

UNIC: BECOMING AGILE (B)

Research Associates Sophia Shilimindri and Rodney Reis prepared this case under the supervision of Professor Carlos Cordon as a basis for class discussion rather than to illustrate either effective or ineffective handling of a business situation.

Guilherme Brasil, CTO of UNIC, was convinced that the only way to change the company was to become truly agile. He was certain that the company would not survive unless it changed:

In order not to die, it is necessary to be able to adapt as quickly as possible to anything that may be ahead, be it a new business model or economic and market changes.

For Guilherme, there were two elements that would ensure the success of his unit: having employees that endeavored to be the best in their field and had a deep understanding of the clients' needs. While his staff understood their client's needs and how they operated, they became stuck in the past and were far from being the best in the field.

He had three options for the reorganization and a clear idea of the financial implications of each. The first was to acquire another company; the second was to hire people from outside to replace the employees that were not performing; and the third was to develop the existing personnel. Most companies in the same situation would either restructure or buy another company.

Acquiring another company

While acquiring Target A seemed appealing from the outside, Avalia' software due diligence revealed two worrying issues about how the company was operating. Most of the software code had been developed by one engineer who at the time of the due diligence had already left the company. One could reasonably assume that this person was overworked and underpaid. The remaining team was unable to keep the same pace of development once that person left. In fact, only 5% of a relatively small and new system had been changed in the past 12 months (*refer to Exhibits 2, 3 & 4*). The dependence on a star-coder indicated that the rest of the team was not as competent as Target A led them to believe. The fact that only a small percentage of the code had changed in the past year confirmed that the development was dependent on the person who left the company. The lack of change was worrying because for a new product, one would expect many changes in the code.

If UNIC was to buy Target A, it would have to hire additional people. A significant amount of time would be required to ensure that all team members had the required skills and that they contributed equally to the development of the product.

Given the information at hand, Guilherme dismissed the option of acquiring Target A. He realized that the grass was not greener elsewhere.

Developing from the Inside

Having seen the results of the due diligence of the acquisition target and the internal due diligence, Guilherme understood that whether UNIC acquired a new company or not, he would have to implement a culture change program. Knowing that the company's founders cared a lot about their employees, he decided to put all his efforts into developing the existing personnel instead of acquiring another company. He knew that the staff would appreciate his decision and would do their best to make their employer successful. Before embarking on the journey of individual employee development, he needed to create the right environment for employees to flourish.

The lack of coordination was one of the key insights he had gained from the internal software due diligence he had received from Avalia. For this reason, he decided to remove the position of the team leader. It was one of the hardest decisions he had to make throughout this process but for him, it was necessary to foster a culture of agility within UNIC.

When you cut the middle management, people start to make (important) daily decisions, and they start to understand the company strategy, the business model ... everything.

The team leaders had the opportunity to stay in another position or leave the company. Most decided to leave, and the remaining team members started adapting to the new reality. The change didn't come automatically; they wanted someone else to make decisions on their behalf and started asking Guilherme for advice and treating him as a coach instead of a manager. Guilherme on the other hand, quickly dismissed the requests. He wanted his developers to feel empowered and equipped to make their own decisions. Some employees felt they didn't belong to this new type of structure and resigned.

Developers were also made responsible for their development program. They had a list of skills or knowledge nuggets they needed to learn and were made accountable for managing their time to learn those skills. For each knowledge nugget, management provided resources in different forms: reading material, video and audio. The developers were free to choose which format to use depending on their learning style.

The second step of the transformation process was to start using data to make decisions. Aside from some basic KPIs, UNIC's development team was not using data to manage its operations, a key frustration for UNIC's COO Ionan Fernandes, who drove the rest of the business with a tight dashboard of metrics. In its new form, UNIC would use data to monitor progress in the areas that had the most impact on their business results, making it easier for individuals to understand the priorities and make decisions. This was also instrumental in the development of both the teams and individual employees. Employees were held accountable for their actions and could compare themselves to their peers, for example, they all had a daily view of how far along they were in their development program.

To make things interesting and to motivate employees, the management also introduced gamification. Avalia created a dashboard that looked like a fish tank and each employee had a different colored fish that was put on a public display for everyone to see (*refer to Exhibit 12*). As each developer practiced new skills, her fish would go up the tank, stacking high against the others, but if they stayed away for too long the fish would start sinking. There were no rewards or consequences for having a fish that was high or low, the goal was to send a clear message: work was going to be visible and performance openly discussed so everyone could learn and improve results.

