



# **THE AGILE** **PATH TO DIGITAL** **TRANSFORMATION**

How to innovate faster, create  
value quicker and delight  
customers sooner



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## INTRODUCTION

As wave after wave of new technologies sweep through society, transforming how we communicate, consume, transact and work, organisations which are unable to react and innovate risk being left behind. Ways of working which have been inherited from a pre-digital world, those which are plan-driven and which insist on sequential processes of analysis, research, design and implementation, are struggling to keep up.

In contrast, businesses which are **fit for the future** are engaged in a **continuous process of transformation**. They are removing barriers to change. They are reducing the time it takes to get from insights about how to create value for customers and the business, to the products, services or ways of working that realise that value. They are putting their organisations on a new footing that allows them to react to changing internal factors, industry trends, and the actions of new and existing competitors.

**Agility is key to successful digital transformation.** Agile ways of working focus on people, not processes. They free individuals to collaborate

together in small, multi-disciplinary, self-organising teams, generating insights about how to create value and getting new products and campaigns to market quickly so they can be tested, evaluated and improved upon.

**71%**  
of organisations  
which have adopted  
Agile cite the  
ability to **manage  
changing priorities**  
as a key benefit<sup>1</sup>.

This guide explores the principles which underpin Agile methodologies. It discusses the benefits of Agile in comparison with more traditional approaches. And it introduces important concepts from Agile that can be used in any size or type of organisation to achieve startup-style innovation, and react more successfully to a rapidly changing world.

<sup>1</sup> VersionOne 12th Annual State of Agile Report:  
<https://explore.versionone.com/state-of-agile/versionone-12th-annual-state-of-agile-report>

# THE AGILE APPROACH TO PRODUCT DEVELOPMENT

Ever since the switch from analog to digital data processing began, with the introduction of punched cards and tabulating machines in the late nineteenth century, businesses have been looking to exploit the benefits of digital technology.

The automation of rules-based tasks, enhanced connectivity, mobile technology and rapidly increasing computing power have all allowed businesses to cut their staffing costs while providing innovative new products and services to customers.

But the ever-rising technological tide doesn't lift all boats, as the fates of once-great corporations like Kodak and Woolworths indicate. Both lost their industry-leader status through failing to introduce sufficiently good digital alternatives to their traditional offerings. In the hyper-competitive world of business, **if you don't innovate the product or service your customers need, your competitors will.**

This is analogous to the Red Queen Effect in evolutionary biology, which dictates that organisms, competing against ever-evolving opposing organisms in a constantly changing environment, must constantly evolve just to survive.



"Now, here, you see, it takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!"

The Red Queen

Through the Looking Glass, Lewis Carroll (1871)



# ENHANCING ROI

Traditional methods of building products or services involve following a linear series of project phases: from assessing feasibility, to design, to build, to support. Each phase is usually handled by a separate team of specialists. This process can last years. During this time, competitors release alternatives and user behaviour changes. By the time the product or service is finally ready to meet the customer, it might no longer be fit for purpose and require significant, costly redevelopment<sup>2</sup>. Meanwhile, the customer is left empty handed.

