

Driving Renewal, hosted by Satu Rekonen

Episode 4: Comprehensive transformation without silver bullets – guest Olli Salo, McKinsey & Company

Satu: In this episode, my guest is Olli Salo, a partner at McKinsey & Company specializing in enterprise agile and operating model transformation. With nearly 18 years of experience at McKinsey, Olli has led numerous transformations for large corporations across the globe, not only in Europe, North America, and Asia but also in more exotic locations such as New Zealand and Nigeria.

Olli has extensive experience in driving transformations across various industries, from telecommunications and banking to retail and mining. He has also published several papers related to organizational agility. Olli's academic background is rooted in the Department of Industrial Engineering and Management at Aalto University.

In this episode, we address questions such as: How do organizations that succeed in scaling agile differ in their operations from others? What are the most common obstacles organizations face when striving toward agile ways of working? Is the agile approach better suited to some industries than others? What key principles should be considered in different industries when implementing agile transformation?

Welcome to the “Driving Renewal” podcast, Olli.

Olli: Thank you, it's great to be here.

Satu: To start, I'd like to ask you, what does Agile business mean to you, and why is it becoming increasingly important for companies to maintain their competitiveness?

Olli: If you start by describing what is not agile and what is agile. For many years early in my career, I tried to explain it with various diagrams and charts, and then one day, the CEO of a client said, “These charts are really good and interesting, but let me tell you what my mental model of agile really is.”

He pointed to the building we were in—a five-story headquarters of a mobile operator—and said that the old way of organizing, before we implemented the agile change, was that each floor had its own function, its own department. The

top floor housed the commercial department, below that was the product department, then the data department, followed by the project management department, and on the ground floor, software development. Somewhere in the basement were IT and network operations.

He said that in the old model, each floor functioned quite well on its own. Each had its own metrics and ways of operating, and they even won awards for how excellent their website was, for example. But if he, as a leader, wanted to implement any changes, like increasing customer-centricity, it turned out to be very slow and sometimes even impossible.

He illustrated this organization as a kind of giant pinball machine. You could input a goal at the top, and then you'd watch it slowly make its way down through the various floors, a bit like a broken game of telephone. A PowerPoint presentation would move down one floor, then turn into some user stories and requests, and continue downward. Essentially, change or anything new happened very slowly, if at all, as each floor focused solely on its own activities.

What they did to change this was to rotate the entire structure 90 degrees.

In an agile company, you have teams and units with a clear end-to-end goal. "End-to-end" means taking full responsibility for something from start to finish. In the case of this mobile operator, it could mean focusing on the customer experience. For example, UX specialists on one floor, developers on another, and the commercial side on yet another would form small teams that took responsibility for a specific customer journey, product, or value-creating entity for both the customer and the company.

Within these teams, various methods are used to enable faster change. Progress is measured, and better results are achieved more quickly. Essentially, the focus shifts to revolve around value. That's perhaps the key idea: the organization is realigned around value.

And then, in the mobile industry, you have products, customer experiences, and other similar elements, whereas the same approach was applied, for example, in mining. Instead of having separate barracks, where maintenance personnel, operators, engineers, and procurement teams were all siloed, they were all placed into teams focused on specific processes—like how the crushing process works. These teams had shared goals and worked across traditional departmental boundaries, because ultimately, everyone's objective was the same: improving the crushing process.

In retail, the same principle applies. Instead of organizing by separate departments, teams are organized around specific product categories like fish or baby products to optimize things like the best selection, the best purchase prices, the best presentation, and the best campaigns. The shift is from silos by department to teams that own the entire profitability and volume of a product category.

It's always about the pursuit of value. That's perhaps what agile means: identifying what the value is and how to organize around that value.

Satu: You have indeed worked across various industries over the years, so what does value mean in different industries?

Olli: That's really where the transformation begins—by asking what this organization actually does. In many cases, especially since this has been done quite a few times already in areas like banking, mobile communications, and insurance, the 'recipe' is starting to become fairly well-known. For instance, in banking, if you think about why people go to a bank, it's really about the products and the product experiences. People go there because they want services like mortgages or solutions for their everyday banking needs, or other similar services.

In this case, the organization is typically built around the different products and customer segments. Meanwhile, in mobile communications, the emphasis is often more on the continuous use of the product, its quality and costs —how well calls work, and how well the customer journeys are designed for situations where help is needed during the use of the product.

When it comes to mining, the 'customer' is essentially the metal atom moving through the pipeline or various processes. The focus is then on organizing around the production process to ensure that every step of the atom's journey is safe, efficient, and meets the tonnage goals.

From one industry to another—take airlines, for example. A few years ago, I worked with an airline who wanted to completely reorganize into an agile structure and shift from having seven or eight organizational layers to a radically different three-tier model. Even there, it started with the fundamental question: What do airlines actually do, and what is the value they create?

