



# GETTING TO AGILE AT SCALE IN THE PUBLIC SECTOR

By Miguel Carrasco, Trish Clancy, Qahir Dhanani, Peter Geluk, Leila Hoteit, and Sek-loong Tan

**A**GILE WAYS OF WORKING in government has become a hot topic. But are public sector agencies *really* going agile? Where and how extensively is agile taking hold? And is it delivering value? These questions continually crop up in our discussions with public sector leaders. To help demystify the topic, BCG conducted a set of interviews and surveys with executives at 23 global, federal, and state public sector institutions in Australia, Germany, Sweden, Switzerland, the UK, and the US. The study revealed a remarkable uptake of agile in the public sector.

- Nine in ten public sector agencies are using agile, nearly half of them for more than two years.
- IT, policymaking, and service delivery are popular places to deploy agile.
- About 40% have at least one division, ranging in size from about 100 to several thousand employees, using agile as its primary way of working, but few have scaled agile across the enterprise.

- Agencies that have adopted agile are delivering services up to 50% faster and improving citizens' satisfaction by up to 25%.

In short, agile has arrived in the public sector. To keep making progress in adopting agile as its primary way of working, agencies should move beyond practices such as the “daily stand-up” status check-ins, and put in place enablers such as senior leadership support, new funding models, and training.

Patience and flexibility are key. Agile is a change in mindset, and changing mindsets isn't easy. There is also no cookie-cutter approach to adopting agile. In rolling out agile, organizations need to be experimental and responsive to what is working and what isn't. The longer that an organization nurtures agile, the bigger the benefits.

## The Spread of Agile

Nearly three-quarters of the officials we surveyed and interviewed cited faster

delivery times as one of the top three reasons government agencies adopted agile. About half cited improving citizens' satisfaction and managing change more flexibly as top three reasons.

Many functions have begun to recognize the value of this cross-functional, test-and-learn approach. For example, agile is particularly well suited for policymaking and service delivery. By bringing together diverse individuals with distinct responsibilities and points of view, agile teams foster more creative solutions. Tough policy problems, such as addressing homelessness or youth unemployment, benefit from agile's iterative, fast-feedback approach, which improves communication and connectivity with citizens and other end users.

About 85% of agencies have adopted agile in the IT function. However, agile is also catching on in other areas. About one-third of agencies have introduced agile in their policymaking and service delivery functions, and most of the rest intend to expand into those areas in the next two years. Support functions such as finance, HR, and procurement also plan to adopt agile. Although only 10% of agencies now use agile in those areas, 50% said that they intend to do so within the next two years, echoing a similar trend in the private sector.

Still, agile is not yet widespread within most of the agencies we surveyed. Like their counterparts in the private sector, we expect more agencies to start wider scaling of agile approaches shortly.

