

Analysis of ING Agile Transformation

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Abstract: ING started from the merger between Postbank and Dutch banking groups, which could be traced back to 1989. After that, insurance company Nationale-Nederlanden merged with it due to the removal of legal limitations on the merger between banks and insurance companies in the Netherlands. ING was willing to transform in January 2010, they set up a New IT Management team at first. This report aims to analyze the Agile transformation of ING.

Keywords: ING; Agile; Organizational Structure

Introduction

In 2016, ING has over 51,000 employees and approximately 36,000,000 customers around the world. Agile first appeared in software area from the 1990s and then was wide uses after 2001. The traditional organizational structure could be hierarchal, while Agile tends to be a flat structure, which includes the value of high adaptability, closer distance from customers and more interaction. It is found that Agile ensures companies' quick responses and stakeholder satisfaction (de Borba, Trabasso and Pessôa, 2019). ING was willing to transform in January 2010, they set up a New IT Management team at first. This report aims to analyze the Agile transformation of ING. It is organised as follows. In Section 2, it is shown how ING transformation qualifies as Agile. In Section 3, several solutions to the challenges identified by van den Boogert are illustrated. Then, in Section 4, recommendations are given.

How does this transformation qualify as “agile”?

According to the Agile Manifesto, it shows that individuals and interactions are more important than tools and processes, it is necessary to improve working software, collaborate with customers and respond to changes flexibly (Philipp Hohl et al, 2018). To state, first, it can be known from Agile manifesto that the best designs emerge from self-organizing teams. Therefore, the concepts of Squad, tribes, Agile couches and customer journey experts were introduced in ING. Squads were used in the organisation, which were small groups of nine (or fewer) people operating independently across functions, specializing in addressing only one customer need and continuing to find and solve new needs. In squads, DevOps engineers and customer journey experts worked in one squad. Furthermore, there had tended to be organisational silos according to hierarchy before, however, functions were enabled to work together from front-end towards back-end in one squad. For interconnected purpose among squads, ING started to build tribes which were composed of squads. Also, the Agile structure included Agile couches and customer journey experts to support the operation of every tribe and squad. Coaches had the responsibilities of identifying priorities and ensuring knowledge and insights are Shared within and between tribes, while customer journey experts are people who have various professional knowledge background. Second, ING emphasized the significance of interaction instead of the process. Hence, the key change is that ING canceled the middle-management layer which followed the discipline of Agile that there would not be hierarchical which would cause complex processes. Chapters are those who support and help peers to develop their skills instead of managing employees. At the same time, ING created project owners who also worked in tribes. Meanwhile, open workspace is beneficial to interactions between squads. It is known that Agile abides by open standards, and work is open and transparent without hierarchy. ING restructured its company building, with glass walls, colorful couches, and open rooms for employees to gather to have a brainstorm. Besides, employees did not need to attend a lot of meetings regardless of whether the meetings were relevant or meaningful or not; they only needed to attend those regarding their work titles. Third, in terms of customer collaboration, unlike the hierarchy

structure with specialized departments, squads were used in ING to address only one customer need and continuing to find and solve new needs, which is called end-to-end. For instance, to keep up with the Agile development of the service that customers can meet their demands with digital software, ING changed from "multi-channel" to "omnichannel". ING developed its digital system to fulfill customers' needs and wants by being totally digital and offering timely service of the bank. Meanwhile, they delivered quite personal and relevant suggestions, and allow customers to change channels smoothly. At last, in order to respond to changes flexibly, based on the performance, tribes, and squads needed to have a meeting and discuss the performance and improvement weekly.

Table 1 Solutions regarding these issues that van den Boogert has identified

Issues	Options
<i>Challenged to make Agile transformation in cultures where hierarchy might be more important</i>	<ol style="list-style-type: none"> 1. strengthen performance and rewards management 2. use a hybrid control mechanism 3. more training and workshops
<i>Population and regional differences</i>	<ol style="list-style-type: none"> 1. hire strong and corresponding Agile consultants 2. train leadership first 3. make a daily plan
<i>Language problem</i>	<ol style="list-style-type: none"> 1. make a system with different language choices 2. make sure the English in the system is so easy that everyone can use it without barriers 3. hire more online translators to offer customer service
<i>Difficult to guarantee the craftsmanship</i>	<ol style="list-style-type: none"> 1. make mission box 2. build up guilds 3. establish feature teams across the company to offer support

From the roll-out to ING Poland and ING Germany's perspective, for the first issue, it is challenged to make Agile transformation in cultures where hierarchy might be more important. This is about the challenge of the change in operating mechanism and the reinvention of the original corporate culture. Without a corporate culture that focuses on agile development, Agile transformation and innovation will be hindered. The fact that middle and upper management is reluctant

