

The Change Management Implications of Scaling Agile¹

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The Delivery Office at TXU Energy has been exploring Agile work practices since 2012. While the desire to do “more Agile” has been a leadership goal, it’s been unclear to the rest of the organization how being “more Agile” changes their day-to-day work. Early this year, the transition and implications became very clear as 100% of Technology’s team members were given new seating assignments. Agile teams were provided open seating bullpens, near the windows. All non-Agile team members were accommodated throughout the balance of the floor, with more open space for collaboration. This visceral experience – physically moving away from functional team members and managers – made the organization’s commitment to change and Agile real. The stage was then set for the next level of conversation regarding how the shift adjusts the role of people managers and their day-to-day responsibilities. For example, managers are not part of the Agile team structure. They are functional subject matter experts responsible for sharing knowledge and building functional capability within the organization, beyond their direct reports. Leadership through knowledge and influence is the new paradigm. As the seats, the teams and the business all shift to accommodate the change, the character of the work will as well.

Executive Summary

TXU Energy

About 50 retail electricity providers offer as many 250 retail plans in the competitive markets of Texas. TXU Energy (TXUE) is the market-leader, powering the lives of more Texans than any other retailer. TXU Energy exemplifies the spirit of competition and innovation, giving customers choice, convenience and control over their electricity usage and spending. Initiatives driven by the Delivery Office continue to strengthen TXU Energy’s competitive position by delivering quality solutions quickly to market.

Competitive Intensity

Texas is a fiercely competitive market, with new market entrants increasing the pressure to innovate and serve customers in ways that are new and relevant. This translates to the need to

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bring new projects and products to market quickly, with quality. Speed and quality can both be facilitated by Agile working methods, when executed properly.

Agile at TXU Energy

Beginning in 2011, TXU Energy began exploring Agile working methods and practices. The first stage of the journey included pilots and education. The second stage included formal training and methodology development. The “final” stage encompasses scaling the framework across the organization to make it “the way we do business.”

Signs of Change

The initial changes in shifting to Agile delivery processes were primarily contained within the delivery office and a small subset of technology team members. As the teams experienced successes and more business sponsors began requesting that their efforts be developed in an Agile fashion, a broader shift was required. The signal to the technology organization that we were becoming a primarily “Agile shop,” came via a revised seating plan which collocated Agile teams in one area, collocated managers and architects in another area, and created large collaboration spaces for feature reviews and Agile team demo sessions. Making the change more transparent and visible to the organization led to an increased sense of urgency to design and implement the supporting changes to make the model effective: defining patterns of engagement, roles and responsibilities, etc. The change has been initiated and will be an ongoing journey over the next six to twelve months as teams accept the change and assume ownership within their new roles.

Competitive Intensity

Since opening to competition in 2002, the Texas market has continued to grow; in population, in energy plans, in energy usage and in complexity.

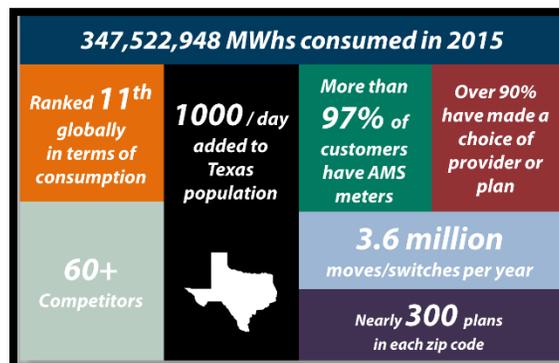


Figure 1: Texas Market Overview

2011 – 2012: Trials & Training

In 2011, two teams piloted scrum and other Agile working methods. One team focused on redeveloping a core screen used by contact center agents. A second team (primarily contractor-led) focused on web development. The teams had some notable successes, but also some critical lessons learned that would inform later approaches.