From an outsider's perspective, as someone who flies a lot, you might think customer experience is the most important thing. However, it actually plays a relatively small role. For airlines, the focus is more on securing the best routes,

the best pricing, and the best operational efficiency—essentially keeping the plane in the air and full of happy profitable customers. And so, the value was essentially built around the different routes—how to maximize the value generated from the distance between two cities or from leveraging that distance and speed.

But it really depends on the industry, I suppose. That's why it's always a crucial question at the beginning: What is it that you actually do?

It requires a somewhat naïve approach to ask, 'What really happens here at headquarters?' and not just accept that 'This floor is marketing, and this floor is developers.' Instead, the question is, 'What do you actually do? What is the value you create for your customer?' That's the thread we always start unraveling with the client during the first couple of months."

Satu: Do people within the organization itself truly understand what the value actually is?

Olli: That's often a question that initially shakes up the organization, especially when it's approached in a very practical way. Sometimes there are value stream mappings or flowcharts and the like, but they often leave employees feeling somewhat disconnected.

When taking a practical approach, it often requires gathering a group of about 15–20 people from different levels and departments of the organization. Together, you go through concrete examples from other industries—this is how it's done in banking, this is how airlines, retail, and mining organize themselves, and so on. From there, the discussion shifts to, 'Okay, so what is it that we actually do?'

But it requires bringing together people who understand their specific part of the organization. Only by doing this can you build a comprehensive picture of what needs to be done faster or better. This initial discovery of value within the organization is perhaps one of the most rewarding phases of a transformation.

Satu: Have you, over the years, encountered any common misconceptions about what agile transformation actually is?

Olli: There are definitely many misconceptions. If I could go back in time and choose a different term for it, I would. Especially in English, when you say 'agile' or similar terms, it often brings to mind very specific images—like that

it's something solely related to IT development, involves a lot of sticky notes (or nowadays those sticky notes are hidden in tools like Jira or ADO).

There's also this idea that there are no rules, or an excessive emphasis on self-organization and autonomy, forgetting that in reality, agile is a very disciplined way of working. Teams do have a lot of freedom and responsibility, but it operates within certain boundaries.

Leaders are expected to provide boundaries, practice soft leadership, build culture, and so on, but at the same time, there must be clear goals, directions, visions, and more. Perhaps the duality of it—that it's both soft and firm at the same time, or both freedom and structure—often leads to the boundaries and clarity being overlooked when discussing it.

Satu: You've published papers with your colleagues on scaling agile and have identified the practices of successful organizations in this transformation. What sets successful organizations apart from others?

Olli: Yes, it was a fascinating study. The background was that clients often ask what they should do and what they should avoid. They also ask whether agile transformations bring benefits or not, and while there are always answers, they often rely on case studies, anecdotes, or approaches that feel intuitively right.

So, in 2021, we conducted a study where we analyzed over 2,000 companies, of which 800 had undergone a major operating model transformation. We started by asking why they made the change and what metrics they were using—things like customer satisfaction, efficiency, speed, or others. Then we looked at their results, quantifying things like how much efficiency or customer satisfaction had improved. Based on this, we identified which companies had made a significant step change in their chosen goals or clearly improved their operations, and whose improvements were also reflected in their overall results. We also checked if these companies ranked in the top quartile in their industry.

From there, we began analyzing what set them apart. We presented about 60–70 different options—questions like, 'Did you do this?' 'How quickly did you implement that?' and so on. Then, using techniques I learned at Aalto University, such as logistic regression, we narrowed down the factors. Four key elements emerged as predictors of whether such a transformation would succeed or not:

The first factor was that senior leadership had to invest sufficient time to truly understand what agile transformation entails. This often meant visiting other

companies—both those that had successfully transformed and those that had struggled—to discern what had been done and what it meant for leaders and the organization. Leaders needed to deeply understand the implications for budgeting, structures, and processes. Understanding broadly what the transformation means rather than simply jumping in because it sounded good after reading a book or listening to a podcast like this.

The second explanatory difference is how the transformation is led.

We provided different leadership approaches, and what emerged was that those who succeed lead this transformation top-down, with a clear focus on value, goals, roadmaps, and disciplined execution. On the other hand, organizations that approach it as a bottom-up movement, mindset, or philosophy—such as bringing in external gurus to speak to the organization or training coaches—typically did not achieve significant improvements in outcomes with that approach.

So going agile requires a disciplined transformation led by the line organization, which was a clearly counterintuitive result, as there are differing views on this. However, based on the data, the top-down approach unfortunately—or fortunately, depending on your perspective—came out on top.

