Looking back at four agile years at Allianz

Behind the scenes of the Scrum transformation at Allianz Germany

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Agenda

1   Starting position and surrounding conditions

2   Introducing Agile to teams

3   Introducing Agile strategically in the Enterprise

4   Status quo & Lessons learned
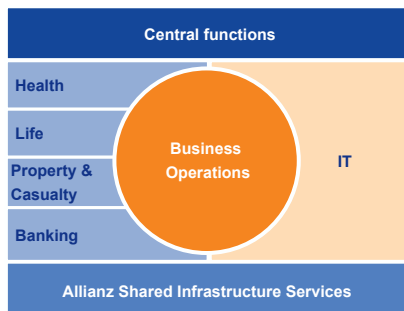
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Allianz Facts & Figures 2010

- One of the largest financial service providers of the world
- The Allianz Group is present in more than 70 countries across the globe
- Core business: insurance

Allianz	Customers in millions	Total revenues in € millards	Employees
Group	>76	>106	> 151.000
Germany	>19	>28	>30.000

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Allianz Operating Model

Central functions

| Health |
| Life |
| Property & Casualty |
| Banking |

Business Operations

IT

Allianz Shared Infrastructure Services

- Cross-line product development often allows the company to satisfy end customer needs better than it would with individual products
- Business Operations manages the line processes and the supporting IT tools
- A central IT organization is more efficient than IT structures that are specific to a particular line
- Globally comparable structures and processes within the Group allow an international comparison and the exchange of best practices
- Performance measurement of Group subsidiaries with globally comparable key figures makes Group management easier

Slide 2

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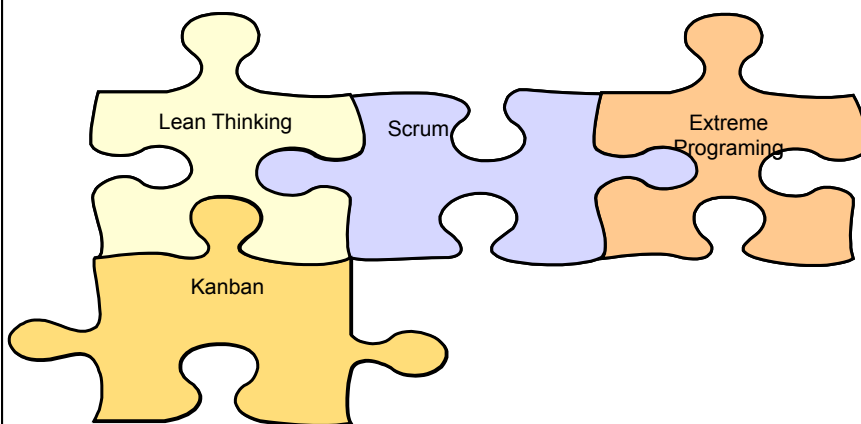# IT Allianz Germany Facts & Figures

- Different Locations
  - Munich
  - Stuttgart
  - Berlin
  - Trivandrum
  - ….

- \> 1000 IT employees

- Complex IT Landscape
  - Client/Server
  - Mainframe
  - Mobile
  - Web
  - SAP
  - SAS
  - …

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Agile Methods at Allianz Germany

Lean Thinking

Scrum

Extreme Programing

Kanban

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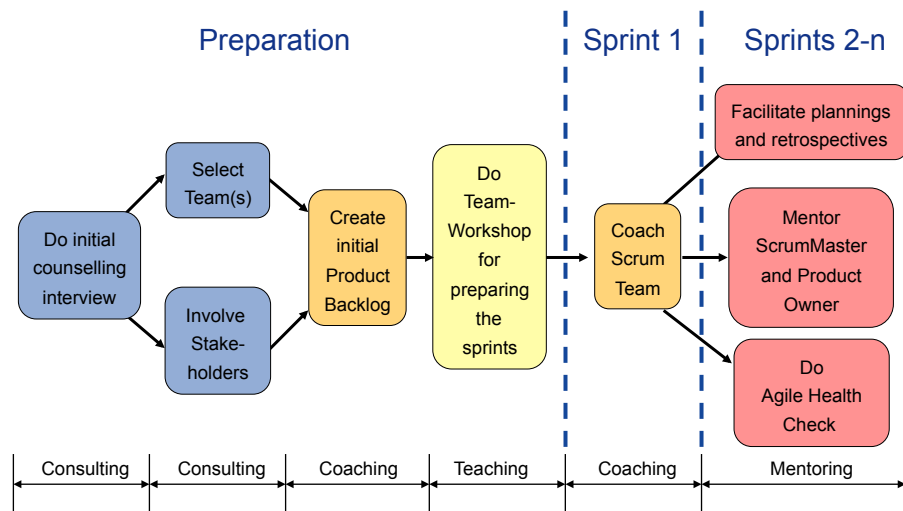

