, Center of Expertise Lead, Agile Coach and Head of Retail. Their areas of expertise range from Product Management, Data Science, Human Resource Management, and Feature Engineering to Senior Management. Due to her or his role in the previous organizational structure, one person had already been familiar with agile development methods before the introduction of *One Agile Way of Working*. All participants were part of the agile transformation process and have been employed at ING for more than two years. Two out of the seven respondents were part of the transformation core team, who led the introduction of *One Agile Way of Working* in Austria.

#### 4.1.2 Data collection

Data was collected in semi-structured, individual interviews with seven representatives of ING Austria. This method is characterized by the definition of thematic blocks and questions that functioned as guidelines in the interviews. This provided the respondents with the

opportunity to elaborate on their views and to be open to new aspects that might come up during the conversation. Thus, the interview is structured and at the same time flexible when it comes to unexpected turns. Depending on the depth of the answers provided, each interview lasted between 50 and 70 minutes.

The questionnaire for the interviews consists of four parts: Part 1 deals with the interviewees' expectations of *One Agile Way of Working* in general and related to their new roles. Part 2 focuses on the assessment of the set goals of ING's new organizational design. Part 3 elaborates the personal experience of the respondents during the transformation process, and finally, the interviewees discuss the further development of *One Agile Way of Working* at ING.

#### Part 1: Reflection of expectations

The goal of the first part is to gain insights into the respondents' basic understanding of the new organizational design. They were asked to reflect on their expectations, worries and fears previous to and during the transformation phase and which of those proved true. The respondents were asked the following questions (a to f):

- a) *What is special about One Agile Way of Working from your point of view?*
- b) *What did you expect from the transformation to One Agile Way of Working? Which were your fears and worries? Which expectations were met or which fears and worries occurred?*

#### Part 2: Validation of goals

The second part aims to examine if the respondents remember the communicated goals. After that, the firm's goals of *One Agile Way of Working* were presented to the interviewees. Based on the presented goals, further focus was placed on rating and validating each of the set goals.

- c) *What are/were the central goals when introducing One Agile Way of Working? Which goals could or could not be reached so far and why? How would you rate the results on a scale from 1-10 (10=best)? What is missing to get a top rating of 10?*
- d) *Were there other changes, positive or negatives effects or surprises that occurred as a side effect of One Agile Way of Working?*

### Part 3: Personal experience during the transformation process

Part three deals with the personal experience of the respondents during the transformation phase with the goal of surveying challenges they have met and positive experience. This part also aims at depicting the respondents' personal moods and sentiments during the transformation process.

- e) *What was your most important personal experience with One Agile Way of Working? What worked out very well for you or which challenges/difficulties did appear for you personally?*

### Part 4: Outlook

Finally, the goal of part four is to get an assessment of the future development of the new organizational design of ING.

- f) *What is your outlook for the further development of One Agile Way of Working?*

#### 4.1.3 Data analysis and pattern recognition

The semi-structured survey was conducted in German. The individual interviews were recorded and transcribed, followed by an analysis of the individual responses of the interviewees. Thereafter, findings that contributed to answering the research question were extracted. Finally, several amendments were made to the model, which are described in section 4.3 on integrating empirical findings into *One Agile Way of Working*.

#### 4.2 Research results

The survey was conducted to reflect and challenge the set goals of *One Agile Way of Working* and the transformation process that ING underwent 12 months earlier. The findings validate the model's assumptions and can be used to derive learnings for ongoing and future change. Thus, the research results add practical value to the theoretical framework of the model.

##### 4.2.1 Reflection of expectations

- a) *What is special about One Agile Way of Working from your point of view?*

*One Agile Way of Working* is described as an agile concept that is taken much more seriously and developed further than in other organizations except some international start-ups or

financial technology firms. The concept affects all areas of the organization, such as business, operations, IT, and support functions. Involving all areas is seen as the only efficient way to work in an agile way. If some areas or hierarchical levels do not respect the agile principles, the system will quickly reach its limits. According to some respondents, the concept's success is a matter of aligned mindset and culture.

ING was the first banking group to apply the agile way of working on a global level. ING changed the whole culture, believing that changing the whole business is the right thing to do in order to be more flexible, more self-organized, and more engaged. This is supposed to make the organization ready to adapt to the fast-changing environment.

Some respondents see the transformation as a courageous step to change the organizational structure and all working processes and the effort to define the new processes and training is considerable. For the respondents it is obvious that a clear framework is needed to define the level of self-organization and the level of authority and that a high degree of discipline is needed from all employees.

*Finding 1: One Agile Way of Working is an advanced agile concept that includes all areas of an organization and represents a courageous step to change a classical hierarchical structure and derivative processes. ING is the first banking group that underwent an agile transformation on a global level.*

All respondents confirm that the new organizational design is based on a highly structured and disciplined way of working within a clear regime and framework. Prioritization of business goals for the whole organization starts in the management team and is broken down to team goals in the QBR process, where teams commit to the roadmap for the next quarter. Finally, in each bi-weekly Sprint, teams decide what will be delivered. This process is combined with rituals such as stand-ups in order to align and increase the direct and non-filtered communication flow between all hierarchical levels.

This structured process promotes total transparency of goals, roadmaps, and tasks, and makes visible what did and what did not work out well. It immediately depicts the weaknesses of the output and shows where additional resources, skills, effort of teams or team members is needed. This transparency also leads to a better understanding of the way resources and cost are allocated and develops an increased sense of responsibility.



Finally, the *One Agile Way of Working* is built on autonomous problem solving in self-organized multi-functional teams. This also facilitates the process of escalating impediments to other teams or management and finding solutions on the team level.

*Finding 2: The new organizational design is based on a highly structured way of working and a clear framework for the multi-functional self-organized teams. The structured processes allow full transparency of goals, roadmaps, tasks and output.*

Interviewees understand the new way of working as a *modus operandi* that defines how people think, plan and steer. Thereby, the focus lies on what needs to be delivered instead of what tasks to do. This is operationalized in the design of every user-story, in which it is clearly defined what should be reached and what will be needed to reach this goal. Developing the right features and services is seen to be crucial for success. This clear focus and process supports a faster time-to-market and thus an increase in performance.