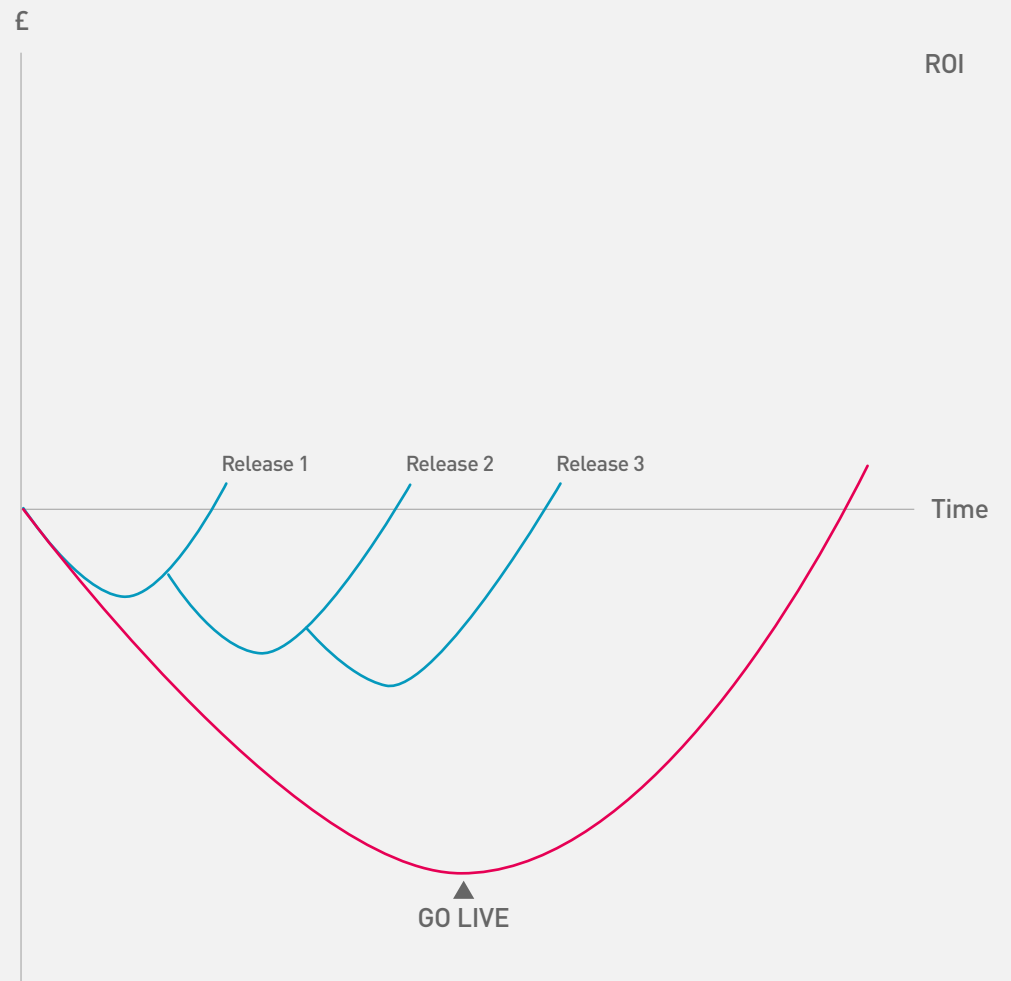
Agile methods attempt to solve this problem by **redesigning the product development cycle so that a working version of the product is released as quickly as possible**, with improvements and additional features following in subsequent updates. It does this by empowering cross-functional teams to self-organise, and ditches the traditional hierarchy of project phases so that the gathering of requirements can take place simultaneously with product development.

**Agile teams get products, services and campaigns to market quicker**, helping you realise the benefits sooner and reduce the risk of long development cycles. They also shorten the feedback cycle between the end-user and the team, helping you adapt to the changing needs of the user.

They help build robust teams of multi-skilled individuals whose areas of knowledge expand far beyond their core disciplines. And, because the impact of a released product is much easier to gauge than that of a product still in development, they improve the visibility of project success.

## ROI in software projects

**Plan-driven** vs. **Agile** - more or less risk?



# 02

## THE ORIGINS AND PRINCIPLES OF AGILE STRATEGIES

By the turn of the century, a large number of software developers had realised that the traditional method of making products, often referred to as the waterfall method, was unfit for the digital age.

Heavily influenced by Lean production philosophy, which derived from manufacturing techniques pioneered by automakers like Toyota in the post-war period, and which emphasised maximising customer value while minimising waste, these developers had been devising their own lightweight, incremental methods for building software for some time.

But it wasn't until 2001, when 17 proponents of these lightweight methods met at a conference in Utah, that the principles of Agile software development were codified.





This is their declaration in full:

We are uncovering better ways of developing software by doing it and helping others do it. Through this work we have come to value:

- **Individuals and interactions** over processes and tools
- **Working software** over comprehensive documentation
- **Customer collaboration** over contract negotiation
- **Responding to change** over following a plan

That is, while there is value in the items on the right, we value the items on the left more.

Along with the 12 principles of Agile Software Development that accompany it, **this short statement has revolutionised the software industry.**

# THE 12 PRINCIPLES OF AGILE SOFTWARE DEVELOPMENT

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.
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.

Agile focuses on working with the customer to give them as much value as possible, as quickly as possible.

The original product or service is then enhanced through subsequent iterations with features that provide even more value with each new release. As customer behaviours and preferences change, the Agile business will know about it sooner and be able to react more quickly.