In order to self-manage, people need to have the necessary information along with desire and accountability. The drivers of accountability were the teams themselves. The third step of this transformation journey was to create the processes and rituals that would elevate the teams into self-managing micro-communities. With the help of Avalia, Guilherme introduced a system that would, at the click of a button, prepare a slide deck with the latest development data for each team to discuss the results of the previous 2 weeks of work and collect the feedback and opinions of each developer independently through their phones during the meeting. This made it easier for teams to discuss the same topics and benchmark their results over time and against other teams. Teams were not forced to use the tool, but because it helped them see results in an easy way, and because Guilherme would read the comments and discuss or mention them with the teams, adoption was swift. Guilherme managed to roll-out a consistent retrospective process across UNIC without forcing it from the top.

The quality of the code became a big focus for UNIC, and it measured progress in two ways: first, in every retrospective meeting the engineers were asked to reflect on whether their current focus was quality or speed. Second, the source code was analyzed using a tool whose purpose was to report the software quality (*refer to Exhibit 10 for the evolution of the source code over time*). Lastly, the teams' backlog was analyzed and plotted, as shown in *Exhibit 11*, to make sure that teams were working effectively. Dashboards that enabled detailed exploration were a great way to bring additional accountability to the workforce, and they also helped solve issues in the beginning. The transparency that came with the new KPIs helped solve friction between team members. In one case, a team had turned against a developer that did not fit-in with the group, and started complaining that his code was of poor quality and lacking test coverage, but the data showed otherwise - his code was some of the best. In cases like that, management had to take the role of mediator and coach not only to help people resolve their differences but also to help them improve. Guilherme made adjustments along the way, for example, by moving employees to different teams. Within the areas of software development, UNIC started using the T-shaped professional concept to develop professionals with a technical specialty by letting them participate in the entire production cycle. In practice, a coding specialist, for example, would also be present for the tests and validations. Guilherme commented:

This dynamic has generated more empathy, as well as excellent results with fewer resources.

Another way to stimulate collaboration was the creation of an internal innovation contest, Connected Spaces. The award was a two-month trip to Silicon Valley, where intra-entrepreneurs were able to study new business models. People started to feel excited again about using their skills to innovate. The award

was also a way to show people that they didn't need to climb the corporate ladder to be successful in their jobs. They could be successful just by being great at what they loved.

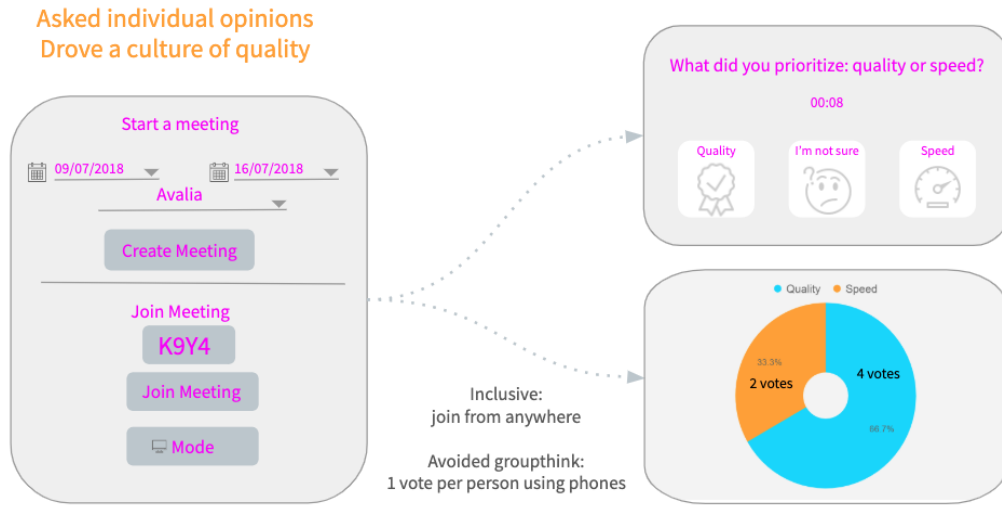
Epilogue

After the two-year transformation journey, UNIC had two separate products: Sienge Go! and Sienge Platform. Sienge Go! was a subscription-based ERP tool powered by artificial intelligence. Sienge Go! was also awarded the IBM Beacon Award in 2019 for "Outstanding Service or Solution Built and Delivered on IBM Cloud." Sienge Platform was a tool for medium to large construction companies that could easily integrate with other applications.