*Finding 3: Performance and a fast time-to-market is based on delivering the right services.*

The agile way of working is seen as a concept that puts people into the centre. The assumption is that people per se are great. Thus, processes and framework need to be built around people if something does not run well, not reverse.

*Finding 4: People are put into the centre of the way of working.*

*One Agile Way of Working* is seen as a living system that can be adapted when needed. One year after the transformation, some implemented structures are challenged and alternative ways for certain areas discussed. The agile way of working is seen as agile in itself.

*Finding 5: One Agile Way of Working is a living system and prepared to adapt when needed.*

- b) What did you expect from the transformation to *One Agile Way of Working*? Which were your fears and worries? Which expectations were met or which fears and worries occurred?

Respondents expected that employees would work in small, multifunctional teams, some with clear, some with unclear ideas between the difference between the classical functional team set-up and the new set-up. Those with a clear idea saw teams work autonomously, setting their own priorities e.g. by using a value-based approach for sales measures or for optimization of sales processes. The collaboration of IT and business people within the

multifunctional teams contributes to a better mutual understanding and minimize discord. Furthermore, roles such as Requirement Engineers, who used to build the interface between IT and business people, are not needed any more and now can focus on technical preparation work.

Now, one year since the introduction of the agile way of working, the picture of mutual understanding varies. Business people understand the tasks of developers much better, and therefore can adapt specifications accordingly. Autonomous prioritization of topics has led to positive feelings of success and teams have learned to collaborate and closed the gap between the two sides. However, some teams are still working on building up a sound basis for collaboration. Due to the heavy workload the Squads have to cope with and a lack of aligned overall vision, new gaps arise. Then, Squads or Tribes compete with each other, especially when it comes to the distribution of resources.

*Finding 6: Working in autonomous, multifunctional teams leads to better collaboration of IT and business people and facilitates a value-based prioritization carried out by the teams themselves. All teams have managed to adapt to the new way of working, however at varying speed.*

Through an increased autonomy of teams, respondents have expected to be able to execute their projects directly, without the need to request resources and priorities in portfolio planning sessions, or without writing and negotiating requirement specifications.

This ideology of focusing on a running system over documentation could be fulfilled only partly as a bank has to implement a large number of regulatory processes which calls for documentation.

*Finding 7: Teams are enabled to execute projects directly. Still, certain business requirements need to be documented, especially with regulatory issues.*

The new organizational design allows management and employees to work together faster in order to speed up decision-making processes. Earlier, the process from idea generation to getting the management's approval used to be time-consuming and highly bureaucratic. It occurred that the feature was outdated at the time of its release, the market had changed and the need for the feature had vanished in the meantime, or competitors were faster to the market before the feature was delivered. Top-down steering and micromanagement should be a thing of the past.

All respondents confirm that bureaucracy has shrunk significantly and that small as well as large projects and even regulatory topics can be implemented without project applications and without steering committees. Despite less control of management, all regulatory requirements have been fulfilled in time so far.

*Finding 8: The reduction of bureaucracy in the decision-making process enables to execute and deliver more quickly. As teams work autonomously, top-down management and micromanagement are largely abandoned.*

According to one interviewee, being faster and thus more successful was described as a perfect vision of *One Agile Way of Working*. Supported by the concept of interdisciplinary teams and smart decision-making processes, work can be done more efficiently and the delivery of new solutions is sped up. Teams are able to work on more initiatives, projects, and technical improvements at the same time. As a consequence, the business can grow breadthwise and become more scalable.

All respondents also confirm that the speed of decision-making has increased significantly in the past year. Steering on all levels is clearer and it can be adjusted if needed. The overall process from idea to development accelerated significantly as well and according to all respondents more projects can be developed simultaneously now.

Nevertheless, there is also a flip side of speed and stability of systems. New control mechanisms are needed to compensate for having multiple teams work on the software at the same time on a two-week Sprint basis.

*Finding 9: Faster and more efficient execution is been reached by optimizing of decision-making processes and the interdisciplinary team set-up. As a result, parallel initiatives can be executed and the business is able to scale, however, at the cost of new control mechanisms to avoid system instability.*

Respondents expect that management focuses on the direction of development of the business. Hence, experts who have detailed knowledge of products and customers and who are closer to the market needs are enabled to decide autonomously which features and services will be designed. Thus, solutions that are developed are more relevant and less waste is produced.

According to one interviewee, there is a higher focus on research on the right services that are developed, for example with the new *PACE* methodology.

*Finding 10: Through the empowerment of the teams and the use of PACE, solutions with the highest relevance are developed.*

The idea of *One Agile Way of Working* is to bring all contributing experts together at an early stage in idea generation processes. This leads to better collaboration between the team members and problems are solved together as a team rather than by individuals.

One year after the transformation, respondents confirm the good collaboration within most of the interdisciplinary Squads. It turns out that the role of the Product Owner is critical for the success of the team. According to one interviewee, a clearer description of the role would support the positioning of the role within the team and expectations to the Product Owner.

*Finding 11: Collaboration between team members leads to better team solutions. Thereby, the Product Owner plays a critical role.*

The new way of working is expected to make goals and achievements more visible and transparent for both individuals and entire teams. So far, the status of a project has been unclear for others, who have contributed to its development. Transparency of goals, expectations, and the working progress is an important element of a high-performing organization.

According to the interviewees, the organization has managed to make topics teams work on and their performances transparent. Performance, achievements, and the team member's contribution in general are topics that the organization has learned to discuss openly in the Obeya session, marketplaces, and other events. These methods are regarded as highly valuable and are already established.

*Finding 12: Transparency of goals and achievements has increased considerably and contributes to the performance of teams.*

*One Agile Way of Working* represents an organizational design that facilitates personal responsibility and self-organizing teams and thus it is attractive for employees and applicants. As an important element of employer branding activities, this new agile way of working could enthuse the applicants. One respondent expected employees to be happy and to gain 250 to 300 ambassadors (a large part of the entire staff) for *One Agile Way of Working*.