As more and more products and services have become digital, the Agile values have also heavily influenced project management techniques more widely. For example, the Agile Marketing Manifesto rewrites the Agile values for marketers as:

- **Validated learning** over opinions and conventions
- **Adaptive and iterative campaigns** over Big Bang campaigns
- **Customer-focused collaboration** over silos and hierarchies
- **Responding to change** over following a plan

Again, the focus is on **shortening the feedback cycle between customer and marketer**, so that the team can more quickly work out how to create value for their audiences. Initial, experimental campaigns bring in vital data on which further iterations can be based. The team is now focused on actual customer behaviour, rather than the idealised version that gets discussed in a meeting room.

In fact, when tweaked appropriately, the Agile principles can be applied to almost any discipline, from marketing and communications to customer service and even finance. By **working iteratively, focusing on value, and building real-world experience back into the cycle**, Agile approaches produce successful products, services and campaigns without necessarily knowing exactly what they will look like at the outset.

## KEY CONCEPTS IN AGILE PRODUCT DEVELOPMENT

The principles of Agile are intended to unleash the creative power of small, cross-functional teams so they can deliver more value, sooner. But how do the principles translate into actual working practices?

The answer varies from organisation to organisation, from team to team, leading to a large range of choices when it comes to selecting from Agile methods. In this chapter we'll look at a few concepts and frameworks that have been utilised to put Agile principles into practice.





# THE MINIMUM VIABLE PRODUCT

Attempting to release the perfect version of a product before it's even been established that a market exists, or that users will respond to the product in the ways predicted, can lead to costly mistakes.

A **Minimum Viable Product**, or **MVP**, avoids this risk by **offering the minimum functionality required to satisfy the user and test the assumptions of the product team.**

The minimum viable product starts with a **product vision**. This is a high-level statement which encapsulates the early assumptions of the product team about who the users are, what they need, the features of the product that will meet those needs and the benefits to the business. The product vision can develop and evolve over the product lifecycle as these assumptions are validated or invalidated by real-world data.

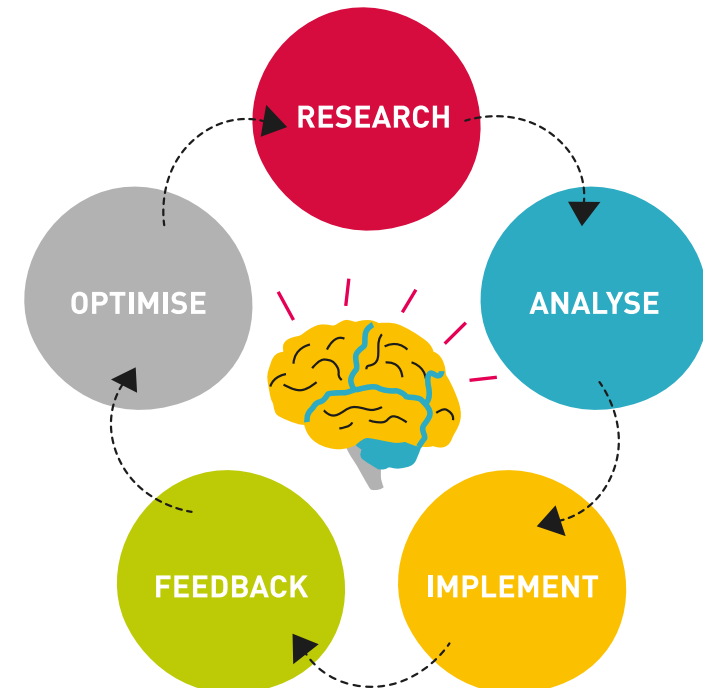
Sometimes the idea of an MVP can make stakeholders uncomfortable and so it might be better to think in terms of an **MMP**, or **Minimum Marketable Product**, which reframes the question as **'what's the minimum set of features you'd be happy to take to market?'**

# CONTINUOUS IMPROVEMENT

Agile strategies constantly seek to **introduce positive change at every opportunity.** They look to continually improve products, services and campaigns, as well as ways of working.

In this respect, Agile is influenced by the approach known as kaizen, which rests on the three pillars of **feedback, efficiency and evolution.**

A core feature of Agile methods is regularly taking the time, as a team, to reflect on ways of working, so that inefficient practices can be identified and eliminated.



# KANBAN, SCRUM AND XP

Since the publication of the Agile Manifesto many frameworks have sprung up which offer a template for Agile working, through tools, processes or rituals. **Kanban**, **Scrum** and **XP** are three common ones.