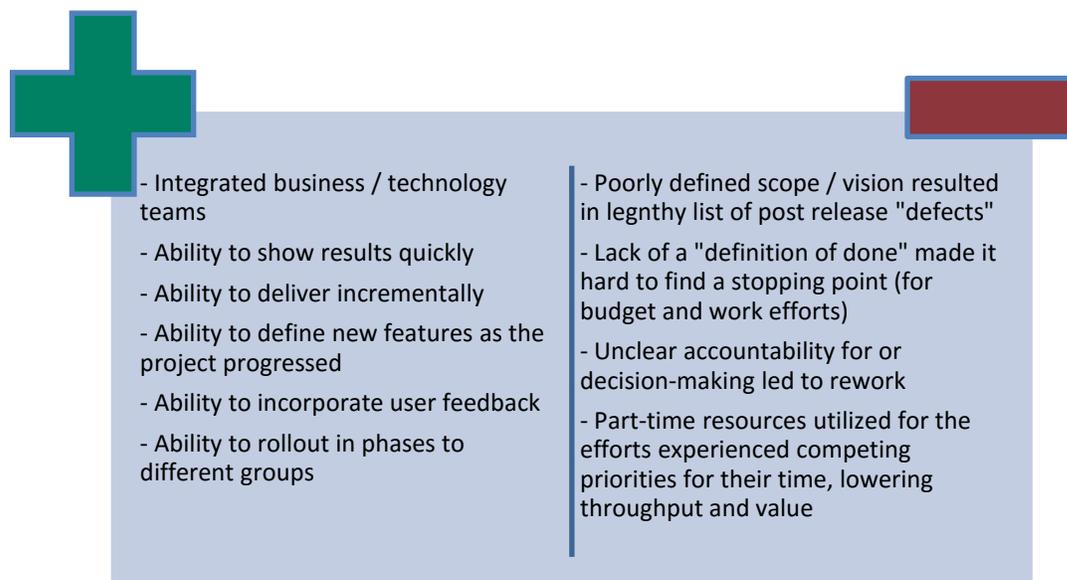


Figure 3: Successes & Lessons Learned

In parallel with the pilot teams, and spurred by a growing interest in alternative delivery methods, a few team members pursued formal Agile training, receiving their Certified Scrum Master (CSM) credentials. While the concepts covered during training were interesting, the newly anointed CSMs lacked an ability or formal channel to put their new skills into practice.

2013 – 2014: Initiation & Expansion

In 2013, the delivery office championed broader Agile training for the company, providing opportunities for all project managers and key members of the business analyst team to become Certified Scrum Masters (CSM). In addition, the team sponsored onsite Certified Scrum Product Owner (CSPO) training for leaders across all departments. All of this education created awareness regarding the “what” of Agile, but did not provide an answer to the key question, “but how will we do that HERE?”

In mid-2013, TXU brought in a consulting firm to assess the organization’s readiness for Agile, aid in development of a TXU-specific Agile delivery framework, and provide supporting materials to enable the rollout of the new approach. Following various interviews and

information gathering, the assessment outlined a few key inhibitors and enablers that would impact our ability to effectively implement Agile practices.

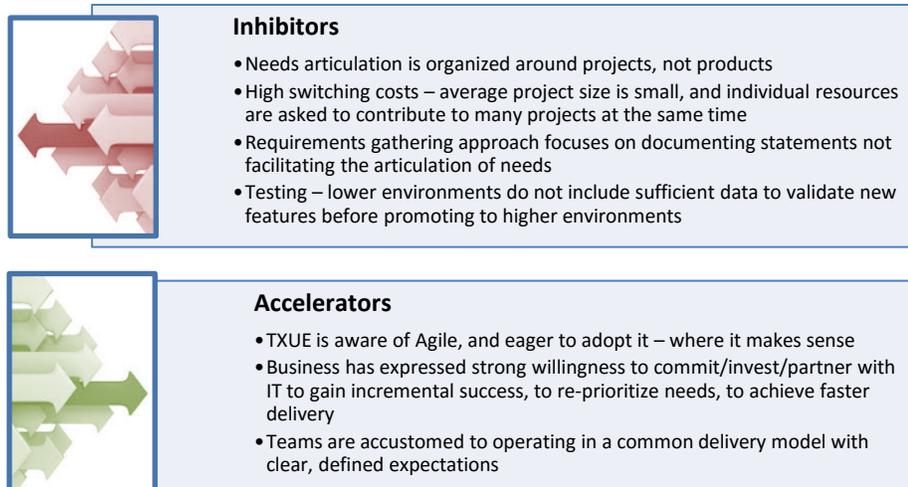


Figure 4: Agile Inhibitors & Accelerators

With a list of identified challenges, the delivery office leadership team worked with their steering committee to address the inhibitors and subsequently initiate two official Agile delivery teams in the fall of 2013. One team, focused on Product delivery, persisted for 26+ months. A second team, focused on web delivery, disbanded after approximately 9 months, due to system environment issues and skill gaps within the team. In 2014, a third team was added, dedicated to enhancing capabilities and features for tools used by one of TXU’s sales channels.