The respondents' valuation illustrate that the organization is on the right track, but the picture is diverse. Many employees are comfortable with working in self-organized teams and are already ambassadors for the new way of working. Some employees have not fully accepted

the *Agile Way of Working* yet and have difficulty grasping their role or they struggle to make their tasks and progress transparent. Others who have already worked in agile areas before experience a slowdown in their work because of colleagues who are still in the process of learning.

*Finding 13: The new way of working makes the organization an attractive employer and increases job satisfaction of many employees. Nevertheless, some team members have difficulty adapting to their roles and need further support.*

The vision of *One Agile Way of Working* is a very powerful and a courageous step. For a successful implementation, the design needs to be adapted for the affected sub-units and to their circumstances and conditions. In doing so, the challenge is not to dilute the basic principles but to adjust them if needed.

The worries about the introduction of a courageous step proved groundless as the transformation team strongly believed in the overall vision and concept.

*Finding 14: For a successful implementation of One Agile Way of Working, courageous steps need to be made to adapt the design to local conditions without diluting the basic principles.*

Overall, respondents regard ING employees as great people and a great team who are able to manage the transformation. An agile way of working needs people with an agile mindset, who are capable to make decisions with fewer guidance and rules. This holds true not only for Product Owners in Squads but for all team members. The fear of the transformation team was that not all people would be able or willing to take on this challenge or at least to try to work according to this new work design.

In fact, all employees have engaged with the new way of working and have tried the new working concept. Many have adopted the mindset and the *Agile Way of Working* quickly, others still struggle with the changing job profile, higher job requirements, and a broader scope of their work to be done. An analyst, for example, now has to refine topics for other team members and developers participate in customer surveys. During the transformation phase, hardly any employees decided that they did not want to work this way.

*Finding 15: An agile mindset and the willingness and ability to work in self-organized teams are important factors in the success of One Agile Way of Working. Employees have to test and evaluate themselves if they want to and are able to work this way.*

With the new set-up of a new team structure, also working processes have to be mapped to the new structure and responsibilities need to be shifted. Respondents have been worried about the fewer regulations and whether people would be flexible enough so that all important tasks would find a person or team willing to deal with them.

Indeed, there have been a few topics that have felt by the wayside, because no one has felt in charge or they have not been willing to take over responsibility.

*Finding 16: Mapping working processes and responsibilities during the period of transformation to the new team structure and to a system with fewer regulations run the risk of some topics falling by the wayside.*

The division of responsibilities into the 'WHAT' to do by the Product Owner in as Squad and the 'HOW' to do it by the Chapter Lead is a special rule in the design of *Agile Way of Working*. In a classic functional organizational design, skills required for a profession were acquired on the job within the teams and seniors supported juniors in solving more sophisticated questions. The worries of one interviewee were that the concept of team learning will not work out any more.

Since the transformation phase, team-learning happens during the so-called Chapter time. This time is dedicated to the further development of skills of people with the same profession within a Chapter, as they work in different Squads and thus have fewer contact with each other.

*Finding 17: Learning and further development of skills has changed due to the fact that people with same profession work in different Squads. In the new organizational design, team-learning happens in dedicated Chapter-time.*

ING Austria is a growing organization; thus, staff reduction was no hidden agenda when deciding to introduce *One Agile Way of Working*. Nevertheless, the fear that employees leave the company due to different job expectations was worrying some interviewees.

After the transformation phase, ING indeed recorded fluctuation in the Tribes. Respondents state that restructuring has been the reason for the decision to leave for only few of the people who left, others had different job expectations in general. However, dissatisfaction and disappointment of some employees who are not able to cope with the new way of working still cause many discussions that need to be dealt with by the management team.

*Finding 18: A transition to a new organizational design involves the risk of causing dissatisfaction and losing employees due to their different job expectations.*

The adaption of a new organizational design and the introduction of a new way of working within less than a year is an ambitious target. At the same time, regulatory issues, sales targets, and further developments of products and services have to be dealt with at the same or even a higher level than the years before. The respondents were worried that the organization would not have enough time to digest the organizational change.

Reviewing the period of transition, the interviewees draw a rather positive picture of the transformation phase. With a clear prioritization, all critical topics such as regulatory developments could be delivered in time. At the same time, a new product was developed and introduced to the market. Sales figures, however, did not grow at the expected rate during this period. Quality of elements of *One Agile Way of Working* that need to be adapted along the way suffers due to the lack of focus and time.

*Finding 19: Organizational changes within an organization that is fully focused on bringing the business forward may come at the expense of quality.*

#### 4.2.2 Validation of goals

- c) What are/were the central goals of introducing *One Agile Way of Working*? Which goals could or could not be reached so far and why? How would you rate the results on a scale from 1-10 (10=best)? What is missing to get a top rating of 10?

The central goals of *One Agile Way of Working* are well known to the respondents. They mentioned faster reaction to changing customer needs, higher relevance for customers, increased efficiency, faster time-to-market, autonomy of teams, and empowerment and satisfaction of people as the main targets. However, international collaboration was mentioned only by one interviewee and seems to be harder to remember.

All in all, the respondents see the *One Agile Way of Working* positively, developing into the right direction with potential for improvement. While the realization of the goals to decrease time to volume and to increase delivery and efficiency were rated (well) above average, the implementation of the target to increase employee engagement was rated as average. The realization of the goal to prepare for more international collaboration has been achieved only partly yet.



### Goal 1: Decrease time to volume

Overall, respondents rate the achievement of the target of a decreased time to volume positively and believe that ING is on the right track.

Decreased time to volume is described as a result of bringing those things to the market that add value instead of developing services which are not needed. With the new way of working and decision making, teams focus more on investigating customer needs. They make decisions within the teams and concentrate on developing those services that contribute most to customer satisfaction and can react faster to changing customer needs. This contributes to a faster growth in volume.