**Kanban**, which came about as part of the Toyota Production System, relies on breaking up tasks into small, discrete items, visualising workflow via a task board, and limiting the amount of work in progress. Proponents of **XP**, short for eXtreme Programming, work in very short cycles with a set of engineering solutions which deliver continuously improving, high quality code.

**Scrum**, common at large organisations with lots of software developers, prescribes a number of ritual meetings to keep communication between team members, and between the team and the business, fluid and efficient.

Work is organised into sprints which commonly last two or four weeks, with planning and estimation sessions up front, demos of the working software and team retrospectives at the end, and daily stand-up meetings throughout. Specialised team member roles include the ScrumMaster, who facilitates the meetings and keeps the team moving forward, and Product Owner, who represents the business in the team and makes important decisions about which features to prioritise.

While different frameworks are appropriate to different scenarios, in reality most Agile teams use a mixture of tools, processes and methods from various frameworks.

# INNOVATION LABS AND IN-HOUSE STARTUPS

Introducing the kinds of changes to working practices required to successfully implement Agile strategies is often difficult in large organisations, where ways of doing things have become entrenched over many years.

To get around this problem of cultural resistance, some companies have taken an **Agile approach to going Agile**, by starting with small experiments.

Small teams are specially selected to form 'innovation labs' or in-house startups. While these employees might sit in the same physical location as their colleagues, they are in other respects separate, playing by their own Agile rules to quickly deliver value to the customer and business through products, services or campaigns. **When successful, these teams become standard-bearers throughout the organisation**, demonstrating the benefits of Agile ways of working and helping overcome barriers to change.

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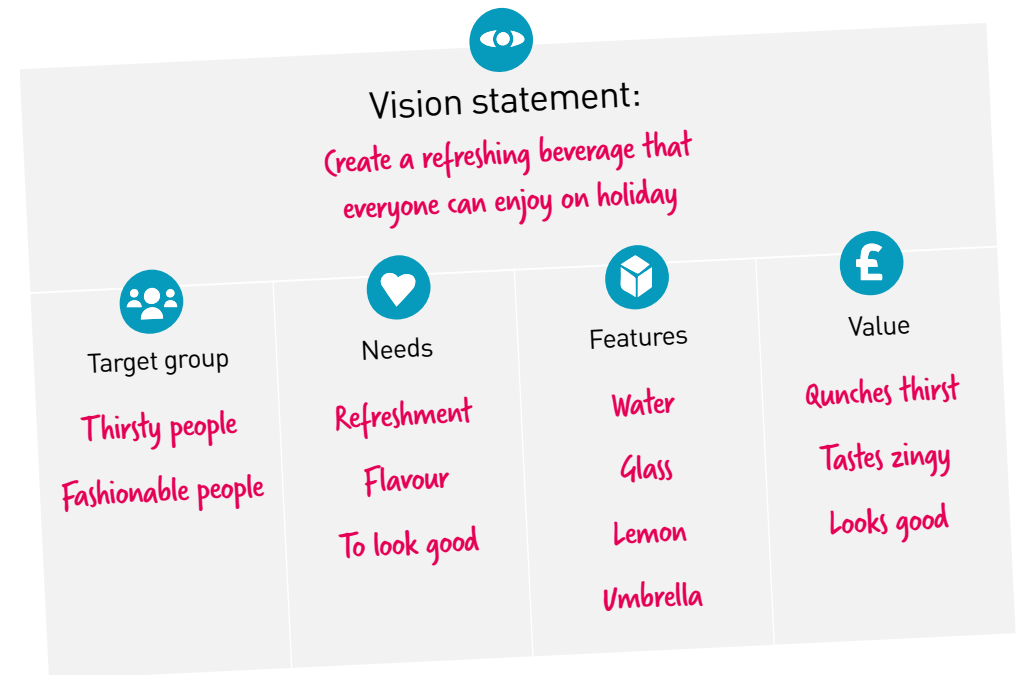
## AGILE TOOLS AND RESOURCES

Agile teams use a wide array of tools to aid collaboration and help build a shared understanding of how to create value for the business and the end user. Here are a few we use extensively.

## THE PRODUCT VISION BOARD

For a team to succeed, its members need to have shared understanding of what they're setting out to do. The product vision board helps achieve this shared understanding by framing a conversation about the needs of the users, and how to meet those needs while generating value for the organisation.

