AGILE PARTNERSHIP

INNOVATIONS FOR SUCCESSFUL SOCIETIES

ADAPTING AGILE PRINCIPLES: TOWARD A MORE NIMBLE WORLD BANK, 2016–2020

Tyler McBrien drafted this case study based on interviews conducted by Alyssa Denzer and Jennifer Widner in February, March, and April 2020. This short case is part of a series produced on behalf of the Agile Government Center, a collaboration hosted by the National Academy of Public Administration and the IBM Center for the Business of Government. The case enables the rapid dissemination of ideas at an important time and rests on fewer interviews than the ISS standard. Case published June 2020. To learn more about the Agile Government Center, visit: https://www.napawash.org/grandchallenges/challenge/agile-government-center

SYNOPSIS

Enhancing its own efficiency and effectiveness was front and center on the World Bank's agenda in 2015. An internal survey revealed staff concern about how long it took to develop and complete projects. The middle managers, team leaders, and specialists were better positioned to spot problems and solutions than senior leaders, Bank strategists said. Why not turn them loose on the problem? To assist, a small unit within the Bank introduced some principles the tech sector used in developing and adapting software, initiated three pilots that invited staff to develop their own proposals, and created a way to scale the best of these across the institution. Five years after the initiative began, the Bank considered how to make managers more comfortable with delegating and collaboration, and how to foster broader cultural change within its ranks.

INTRODUCTION

In a 2015 engagement survey, the staff of the World Bank delivered a resounding message to senior leadership: "We love what we do, but we don't like how we do it." While 86% of the organization's roughly 17,000 employees responded positively to the statement "I am proud to work at the World Bank Group," only 26% responded positively to "The World Bank Group makes institutional decisions in a timely manner."

In emergencies such as the West Africa Ebola Outbreak, the Bank had shown the capacity to innovate and to act quickly, some of its executives said, but the institution's rank and file complained about several problems that they encountered in their regular activities. 1) Projects planned to last five or six years took from one to three years to reach the board and secure approval. 2) Redundant reviews slowed implementation. 3) Project documents were extremely long—over a hundred pages—and required multiple meetings and reviews that took time and added cost. 4) There was little collaboration across World Bank teams serving different functions or thematic areas. 5) Large, ineffective meetings had proliferated. 6) In many instances, too many people reported to a single manager, overwhelming capacity.[1]

The World Bank's senior leadership, including Jim Yong Kim, who took over as president in 2012, and Kyle Peters, who assumed the role of interim managing director and chief operating officer in 2016, realized the survey results did not simply reflect dissatisfaction among the staff, but revealed a much larger problem. If the Bank wanted to effectively address the world's complex development challenges, it had to make changes.

The Bank had undertaken several attempts to improve its own performance throughout its history, notably with major reforms in 1998 and 2014 that reshaped reporting lines. But these usually entailed a top-down, management-driven restructuring. This time, the Bank's senior executives sought to put the staff in the driver's seat by empowering the frontline managers, specialists, and task team leaders to propose process changes and to experiment, in much the same way that many tech companies worked when they tried to solve problems or develop new products. To help support this effort and to try to take good ideas to scale, they created an initiative they called the Agile Bank Program, "agile" referring to approaches software developers used in their work.[2]

In a blog introducing the initiative to the World Bank staff, Peters summed up his approach: "Okay, I'm going to give you the keys to the car. You know how to drive and you know the rules of the road. But I'm going to get out of your way and let you just start these experiments. Start changing things, and let's see what you come up with."[3]

THE CHALLENGE

The Bank had never tried to improve practices from the bottom-up, and it had to figure out how best to do so. Samir Suleymanov, head of the Strategic Initiatives Unit, where the Agile Bank Program was located, said he had read several working papers with titles similar to "A New Bank" and "The Future of the Bank" since he began working at the institution in 1996, but the problems the staff survey had identified persisted despite the structural changes made. Staff members said reforms often failed because they did not take account of the World Bank's distinctive context. Some even slowed its operations further.

There were good reasons why the Bank worked as it did and any effort to improve efficiency and effectiveness had to heed these. First, as one of the world's largest sources of funding and knowledge for promoting development in low-income countries, the issues the Bank dealt with were complex and the stakes were high. It embraced five separate institutions,189 member countries, operations spread over 130 locations, and a highly diverse labor force. Its capital came from a smaller group of countries, whose governments were accountable to their own legislatures and were sensitive to impact and to any hint of misuse of their taxpayers' contributions. The cumbersome procedures were partly a response to the demands this structure created.