The third factor we examined was whether there were any specific 'silver bullets.' For instance, does success depend on restructuring around agile teams, changing processes like funding models or metrics, focusing on culture or rewards, or making technological changes? We looked for any single element that might stand out as a silver bullet for success.

And the result was that no, there were no single silver bullets. Successful organizations stood out because they made simultaneous changes across strategy, structure, processes, people & culture, and technology. Essentially, the entire 'recipe' needs to be addressed. If you only make isolated changes—for example, implementing a culture shift towards “agile culture”—it actually has no significant impact on the company’s success.

It has to be a broad, comprehensive transformation. Which, in a way, makes sense—if you think about it like this: if you have a horse and want to make it faster, it’s not enough to replace the legs with wheels, swap the mane for a steering wheel, or add an exhaust pipe to the rear. You’d need to replace the horse entirely with a race car... change every single part at once.

The fourth and final explanatory factor was the speed at which the core phase of the transformation is executed. Of course, change is continuous, but this refers

to the period from the decision to transform to the point where the majority of people are working in some way within the new model. If this process took more than 18 months, the likelihood of success tanked dramatically.

Transformations completed in under a year tend to be more effective, and even within those, it's beneficial to move even faster in certain frontrunner or pilot areas. I can elaborate shortly on the best way to approach these, but the key takeaway is that speed is crucial.

I've sometimes described it like going to the dentist. You want a dentist who, when it's time to remove a wisdom tooth, doesn't drag out the process—slowly wiggling the tooth while saying, 'Let's first go through this step, I will coach you a bit, talk about it a lot and then and safely extract the tooth in waves over time.' Instead, you want them to grab the tooth, pull it out, and send you on your way.

It's similar with transformations. The process needs to be comprehensive, and while it will raise many questions and uncertainties, it's best to keep the transformation phase as short as possible. This allows you to start reaping the benefits quickly and begin learning how to operate in the new model.

Of course, the organization won't be perfect immediately. For example, after six months, when everyone has been placed into new teams—perhaps with colleagues from entirely different departments—they won't yet be a '10 out of 10' agile team. But at least they'll have started the practice and can improve from there.

In a way, the transformation brings the organization to the starting line of continuous development, and the sooner you get there, the faster you can start realizing the benefits. But ultimately, these four factors are key: understanding what it's all about, leading top-down, making the transformation holistic, and executing it quickly.

Satu: Really interesting, this comprehensive framework for agile transformation.

How have you personally experienced the way people manage to keep up with such changes? Especially considering that the faster the transformation is executed, the better, and that it requires a broad, organization-wide approach. How can people best stay engaged and aligned during such a large-scale transformation?

Olli: If going back to what organizational change used to be like and what it is now. In the early projects, organizational change was often about locking oneself away in an ivory tower—back when it was still acceptable to build such towers, I suppose—with senior management. The new model would be planned over months, maybe three or six, in complete secrecy.

Then, the night before the change was to happen, an email would be sent from the leadership's address, saying, 'The organization is changing tomorrow.' The whole process was shrouded in secrecy, ensuring no one accidentally found out that they were expected to change. The thinking back then seemed to be that people needed to be 'protected' from the process, with the mindset that 'the adults will decide in secret and then inform the children.'

In agile change, it's the exact opposite. As soon as the decision is made to transition to a new model, communication needs to start immediately. It must be very open and more like adult-to-adult communication.

For example, if you were moving from Helsinki to Rovaniemi, you'd communicate with children in a way that reassures them: 'We've decided to move to Rovaniemi, but it's okay. You'll make friends there, and we can visit the capital from time to time. There's snow and Santa Claus lives there!'

With your spouse, however, you'd approach the conversation differently: 'Okay, there's this opportunity to move to Rovaniemi. These are the challenges, these are the positives, and here's how we could make it work.' Agile change requires the latter type of communication—transparent, honest, and aimed at collaboration.

And it's the same with organizational communication—you involve people as adults because they are, after all, adults at work. It's about figuring out together how to plan and design the change. The goals are often shared by everyone: creating a better workplace, achieving better customer outcomes, improving efficiency, and so on. The conversation becomes about how these goals can be realized within the new structure.

For example, if this is the direction we're heading, what should the structure look like? This approach emphasizes openness and adult-to-adult communication. At the same time, it's critical to start reducing individuals' uncertainty as early as possible. For instance, communicating who the leaders of the future cross-functional units will be or what the new teams will look like.

It's about building clarity quickly so that everyone knows as soon as possible where they will land in the new organization. Of course, there will still be ambiguity, but addressing it head-on is crucial.

I remember someone saying, 'Olli, you said that there's a lot of communication in these changes.' And then adding, 'But I didn't realize that it's actually five times more communication than in any other type of change. That's the right benchmark.' I took that to heart and now tell everyone: it's five times the communication you think you need.