2015 – 2016: Scaling & Improvement

With some successes under their belt, an informed and involved stakeholder community, and an increasing appetite for “MORE AGILE,” the focus shifted to scaling the framework and improving Agile tools and processes. There are currently four areas of focus related to enabling expansion of Agile practices: funding, staffing, facilities and the role of managers. Funding and staffing changes were “behind the scenes” procedural changes. Facilities and roles were much more visible changes, with larger ripples of impact beyond Agile.

Funding Model Changes

The early Agile teams were funded based on aggregating similar / related approved projects, and transferring that funding to the team. The risk with this approach was that the original project requestors had defined scope which they expected to see delivered, regardless of the

delivery methodology. These expectations were in direct conflict with the Minimum Viable Product (MVP) concept utilized by the Agile teams, whereby the most important features are delivered first, with the remainder added to the backlog for future consideration and prioritization. The Agile teams initiated in 2015 learned from this experience and utilized a different approach, securing a set amount of funding for a broader vision or set of capabilities, which could then be decomposed into smaller units of work.

Changing the Staffing Model

The newer Agile teams also utilized a different approach for staffing. The goal was to dedicate technology team members to the Agile team to deliver the given vision or capabilities (in essence “buying the team” for a period of time). While this solved one side of the equation (technology), the other side of the equation (business / customer team) was challenged to carve out enough time to support the level of involvement required to make Agile successful (for user story workshops, testing, feature demos, etc.) In addition, Agile required customer team participants to be fully empowered to make decisions related to their area. The empowerment concept challenged several key stakeholders who were hesitant to delegate that level of authority to their direct reports. To address this, TXUE has dedicated a few business operations team members in a joint business-technology Agile team.

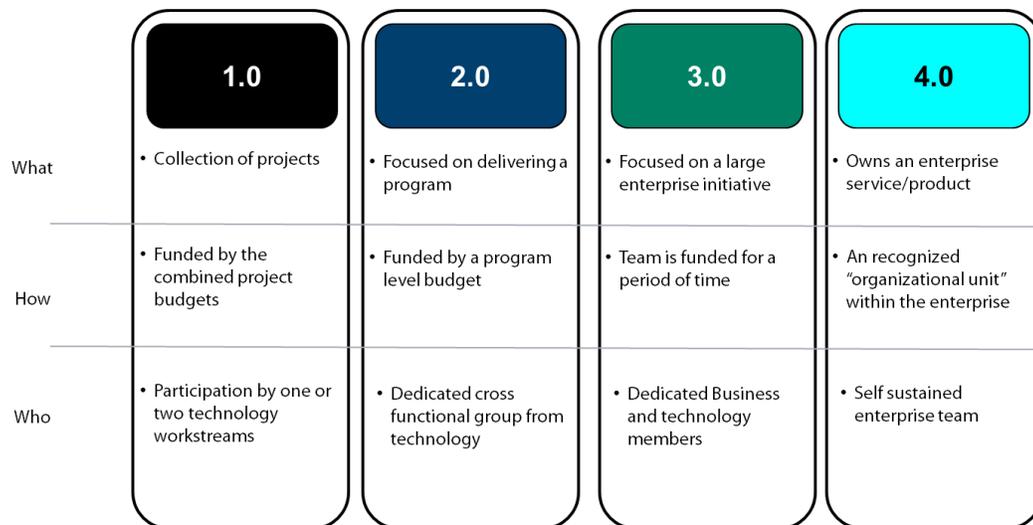


Figure 5: Agile Team Evolution, Team Characteristics

The integrated team concept is only a few months old, and is working through a few new interesting facets. One of the challenges involved of having dedicated business stakeholders within the Agile team is that most of the business-team members assigned were specialized in their skillset (training, operations, process, etc.). Where the Agile mindset asks that team

members “swarm” a problem (picking up the next important work item and advancing it), some business team members have been reluctant to work on areas outside their given area of expertise. The challenge is to encourage this new stakeholder audience to embrace learning new skills in order to advance the team goals.