UNIC met and exceeded its financial goals. Furthermore, in 2018 it became one of the best places to work in Brazil for the first time, being on the top 20 large technology companies to work for in the country. Many people who resigned during the transformation processes asked to return and with the company's growth were able to find a place there again. As for Guilherme and Ionan, this period was one of the most transformative of their professional lives. As Guilherme put it:

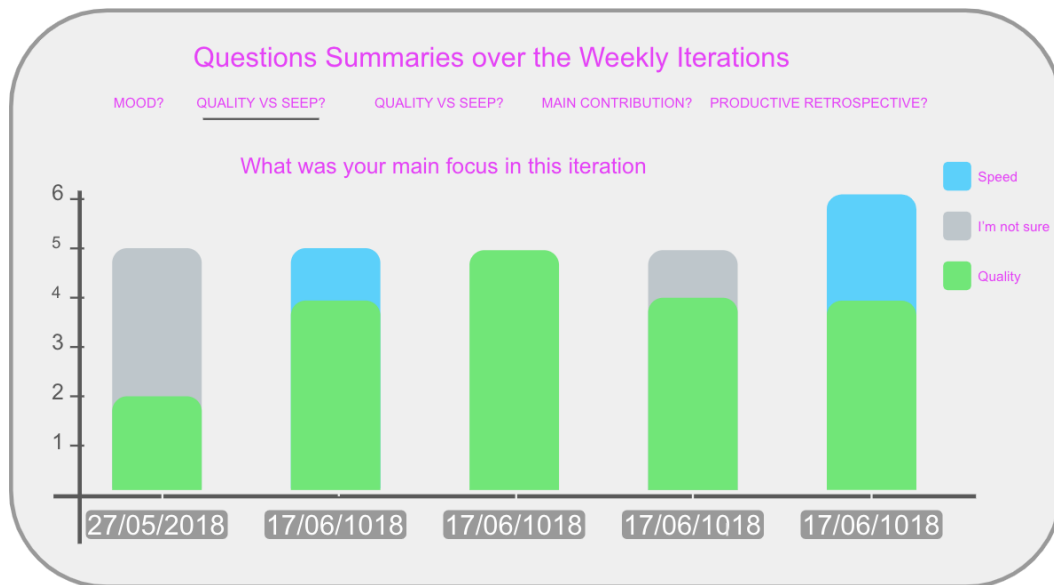
It was the period I learned the most. I received so many different ideas and encouragement that I was really forced to walk very fast. Speed, in fact, is one of the essential attributes for companies looking to succeed in these new times.