This means storytelling, videos, clarity, and communication that is honest and adult-to-adult. It's not about saying, 'Agile is fun, and everyone will have a great time,' but instead: 'This is why we're doing this, this is what it means, and these are the parts of the change that might feel daunting.' That's the kind of communication that makes a difference.

Satu: What is the best way to approach and drive forward such a change?

To describe the anatomy of a successful transformation journey, I believe it always starts with the leadership team dedicating enough time to first understand what this could be and why it could help the company succeed.

Is it about increasing the speed of change, enhancing customer-centricity, improving efficiency, or solving specific problems? What are the opportunities or challenges, and what might this mean in practice? The leadership team needs to grasp this deeply—by visiting other companies, reading about it, talking to experts, or otherwise ensuring they have sufficient understanding.

At this stage, big strategic decisions are made, such as recognizing that the new model might require very different kinds of leadership. For instance, if you look at the current leaders, perhaps not all of them will adapt. Are you prepared to make such a change, where even highly experienced and capable leaders under the current model might be replaced with leaders suited for the different approach? Are you ready to make those difficult decisions?

By the end of this phase, there needs to be a strong commitment. At one client, for example, we held a three-day workshop with the leadership team, after which I was thanked and told, 'Thank you, Olli, you've done enough, now leave us to it.' Later, I heard that during a dinner afterward, the CEO went around the table, looked each executive in the eye, and asked, 'Are you in or not?'

The mindset was that the only Plan B or fallback plan was not failing at Plan A. It was about burning the boats—it's about true commitment. Everyone around the table had to, in turn, state why they are committed and what they are willing to do.

About four weeks after one such leadership commitment meeting, a member of the executive team left. Even though they had initially said yes, they realized they had boarded the wrong bus and decided it was better to get off at that point.

This genuine commitment is essential because once the communication begins and the broader organization starts engaging with the change, there's a strong temptation to soften decisions or slow down the pace. Questions will arise, details will be scrutinized, and resistance may surface. For example, one floor in the building might argue, 'Everyone else can work in these cross-functional end-to-end teams, but not us. Data must remain a separate function because it's so critical,' or 'IT must stay in its own teams,' or 'Marketing is its own thing.'

If you give in to these exceptions, allowing certain teams or departments to stay in their silos, the model starts to crumble piece by piece. Suddenly, you find yourself back where you started—not with a race car but with the same old horse, because each part was allowed to cling to the old ways under the belief that 'better safe than sorry'.

It requires the commitment to genuinely building the car and acting accordingly. But okay, that's the first phase: making a real decision, understanding what it's about, and deciding how to execute it.

After that, it's about executing on two parallel paths. The first is figuring out how to implement part of the model as quickly as possible—for instance, getting the first 100 or 200 employees working within these new types of units and using new ways of working.

For example, with one client, teams related to digital channels were organized in this way, while with another client, it was the airline's route planning—an extremely cross-functional challenge, as all the different functions must align to ensure the plane departs at 8 o'clock. The idea is to start with the most important, real, and meaningful areas of the business and transition them into the new model first.

These are not harmless experiments tucked away in an HR department; they focus on the true core of the business, the heart of value creation. These areas adopt the new ways of working and processes. For example, teams may start writing quarterly goals in the OKR format and implementing other key elements of the new model. This typically happens within six to eight weeks of the initial decision, as the aim is to move as quickly as possible.

It doesn't have to be perfect or polished, but it needs to be a functional pilot, because it shows the organization that the transformation is serious. It also

provides a wealth of practical learnings. People begin to see that it's not just about flashy videos, slides, theories, or books—it's real.

For instance, they'll see someone like Bob, who used to work on the same team in the old department, now working in the new cross-functional team. And Bob is smiling. This kind of tangible evidence from pilot areas demonstrates the reality of the change to the rest of the organization.

And then, while those pilot units should ideally be up and running around the two-month mark, the broader planning for the comprehensive transformation is carried out simultaneously. This involves defining what these value-oriented units will look like and ensuring that functional expertise is preserved, even as people move into new teams.

For example, if everyone transitions into these new units, how do you maintain the functional expertise across all levels? How do you ensure that skills—such as marketing knowledge—are still retained even when the team members are distributed across various units? You might need to design a system for distributed marketing or ensure that individuals still belong to their respective competency areas within marketing, even while they operate within cross-functional teams.

This phase also involves designing the new structure and processes, such as how budgeting will work in a system with entirely different rhythms. The goal is to ensure that accountability, budgeting, and performance don't disappear but are adapted to fit the new model.

Reward systems and compensation models also need to be rethought. Traditional organizational reward systems are often tied to job grading, where higher levels in the hierarchy—and being a manager—result in higher grades and pay. In the new structure, these models might need to be completely redesigned to align with the new way of working to reward craftsmanship and getting stuff done.