Improving operational agility also meant contending with a human resources system and organizational culture that sometimes impeded flexibility and collaboration. The World Bank's major asset was its mission-driven, highly capable staff, but some fine-tuning was in order. For example, performance reviews and promotions took place within a given function or practice. This system did not explicitly reward collaboration across practices, functions, or regions. And further, Bank jobs were rewarding and highly coveted, so there was a tendency for people to become risk averse to ensure they could remain in the institution until they retired.

Moreover, the Bank primarily recruited and promoted people for their technical skills rather than for their management talent. Many were economists trained in an academic culture of working alone or with one or two co-authors to produce quality work they could defend in peer review. Those who rose to management positions were often uncomfortable with delegating decision-making authority, said some of the institution's leaders.

Finally, the global context was increasingly dynamic. Qahir Dhanani, who worked with Peters as an advisor, said: "The Bank is a fantastic place. It is mission oriented and has a passionate staff. But the global context and the needs of members are changing rapidly. The Bank's clients and leaders wanted faster responses, quicker execution. They wanted flexibility to change the direction of investments as needs changed. They wanted more responsiveness."

FRAMING A RESPONSE

During the initial phases of the project, Peters worked with the Boston Consulting Group. The firm, selected through a competitive bidding process, had some experience with agile leadership and decision-making through its work with private-sector companies. In the first two years a team of three people had day-to-day responsibility for operations.

The team was familiar with the methods laid out in the technology sector's Agile Manifesto, published by a consortium of computer programmers in 2001. Taken together, the manifesto's 12 principles proposed collaborative, cross-functional teams that could test and scale solutions through a series of "sprints." After each sprint, the teams review their prototype or other type of solution to inform the next sprint. The aim was rapid response and continuous change. The manifesto distilled the approach into four values: individuals and interactions over processes and tools; working software over comprehensive documentation; customer collaboration over contract negotiation; and responding to change over following a plan.

Peters and Dhanani chose not to start with a pre-conceived notion of what being agile meant, however. To develop a version of Agile suited to the Bank's own operations, the design team decided to engage a group drawn from the Bank's own staff to study ideas that emerged from this Agile focus. Called "Agile fellows," they would experiment, launch three pilots, and serve as the foundation of a cohort of champions who could promote these approaches when needed, at several focal points. A group of Bank directors and vice-presidents served as the program's steering committee.

The team also had to cultivate support at the leadership level to ensure that the roadblocks staff identified would be removed. To better inform their approach, World Bank staff, managers, directors, and vice presidents visited two organizations outside of the tech sector that had positive experiences adopting Agile.

GETTING DOWN TO WORK

The Bank's senior leaders wanted to see some fast, specific wins to address staff concerns. It would take much longer to generate real cultural change—for example, a higher comfort level with delegating tasks or with greater collaboration.

From the outset, the Agile Bank team also knew that in an institution that stressed evidence-based decision making, they would have to develop metrics and strategies for evaluating whether the program had an impact and for learning and adapting as they went along.

Looking into the toolbox

In the initial weeks, the Agile team began defining what agile meant at the World Bank, a process that staff would continue and elaborate later. Peters also secured permission to offer a waiver that allowed staff to stray from normal processes in the name of innovation—within limits (environmental assessments were not relaxed, for example, and the team issued guidelines to help respect other important values).

Value-stream mapping was the starting point. Dhanani firmly believed that Agile was all about adding client value—in this instance value to the countries served—by harnessing teamwork and enabling continuous improvement. Value-stream mapping charted every step in delivering a project, from beginning to end, including informal adjustments or workarounds. With the map in view, staff members could then identify pain points, bottlenecks or places where a process worked less well than it might.

Another hallmark of Agile was the creation of cross-functional teams, with the caveat that a given person could only serve on one team, in order to limit scheduling problems, and that team members could not switch out to other assignments, turning their work over to substitutes. At the Bank, that meant bringing people from one or more governance practices into conversation with regional and country operations staff and finding ways to limit obligations or rotations in office that would make scheduling and continuity difficult, impeding effective teamwork.

Agile also typically entailed sprints, short-term efforts to solve a clearly defined problem or complete a specified task. In software development, an Agile sprint was typically one to four weeks, a timeline designed to generate momentum by imposing a clear deadline. During a sprint, software teams convened fifteen-minute huddles to review progress and spot backlogs. These meetings focused only on specific actions, and discussion of other matters was not allowed, in order to conserve time. Peters and his team put these ideas on the agenda for adaptation to the Bank's work.