In addition to dedicated business-team members, the team has also had to develop a model for working with “mercenaries.” While the majority of work in the Agile team is completed by dedicated team members, there are occasions when specialized knowledge or skills are required to fulfill a user story (requirement). Some examples of specialized skills include database administrators, interface developers, security administrators and network specialists. The work for these user stories is coordinated by the Agile Team Lead (Scrum Master) on an as-needed or “contract” basis. These temporary team members are known as “mercenaries” since they are hired into the team for a specific set of tasks for a limited time to fulfill a specific user story.

Signs of Change

Changes to funding and team membership are relatively transparent to the broader organization. To support our latest expansion of Agile work we instituted larger and more visible changes to the department’s facilities and management roles. These changes had impacts across the department and affect the way we manage our non-Agile efforts.

Changing the Facilities

In order to make it clear that Agile is becoming our primary way of working, we reorganized our work space in an effort code named “Operation Proximity.” Operation Proximity involved creating open work spaces for the five Agile teams in one area of the building, rearranging office space for the rest of the organization, and creating several new collaborative work areas throughout the department. One key goal was to group the management and architects together. Collocating this peer group created more real-time, day-to-day engagement across the management team and fostered a new engagement model for people management. Because managers no longer sit with their team members in a functional “pod,” managers take more responsibility for engaging with their team members to provide support and guidance. This aligns the experience across the technology teams since the Agile staff are also located away from their people manager and are collocated with their Agile teams.

Changing the Role of Manager

In the “waterfall world,” the manager’s role included direct involvement in the solution design, estimate creation, code review, and daily task assignment. In our Agile teams, the work is self-

organized and team members work together on the highest priority items until completion in each sprint. The team engages architects and functional owners on an as needed basis for review and high-level direction. Estimates and code reviews are completed on a peer basis within the team. The role of manager is now focused primarily on career and skill development for their direct reports and providing technical oversight for the services “owned” by the managers. The shift in responsibilities and accountabilities has been a challenging concept to implement because it alters the previous manager—employee relationship.

In order to tackle the definition of the changes to the manager-employee relationship, the technology leadership team hosted a series of discussions to develop the “user stories” for the Agile transition. The challenge for the team was framed this way: assign the tasks of a manager either above the line (service owner is accountable) or below the line (team members are accountable). The below image was the result.