In very flat organizational models, where most people take on team member roles, compensation needs to shift away from being tied to roles and focus more on individual contributions. For example, in football, both Ronaldo and Olli might be strikers, but why does Ronaldo earn millions while Olli earns nothing, despite having the same role? This challenges traditional HR systems and the way compensation is structured. How can two people have the same role but vastly different pay?

On the technology side, the change often involves designing architectures that allow development to be distributed across units while maintaining consistency

and integrity of systems. Questions like how to handle weekend on-call shifts also arise. There are many such issues to solve, and they demand a broad approach to finding solutions.

At the same time, it's crucial to move quickly: identify the new leaders for the different units, appoint team leads, and hold discussions and negotiations about who transitions to which roles within the new organization.

At around the 6–9 month mark after the decision is made, the organization transitions to the new model. This transition should be approached systematically. Alongside continuous communication and HR discussions, training plays a central role.

The 'day of change' or “flip day” involves everyone moving into their new teams, followed by a two-day bootcamp or similar training. During this bootcamp, teams focus on key elements: clarifying their objectives, defining the culture they want to build, understanding how the team will operate, and adopting the new ways of working. Most importantly, the emphasis is on team formation and ensuring that the goals of the hundreds of newly formed teams are crystal clear.

Once this foundation is set, the organization effectively reaches the starting line of continuous improvement. From there, the focus shifts to how every one of these 100s of teams can improve and become a bit more effective each day.

Occasionally, teams may need to be restructured or adjusted, and this marks the beginning of the real organizational leadership work in the new model. Then, in a way, the fun part begins—the actual leadership of the organization.

Satu: You mentioned that commitment from the leadership team is the first step in starting this kind of transformation. What kinds of questions or doubts typically arise from the leadership team in such a renewal process?

Olli: It seems that people learn and internalize things in very different ways. For many, it's just a matter of, “Okay, I'll believe in this if you show me five other companies that have done it and whose CEOs say it was a good thing.”

For those it is about “I don't need to understand the theory behind it. If it works, it works—like an explosion; you don't need to understand the chemistry for the thing to blast.”

Then there are those who want to understand the logic of value creation in great detail—why this approach is faster, where the savings come from, what roles

might be reduced, why productivity improves. They need a very detailed business case to understand exactly where the benefits originate.

And then there are others who want to understand the theory and philosophy behind the change—how it works across different areas and why.

These different types of individuals are usually present in the leadership team, so you need to address the change through diverse learning approaches. You need clear reasons for the change, clear examples, and clear actions. Only when all these perspectives are addressed, and the fundamental questions from various angles are discussed, can the team collectively make the decision to proceed.

Often, this also raises structural questions, like: 'What does this mean for us as a leadership team?' Sometimes it reveals that the leadership team itself isn't structured around value at all. For example, in some industries, only the CEO has overall responsibility. Others might pass blame—'Yes, we coded the product correctly, but marketing was off,' or 'It's the customer account manager's fault.' In these cases, no one truly owns the product or customer experience.

When this realization happens, the leadership team might conclude that they need to restructure themselves. This raises sensitive questions: 'Does everyone here have a role? Do I have a role?' These are deeply personal considerations for the leadership team.

The operating model also becomes a challenge. Leaders who excel in a hierarchical pyramid organization have typically risen to the top because they understand how that model works. But how do they succeed in a completely different type of organization?

It's like asking, 'If we're expert horse drivers, can we become race car drivers?' That's a fair and natural concern. Addressing this through examples, training, and education is a significant part of the transformation.

Initially, it's enough to understand that change is necessary. However, as the organization is being restructured, the focus often shifts—about two to three months before the launch of the new organization—to questions like, 'How do we drive this car? What does this new model require from us as leaders?'

That's when training becomes essential. You often see less successful transformations start by training leaders in agile leadership before the new organization is in place. This rarely works. If you haven't built the car yet, it's pointless to try driving the horse as if it's a car.

Leadership models align with the new organization. If you're looking for the gas pedal while sitting on a horse, you won't find it. Leading in this new way requires a fundamentally different approach.

Satu: How does this require a different type of leadership? What are the biggest differences?

Olli: Usually, the first difference is the shift in the role of a leadership team member. In a traditional organization, leadership team members often represent their own function, unit, or silo. Typically, only the CEO has overall responsibility, and while it's called a leadership team, it's not really a team—it's more of a collection of individuals.

In an agile organization, the leadership team needs to become a real team—a cross-functional team, if you will. This means the team has shared goals and leverages the diverse capabilities of its members to achieve them.