Furthermore, the new way of working facilitates learning loops, i.e. during the development phase of new features or services teams test their concepts more often and react quickly to customer reactions. As an effect, respondents also confirm that the quality of features and whole services have increased through this working and testing method. These new learning loops with customers are seen to be very important in the case of introducing new products to the market.

However, one point of criticism is that customers are not involved sufficiently yet.

*Finding 20: The higher focus on customer needs and fast learning loops support the development of appropriate services. Teams are able to react faster to changing customer needs. This results in a decreased time to volume.*

In order to get a top rating, it would be important to further increase customer focus by using *PACE*, the ING way to innovate. This method enables qualitative testing with customers to find out if ideas add value to customer needs. Also, an increased use of data instead of gut feeling when making decisions would increase quality of features and services further. Key is to do the right things instead of doing more.

*Finding 21: Increasing the usage of the method PACE for customer feedback as well as an increased application of data analytics would increase the quality of services further.*

### Goal 2: Increase employee engagement

The achievement of the target of increasing employee engagement is evaluated differently. Some respondents claim that the organization should be much prouder of what has been



achieved so far, as public interest of other Austrian and German organizations in the *One Agile Way of Working* is indeed very high.

According to one interviewee, employee engagement varies: For some employees, the new way of working is the absolute right mode of practice. As the level of autonomy of teams has increased, they feel empowered to bring in their autonomous working styles and their responsible behaviour, and they highly engage with business targets and in decision making. One interviewee tells the story of an employee who 'blossoms' in his/her new role, others are enthusiastic about the new methods of making tasks transparent on the Sprint board and claim they have changed in a very positive way. With some other employees, a much stronger identification with the team can be identified. Another positive effect was that team members are able to develop higher cost-consciousness and feeling of responsibility for their purpose.

For others, it is hard to take on responsibility for her or his project and for decision making without detailed guidance or work instructions. They rather prefer the 'tell-me-what-to-do'-mentality. This group of people might need more time to get used to the change, or some might accept that this way of working does not suit them.

Overall, employee satisfaction currently is effected by various unclear processes and guidelines such as the concept of distributed autonomy, role descriptions and expectations, and failure culture.

One interviewee observed, that the new way of working is an interesting concept for new people who come in. Especially people from the IT sector feel attracted to this way of working. For business people, this concept is still hard to grasp. The challenge here is seen in the recruiting process and cross-functional talent identification. Specifications of job offers for the newly set up roles and to communicate the *One Agile Way of Working* in a coherent way are still seen as challenges.

*Finding 22: Employee engagement varies. Some feel empowered to work autonomously and responsibly. A few employees are enthusiastic about the concept and even blossom. Other employees need more time to adapt. However, overall employee satisfaction is effected due to lack of clarity of some elements of the concept. Nevertheless, the new way of working seems to be an interesting concept for new employees.*

In order to increase employee engagement, respondents regard a more concrete description of roles, responsibilities, and expectations as an important measure. The concept of distributed autonomy needs to be concretized and it is important to make clear who decides what. In the opinion of one interviewee, business values rather than group requirements should be accepted as the main reason for prioritizing themes. Therefore, clear targets and goals have to be established and well communicated.

One respondent mentions a thriving failure culture as another indicator of higher engagement. Failures should be accepted as an important aspect of learning and people should be given sufficient time to learn and adapt. Finally, it is important to have people with best skills fulfilling the needed roles. It is important that basic tasks can be taken over by other Squad members who function as a proxy, but this cannot replace an expert.

*Finding 23: A clearer description of roles, responsibilities, and expectations as well as of the governance of distributed autonomy are needed to increase the engagement of employees. Next to a vital failure culture, employing highly skilled people with an agile mindset are crucial factors for success.*

### Goal 3: Increase delivery and efficiency

The target of increasing delivery and efficiency is seen differently by the respondents. When it comes to increased delivery and business growth, the assessment very positive. On the other hand, efficiency and scalability is not reached yet and the valuation is rather low.

Twelve Squads that work in the Product Tribes simultaneously bring new functionalities to the market and deliver regulatory processes in time. During the transformation phase, even a new service offer could be delivered and many sales promotions were implemented. Thus, a large quantity of both small and large projects can be delivered with this organizational design at a higher speed.

When it comes to efficiency, the respondents see clear potential for improvement. A higher effort for testing of the software before a release and a small focus on operational excellence for the benefit of increased growth targets prohibit efficiency gains. As a consequence, the desired level of scalability has not been reached yet.

*Finding 24: Delivery of both small and large projects has increased in quantity and speed, which stimulates business growth. However, efficiency suffers from an increased testing effort and missing operational excellence, thus the new way of working does not lead to the expected scalability yet.*

However, factors such as faster decision making and eliminating dependencies and impediments as well as depicting bottlenecks would lead to a more efficient production flow and contributes to target achievement. With the help of automated testing and optimization of the IT infrastructure, efficiency could be increased further.

*Finding 25: Efficiency can be increased by faster decision making, faster elimination of dependencies, impediments and bottlenecks as well as by an optimization of the IT infrastructure.*

#### Goal 4: Prepare for more international collaboration

In general, interviewees see international collaboration within the ING units as a very positive fact. The theoretical step towards an easier collaboration is appreciated. However, respondents agree that for various reasons it is still challenging to work in a unified, global way and argue that the preconditions are not set yet.

According to the respondents, ING is organized in such a way that collaboration in the growing number of international projects could work better. *One Agile Way of Working* speaks one language when it comes to naming teams, structures, working processes, and tasks and it helps employees find the right contact partners within the ING group. New communities can be built up more easily and access to important information can be gained more easily. Exchange and support on a global basis have been practiced in the past already, however, with the unified global way this seems to become even.

Nevertheless, due to local differences in the size of the local units and thus the size of Tribes with different purpose and tasks, no practical advantage for collaboration is seen by all interviewees yet. Furthermore, units still use different working tools and systems. The 'One' in *One Agile Way of Working* is not accomplished so far, the respondents say.