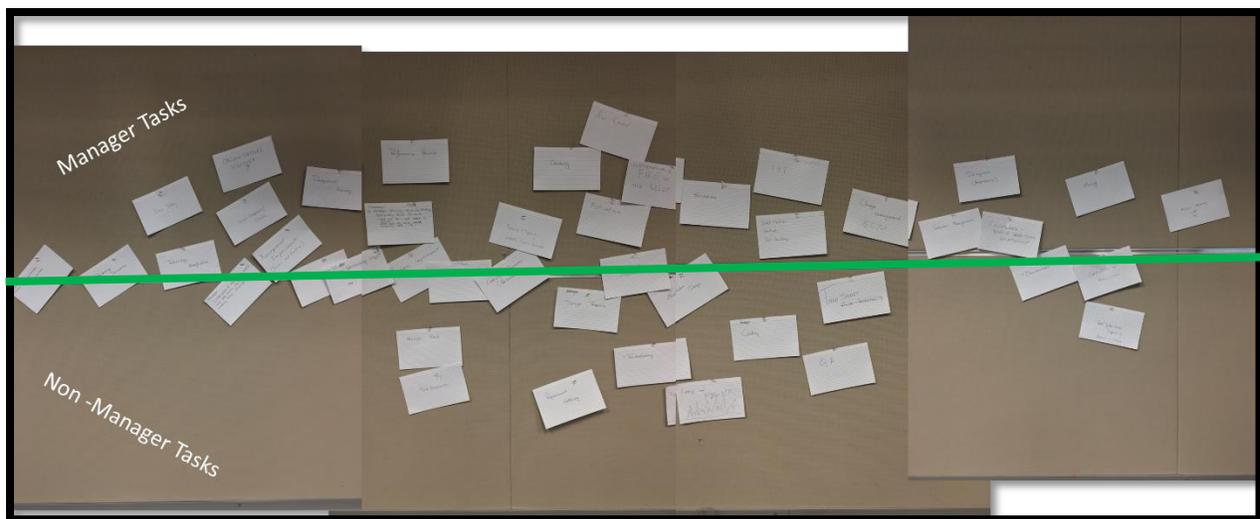


Figure 6: Management vs. Non-Management Tasks

Most of the defined tasks fell “on the line,” meaning that they were the manager / service owner’s responsibility, at least in some sense. Clearly there was more work to be done!

In another discussion, several leaders met to define the roles within Agile. Figure 7 illustrates the proposed division of responsibility that was the outcome of those talks. The role of supervisor or “people manager” is outside the circle and is focused on the career and skill development of people in the functional areas. A manager may have staff on several Agile teams, have people working on traditional waterfall projects and also have staff taking care of operational activities.

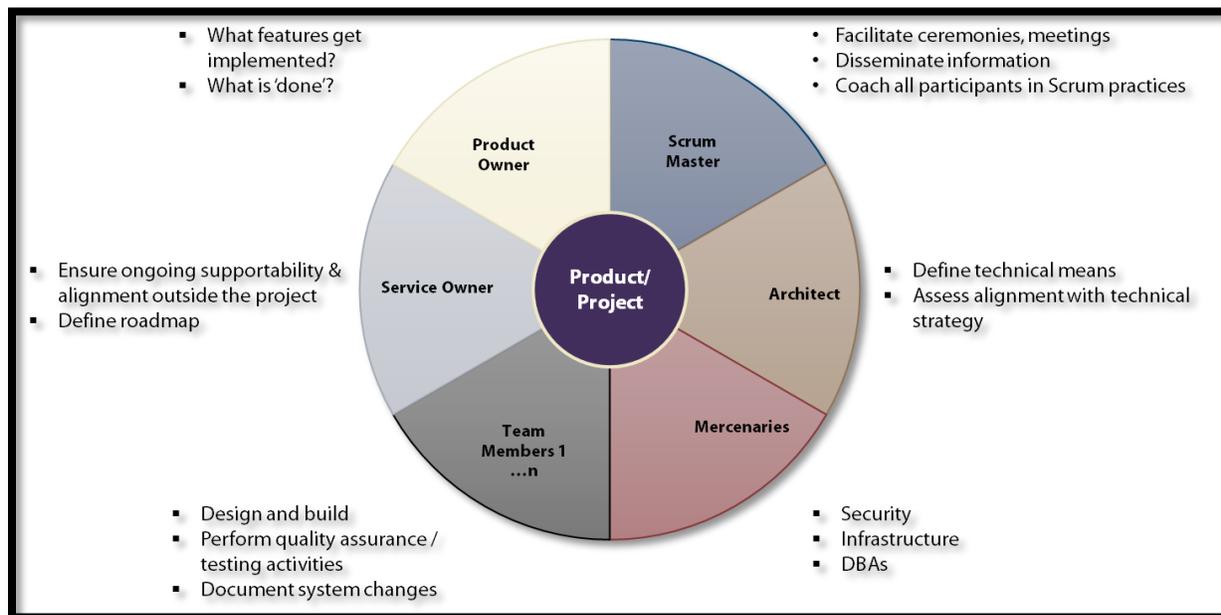


Figure 7: Who Does What in Agile?

Conclusion

The transition to Agile is still in progress. One key change is that the conversation about how best to scale and enable Agile has shifted from the provenance of the delivery office to the entire technology management team. All managers within the department are weighing in with research, opinions, team member feedback and input. Additional work efforts have been initiated to define career tracks, develop training programs, recommend procedural changes to make processes more lean and better support and evolve the department's Agile methods of working.

The change to Agile is a gradual evolution. The changes to the Business Technology team were only apparent as the organization matured to a level of discomfort which required more substantial change. In order to make this a successful transition, the Delivery Office is being careful to only lead when asked, and allow others to move the discussion forward to facilitate greater buy in and engagement. In short we are using Agile concepts to move toward new ways of working, defining and iterating on the structures needed to become more valuable and viable as an organization.

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