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Why do you need Coaches?

- Sharing experience to make the change successful and sustainable

- Coaching/Mentoring the teams and the enterprise

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Scrum Center Mission

"The Scrum Center supports teams

in introducing and using agile methods

in a sustainable way

to get better results

for Allianz Germany."

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Introducing Scrum to the teams

Preparation | Sprint 1 | Sprints 2-n

Do initial counselling interview → Select Team(s) → Create initial Product Backlog → Do Team-Workshop for preparing the sprints → Coach Scrum Team → Facilitate plannings and retrospectives / Mentor ScrumMaster and Product Owner / Do Agile Health Check

Do initial counselling interview → Involve Stake-holders → Create initial Product Backlog

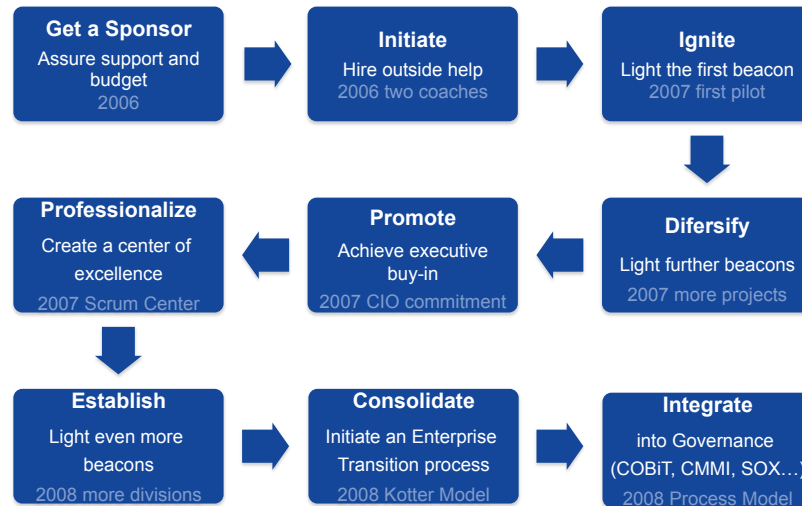| Consulting | Consulting | Coaching | Teaching | Coaching | Mentoring |

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1 Starting position and surrounding conditions

2 Introducing Agile to teams

3 **Introducing Agile strategically in the Enterprise**

4 Status quo & Lessons learned

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Our model for introducing Agile in the Enterprise

Get a Sponsor Assure support and budget 2006	**Initiate** Hire outside help 2006 two coaches	**Ignite** Light the first beacon 2007 first pilot
Professionalize Create a center of excellence 2007 Scrum Center	**Promote** Achieve executive buy-in 2007 CIO commitment	**Difersify** Light further beacons 2007 more projects
Establish Light even more beacons 2008 more divisions	**Consolidate** Initiate an Enterprise Transition process 2008 Kotter Model	**Integrate** into Governance (COBiT, CMMI, SOX…) 2008 Process Model

