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An Agile Blueprint For Effective Strategy Execution At ING Group

Today's banking customers are more demanding than ever. With the proliferation of smartphones and customer-friendly apps, many have grown to expect omni-channel experiences, personalized services and real-time interactions from their financial institutions.

All of this created a dilemma for ING Group back in 2015. Limited by traditional processes and siloed departments, the Dutch banking group needed a way to react fast to changes in customer expectations and regulatory requirements and adopt an accelerating, high-performance delivery rhythm, according to Dina Matta, head of the Global Transformation Office at ING.

As a result, ING began monitoring the market landscape for success stories. "We took a very strong look at the technology industry, which rivaled everybody else in terms of providing a superior customer experience and faster time to market." Inspired by the adaptability of

companies like Netflix, Google and Spotify, ING launched "One Way of Working"—a strategy that incorporates the principles of "agile" methodology to improve flexibility, innovate faster with shorter time to market, minimize handovers, and provide employees with greater freedom and responsibility than in a traditional company approach.

But shifting from a traditional model to an agile approach required a new organizational structure. In response, ING created 350 nine-person squads—self-directed and autonomous teams comprising representatives from various functions, from marketing to IT. These small teams have end-to-end responsibility for specific, customer-focused projects. At the end of a project, squads are disbanded, and the members arrange to work in other squads.

Collections of squads, totaling no more than 150 people, are called tribes, and are united in a common purpose. For example, within the payments tribe, employees may work on credit cards, payments and merchant payment solutions for Dutch and Belgian retail and wholesale banking customers.



A task for a single squad may include helping hundreds of clients migrate from a Dutch process to a newer European bank reporting format that allows for more consistent sharing of information.

By “empowering squads and giving them the tools to actually participate in decision making,” Matta says, ING has improved time to market, boosted employee engagement and increased productivity. Customer-satisfaction and employee-engagement scores are also up multiple points.

PHOTO: THE ING CUSTOMER EXPERIENCE CENTER (ICEC)

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Dina Matta

Head of the Global Transformation Office at ING

Connecting Purpose And Promoting Cooperation

But it takes more than agile principles for effective strategy execution. For this reason, ING connects strategic initiatives with measurable and meaningful goals, providing employees with a transparent view of all interconnected efforts. “It’s not about agile as an end,” says Matta. “We need to be very clear and communicate very well what the purpose of the tribes and individual squads are, and how this relates to strategy and why it’s important.”

One way ING accomplishes this is with a quarterly business review (QBR) in which each tribe writes down, in six pages or less, what they are working on, “what lessons they have learned over the last quarter, what they intend to focus on in the next 90 days, and what outcomes they expect in terms

of impact on customers and other stakeholders,” explains Matta.

Next, she says, “QBRs are shared with all the other tribes so that they can comment on them and identify dependencies among the squads. For example, if a squad is working on a product that requires a particular payment mechanism, the QBR process allows them to see where the payments tribe is in the development process, and when it’ll be ready.”

The result, says Matta, is greater transparency, which not only “facilitates cross-squad, cross-tribe, cross-country collaboration,” but strengthens the “connection between strategic goals and the self-governing teams that execute them.”

Increasing Accountability And Reducing Handovers

Another way ING ensures effective strategy execution is by using its lean and powerful organizational structure to reinforce accountability, ownership and a bias towards action, based on agreed metrics and milestones. For example, squads individually determine the metrics they'll use to measure the impact of their work. These range from time to market and customer experience to the number of tasks completed in a sprint. The result, says Matta, is not only greater end-to-end accountability but also fewer handovers as teams work collaboratively to achieve desired business outcomes.

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Driving accountability also eliminates the frozen middle managers relegated to simply supervising projects rather than championing strategy. In traditional organizations, individual employees' responsibilities can shrink, resulting in a greater number of project handoffs. "This gives rise to a large number of middle managers whose job it is to compensate for these handovers and to create coordinating roles," warns Matta.

However, by empowering individuals, repurposing those with the right expertise and collapsing its hierarchical structure into squads and tribes, Matta says, ING has "eliminated many of these handoffs, and the need for that middle management function."



Inspiring Success With A Winning Culture

Regardless of role, though, organizations must motivate those who do the work and shape a winning culture by engaging and exciting the people responsible for delivering strategic change programs. For this reason, Matta says, ING “provides employees with an environment that nurtures talent and high performance, and a culture that celebrates successes and values lessons learned.”

This is accomplished in a variety of ways. Because motivations vary based on personality and professional ambitions, Matta says, ING offers “a range of initiatives that impact motivation. Examples are hackathons, innovation boot camps, the new ING campus, fun-squads that organize social events, and time for employees to work on community-related activities.”

The organization also relies on education and training to inspire workers and recruit top candidates. In fact, last year ING invested \$75 million in helping managers and team leaders better understand the power of purpose and how it connects to strategy. And on a day-to-day basis, chapter leads and agile coaches help develop expertise and knowledge across squads via coaching and performance management. Together, Matta says, these initiatives have enabled ING to “attract better, more motivated people.”

Learning From Failure And Adapting Execution

But even the best-trained employees can experience failure. While QBRs are designed to help squads and tribes achieve their goals, “some of our most ambitious programs have had to change course in the last 12 months,” says Matta, citing fluctuating banking regulations and emerging technology as previous causes. In fact, she adds, “in an extreme case, we may need to stop a program and do something else, or fundamentally change our approach to strategy execution.”

However, by relying on frequent review cycles and fast escalation procedures, ING can quickly identify which squads are stalling or need to be adjusted, as well as the root causes of a project delay or derailment, and resolve the issue immediately.

After all, says Matta, “if your projects take too long, cost too much money and don’t give you the agility to fail fast, learn and adjust, then you’re not going to be very effective in terms of strategy execution.”

Fortunately, with an agile model in place, ING can quickly respond with the right decisions and adjustments to both strategy design and delivery. •



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