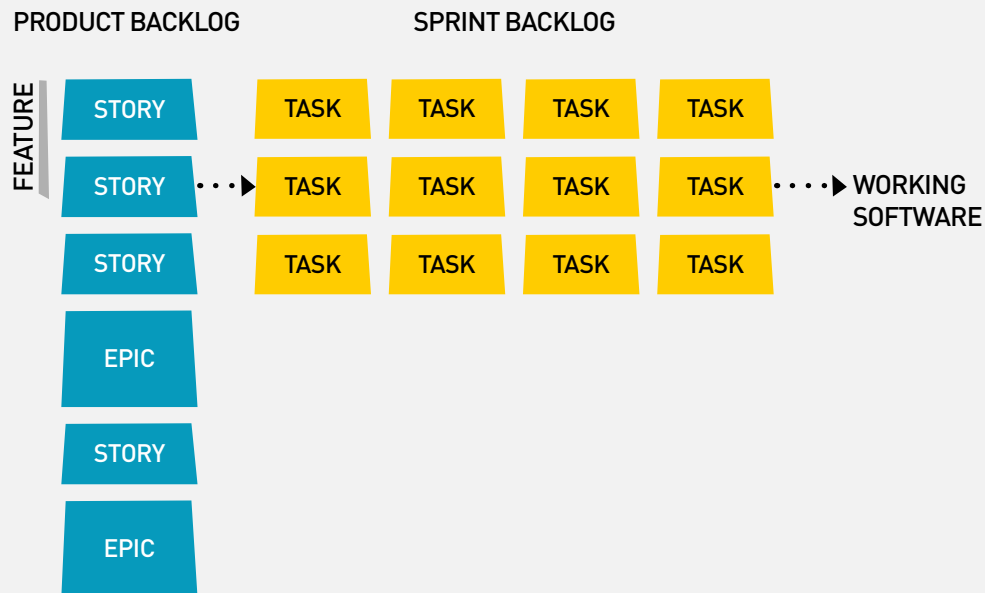
The idea is to bring together all those with insight to contribute and then work together to fill it in. Because it's such a simple tool, it's easy to adapt the product vision board for services, campaigns and other kinds of project.



# THE BACKLOG

In simplest terms the product backlog is a to-do list for the team. For software development this will be an ordered list of the product's features, but any kind of project can benefit from breaking tasks down into small, discrete items. In Scrum, the most common kind of backlog item is a user story, which describes a task in terms of the value it provides to the end-user, e.g. "as a customer I want to be informed of the company's latest offers by email".

Choosing which tasks to take on and how to slice them up is a critical factor in the success of any project. Agile methods prescribe tasks which take a vertical slice through the product, service or campaign. In other words, tasks which deliver value to the end-user in and of themselves, and which don't rely on other tasks being completed to do so. This ensures that each new iteration of the project delivers the most possible value.



The INVEST acronym, created by Bill Wake, provides a handy reminder that tasks in an Agile project should be:

**I**NDEPENDENT (of all others)

**N**EGOTIABLE (not a specific contract for features)

**V**ALUABLE (or vertical)

**E**STIMABLE (to a good approximation)

**S**MALL (so as to fit within a single iteration)

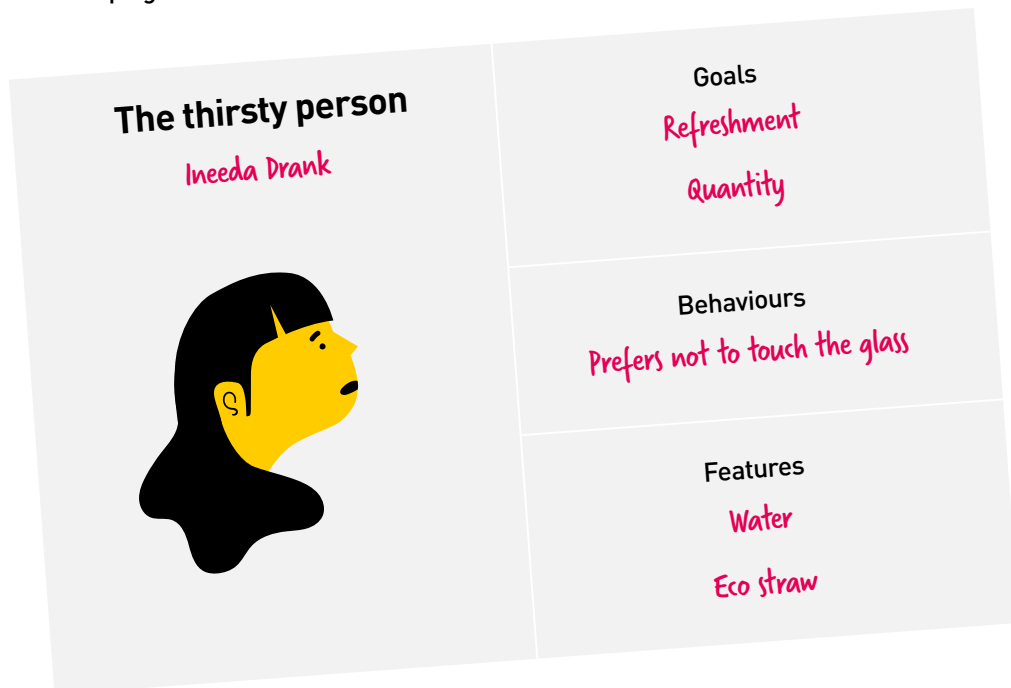
**T**ESTABLE (in principle, even if there isn't a test for it yet)

