HIGHBERG

Lean vs Agile

Lean of Agile? Or both

Our experience shows that organizations often search for seemingly logical solutions. You've already tried Lean, right? Those daily's and improvement boards were nice, but from your perspective, the impact was limited. It's really time now for greater agility and higher customer focus. That sounds like Agile! You ask for Agile? Good choice! You ask, we deliver.

However, solutions like these often fail to address the underlying challenges. What is really going on? How might the organization be perpetuating the problem itself? Or worse, how might the proposed solution exacerbate existing (undesirable) patterns within the organization?

So, be critical in answering the question 'Lean or Agile?' Regarding consultancy firms and regarding yourself. Successfully solving a problem or achieving an ambition begins with understanding. First, investigate what the root causes or critical success factors are. And only then come up with a good solution direction. Agile? Perhaps. Or is Lean better? Maybe. Our conviction: Maybe both. Or maybe neither. It always depends on the context of your organization which solution fits best.

Is Lean just another passing fad and Agile the next big thing? Absolutely not! Lean and Agile are two state-of-the-art management philosophies that help you achieve your goals in a changing environment. In this whitepaper, we compare Lean and Agile side by side. You'll discover the similarities and differences, and how to determine which way of working is best in your context.

Where does it come from and what does it look like?

Lean and Agile are not methodologies or step-by-step plans. They are both ways of thinking that help you optimize the added value for your customer. The environments in which and the way in which both philosophies originated differ.

Lean comes from a production environment

The foundation for Lean emerged around 1935 with the Toyota Manifesto and further took shape around the 1940s/1950s with the Toyota Production System. In the 1990s, Womack and Jones described this way of thinking and called it Lean. The philosophy was embraced and spread not only in the manufacturing industry but also in the service sector. From the automotive industry to fast-food chains, from call centers to hospitals.

In practice

If you are in an organization where Lean is in the DNA, you will experience mainly peace, focus, and overview. Visually visible information that is relevant to the respective employees. People feel respected and heard, managers are present daily on the work floor, with genuine attention to both

the human aspect and the work. Daily's provide focus, and employees spend part of their time daily identifying improvement opportunities and implementing those improvement opportunities where possible.

Agile comes from a (IT) development environment
In 2001, a group of software developers came together. They were looking for a solution to a persistent problem: projects running over budget, and end products that did not meet customer needs. The group developed a way of working which they called Agile. The foundation, 4 values, and 12 principles were laid down in the so-called Agile Manifesto. The philosophy quickly found its way into and outside the IT sector.

In practice
Multidisciplinary teams of professionals who work self-organizing in iterations of a day to several weeks, but no longer, so that they can adjust timely based on new information. This information is acquired, among other things, by collecting frequent and regular feedback from customers through demos. Ideas are visualized on walls, Kanban boards are physically and/or digitally visible, and conceptual products can be found in spaces.

The goals and overlap
Lean and Agile have the same goals and other similarities.

Goals
- Focused on customer value / added value for the customer
- Focused on high quality and high speed

Similarities
- A philosophy, and (much) more comprehensive than the underlying principles, tools, and methods
- Use partly the same tools: *Kanban & Heijunka*
- There is continuous improvement
- Leadership and use of principles are crucial

Context and differences

Rule of thumb: Lean fits (usually) better with operational processes

When:
Mainly with operational processes such as an existing (production) process

Focused on:
"Waste reduction"

Focus:
Customer value through continuous improvement combined with respect. Leads to improvement of quality and lead time of products in an existing process and reduces waste of talent

Essential, but often overlooked in practice:
Leadership and respect for the employee (while that is essential)

Example | Assembling cars
Daily handling of files, car assembly

Rule of thumb: Agile fits (usually) better with development/innovative processes

When:
Mainly in product development

Focused on:
"Risk reduction"

Focus:
Delivering results faster (MVP) through sprints. This leads to concrete deliverables of a new (part-) product quickly / in short cycles

Essential, but often overlooked in practice:
Perspective of the (end) user (while that is essential)

Example | Assembling cars
Development of a car, app, or dashboard for one or more users

LEAN VS AGILE: SITUATIONAL USE
"Depending on the underlying challenges, we choose what works best each time.

Sometimes these are elements from the Lean philosophy, other times Agile."

