

Accelerating Agile to Transform IBM's Quote-to-Cash Culture

Category name: **Best Achievement in Cultural Transformation & Sustainability to deliver a high performing Enterprise Excellence culture.**

Synopsis:

For any company that is more than 100 years old, changing the DNA is hard, but not impossible. Prior to our program Accelerate, the IBM sales support organization was functionally fragmented across our end-to-end, Quote-to-Cash (Q2C) process—and lines of accountability around our customers' value streams were unclear. The perfect storm of business model disruption elongated and expensive processes, according to both our standards and external benchmarks, and low employee as well as low client satisfaction presented an opportunity to change our DNA.

Thus, in 2016, with senior executive commitment, our “Accelerate Team” embarked on a radical journey to change our culture and improve on the value we provide to IBM clients, business partners, sellers, and employees, by infusing the Agile methodology into our organization and employing the following best practices:

- Forming and scaling Agile teams that have a clear purpose
- Redistributing the work based on prioritized value streams
- Guiding and enabling teams to continuously improve through intensive coaching and visual metrics management
- Selecting the right leaders, with the right Agile mindset and attitude

The Accelerate Team seized the opportunity and succeeded at creating a culture of continuous improvement within a competitive cost structure that delivers with speed, is grounded in Agile values, and is filled with happier employees using Agile practices to deliver valuable outcomes to the happy clients they serve every day.

Today, the Agile Q2C organization successfully supports nearly 40,000 sellers 40% faster and at 75% of the cost than it did in 2018.

The strategic objectives and scope of the Operational Excellence deployment

○ Short term strategy (1-2 years)

The short-term strategy for the Accelerate program centered around introducing the concept of Agile for operational work, reorganizing our teams in to squads focused on the value stream to our clients, and introducing the Agile practices of visual metrics management. This strategy

included organizational redesign, training and coaching, and operating under a new, Agile management system.

In this time, our team of 10,000+ focused on improving their agile skills to deliver key results around cycle time and throughput (process), cost of transactions (financial), employee satisfaction (people), and client net promotor scores (customer).

In the coming years, our journey of change evolves to continuously improve the Q2C value stream for enhanced efficiencies through further integration across the enterprise.

- **Long term strategy (3-5 years)**

A cultural shift of this magnitude does not happen quickly. It is our long-term strategy to transform the way we work at IBM by scaling our approach across the enterprise and gaining momentum from the phenomenal results that we have achieved. As we do this, we are seizing opportunities to improve our skills and speed with further integration across value streams. In order to change to an agile way of working the structure, workflows, and metrics are just as important as the values, principles, and practices. Just trying to train and coach on values, principles and practices, without aligning the structure and processes will not result in a transformation that sticks. This is where our concept of a health check comes in.

A health check allows the organization to assess the fitness not only of their organizational structure, work distribution and measures that matter, but more importantly the agility dimensions of team health, servant leadership, agile maturity, and culture. We recognized the need to have a holistic approach to support sustainability of our operational excellence program and its design principles to “make it stick”. The Health Check supplements the Accelerate model by the following means:

- Hypercare: Stabilizing the change and making it stick
- Fitness: optimizing the change using health checks against program design principles to create “prescriptions” and “work outs” to improve health and outcomes
- Sustained Agility: organizations independently sustain new ways of working

Our goal is to achieve business agility. We wake up every day excited to transform this 100+ year old, ~\$80B company we love, in to a fit, fast, culture of continuous improvement.

The Operational Excellence implementation and timeline

In phase one of the transformation, we reorganized into 730 Agile squads (operating teams) and began coaching the 8,000 employees in business agility in all within five months. In phase two of the Accelerate journey, which included expanded service offerings and scope, we trained and integrated an additional 2,000 employees from outside the organization that participate in the Q2C workflow. This second phase included team redesign and four-month redeployment.

- **The size of the deployment challenge**

- **Number of business divisions in which deployment is a mandate**

The Accelerate Q2C program united six major business divisions under the quote-to-cash (Q2C) value stream.

- **Deployment geographical coverage**

IBM operates in more than 170 countries – transition team members in the Q2C Accelerate transformation hailed from more than 25 countries, equally distributed between our Americas, Europe, and Asia geographies.

- **The penetration of the Operational Excellence deployment across the organization**

The Accelerate deployment impacted the entirety of the Q2C organization and has since spread to other business units in IBM. Nearly 30,000 employees have been included in the change journey; 20,000 employees have taken part in other areas of IBM such as the Chief Information Office and IBM Business Units.

- **The impact of the Operational Excellence deployment**

- **Percentage of trained Operational Excellence, Lean or other Operational Excellence practitioners**

100% of 30,000 employees trained in the Agile methodology and the “Accelerate” way of working.

- **Number of Operational Excellence projects initiated to-date**

We have completed two Accelerate programs within our Q2C team. By creating an Agile working environment where innovation flows from the squads up, we have seen an innumerable amount of operational excellence projects that are driven by a spirit of continuous improvement.

- **Percentage of Operational Excellence projects completed to-date**

The majority of Agile transformation activities were completed during past two years. We will complete a third Accelerate program within the Q2C team as we continue to integrate the quote-to-cash activities across the enterprise.

- **The organizational results of Operational Excellence deployment**

- All results must be shown in percentage terms, not absolute values. Where this is not appropriate, raw data will be accepted. There should be evidence of financial business results – earnings/ sales revenues/margins but the judges will also take into account the strategic relevance of the results achieved.

The results for the Accelerate Q2C Program are as follows:

Key metrics

- 25% cost savings, with minimal impact to operations—including successfully closing three quarters mid-deployment—supporting IBM’s bottom line
- 40% cycle time reduction
- 30% throughput increase
- 5% increase in employee satisfaction (after three months—exceptional considering the change curve)

Transformation Execution

- Reorganized 100% of the organization into ~1,000 Agile squads (operating teams) in two separate periods (delivering a few weeks ahead of schedule each time)
- Coached and trained 100% of the organization (~10,000 people) in the Agile methods in two segments (nine months total)
- Ignited change for other IBM business units—touching a population that is 50% larger than Q2C

Simplicity

- Reduced 64% of job roles, which previously caused redundancy and confusion
- Reassessed our risk framework and eliminated ~60% of our redundant business controls
- Reassessed and removed 75% of our legacy metrics
- Removed two organizational layers (23%)

In the end, what drove our team and our results was our goal to create a culture and a workplace where Q2C employees feel more empowered because of Agile: they have a better shared understanding and clarity of outcomes; they are able to delight clients in record time; and, they are able to think more boldly and help the company to continuously improve.

Additional Materials:

- Accelerate Strategy on a Page: <https://ibm.box.com/s/3k34g0ha78mt467slz4v7gyi6r6votyy>
- Accelerate Teams: <https://ibm.box.com/s/y2x8kbp48s3ta6oxqus9ffbnoc652hpl>