A backlog item should represent a slice through the system, and deliver a piece of functionality that works end to end.

# PERSONAS

To understand how to create value for your end-users, you need to gain a solid understanding of their **needs, pain-points, expectations** and **behaviours**. Personas are **fictional characters** which are ideally based on real user research, (where user research is not available, we call them 'Proto Personas'). They act as **stand-ins for types of user, customer or audience member** in internal conversations about the product, service or campaign.

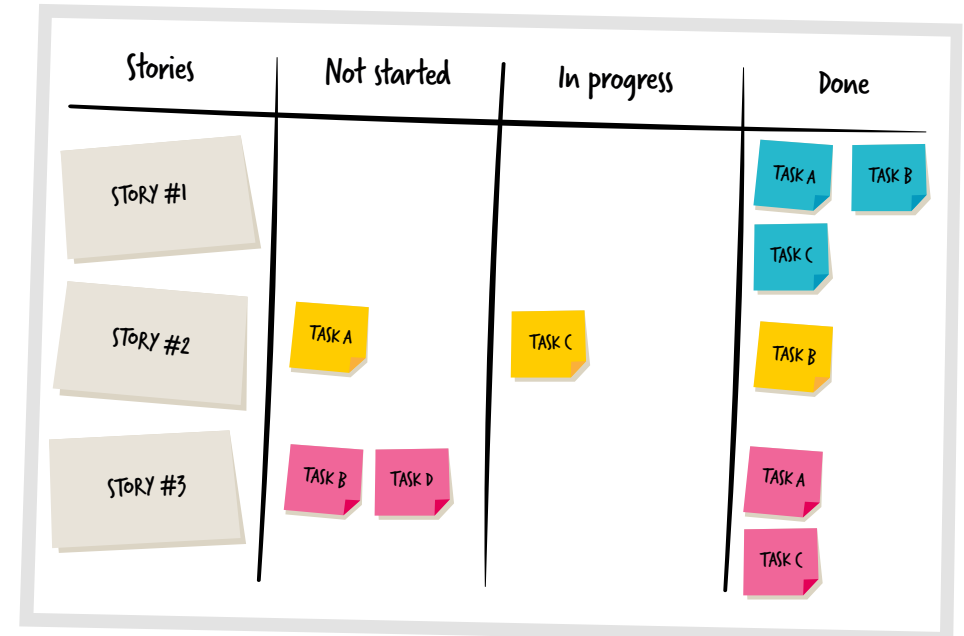
They're a useful shorthand and a place to collect your assumptions about a particular type of user, while being mindful that those assumptions are subject to testing in real-world environments and might need to be updated.



# THE TASK BOARD

It's much easier for Agile teams to **self-organise when their workflow is visualised**. A task board, common in Scrum, Kanban, and hybrid variations of those Agile frameworks, displays all of a team's current work organised by theme (or feature in software development) and status (e.g. to do, doing, done). It provides an at-a-glance picture of work in progress and helps team members coordinate their input into tasks.

Digital versions (e.g. JIRA boards) offer lots of functionality and are useful for distributed teams, but it's also nice to have a physical version around which the team can gather to gauge and discuss their progress.