Principles & values
Lean and Agile both have a number of basic elements

The Lean principles
The foundation of Lean - originating from the Toyota Production System - is based on continuous improvement combined with respect for the employee and with the goal of maximum customer satisfaction. Five principles are used within continuous improvement.

5 Lean principles

Define customer value

Analyze value streams

Create flow by streamlining processes

Create pull by working demand-driven

Continue to improve

The Agile Manifesto
17 software developers together formulated the Agile manifesto. It began as follows: we show that there are better ways to develop software by demonstrating that this works in practice and by helping others with it..

4 Agile values

Human interaction *over processes and tools*

Working product *over extensive documentation*

Customer value *and customer interaction over contracts*

Dealing with change *and adaptation over following a plan*

The 12 Agile principles

1. *Our highest priority is to satisfy the customer through early and continuous delivery of valuable software.*

2. *Welcome changing requirements, even late in development. Agile processes harness change for the customer's competitive advantage.*

3. *Deliver working products frequently, preferably every few weeks, at most every few months.*

4. *Business people and developers must work together daily throughout the project.*

5. *Build projects around motivated individuals. Give them the environment and support they need, and trust them to get the job done.*

6. *The most efficient and effective method of conveying information to and within a development team is face-to-face conversation.**

7. *Working products are the primary measure of progress.*

8. *Agile processes promote sustainable development. The sponsors, developers, and users should be able to maintain a constant pace indefinitely.*

9. *Continuous attention to technical excellence and good design enhances agility.*

10. *Simplicity, the art of maximizing the work not done, is essential.*

11. *The best architectures, requirements, and designs emerge from self-organizing teams.*

12. *At regular intervals, the team reflects on how to become more effective and adjusts its behavior accordingly.*

In the original principles, the term "software" is used instead of "products."

*We are now exploring whether this works just as well digitally (in 2001, there were fewer good options for this).

The characteristics of the context in which Lean and Agile methods work best differ

The best approach depends on the complexity of the context and the type of work. Certainty is characterized by known or predictable cause-and-effect relationships, making it possible to build on past experiences. Uncertainty arises in situations where this is less feasible, such as in innovation.

The matrix below is a simplified representation of the Stacey Matrix. While choosing a methodology is not as simple, it mainly shows that in certain situations, one method may be more suitable than the other. Agile methods thus work better in situations with more uncertainty. Think, for example, of developing a new (revolutionary) app. Lean methods work better in situations with more certainty. Take, for example, the daily handling of files. Here, there is a high level of certainty about the objectives and what needs to be done.

Lean and Agile in practice

The best-performing companies do not ask whether to use Lean or Agile, but know how to combine the practices from both philosophies optimally from the ambition or necessity to improve performance. This turns them into strategic resources rather than goals in themselves.

3x better performance with Agile Scaling

The Lean/Agile principles form the basis for the Agile approach at the tax office. They use the Scaled Agile Framework (SAFe) and thus combine both approaches. Not only the tax office successfully uses SAFe. By 2020, SAFe had become the most used method for scaling Agile in organizations.

Lean and Agile in times of crisis

Also, or especially, in times of crisis, combining a Lean and Agile approach is essential. Think, for example, of the economic impact of the COVID-19 crisis. In times of crisis, cost savings are often an obvious or even necessary reflex. These can be achieved, among other things, with a Lean approach. But it also forces dealing with change over following a plan. A multidisciplinary (Agile) approach then proves most effective.

Continuously improving processes based on the Lean philosophy

Aquon has significantly improved employee satisfaction, customer satisfaction, and efficiency with a program where processes are continuously improved based on the Lean philosophy.

And now? Lean or Agile?

Many clients ask us: should we work Lean or Agile now?

We see it like this: as an organization, you have a mission and vision you are committed to. Based on that, you set various goals. For example, you want higher employee satisfaction or to improve the quality of your services to remain competitive.

The first thing you should ask yourself is: What is stopping us from achieving that ambition?

Then you look at the context of the team, department, or organization: What fits the higher goal, our people, our processes, and our context? It could be Lean or Agile, or a combination of both.

Lean or Agile? Discover which way is your way! For example, attend a free Agile workshop at Highberg or schedule an appointment with a consultant.

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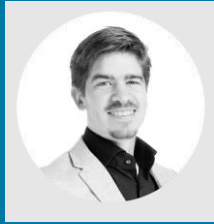
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