One client described it this way: as a leadership team member, you need to think of yourself as having two passports. You have a 'small passport' for your function or organizational unit, but your 'big passport' is for your role on the leadership team. Together, as a team, you set goals for the next 90 days, and these aren't 'my goals plus your goals plus their goals'—they're the organization's goals.

This mindset shift often leads to changes in how the team operates. The leadership team needs to work in a more integrated and faster-paced way. If the entire organization is now operating ten times faster than before, the leadership team must also be able to function ten times faster.

This might involve spending more time together as a team and adopting tools and methods often used by other teams, like Kanban or Scrum, to improve collaboration. Meeting rhythms often need to be adjusted to align with the faster pace of the organization.

Ultimately, the leadership team must synchronize with the 'clock speed' of the organization, ensuring it has enough time and focus to make well-considered, high-impact decisions at the speed the organization requires.

When it comes to personal leadership, what I often like to discuss is the idea that leadership requires managing paradoxes. Perhaps the overarching concept is 'paradoxical leadership.' Leaders need to be able to simultaneously lead with a focus on goals, results, and more performance-oriented 'hard' leadership while also building culture and focusing on what could be called the organization's

'health'—not well-being in the personal sense, but the overall fitness, culture, and functioning of the organization.

These two aspects must be balanced, and every leader has a natural area of strength. The challenge is how to build the 'other muscle' and recognize what different situations require. Conscious leadership plays a key role here—shifting from a reactive, default mode of leadership to intentionally identifying what balanced leadership looks like in a given situation. What do I need to do to be proactive and lead consciously rather than merely reacting?

Sometimes the leadership discussion remains superficial, but when there's genuine courage and willingness to go deeper, the outcomes are significantly better. Taking the time to break through the surface.

The challenge, as anyone who has trained leaders knows, is often breaking through the personal shell. These are individuals who have been successful leaders for decades, have likely heard hundreds of hours of inspirational leadership talks, read all the books, and often consider themselves above-average leaders—which, in many cases, they are. The hard part is waking them up to see that while they are good, there are areas where they could truly benefit from change in their behavior and exploring what the next level for them could be.

This is always the most difficult part. It can help to use anonymous feedback from other leadership team members or exercises where the team experiences failure. These kinds of methods can serve as wake-up calls, helping leaders realize that change is necessary, not just individually but also as a leadership team.

Satu: Do you have any examples of situations where the process successfully went deeper beneath the surface, and how that was practically reflected in the outcomes?

Olli: These are often very personal stories, but here's a lighter example. This happened quite some time ago at an organization that was introducing agile, self-organizing home care teams. These teams had clear goals, such as improving customer satisfaction, team satisfaction, and utilization rates, and within those goals, they could make their own decisions—a very classic self-organizing agile team setup.

I was visiting one of these teams with the CEO about two weeks after the team had been established. A team member approached and asked, 'What should we do with all the winter tires? We visit a lot of homes and have lots of cars, and there are so many winter tires—where should we store them at the depot?'

The CEO immediately began looking around for a good storage space and was ready to provide a solution. At that point, I stopped them and asked, 'Do you see what's happening here? If you answer that question—whatever your answer is—in two years, the tires will end up in the wrong place. Everyone will be complaining that the CEO told them to store them by the walkway where they're in the way and smell bad.'

I pointed out that even though the CEO thought they were being helpful and doing the right thing, they needed to respond differently: 'What do you think? What have you considered?'

This small interaction highlights how responsibility is handled and how easily it can shift upward in an organization. When that happens, it undermines the very foundation of performance and health at the team level.

These kinds of situations vary in frequency and intensity depending on how hands-on you get and how ready the organization is for this kind of coaching. Leading an agile company is challenging. Leadership in general is hard, but in this context, being the “race car driver” of an agile organization can cause a lot more damage if mishandled than being a traditional 'horse-and-buggy' leader.

Satu: Really great example, and it seems like this kind of transformation requires constant reflection, especially when fundamentally changing the way people work and lead. It also seems essential to recognize one's own need for change more clearly.

What are some of the common challenges you've learned to understand and observe when driving this kind of transformation in organizations? What issues frequently arise?

Olli: Most of the challenges often stem from a lack of genuine commitment or a misunderstanding of what the model truly requires. A common scenario is being brought into an organization that started this kind of transformation two or three years ago—perhaps with the help of external consultants or coaches or through their own efforts—but along the way, at every decision point, shortcuts were taken.

For instance, there's often the mindset of, 'Not everyone really needs to join these new teams; surely this department can remain in its own silos,' or 'Let's allow marketing to stay as marketing tribes, IT as IT tribes, and products as product tribes.' They adopt much of the terminology, perhaps from reading about the concepts, but they avoid making the difficult decisions or fully committing to the new model.