to change because it means they will lose their authority and people consider the flat structure is not beneficial to their career development shows such difficulties. Therefore, 3 solutions are mentioned. First, strengthen performance and rewards management. Since employees think Agile is not helpful to their career without the fierce competition between tribes, ING could take other inspection ways regarding competition into account as the incentive mechanism. Second, using a hybrid control mechanism is also a method for the company to adapt to the new organizational structure. This mix helps ease the instability and uncertainty with a few preserving of traditional management methods. Finally, more training and workshops should be implemented. The employees can understand the culture and benefit of Agile more clearly by training so that they would accept this new mode more easily. For the second issue, in terms of population and regional differences, Netherland is a small country with a population of 1,723 million while Germany is a big country with many regional differences due to a larger population and land area. As a result, it is difficult to unify all the people's idea about transformation because some people's thinking is advanced while others' is conservative. The first solution is to hire a strong Agile consultant to help the company where people are traditional to transform. Typically, many consultants do not understand Agile and have no drive to change. Thus, the company needs to hire different consultants to use various methods based on different situations in different areas of Germany. Secondly, leadership in the organisation should be trained to understand and accept Agile first. This top-down approach would be useful because managers have great impacts on employees. After the leadership accepts Agile, the employees would follow. Finally, instead of long-term plans, ING should make a daily plan. One possible method is to develop a four-month strategy, after which ING could see the possible changes from business perspectives. The core of this solution is to affect them step by step so that they would understand the advantages of Agile. For the third issue, in terms of language, it is challenged to unify language in the system. Although English is an international language, it does not mean all the Europeans' English is good. For instance, unlike in North Europe countries such as Netherland, English has no place in Poland actually. Though some polish universities offer English courses, few people over 40 years old use English in the street because they prefer German, Russian and Ukrainian. To solve this problem, it is useful to make a system with different language choices so that users can select the corresponding language. After developing this system, people from many countries can use it with their languages rather than only English which many people may not be familiar with. Moreover, ING could make sure the English in the system is so easy that people from every age can use it without barriers. Last but not least, hiring more online translators to offer customer service for users with problems is another solution. When users have problems with understanding the language, they can contact these staff online anytime and then they can solve the problems.

In addition, according to the nature of Agile itself, because of the multi-project environment, guaranteeing the craftsmanship is a challenge for ING transition. Although Agile emphasizes the importance of communication across the squads within the tribe, the close relationship among teams is restricted because of the distributed environment. It would not easy to implement information sharing which is one of the cornerstones of Agile in the multidisciplinary teams because of communication barriers caused by squad silos (Kalenda, Hyna and Rossi, no date). According to DUMITRIU, MEȘNIȚĂ, and RADU (2019), problems of applying Agile in organisational level are presented that organization functions would not be integrated well while specialized knowledge would lead to silos, which may cause limitation of the implementation and development of Agile. Furthermore, quality cannot be guaranteed in the long-term when the members in the squads are required additional responsibilities and the pressure from teams. Specialized employees only focus on their problems instead of the whole organisation's goal because 300 squads are working autonomously, it is a huge problem for this fully automatic mechanism to operate smoothly with the same target because every squad with no more than 9 people is the equivalent of a small start-up. More importantly, it is not realistic to add every function in each squad due to financial constraints (Kalenda, Hyna and Rossi, no date). To mitigate this challenge, 3 solutions are put forward in this report. To begin with, Hamel (2012) stated that it is a good method to make the mission box within a flat organisation without management and hierarchy. Mission box means that every employee at ING should understand their responsibility very clearly and draw up what they should contribute to the company. From this individual mission statement, the employees can get training, resources as well as aid from others to accomplish the existing mission. Employees in every squad are driven by their mission instead of managers, at the same time they can develop their craftsmanship through training and application during a very mission which cannot be

fulfilled with only one skill. For instance, when a customer journey expert whose accountability is to monitor optimal journey for the particular purpose in one squad formulates the mission of selling products to the target audience, he would acquire the training of sales and improve the skills of observing changing market and researching customers. The second solution is to build up a Guild. The guild is like a community where employees at ING can join together to share interests and then come up with new ideas. Compared with chapters, chapters are made up of the members from the same tribe having similar skills, while people in the Guild are usually from the entire organisation. As a matter of fact, guilds are the amplification and improvement of chapters, for example, the engineers guild include not only the engineers in the engineers' chapters in each tribe but also people who are interested in engineering. Also, every guild has a coordinator to organize the unofficial meetings that are always held in the open space. Members gather up to discuss problems, solutions as well as innovation of the specialized field. During the unconference, they can say whatever they want and share new ideas and up-to-date techniques which is easy to promote learning and creativity. The final solution is to set up feature teams. Cross-component feature teams are established to enlarge the flexibility of the organisation to avoid Technology stagnation. Feature teams that are made up of individuals who have specialized knowledge or technology in one field have the task of playing significant roles in each squad and tribe when they need support. Hence, the feature teams are allowed to move across squads and tribes in different professional areas. It is beneficial for these teams to know the comprehensive business of ING and customers' demand because working in one squad or tribe cannot see the whole needs and wants from the customer point of view under the implement of end-to-end working mode. Therefore, establishing this kind of special team can enhance the specialization of each squad which could guarantee the future craftsmanship of ING.

Conclusion

In summary, this report analyzes the Agile transformation of ING. ING Netherland changed the structure of the organisation that established squads and tribes, making the work more transparent and the service for customers more directly. However, the transformation has not been smooth, several problems have occurred with different causes in Germany and Poland. Thus, there are recommendations as follows. To start with, more rewards should be made to motivate employees. Next, hiring more corresponding and strong consultants could be the best method to solve the problem of regional differences in Germany. Furthermore, ING should probably develop the software with several languages to choose from. Finally, they should establish guilds across the whole company.

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