In the software development world, teams or team leaders tracked progress through Kanban boards, a project management tool that used sticky notes to chart the flow of work and improve understanding. This too was an

Text Box 1: Pulse Survey Questions

- I believe institutional decisions that impact my daily work are made in a timely manner;
- I feel my team is effective in raising and resolving issues;
- I feel encouraged to find better ways of doing things and to make decisions;
- My manager provides me with timely feedback to improve my performance;
- I receive meaningful and timely feedback from colleagues;
- I see us successfully using this Agile Bank Program to create a stronger Bank;
- I feel well-equipped to discuss what we are doing and why we are doing it with my

Source: Qahir Dhanani, John Ikeda, Carolyne Makumi, and Stefano Negri, "Agile at the World Bank: A Retrospective Analysis of the First Two Years," World Bank, February 2019, 22.

idea the Bank's program wanted to experiment with as an aspect of "visual management."

The "pulse survey" was another tool to consider. These seven-question polls could potentially help measure the effects of a change or project on client value, efficiency, and staff satisfaction. (See text box)

This list was just a beginning. Peters' start-up team wanted to allow staff members to develop further ideas and refinements as time went on, but handing them a few tools up front was key.

Deploying the Agile Fellowship Program

The other initial step was to create the Agile Fellowship Program, a yearlong full-time assignment dedicated to the implementation and scale-up of Agile initiatives. The fellows helped identify opportunities, refine ideas, develop ways to address challenges, select Agile champions, and link ideas coming from staff members and champions to the program's board and other Bank leaders.

To recruit fellows, Peters published an intranet blogpost titled "Help wanted" that explained the purpose of the position. From a pool of 100 applicants, World Bank management chose 10 fellows to participate in the pilot program. Fellows were chosen in part for the leadership aptitude they had already exhibited.

Consultants from the Boston Consulting Group acted as coaches, getting fellows up to speed on Agile principles, practices, and tools. Former Agile Fellow Paula Suárez, later Ecuador's World Bank representative, said that the fellowship program was based on four principles: focus on client value, choose the team over the process, have a bias for action and, when the plan and the reality diverge, go by the reality.

The fellows program was high cost, in the sense that core staff had to train a new cohort every year, but it was worthwhile, the early assessments reported.

Launching pilot programs

The next phase was to launch three yearlong Agile pilots to help identify problems and develop possible solutions. These would help refine the Bank's approach to Agile and help assess impact in a context in which formal social science experimentation was not possible. The program vested one project with the Bank's Transportation practice and its Sub-Saharan Africa section; a second focused on health in South Asia; and a third on macroeconomic policies in Europe and Central Asia. The pilots were chosen either because problems existed and clients were dissatisfied in some way, or Bank leadership sought a greater impact from that portfolio.

At launch workshops in Washington, Dakar, and Mumbai, fellows, consultants from the Boston Consulting Group, and staff from each of these sections met to coalesce around a common purpose.[4] During these workshops, the teams created value-stream maps. This exercise surfaced over 100 of problems, or "pain points," and the fellow-led teams designed possible interventions to address them.[5] The teams then evaluated each idea for its feasibility and impact, and narrowed the list down to 25 solutions to test altogether.

The Africa/transportation pilot targeted an important process document called a Project Appraisal Document, also known as a PAD. At the World Bank, teams outlined project objectives, strategy, implementation, and monitoring plans in PADs, which must be approved by the Bank's board. Given the extent of the information held within the PAD, the document length routinely reached nearly 140 pages, even though Bank regulations only called for 15. One team used Agile methods to identify extraneous information and reduced the document to roughly 40 pages, which had the potential to save 27,000 hours of work, according to the team's estimates.

The South Asia/health pilot introduced new ways of working—daily and weekly check-ins with managers, who spent more time with their teams and more time on redirecting activity in productive ways than they had in the past.

In the Europe and Central Asia pilot, the Agile teams focused on the review process for policy lending, or loans given to governments to spend on a certain policy area like education or the environment. In the typical process, teams would spend considerable time and effort preparing documents and decision papers to take to a Bank vice president for review and approval or rejection. After several weeks of work, with an expectant government ready to receive the large sum of money, vice presidents often did not have the latitude to change anything substantive in the proposal. The Agile team proposed a review process in which staff brought a two-page proposal to the vice president much earlier in the loan development process and then delegated responsibility for some decisions. According to Suleymanov, this change made better use of senior staff time and empowered the people closest to the subject matter.