In some cases, they retain inexplicable 'business manager' roles within the organization—positions no one really understands but which exist because there used to be a certain number of leadership roles, and now everyone needs a new title.

The result of all these shortcuts is that, when followed to their end, they leave the organization right back at the starting point. Despite all the effort and good intentions, they end up with a model that looks agile on the surface but hasn't undergone the deeper, more transformative changes needed for real impact.

That's often the outcome—they didn't end up where they wanted to be. It's a common pattern. Or, alternatively, there's been so much procrastination and delay that time has slipped by, leaving people in a state of constant uncertainty. It creates this perpetual 'state of change,' which wears people down.

Once, we were visiting a UK-based mobile operator, and one of their team members introduced himself as the 'Head of Agile Transformation.' I said, 'Okay, cool, that sounds interesting.' He explained that he had been in the role for three years, and their plan was to start some pilots next year and perhaps begin planning the actual transformation in about five years.

And I thought, wait a minute, an eight-year transformation journey? That doesn't make sense. If the goal is to create a faster organization, the transformation itself can't take eight years. That kind of plan really reflects a lack of commitment and leadership mandate to get it done.

Instead, it seems like the task has been delegated a few levels down in the organization, turned into a title—'Make us agile, but don't bother the leadership team anymore, and there's no rush.' Those kinds of approaches are common pitfalls.

Another challenge you sometimes see is related to the nature of the change itself. The transformation is meant to provide people with more freedom, more responsibility, more autonomy, and better alignment. But if those principles aren't properly supported and implemented, the whole effort can fall flat.

And many people often only hear one side of the story—they hear, 'Hey, there's more freedom' or 'This is a softer, more comfortable way to work.' Perhaps the organization has even hired some agile coaches who emphasize team autonomy more than goals, or methods more than outcomes.

If this happens, and the company starts losing its performance culture—things can get dangerous. When the focus shifts inward, clinging to methods and

autonomy with an 'everyone do as they like' mindset, the organization's results can decline rapidly.

It's essential to remember that success comes from balancing both the soft and the hard aspects of leadership. Mastering this paradox is the key—not drifting into an overly soft, inward-focused approach.

Satu: In this discussion, we've referred several times to your experience with driving agile transformations across a variety of industries. What have you learned about working in different industries, and what factors should be taken into consideration when approaching such transformations in diverse contexts?

Olli: My favorite response when someone from a new industry says, 'Yeah, Olli, but we're so different that this way of organizing couldn't possibly work for us,' is this: I'd reply, 'That's probably true. By the way, do you happen to have leaders managing others in your organization?' 'Yes, we do.' 'And do those leaders typically manage between five and twelve people?' 'Yes, that sounds about right.' 'Do you create a budget annually?' 'Yes, we do.' 'And do you use KPIs?' 'Yes, we do.'

Essentially, your current organization is exactly like any other classic organizational model across industries. So why wouldn't this new way of working also align with what works across other industries?

Leadership, organizations, and structures are remarkably similar. That's the starting point. Based on my experience, the agile model works quite well across different industries.

Of course, there are differences—primarily in understanding what value really means and how to organize around it. Sometimes you see mismatched models applied to the wrong industry.

For example, at one airline, someone tried to introduce a product-centric model, likely because a consultant had seen it work in banking or another industry where 'products' are central. They came to the airline and identified 60 'products'—a meal on the flight, the frequent flyer program, the magazine in the seat pocket—all labeled as products.

When I spoke with them, I asked, 'During the pandemic when airplanes did not fly, were people using these products? Did anyone pay just to eat the meal, sit in the seat, or read the magazine?' The answer was, 'No, not really.'

The actual 'product' was the ability to travel the distance between two cities as quickly as possible. That's why people fly. Of course, you can add comfort, but

those are product features, not products themselves. If you're truly organizing around value, it has to be tied to flying—schedules, pricing, and the experience of travel itself.

By shifting the focus to what really creates value, the structure became entirely different. Instead of 60 product teams, the organization was aligned around the routes, loyalty, integrated planning, assets and so on.

Understanding the real value is absolutely critical. And of course, different priorities are emphasized in different industries. For instance, I do a lot of work in oil, gas, and mining, where safety and adherence to certain standards are completely non-negotiable. In these industries, the 'fail fast, fail often' mentality doesn't really fit. If a multi-billion-dollar structure is compromised, no amount of experimental culture can replace it. That's a distinct characteristic that must be respected.

However, even in oil, gas, and mining, there are plenty of areas where things can move much faster. For example, you can iterate on designs and plans much more quickly to gather feedback and make improvements. While the execution of some activities must remain deliberate and careful, the processes leading up to them can often be significantly sped up.

Satu: How unique do you see these renewal processes being between organizations?