*Finding 26: International collaboration is seen as very positive and will be intensified in the future. The general set-up is the right step for better collaboration, however, at the moment, too many differences hinder effective teamwork on a global basis.*

In order to reach the set targets, it would be necessary to build a global technical platform and governance structure as well as to introduce clear global responsibilities. Furthermore, it would be important to consider local conditions in global projects instead of copy and pasting the concept in all units. Then, international collaboration would be more successful, according to respondents.

*Finding 27: A better global collaboration could be reached by building up a global technical platform and governance structure, and consider local conditions when setting up international projects.*

- d) Were there other changes, positive or negatives effects or surprises that occurred as a side effect of *One Agile Way of Working*?

In the interviews, respondents emphasize the change of culture and mindset within the organization since the introduction of *One Agile Way of Working*. This is seen as a crucial factor for a successful transformation. Cultural change does not occur within a few months, but respondents observe that people were not afraid of change and many employees embraced it and made it happen together. Nevertheless, some people across all hierarchical levels still need support to be able to let go of old habits and adopt the agile mindset.

The new structural design has also impacted IT area at ING. Due to the allocation of expertise to a number of Squads, together with a huge growth of the organization itself, new control mechanisms for securing quality and system stability have been introduced.

Hiring processes and human resource tools need to be changed as well. More stakeholders with different roles are involved in the recruiting process. Now, a whole team is involved in the recruiting process, including Chapter Lead, Product Owner, Tribe Lead, and HR Business Partners. Next to having the relevant skill set, the applicant needs to have an agile mindset and the ability to work in a self-organized way. As this way of working is rather new in Austria, recruiting is more challenging now. Furthermore, talent management and performance management are changing too. The classical career path takes a back seat but the opportunities to change roles within the organization increase at the same time. Validation of individual and team performance, however, have become more complex as employees get feedback from various stakeholders, such as the Chapter Lead, the Product Owner, and Tribe Lead, on both functional and behavioural level.

Finally, the redesign of the office also visualizes the change. Now, cross-functional teams share an area and the new, inspiring design of the whole office space facilitates transparency and collaboration.

*Finding 28: With the transformation to One Agile Way of Working a change of culture and mindset has been initiated within the organization. The transformation also influences the entire recruiting process as well as talent management and performance management processes. Rather unexpected has been the impact on IT*

*systems, including the necessity to set up new control mechanisms to secure quality and stability. Finally, the inspiring office redesign visualizes the comprehensive transformation of the whole organization.*

#### 4.2.3 Personal experience

- e) What was your most important personal experience with *One Agile Way of Working*?  
What worked out very well for you or which challenges/difficulties did appear for you personally?

All interviewees also talked about some of their personal experiences during the transformation phase. The most frequently mentioned experience with *One Agile Way of Working* was the respondents' change of roles. All of them experienced this change positively or even very positively, only one of the interviewees still needs to better orientate herself or himself to find the place within her or his role.

One respondent was excited about the new responsibilities and the impact that can be made within the scope of the role, such as being a kind of CEO for a product and responsible for the 'what' without people management responsibility. Another interviewee talked about the experience of now being fully responsible for the 'how' and the mastery and advancement of a team but without functional management. This division of the 'what' and the 'how' is challenging for both sides too, as the responsibilities for personal and professional performance now lie with two different managers. Challenges are managed with a try-and-learn attitude.

The new role of another interviewee contains people development and initiating and supporting personal change. Not only does this give joy but is a big learning opportunity for the interviewee which she or he enjoys very much.

Overall, all interviewees expressed their content with their new roles, especially because they experience team success. One respondent even reported that her/his new role is the very best in the organization.

Outstanding collaboration of the transformation team was mentioned as another important personal experience by some of the respondents. The team had the opportunity to focus on the transformation and tried to cover all aspects of the change. In this phase, collaboration with the managers of the same level worked out excellently and everyone brought in their

valuable expertise. This built up trust and made teamwork efficient. One respondent reported that the close and excellent team work within the transformation team was highly appreciated and many decisions could be made quickly and team members were well aligned. As a member of the transformation team, another respondent stated that the scope of the role could be considerably enhanced and that the new duties were fun and inspiring.

Being empowered to develop own concepts for job-talks and team-setups and allocating people according to their skills, preferences, team dynamics, and organizational needs was not only a huge effort for another respondent, but also made her or him proud and content.

The opportunity of being an important driving force behind the transformation process and the huge changes in the first small ING unit makes one other transformation team member feel very proud and pleased. The overall basic mood of the organization has been good and the transformation was very positive and appreciated. Employees and the workers' council were actively interested and confident about the change, many felt even enthusiastic. Under these circumstances, having the opportunity to steer the organization through the transformation was a very positive experience, even though the reality was frequently challenging.

The new way of working is seen as the ultimate, a beloved, way of working by one of the respondents. The approach is described as trustful working on eye level and a non-directive way in which every team member can use her or his independence for decision-making how to implement topics within the defined framework. Another interviewee expressed joy when realizing that the system indeed works. The disciplined usage of the working method is seen as powerful, for example when all Squad members jointly work on a Sprint goal and thus, manage to handle a lot of issues successfully.

*Finding 29: The transformation was highly emotional and all respondents talked about their positive personal experience. Many respondents expressed their enthusiasm for their new roles. They said they feel excited and inspired by the new role, they have fun with new responsibilities, feel empowered, and are proud of successfully drive the change. Respondents said One Agile Way of Working is their most loved way of working and call it a great learning opportunity.*

Upon asking the interviewees about their personal challenges, one respondent mentioned the great variety and complexity of topics that made it hard to sustainably work on a certain topic. It leads to a huge workload and less time for her/his team members. At the same time,

many new employees have joined the company as a consequence of the overall growth of the organization, others leave the firm. Thus, building up a new, agile culture has been hard given the limited time available.

Two respondents reported worries about the restructuring of their teams and finding the right role for all members within the new organizational design without losing them. Their challenge has been to take their colleagues' fears away and define roles for them within the future Squads that fit them well. Both respondents succeeded in transforming their teams and reported their good feeling of success.