Exhibit 8 Web application for Retrospective Meetings



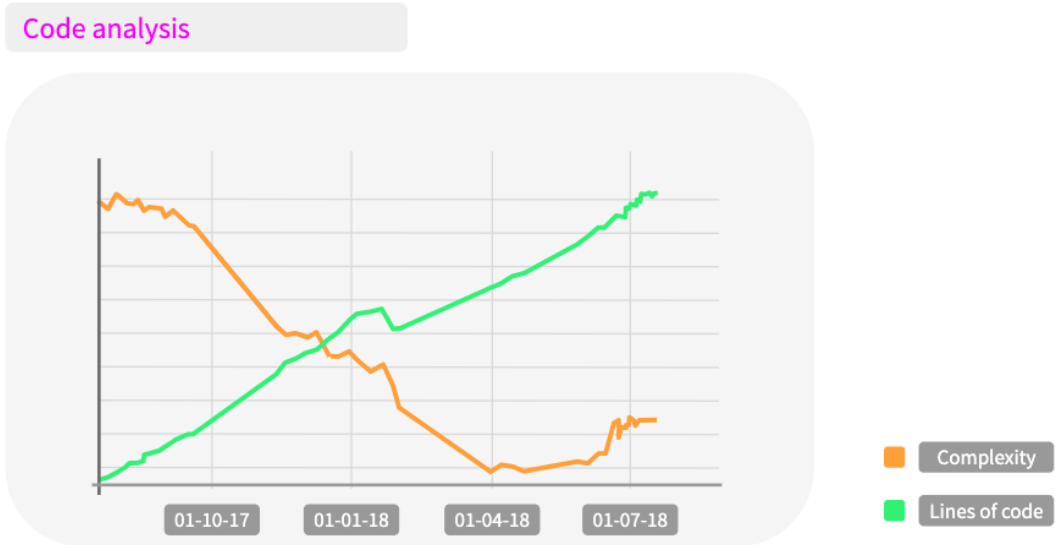
Source: Avalia

Exhibit 9 Evolution of Team Focus Over Time



Source: Avalia

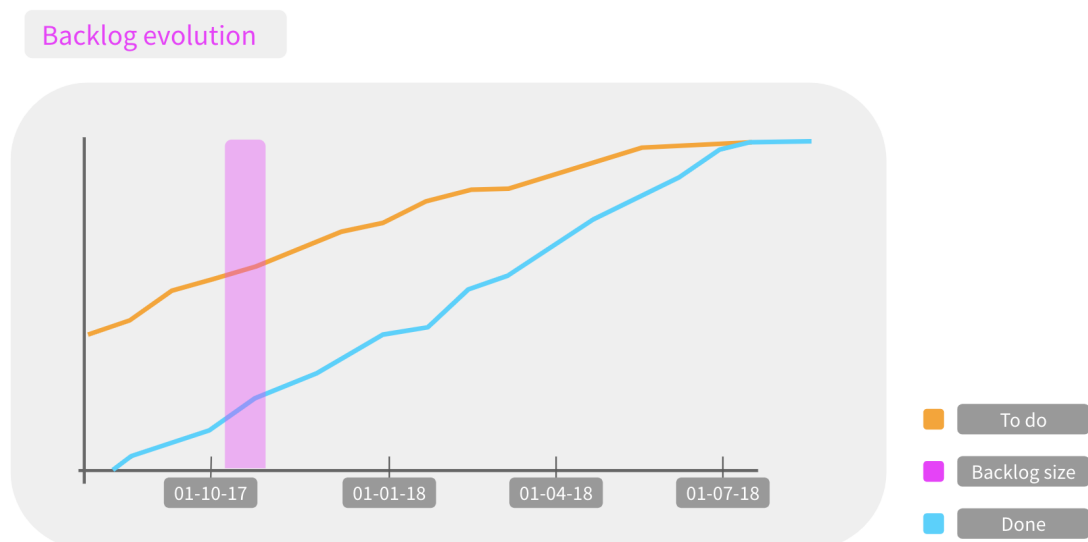
Exhibit 10 Evolution of Software Code



Source: Avalia

Note: The orange line shows the development of the code complexity over time.

Exhibit 11 Evolution of Backlog



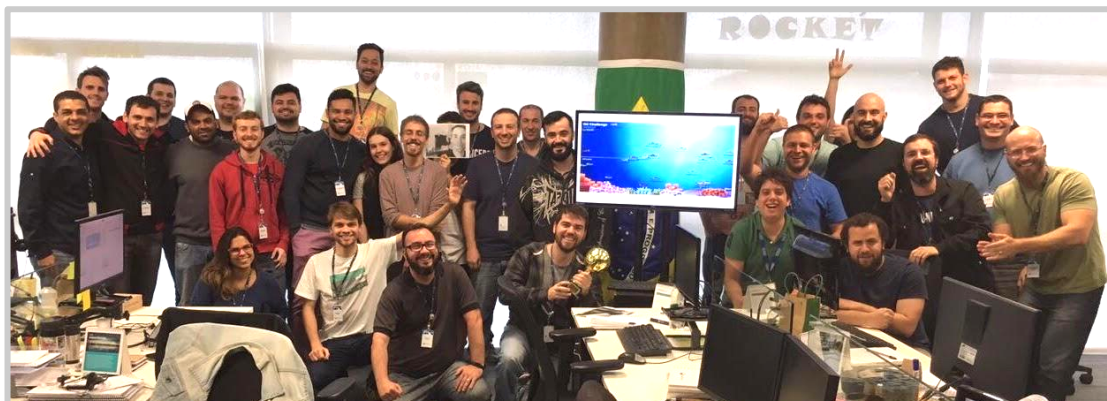
Source: Avalia

Exhibit 12
Gamification screen showing the progress of each developer



Source: Avalia

Exhibit 13
Group photo of UNIC's development team



Source: Avalia

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