The aim was to learn from these pilots, then to refine and disseminate the best ideas.

Training champions

Even in the Agile Bank Program's initial planning phase, many asked the question, "What will happen when the consultants leave?" as well as "How do we scale this initiative?" As the Agile Bank Program entered its second year, Peters and others looked for ways to spread Agile methods throughout the Bank. They landed on a train-the-trainer approach, in which the fellows would guide over two hundred Agile champions, placed throughout the institution at points where they were likely to have the most impact. Rather than working solely on Agile projects as the fellows did, the champions would spend 10-20% of their time on Agile projects.

By training and supporting hundreds of champions—there were about 230 by 2020—the Agile program aimed to change the organizational culture and work practices.

Back in their operational units, champions supported the implementation of Agile practices, shared lessons from training, identified areas for improvement, and supported fellow Bank staff. This part of the program echoed some elements of the Six Sigma system of champions and black-belts that Motorola and some other large companies had adopted in the 1990s to reduce error and decision time.

It was quickly clear that the impact depended heavily on managers' willingness to take risks.

Suárez said that in its second year, the program generated some pushback because it meant managers had to do things a bit differently. "We had communities of champions, but decision makers were not necessarily part of them." She added, "People have to be more comfortable with uncertainty, ambiguity, complexity—and, in general, bureaucracies have a hard time with that."

After Peters and Dhanani moved to other roles, the Bank's strategy office began to turn its attention to this problem. It assembled a team to quantify the amount of time and money saved as a direct result of the Agile Bank Program and to develop indicators of the kinds of cultural change, or organizational behavior, the initiative aimed to generate. The economists on this team added questions to the staff satisfaction survey for this purpose. To delve even deeper into the question of what makes some managers more agile than others, the team developed a psychometric database and a voluntary self-evaluation tool for staff members to measure their own competencies.

By 2020, the main focus was on training champions to help project the ideas, coach their colleagues during new collaborations or process-mapping exercises, and help clear roadblocks.

RESULTS AND REFLECTIONS

According to an analysis prepared by Peters and consultants at the Boston Consulting Group, early results of the Agile Bank Program were promising. The program generated cost savings and stronger staff engagement after the first couple of years. The Bank leadership approved ten Agile interventions from the pilots for scaling across Bank operations, and 80 percent of all Agile interventions scaled across the organization originated from Agile champions.[6]

An internal evaluation unit identified several positive outcomes from the initial phases of the program, including:[7]

- a 15% decrease in Moderately Unsuccessful ratings as a result of more projects being dropped or redesigned at an earlier stage

- a 15% increase in time redeployed to higher value-added activities such as client dialogue
- a 10% average reduction in project preparation time (with wide variances)
- an estimated $8 million in cost savings per year.

Measuring impact remained difficult, however. Did the positive results truly emanate from the new ways of working? In many instances, drawing this inference was difficult. Expanded resources, leadership, or the attention the pilots generated, rather than altered procedures, could have accounted for results. One challenge moving forward was to strengthen the evidentiary base.

The ability to scale and sustain the initiative was still a work in progress as of early 2020. Proponents of the program advocated above all for continued focus and patience. Even in the private technology sector, where companies implement the Agile methodology in its native environment, adoption often required several years to take hold. Peters and others recognized from the beginning the need to reinforce the effort with sustained funding and investment. Dhanani said that the ability of fellows and champions to have an impact depended on the strength of coaching and support at the center, and this capacity had varied over the first four years.

The Agile Bank Program was not without its skeptics. Even those who were strong Agile advocates pointed out that little would likely change for long unless there were clearer promotion incentives attached to collaboration and unless more mid-level managers were willing to assume risk and to delegate.

Others worried that Agile was a tool for making the Bank more efficient, but that it had little to do with the effectiveness of the institution's programs on the ground. The ability to help governments generate positive outcomes for their citizens required paying more attention to specific types of implementation challenges within countries and creating capacity to learn and adapt along the way. Freeing up more time for country dialogue or freedom to modify projects *in medias res* could support that ambition, but Agile itself provided no guidance for helping countries solve the delivery challenges they faced.

The continuing debate was a good thing, Suárez pointed out. Tension meant the initiative was still alive and the positive initial results held promise.

References

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