According to one interviewee, adapting to the new role dealing with people management has been challenging, too. In her/his case, irregularities of the *Orange Code occurred in one team*, which made it necessary to react immediately and set further steps. Not having reacted in the right way harmed the team spirit severely. The learning for her/him was that the right mindset in the teams is very important. At the end, the interviewee accepted this situation as a learning process and an ongoing exchange of experience with peers and continuing education is very important in people management.

Another story frustrated a respondent within the transformation team. Supporting the changes of the IT processes that are needed in the agile way of working was challenging. Clear processes and a strong governance would have been needed for a smooth transition but could not be provided satisfactorily. As a consequence, the teams suffered and the acceptance of the *One Agile Way of Working* decreased among certain teams.

*Finding 30: Respondents experienced personal challenges during the transformation phase, too. Worries about losing team members, insufficient time for people and cultural change in the teams, and frustration with unsuccessful processes, or duties were the personal downsides which caused frustration and disappointment. However, the transition to the new way of working is accepted as a learning opportunity and as an ongoing process.*

#### 4.2.4 Outlook

f) What is your outlook for the further development of *One Agile Way of Working*?

With the *One Agile Way of Working*, interviewees believe the organization is moving the right direction. None of the them wants to return to a classical organizational design as they clearly see the advantages to the agile way of working.



At the same time, respondents agree that *One Agile Way of Working* is at the stage of an MVP, a Minimal Viable Product, and is agile itself. It will be an ongoing journey to continuously adapt to the changing needs, such as business growth or the development of service offers. This also includes a differentiated view of some functions and themes that might need a different design. One of the respondents see the future as a symbiosis of the best aspects of the different worlds, such as controlling structures that do not necessarily need to be organized in an agile way.

More and more, teams will work more autonomously and will develop into high performing teams. Interviewees expect that staffing will become more selective and the right mindset of people will be more important than performance of quantity. At the same time, managers will evolve to sponsors and mentors, give more direction, and enable teams to work autonomously. An agile mindset and the full commitment of the senior management team are seen as critical factors in this way of working.

In the future, ING will intensify group collaboration and people and teams in global programs will work according to *One Agile Way of Working*. This supports the long-term strategy to develop into one single digital platform used by all ING branches worldwide.

*Finding 31: People at ING need to be prepared for an ongoing change and further development of One Agile Way of Working according to given circumstances. Enabled by senior management, they will work more and more autonomously, and will develop into high performing teams. In the long run, One Agile Way of Working will support group collaboration and try to reach the long-term strategy of using one single digital platform across all branches of ING.*

### 4.3 Integrating empirical findings into One Agile Way of Working

The following chapter links the empirical findings to the design concept of ING's *One Agile Way of Working*. The results of the assessed goals, the reflection of the principles, organizational design, and workflows are thereby integrated into the theoretical framework. The chapter highlights those findings that result in critical learning areas and in further amendments to the organizational design of ING Austria.

#### 4.3.1 Goals

The goal of *One Agile Way of Working* is to become more agile, collaborate better and more efficiently on a global scale, and work as one global team across ING. This needs collaborative



mindsets, proper tooling, and practices that support working across borders in a unified way. Based on these global targets, ING Austria derived four local goals (see section 3.3.3).

All in all, respondents claim that ING Austria is on a good path with implementing the *One Agile Way of Working*.

The goal of a decreased time to volume through a higher focus on customer needs is evaluated positively. Findings 3, 10, 20 and 21 support the interviewees' evaluation, as with the new way of working faster learning loops can be observed, and thus a faster reaction to changing customer needs is possible. The method *PACE* for fast customer feedback and comprehensive data analytics is an important basis for making the right decisions and delivering those solutions with the highest relevance.

Closely connected to the decreased time to volume is the goal of an increased delivery and business growth, which is assessed very positively, too. According to finding 24, through the new way of working the deliveries of small and large projects increased in numbers and gained speed. This stimulated business growth. The goal of higher efficiency, however, is rated rather low which impacts scalability of the business. Findings 24 and 25 identify an increased testing effort and missing focus on operational excellence, causing a need for action. Faster decision making and elimination of dependencies and impediments can further support efficiency. This is supported by findings 8 and 9, which highlight the importance of the reduction of bureaucracy and increased autonomy of teams in the decision-making process as enablers of faster execution of projects. Furthermore, an optimization of IT infrastructure can make working processes more efficient.

The achievement of the goal to increase employee engagement is evaluated as rather poor. Finding 18 states that a transformation to a new organizational design risks causing dissatisfaction or loss of employees due to different job expectations. Findings 22 and 23 support this assessment, as some unclarities in the process and role descriptions and ambiguous expectations affected employee satisfaction. More time to adapt and to change these unclear elements is needed. In addition, open failure culture and learning opportunities need to be further supported. Furthermore, when employing people, the applicant's agile mindset is a crucial factor for success. According to finding 28, the entire recruiting process as well as talent management and performance management processes have an important

impact on employee engagement. Nonetheless, some employees already feel empowered to work autonomously and responsibly, others are even enthusiastic and blossoming.

International collaboration across the ING units was rated as a very positive fact, but being prepared for international collaboration is not regarded as having been achieved yet, as stated in finding 26. Too many differences hinder effective global collaboration. Finding 27 describes the implementation of a global technical platform and a global governance that considers local circumstances as a possible way to reach the goals. Finding 31 confirms that in the long run, the new organizational design will help to reach the long-term strategy of operating one single digital platform across the ING units.

The respondents' outlook, which is summarized in finding 31, looks promising. On the one hand, people need to be prepared for an ongoing change and further development of *One Agile Way of Working*, some respondents said. On the other hand, they will work more and more autonomously, enabled by senior management, and will develop into high performing teams. In the long run, *One Agile Way of Working* will support to reach the long-terms strategy of ING Group.

#### 4.3.2 Fundamental principles

According to the concept of *One Agile Way of Working*, the first fundamental principle states that agile is a mindset. It means having different values, different goals, different ways of organizing and coordinating work, a different role for management, and different ways of communication. According to finding 28, a change in culture and mindset started with the transformation to *One Agile Way of Working* at ING. Finding 15 underlines that the willingness and ability to work this way is an important factor, and employees have to evaluate and test if they are willing to adapt.