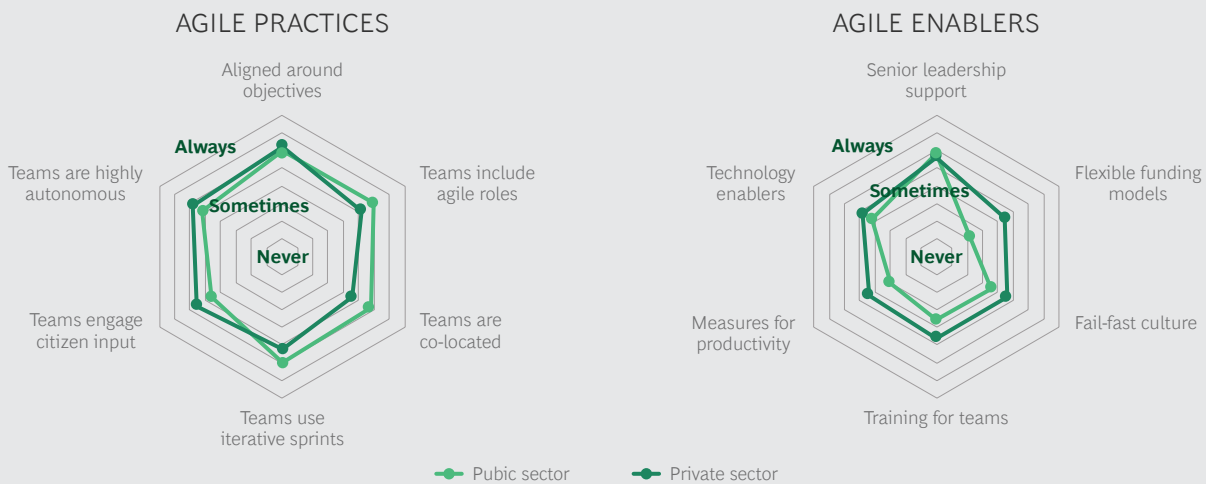
## How to Activate Agile

For agile to take root, and to scale up in the public sector, organizations need both agile practices and agile enablers. By agile practices, we mean the everyday rituals and routines of teams. For example, multidisciplinary and cross-functional teams minimize handoffs across silos; clear objectives create alignment across teams; sprints and frequent feedback from end users improve final outcomes; and co-location and technology improve team collaboration.

Our analysis shows that agencies are generally performing on par with the private sector in agile practices. But while an individual agile team can be reasonably successful by adopting agile practices, they will need to more systematically implement agile enablers to take the next step forward.

Agile enablers are organizational levers that allow agile to scale. (See Exhibit 1.) Public sector agencies are less advanced than the private sector in implementing enablers such as the use of agile funding models, creating a culture that learns from

EXHIBIT 1 | Public Agencies Are Strong on Agile Practices—but Less So on Agile Enablers



Sources: BCG Public Sector Agile Benchmark (2019) and BCG Agile Maturity Assessment database; BCG analysis.

and even celebrates failure, adequately investing in training for teams, and measuring team productivity. Essentially, enablers allow teams to break free from existing processes and mindsets and realize the full benefits that agile offers.

### Patience Is a Virtue

As noted earlier, agencies are reporting significant performance improvements as a result of agile. It would be difficult to identify other ways of working and organizational approaches that can deliver a similar punch. (See Exhibit 2.)

We know from our work with public sector organizations that agile is a journey. Along the way, organizations achieve different types of benefits and encounter varying challenges. For example, agencies with less than two years of experience with agile often achieve quick results in internal metrics that track employees’ behaviors. Notably, less than two years into their agile journeys, four out of five organizations report improved staff engagement and morale among the top three benefits of employing agile methods.

However, agile’s external benefits, such as flexibility, responsiveness, and speed, take time for agencies to achieve—and the benefits typically come from implementing agile at greater scale. Among “mature”

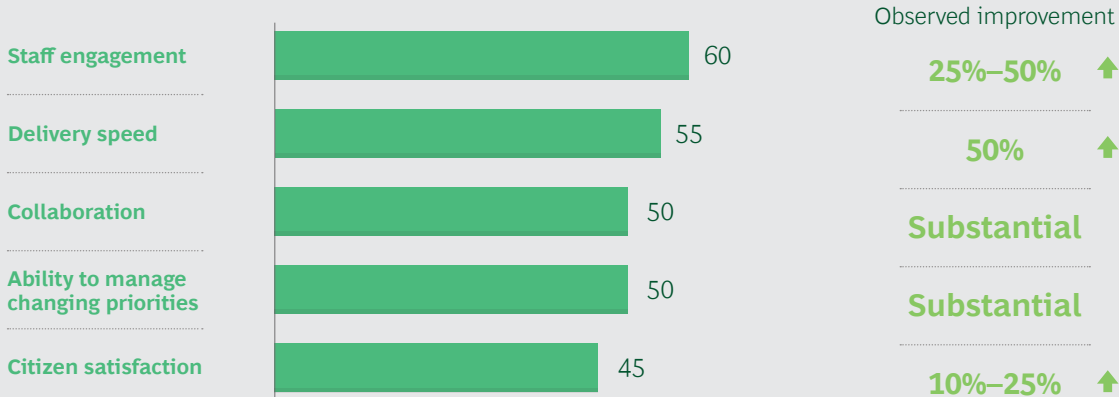
agencies, those with more than two years of experience with agile, 65% report improved ability to adapt to change, compared with 35% of recent agile adopters. Similarly, two-thirds of mature adopters report significant improvements in delivery speed, compared with only around half of recent adopters. In other words, the longer they are at it, the more successful agencies are at breaking down complex problems and improving services for citizens. (See Exhibit 3.)