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Agile Methoden bei der Allianz
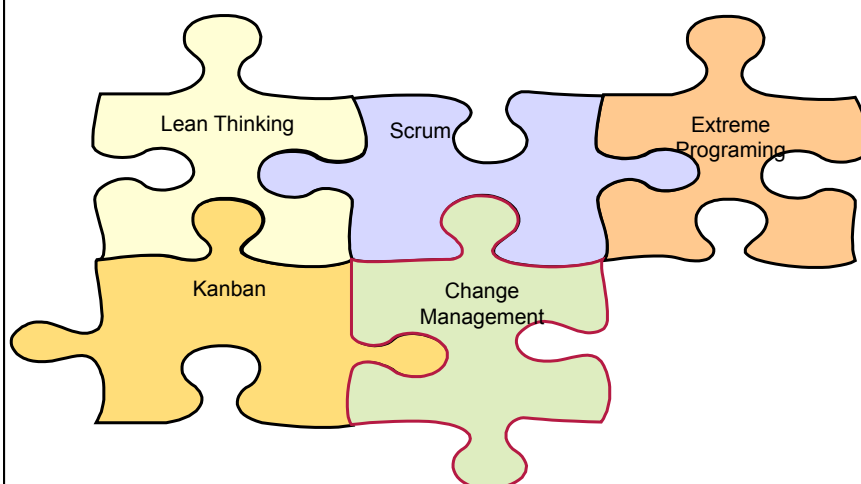
Lean Thinking

Scrum

Extreme Programing

Kanban

Change Management

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Change Management

Expand by deliberate use of a change process

Is not the same as

Hoping that the result will be successful

Kotter Model

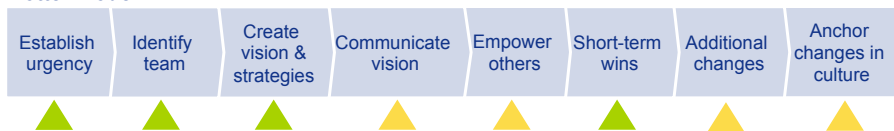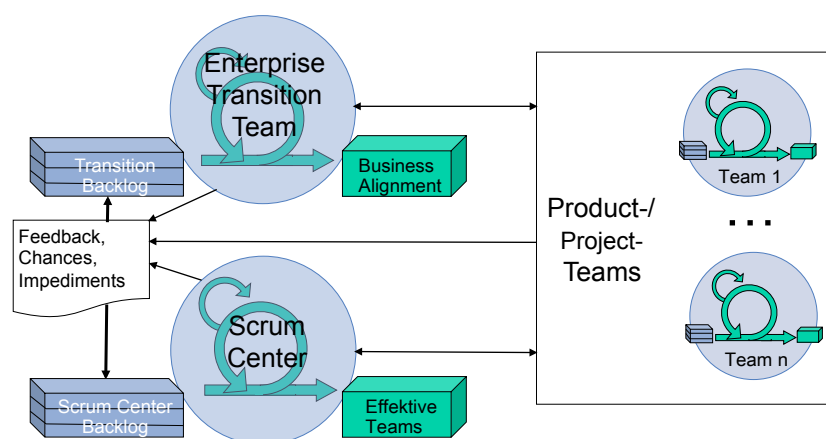| Establish urgency	Identify team	Create vision & strategies	Communicate vision	Empower others	Short-term wins	Additional changes	Anchor changes in culture

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Agile @ Allianz: The complete organizational picture

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Change Management Know How

Philosophy
- Organization Development
- Learning Organization

(P. Senge)

Leading & Change

Leading Change

(J.P. Kotter)

Change Patterns
- Fearless Change

(M. L. Manns & L. Rising)

Operate Change
- Enterprise Transition Team
- Scrum Competence Centre

(K. Schwaber)

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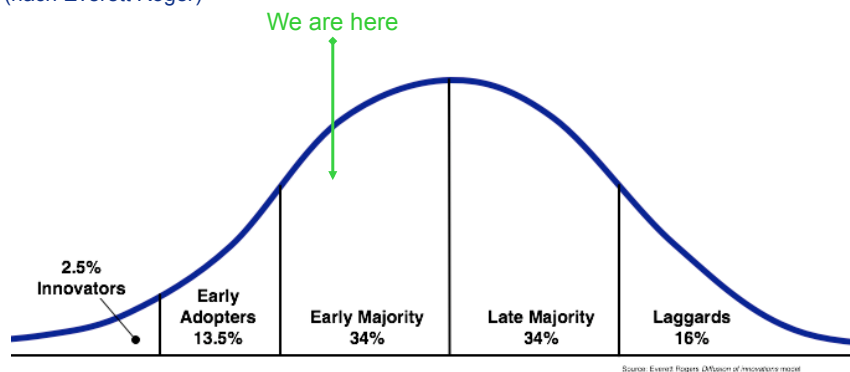
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Agile Facts and Figures (January 2011)