Findings 1 and 14 underscore that since *One Agile Way of Working* is an advanced concept that includes all areas of an organization, it is a huge and courageous step to change from a classical structure the new way of working. Local modifications of the overall design according to a local unit's needs are necessary, however, they should not the basic principles.

One important element of the agile values is putting people before processes. Finding 4 confirms that people at ING are placed at the centre of the way of working. Following the

assumption that people are great the way they are, processes and frameworks need to be built around people, not the other way around.

Referring to the fundamental principle of tooling, finding 2 points out that the new way of working is based on a highly structured way of working and provides a clear framework for the teams. Nevertheless, *One Agile Way of Working* is a living system and prepared to adapt if needed (finding 5).

#### 4.3.3 Structural design

According to the presented concept, *One Agile Way of Working* is a collaboration-based organizational design with (aligned) autonomy in the teams' daily work. Findings 2, 6, 8 and 11 highlight that working in autonomous, multifunctional teams leads to better collaboration, particularly of IT and business people. Team members from the business side understand the tasks of developers much better and can adapt specifications accordingly. As teams work autonomously, top-down management and micromanagement are abandoned in large part. Autonomy facilitates value-based prioritization, which is carried out by the teams themselves. The Product Owner plays a crucial role in the prioritization process. As a result of the interdisciplinary team set-up and the autonomy of teams, a faster and more efficient execution of projects could be reached according to finding 9.

Finding 16 alerts that mapping responsibilities to the new team structure run the risk of some topics falling by the wayside. The new structural design and the distribution of expertise to a range of Squads has an impact on IT systems and made it necessary to set up new control mechanisms to secure quality and stability (finding 28).

#### 4.3.4 From strategy to customer value

In order to make autonomous working teams successful, alignment on each level of the working process is key. Alignment is reached by clear and transparent processes and a strict compliance on each level, from strategy and goal setting to the final delivery of the customer value.

Findings 2 and 12 point out that this structured process allows full transparency of goals, roadmaps, tasks and output. This transparency of goals and achievements highly increase and contribute to the performance of teams. As teams work autonomously, top-down

management and micromanagement are abandoned in large part and management focus lies on giving the organization's direction of the development of the business (finding 10).

#### 4.3.5 Agile collaboration practices

An organizational design requires tools, such the Obeya or *PACE*, and experience in agile leadership or people management that facilitate the agile working environment.

The Obeya facilitates transparency of goals, roadmaps and tasks for all teams. It is set up to spend dedicated time and space in order to speed up communication, decision-making and problem-solving, and to minimize organizational barriers. According to finding 2, this transparency leads to a better understanding of the allocation of resources and costs and an increased sense of responsibility for their projects. With *PACE*, ING's structured innovation process, teams increasingly reflect if the right things are done. Thus, solutions with the highest relevance are developed (finding 10).

The changing role of leaders relies on practices that support self-organization and self-decision power of the teams. In order for all employees to understand the overall strategy, a clear and comprehensible purpose has to be set by the leaders. Finding 12 confirms that transparency of goals and achievements highly increased with the new way of working which contributes to the performance of teams. Obeya sessions, marketplaces, and other events are regarded as highly valuable and are established. In order to ensure continuous improvements of working methods, leaders need to encourage knowledge sharing. As people with same professions work in different Squads, team-learning happens in dedicated Chapter-times (finding 17).

In an agile organization, people practice, such as hiring process, onboarding, promotion, or performance management, differ from those of hierarchical organizational designs. Finding 15 and 28 confirm this theoretical approach as nowadays, recruiting involves a whole team and the focus lies on the right mindset of the applicant, with the ability to work in a self-organized and agile way. Performance management is more complex as employees and teams get feedback from different perspectives and various stakeholders. Also, the classical career path is changing but the opportunities to change roles within the organization increase. According to finding 13, *One Agile Way of Working* makes ING an attractive employer and increases satisfaction of many employees. Nevertheless, finding 18 points out

that a transformation to a new organizational design is at the risk of causing dissatisfaction or losing employees due to different job expectations.

#### 4.3.6 Personal experiences

Findings 29, 30 and 31 concern personal experiences and challenges the transformation phase posed to the respondents. These personal experiences give an insight in sentiments during the transition phase rather than facts of the organizational changes.

‘Excited’, ‘inspired’, ‘having fun’, ‘empowered’ and ‘being proud’ are some of the words the respondents used to express their feelings and enthusiasm. The new roles, enhanced responsibilities, or being a constitutive part of the transformation process caused these reactions. Next to these positive experiences, most respondents have been accompanied by some challenges. They have been worried about the future of their teams, frustrated about unsuccessful process implementation, or concerned about the ability of managing the cultural change. The transformation seems to have been a highly emotional journey and a big learning opportunity at all levels.

## 5 Discussion and conclusion

This section summarizes the challenges organizational structures currently face and provides a brief summary of the theoretical basics of modern organizational principles. Moreover, the most important lessons drawn from the assessment of ING's *One Agile Way of Working* are discussed. Finally, concrete recommendations for the company's further steps in its transition conclude the discussion.

### 5.1 Summary

The digital revolution of the 21<sup>st</sup> century challenges existing organizational structures in all industries. This era is characterized by rapidly changing customer needs, transparency and increase of volume of data and the entry of disruptive technologies. Thus, organizations need to react quickly to the market changes, deliver customer-centric services, and cut down on delivery time in order to stay competitive. To achieve these requirements, the way of working, the way how teams collaborate, and overall organizational designs have to be adapted accordingly.

The review of the characteristics of concepts of self-organization in management-science, agile principles and working practices for the development of innovative services in section 2 functions as the basis for apprehending the requirements of new organizational designs and new working and collaboration processes. The introduced scholars from the field of management-science agree that hierarchical systems are not able to manage the complexity and dynamics of the new business environment. In their view, only a self-organized system manages to structure work effectively. Thus, management needs to facilitate the empowerment of teams to enable extreme decentralization of decision-making and has to build up the structural design around these teams. The aim is that people are able to act more soulfully and more purposefully.