Olli: It always requires tailoring the transformation process to fit the specific organization. One client described it well, saying, 'Olli and McKinsey can provide very high-quality vanilla ice cream—it's cold, has the perfect amount of cream, and so on—but it's up to us as the client to add strawberries, pistachios, chocolate, or whatever else to make it our own flavor and style.'

The key is not to start from scratch, pondering existentially about what agility, the world, or change means. Instead, look at how others have succeeded—what their transformation journey and 'recipe' or 'ice cream base' looked like. Use that as a foundation, ensuring you don't waste time reinventing the wheel.

That said, it's not about copy-pasting what worked elsewhere. It's about adapting it to your organization, ensuring your leaders are the ones driving the change. No transformation that feels like it's imposed from the outside can succeed. The organization itself must clearly be at the helm of the change and make it their own.

Satu: Finally, I'd like to ask about your personal experiences as a driver of organizational renewal. You've been working on these transformations for years, across different parts of the world and in various types of organizations.

What have been the most challenging phases for you, and on the other hand, the most inspiring cases you've had the chance to work on?

Olli: When it comes to the most challenging experiences, what consistently stands out for me is working with companies that lack ambition and courage. There have been multiple instances where, initially, the leadership team agrees to pursue a transformation, with clear goals and a promising start to planning. But as the process unfolds, whenever there's an opportunity to delay, tone down the messaging, or skip a critical step, they take it.

This tendency to cut corners or push things off reflects a reluctance to truly lead as a leadership team. Even if they intellectually acknowledge that the transformation could, for example, double their sales, they often retreat to a mindset of, 'Well, we're doing fine as it is, and maybe we can save some costs instead.'

That lack of ambition from leadership teams can be deeply frustrating. If you're leading an organization but aren't willing to set bold goals, it begs the question: why are you in this role? The worst-case scenario is when leadership sets goals so low that even if the entire organization works as hard as possible to achieve them, the result is mediocrity. Low goals from the top create a ceiling on success for everyone else in the company, and that's a common denominator in these frustrating experiences.

On the flip side, the best experiences are when you encounter leaders with true ambition and courage. For example, when a CEO in a new industry asks, 'Has any other airline in the world ever done this?' and you reply, 'No, not yet,' and they respond, 'Great, we'll be the first!'

That kind of attitude is always a good sign. It shows ambition and a willingness to innovate. Some of the most rewarding experiences have been working with first movers—whether it's the first mining company, the first gas company, the first airline, or even the first retailer in a certain industry to undertake this kind of transformation.

What makes these projects exciting is starting from scratch to identify the real value in the organization. There's no template to rely on—you have to go room by room, asking, 'What is it that you actually do?' These are by far the most enjoyable.

These opportunities have also taken me and my family around the world. Whenever I come across a leadership team with the ambition to be the best in their industry and to do the transformation properly, I'll pack up and hop on a plane—even if it means moving the family to New Zealand to make it happen.

Satu: What are the key skills or attitudes you think are necessary to drive this kind of transformation in an organization?

Olli: My background is in industrial engineering and management, with minors in system dynamics and programming. In high school, I also studied a lot of psychology, and for half a year, I even delved into sociology at the University of Helsinki. Back then, I thought, 'Programming, business management, sociology, psychology—these have nothing in common.' But in fact, these are exactly the skills I've had to rely on in this work.

It helps to have a solid understanding of the business side—how companies are managed and what's required, for example, from a budgeting process. Strong business acumen is essential because organizational transformation ultimately aims to improve the company's ability to fulfill its mission. And the mission of a company is to create value and provide services to its customers.

So, understanding the business is the foundation of everything.

In addition, having a grasp of technology is incredibly valuable. In many companies—though not all—there's often engineering work at the core. Whether it's designing oil and gas infrastructure or coding software, understanding what the work entails is extremely helpful. It's hard to improve something you don't understand at all.

But then, all the sociology, psychology, leadership, and related fields are equally important because, ultimately, most transformations are about changing people's behavior. It's crucial to understand that combination of business, technology, and people.

Often, you see challenges arise when someone approaches change from only one limited angle. For example, if the focus is purely on development and methods like Scrum or SAFe, it won't resonate with businesspeople, who might respond with, 'Wait a minute, what is this, and how does it impact our EBITDA?'

Similarly, focusing purely on culture won't work if it's not tied to value creation and the actual work being done. A well-rounded, sufficiently deep perspective on these three areas—business, technology, and people—is essential for leading successful transformations.

If someone doesn't already have that perspective, it's worth investing in building an understanding of these three domains.

Satu: That sounds like a fantastic combination. Thank you so much, Olli, for this discussion. Hearing your valuable insights and reflections from such a broad range of experience has been truly inspiring and full of great takeaways.

Olli: Thank you, it was a pleasure.