09/2006	First presentations about agile software development
1.2.2007	Start of the first sprint (pilot: Intranet Germany)
>60	Agile Teams
>420	Team Members
>140	Certified ScrumMasters
>40	Certified Scrum Product Owner
3	Scrum Coaches
high	Support and Commitment from CIO
ETT	Enterprise Transition Team is established (currently sprint 15)

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Diffusion Of Innovation
(nach Everett Roger)

We are here

2.5% Innovators

Early Adopters 13.5%

Early Majority 34%

Late Majority 34%

Laggards 16%

Source: Everett Rogers *Diffusion of Innovations* model

Customer satisfaction: +63%

Transparency: +91%

Quality: +57%

People who would recommend to use Scrum again: 82%

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Lessons learned

- Scepticism is normal and OK

- Tell people the old way was fine and now we are going to improve it

- Treat Scrum and other agile methods as tools, not as a religion

- Go ahead in baby steps

- Make early successes visible

- Deliver regularly

- Communicate the better transparency

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Key Messages

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We are on the right
course …

but haven't reached the
destination yet!

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Live

trust!

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Don't go back

**to old behavior
when the going gets tough!**

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Product Owner

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there is only

one!

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Self-organized

Teams

are lead

indirectly!

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People are not resources!

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CHALLENGES AND PITFALLS

Selected Challenges and Pitfalls

Resistance to Change

Cherry Picking

Fear of Transparency

Flaccid Scrum – Scrum Without Agile Engineering

Attempting to Standardise the Process

Resistance to Change

Particularly from middle-managers

- Fear of loss of standing/power
- We sincerely believe that there is a place for everyone in the agile organisation but not everyone wants to take on their new role
- Managers need coaching to help them understand and practice servant leadership
- Key tools
  - Pete Deemer's "Manager 2.0 – The Role of the Manager in Scrum" exercise is a key tool
  - The "Fearless Change" patterns
- When in doubt, apply the Octoberfest principle!

The Octoberfest Principle

- Middle management has to move with you if you keep moving on both sides

Cherry Picking

- It is very tempting to pick the parts of agile that taste best and are easiest to digest
- This "Cherry Picking" is a recipe for failure
  - Scrum as a framework is a conceptual whole and works because of the checks and balances between the parts
  - To maximise your chance of success, don't leave anything out
  - There is still lots of room for customisation – Scrum is a framework, not a method

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Fear of Transparency

- Not everyone is comfortable with transparency
- The real issues are often complex and have to do with trust and safety - not just missing courage

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Fear of Transparency

- Not everyone is comfortable with transparency
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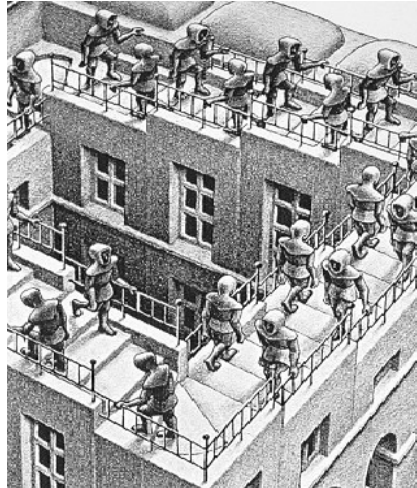
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Flaccid Scrum

- Scrum without agile engineering techniques will not be sustainable.
- If technical debt is accumulated the cost of adding new features will suddenly become overwhelming
- Consequence:
  - Agile engineering practices must be coached as well as the Scrum way of organising work

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Thinking That You Have to Standardise the Process

- The true nature of kaizen is that the process should be in continual change rather than improving towards an ideal "perfect" process
- Most large organisations are initially uncomfortable with this idea, believing that it is necessary to create blueprints
- Every team should continuously improve its own process

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Questions

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