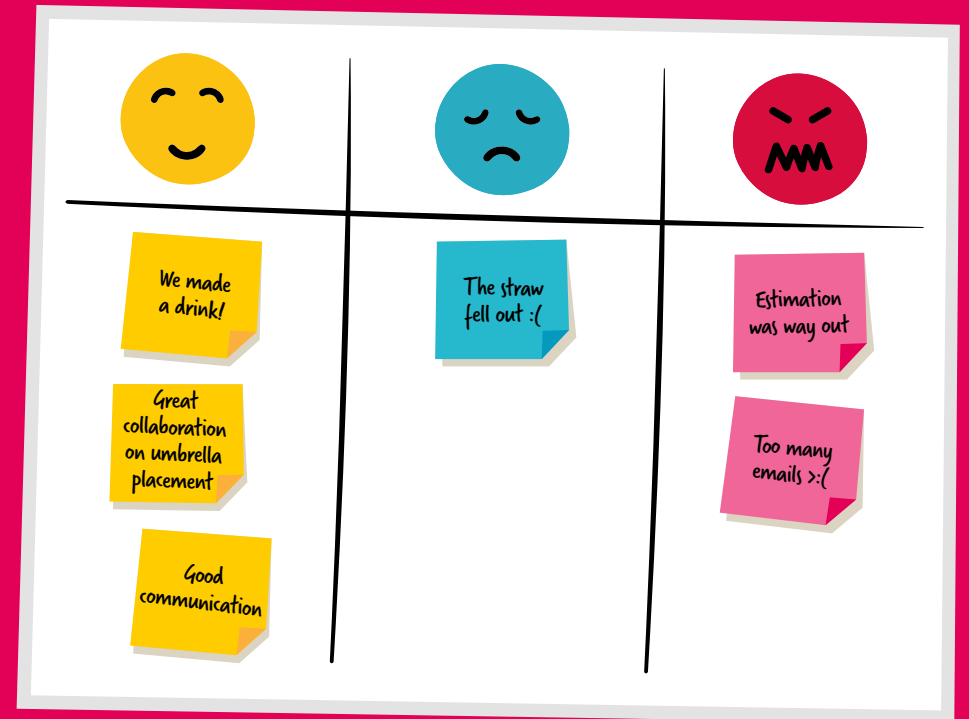


# STAND-UPS AND RETROSPECTIVES

Continuous improvement means **constantly reviewing progress and performance**, with a view to making work more efficient and delivering more value.

This needs to happen **at the level of the work being done** and at the level of how the team works together over the long-term. For the former, there are daily stand-ups - where each team member tells the group what they've been working on, what they're about to work on and any impediments to the progress.

For the latter, regular retrospectives at the end of projects or project phases (e.g. sprints) are an opportunity for the team to analyse their performance, discuss their working practices, and work together to find more efficient ways to do things.



# CONCLUSION

Technology is changing the marketplace, transforming the behaviour and expectations of consumers and the approaches of competitors.

In a continually shifting landscape, attempts at innovation which rely on lots of up-front planning and long development cycles **are doomed to fail**. They not only increase the time it takes to generate a return on investment, but greatly increase the risk that initial assumptions will no longer be valid by the time a product, service or campaign makes contact with the customer.

Digital transformation efforts are geared towards helping organisations respond to change by innovating faster and unlocking the value that results from business insights more quickly. Agile ways of working accelerate this process by **releasing people from slavishly following a fixed plan. Instead, they adopt an incremental approach to delivering value**. They help teams **embrace change** and focus on **delivering as much value, both for the end-user and for the organisation, as early as possible**, while gathering **real-world feedback** to improve the product, service or campaign through **new iterations**. By keeping this feedback cycle short, Agile methods **reduce the cost of errors** and greatly **improve the ability of the team to react to changing customer needs**.

Many Agile frameworks and approaches exist, which provide a large and varied toolkit for organisations looking to devise and implement Agile digital strategies. Common to all these approaches is an emphasis on **removing barriers to information exchange between the team and their end-users, between the team and the business, and between team members themselves**. By promoting **self-management, creativity, time to reflect, regular knowledge sharing and continuous learning**, they create highly-motivated high-performing teams.

This cultural shift can be difficult to achieve in large organisations which have become rigid in their ways of working, requiring a strong vision from leadership and the willingness to experiment - through innovation labs or in-house startups first, if necessary. But as difficult as those first steps may be, the rewards for organisations who undergo a successful digital transformation, powered by Agile ways of working, are worth fighting for: continuous innovation and the ability to shape the future of their own industries.

