

Agile Transformations Have Stalled – Strategy Is the Missing Link

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Organizations have increasingly adopted Agile methodologies to improve adaptability, responsiveness, and customer-centricity. However, many Agile transformations have not fully delivered the anticipated value. While Agile principles have proven successful at the team or departmental level, scaling these successes across the entire organization remains a challenge. This white paper examines both internal organizational obstacles and broader industry factors that hinder Agile implementation. We also propose a more cohesive approach through balanced strategic alignment to address these issues.



Internal Challenges: Misalignment and Fragmented Implementation

Fragmented Adoption Across the Organization

Many organizations implement Agile in select areas, creating isolated “Agile pockets” with increased speed and customer responsiveness. However, Agile practices cannot scale across the organization without a comprehensive strategy to unify these pockets. When Agile functions independently, it often creates gaps between teams that work with Agile methodologies and those that do not, causing friction in workflows and coordination issues that hinder enterprise-wide success.

Lack of Alignment with Strategic Goals

Agile methods emphasize iterative development and responsiveness to change, yet many organizations need help to align Agile activities with broader strategic objectives. For instance, while product development teams may operate with Agile, other functions, such as finance and marketing, often adhere to more traditional, long-term planning cycles. This misalignment leads to a need for more visibility across tiers of the organization, making it difficult for executives to gauge the value generated by Agile teams.

Leadership Disconnect

Agile transformations require a shift in organizational culture and mindset, yet many leaders need to be more connected to Agile principles or understand how to leverage Agile for strategic outcomes. In traditional hierarchies, decision-making is centralized, with strategic goals set at the executive level. At the same time, Agile transformations demand decentralized, empowered teams that drive decisions closer to the work being done. Leaders often need to adopt the mindset and practices required to effectively support Agile teams, leaving teams without sufficient executive sponsorship or alignment.

External Factors: Agile Industry Challenges and Trends

Agile's Evolution Away from Core Principles

Agile's popularity has led to the rise of various frameworks (like SAFe, LeSS, and Scrum@Scale), each with unique approaches to scaling Agile across enterprises. While these frameworks can be valuable, the industry's focus on formalizing Agile has, paradoxically, led to rigidity. Organizations adopt frameworks without considering if they fit the company's needs, creating situations where the Agile process becomes the focus rather than the outcomes it is meant to drive. Agile transformations then risk becoming an end in themselves rather than a means to achieving strategic business goals.

Consulting and Tool-Driven Implementations

The rapid growth of Agile consulting and technology solutions has also led some organizations to prioritize Agile tools over the methodology's underlying principles. Tool-driven implementations may emphasize dashboards, metrics, and project management over customer value and adaptability, leading to "check-the-box" Agile implementations that fail to empower teams or respond dynamically to changes. This heavy reliance on tools and consulting services often fosters a "one-size-fits-all" approach that is not conducive to lasting transformation.

Market Pressure for Quick Wins

External pressures, including shareholder expectations for rapid results, can drive organizations to prioritize short-term gains over long-term transformation. Agile transformations often require time and commitment, particularly for organizations with entrenched structures and processes. However, with organizations rushing to deliver quick wins, Agile transformations risk being cut short before lasting cultural and operational changes can take root.

The Missing Link: A Balanced Strategy for Sustainable Transformation

In this challenging landscape, where Agile transformations struggle to scale or sustain success, the Balanced Scorecard (BSC) emerges as a beacon of hope, offering a roadmap to unlock Agile's full potential.

Ensuring Strategic Alignment with Tiered Goals

The Balanced Scorecard allows organizations to establish clear, tiered objectives that link the work of Agile teams directly to corporate goals. By setting measurable targets across financial, customer, internal process, and learning/growth perspectives, BSC ensures that Agile initiatives contribute to a unified vision. When Agile teams can map their objectives to strategic priorities, it creates alignment from Tier 1 (executive level) to Tier 3 (team level), establishing a shared focus across the organization.

Building a Cohesive Framework for Communication

BSC is a structured communication framework that enables continuous feedback between Agile teams and executive leadership. For instance, Agile's iterative feedback cycles can be harmonized with BSC's strategic reviews, creating a loop where teams receive regular insights from leadership and adjust their work accordingly. This transparency allows leaders to understand the on-the-ground impact of Agile initiatives and change strategy in response to real-time data, fostering adaptability without sacrificing alignment.



Prioritizing Cross-Functional Integration

In an Agile transformation, siloed departments can undermine progress. The Balanced Scorecard addresses this challenge by establishing cross-functional objectives requiring team collaboration. By creating shared KPIs spanning departments—such as customer satisfaction or operational efficiency—BSC bridges the gaps between Agile teams and traditional departments, building interdependencies that promote cohesive value delivery.

Empowering Leaders with an Adaptive Management Model

One of Agile's core challenges is the need for leadership to adopt a more flexible, adaptive approach to management. The Balanced Scorecard can facilitate this shift by providing leaders with real-time data on Agile progress and enabling proactive rather than reactive management. Leaders can use BSC metrics to spot bottlenecks, empower teams to address challenges autonomously and reallocate resources based on strategic needs. This approach creates a leadership culture that supports Agile principles of empowerment and continuous improvement.

Moving Forward: A Strategic and Agile Future

For Agile transformations to succeed, they must be integrated into a larger, balanced strategic framework that aligns the entire organization around shared goals. While Agile provides the methodology to adapt and respond to change, the Balanced Scorecard offers the structure to ensure that these efforts contribute to sustainable business value. With a balanced strategy that aligns Tier 1, Tier 2, and Tier 3 activities, organizations can unlock the true potential of Agile and transform not just isolated teams but the organization as a whole.



By adopting a balanced approach to strategy, organizations can create a foundation where Agile principles drive long-term success. This enables businesses to thrive in a complex and ever-evolving market landscape.

About the Author

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About the Balanced Scorecard Institute (BSI)

BSI provides consulting, training, and professional certification services to organizations worldwide related to strategic planning, balanced scorecard, KPI/performance measurement, and strategic project management.

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