It’s a similar story for the challenges that agencies face in adopting agile to begin with. Recent adopters tend to struggle with establishing a culture and mindset that promote transparency, collaboration, and empowerment—and with filling key agile roles such as product owners and scrum masters. For mature adopters, the challenges shift toward creating flexible management structures, resolving the tension inherent when bumping up against traditional ways of working, and creating flexible funding models.

When introducing agile practices and methods into the organization, agencies would do well to adopt an agile approach. There is no cookie-cutter method to adapting to these new ways of working, so teams need to be flexible and experimental, finding what works and then learn and improve over time.

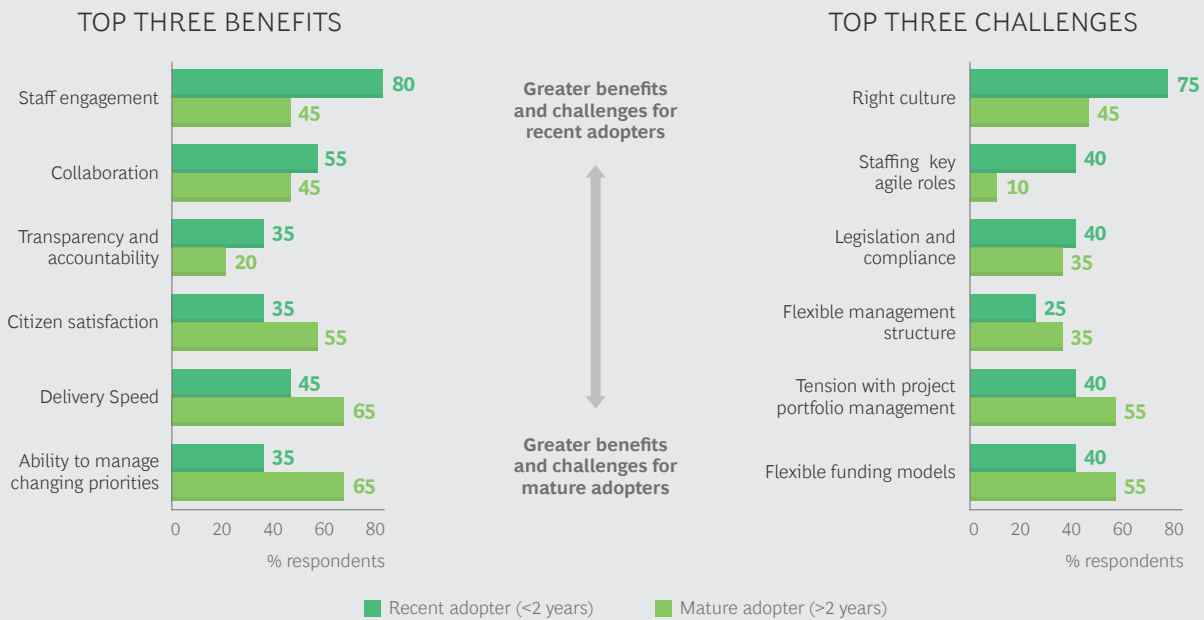
EXHIBIT 2 | The Public Sector Is Realizing Benefits from Agile

Top three improvements identified by agencies (%)



Sources: BCG Public Sector Agile Benchmark (2019); BCG analysis.

## EXHIBIT 3 | The Benefits and Challenges of Agile Change Over Time



Sources: BCG Public Sector Agile Benchmark (2019); BCG analysis.

**T**HE BENEFITS FROM agile are substantial but take time and effort to achieve. When agencies embark on agile, they need to commit for the long haul. Changing

behaviors is difficult, particularly at scale. But the study’s most encouraging finding may be that 100% of the agencies that have done the work don’t want to go back.

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