Similar to the insights obtained from management-science, authors of the *Agile Manifesto* put people and the change of mindset at the centre of their working principles. Thus, self-responsibility of autonomous teams, new collaboration practices of teams as well as empowerment of team members are seen as key to reaching business goals successfully. According to the described agile principles, customers are made part of the process of designing the delivery of new services in order to meet their concrete and fast changing

needs. Moreover, agile organizations such as Spotify describe their working process as an iterative and incremental process in order to be able to adapt their systems rapidly. *Scrum* and *Kanban* working methodologies on the other hand can be used for managing the team's day-to-day processes.

On the basis of these fundamental insights, ING built up a new organizational design, called *One Agile Way of Working*. Section 3 provides detailed information on the goals of the new structural design and the agile collaboration practices of ING. Thus, multifunctional, self-organizing teams, so-called Squads, build the heart of the new structural design, steered by a Product Owner. Squads follow a concrete Squad purpose, which contributes to the overall Tribe purpose, that finally reflects the organization's overall goals. Various other roles and areas support the Squads in developing a differentiated customer experience for the offered services. By applying agile collaboration practices, such as the QBR process and the Obeya, to structured review and decision-making processes, as well as including customer feedback with the *PACE* methodology, the delivery units have the right preconditions to increase time to market, work in a more efficient way, and develop customized services. This in turn leads to higher employee engagement and motivated staff. Another important element is agile leadership. The leader's role is to empower teams to achieve self-organization and autonomy and to encourage proper knowledge sharing. Peer-to-peer recruiting and people management plays a vital role in getting people with an agile mindset and on board.

This theoretical organizational design was assessed one year after its introduction to ING Austria by means of expert interviews. The key findings that are presented in section 4 draw a diverse picture when it comes to the evaluation of the set goals of *One Agile Way of Working*: Respondents confirmed an observable decrease in time to market due to a higher focus on customer needs and frequent learning loops that enable quick reaction of the delivery teams. Also, the delivery of projects has gained speed and supported business growth so far. However, interviewees recognized missing efficiency gains, caused by increased testing efforts, missing operational excellence, and slow decision-making processes. Employee engagement is seen rather diverse, too. Some people feel empowered and work autonomously and act responsibly, however, others have not been able to adapt the new way of working yet. Thus, overall employee satisfaction has suffered, partly because of unclarities in roles and internal processes. Finally, international collaboration is evaluated positively and

the *One Agile Way of Working* is seen as the right step for better collaboration at group level. Nevertheless, at a global level, many differences still must be eliminated in order to work effectively in international teams. Overall, the new way of working seems to be an interesting concept for employees and newcomers, and none of the respondents want to go back to a traditional hierarchical structure.

## 5.2 Recommendations

All in all, respondents find that the local goals of *One Agile Way of Working* have been reached to a large extent. However, many processes and agile design elements have to be developed further and optimized. This outcome of the study is summarized in the following recommendations:

In order to attain a decreased time to volume (goal 1), greater focus has to be put on the integration of customer feedback into the design process of new service offers. A mandatory application of *PACE* Everyday as an established ING tool to innovate on an incremental basis could build the basis for this integration. In terms of goal 3 (increased delivery), the challenge lies in eliminating inefficiency. Thus, more effort has to be put into the optimization of internal processes in order to be able to scale the business. An overall solution for the increased testing effort, such as test automation and comprehensive steering of the testing process, could further increase efficiency. Furthermore, new control mechanisms are needed to compensate for the fact that multiple teams work on the software at the same time within one Sprint. To secure quality and stability of the software systems, new control mechanisms need to be established.

In order to increase employee engagement (goal 2), ambiguities in the role descriptions and processes have to be resolved. An open failure culture and learning opportunities must be established to empower teams to work in a self-organized way. Overall, the agile mindset needs to continue to improve and to establish itself within both the current employees and those who are being recruited. Thus, current practices of managing people and hiring people have to be professionalized. To increase international collaboration (goal 4), the set-up of a global platform and a global governance that considers local conditions is recommended. Only then, the new organizational design will be able to reach the long-term goal of using one single digital platform across all units at ING.



Further approaches are highlighted by the interviewees as important contributions to the success of the future-proof organizational design: The Product Owner in Squads is seen as a crucial role, in particular in decision-making, for reaching the Squad purpose; thus, Product Owners have to be supported, educated and empowered to best fulfil their responsibilities. Moreover, the aim to abandon top-down management and micromanagement needs clarification of the governance for decision-making and an empowering of the right people within their roles. At the same time, management needs to put an even stronger focus on the definition of the organization's business direction. During the transition to the new way of working, the general design needs to be adapted to local circumstances without without diluting the basic principles.

### 5.3 Conclusion

Theoretical and empirical research show that self-organized systems and agile principles are most effective ways of organizing work in order to enable organizations to cope with the new complexities of the business environment of the digital century. With *One Agile Way of Working*, ING managed to implement an organizational design that considers the findings of the theoretical concepts and best practices of start-ups. Key to success is that management empowers teams to make decisions and builds the structural design around these teams. Governance of decision-making and the application of clear agile working methods add stability to the set-up of the framework so that teams can work autonomously and can adapt quickly whenever needed. The new organizational design also impacts leadership and people management practices.

However, it is a huge and courageous step to change from a classical hierarchical structural design and working processes to an agile way of working at both a global and a local level. Above all, the shift in the mindsets of all stakeholders is most significant and needs more time than changing single work processes. One year since the beginning of the transformation, ING Austria is making good progress, but still needs time to adjust structure and processes to the new system and to take the employees along the journey. Nevertheless, change is accepted as an ongoing process that needs to be governed, guided, and implemented carefully. ING needs to learn from mistakes, and stay flexible but should not lose sight of the overall strategy and of the most valuable resource, the people at ING.

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