To discover how your organisation can better serve the needs of customers while reducing risk and generating more value, more quickly, contact Manifesto:

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Tel: +44 (0) 207 226 2805

# MANIFESTO

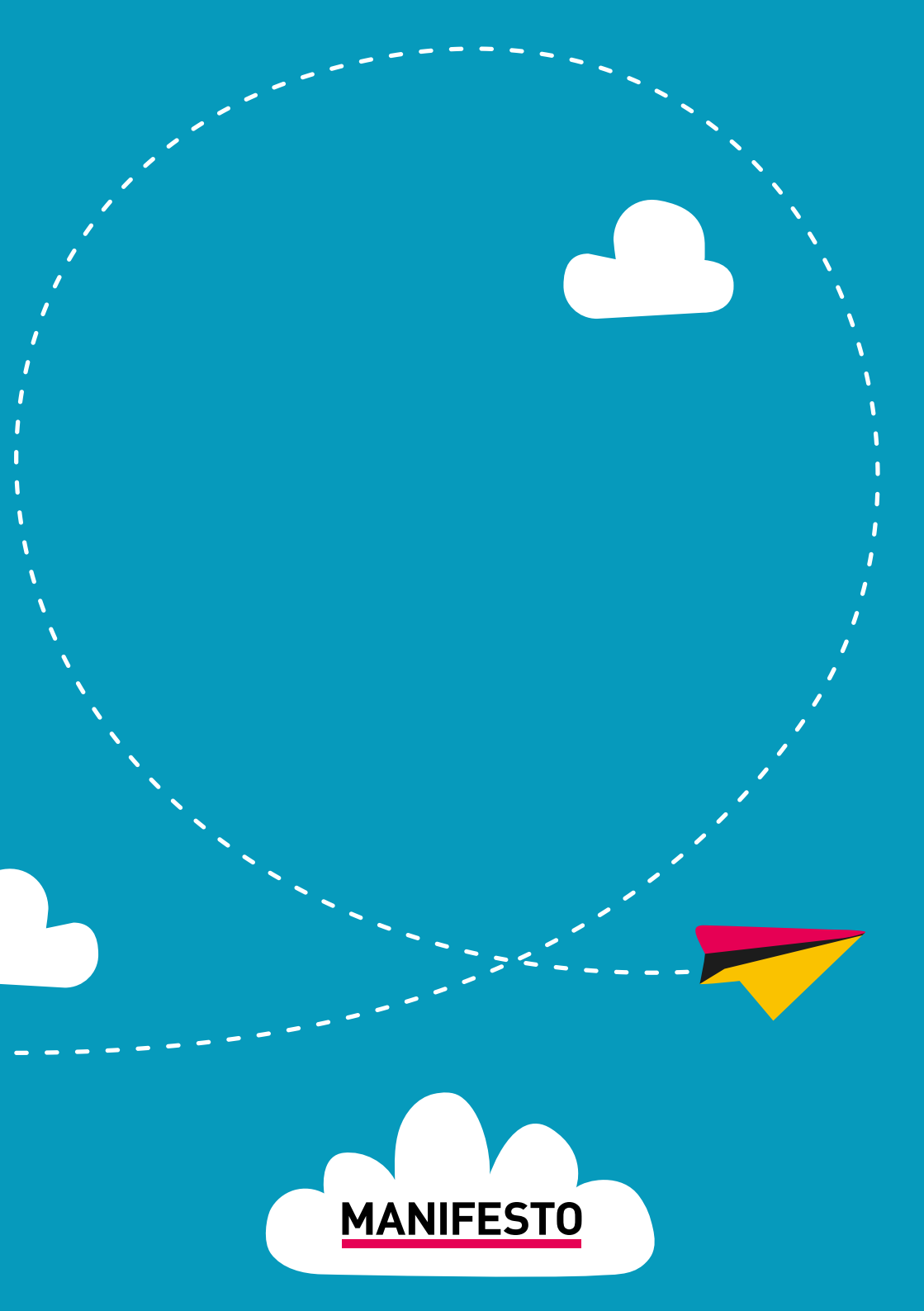
Manifesto is an agency of creatives, strategists, and technologists who collaborate with exceptional organisations to change things for the better.

We do this by understanding the needs of our clients and their customers, and by developing a shared understanding of how to create value.

We were founded in 2011 by three former colleagues who set out to create the company they wanted to work for. Since then we've assembled a team of creative, passionate, innovative individuals who love working together, and with our clients, to create ideas, campaigns, products and services that drive positive change.







**MANIFESTO**