

# ***Traditional to Agile Program Management Transition Challenges***

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**Abstract** — *This research project explores the challenges organizations face when transitioning from traditional project management to Agile Program Management (APM). It aims to identify common challenges, provide insights for successful adoption, and compare risk management approaches between Agile and traditional methodologies, ultimately contributing to the improvement of project management practices and organizational effectiveness.*

**Keywords** — *Agile Program Management, Organizational Effectiveness, Traditional Project Management, Transition Challenges.*

## **PROBLEM STATEMENT**

This research aims to identify and understand the common challenges organizations face when transitioning from Traditional to Agile Program Management. By analyzing existing literature and empirical data, the study seeks to uncover patterns and trends in these challenges, providing valuable insights and actionable recommendations for companies undergoing this transformation. The goal is to contribute to the understanding of Agile adoption and facilitate more effective organizational transformations.

## **RESEARCH DESCRIPTION**

Agile Program Management is a term that has gained popularity in the last two decades. As companies look into implementing Agile practices, they should first consider several factors. The transition from Traditional to Agile Program Management can be significant, identifying potential challenges and learning from others' experiences can provide insight into those barriers. This could help companies avoid the same mistakes and facilitate the transition process.

## **RESEARCH OBJECTIVES**

The purpose of this research is to study and understand the main challenges faced by companies when adopting and transitioning to Agile Program Management practices and uncover any patterns if they exist.

## **RESEARCH CONTRIBUTIONS**

The primary goal is to offer practical guidance to companies undergoing or considering a transition to Agile Program Management, while also deepening their understanding of the key factors that impact this process. Ultimately, the aim is to provide reliable and useful information that can support a smooth and successful organizational transformation.

## **LITERATURE REVIEW**

Agile Program Management (APM) and traditional project management are not necessarily conflicting, but rather complementary approaches. While APM can be applied beyond software development, its introduction into traditional environments may face resistance due to cultural and organizational barriers. Key differences exist between agile and traditional risk management approaches, with agile methods integrating risk management into the overall process. Transitioning to APM also poses risks, including team size and synchronization issues, as well as resistance to change.

## **INTRODUCING AGILE PROGRAM MANAGEMENT**

Implementing Agile Program Management requires a cultural shift and a departure from traditional management styles, involving substantial

organizational changes. The introduction of APM is often driven by the need to accelerate project delivery and manage changing priorities, but it also poses challenges such as work prioritization and stakeholder alignment. The transition to APM depends on various factors, including organizational culture, project complexity, team size, and regulatory requirements. Companies typically choose from popular Agile methodologies like Scrum, Kanban, or SAFe, and tailor them to their specific needs, resulting in a customized approach that suits their unique environment and project characteristics.

### **SUCSESSES COMPANIES EXPERIENCED WHEN IMPLEMENTING TRANSITION**

A successful transition to Agile program management requires a cultural shift, training, and a willingness to adapt and improve. Companies like Siemens, Medtronic, and Spotify have achieved success with Agile by emphasizing cross-functional collaboration, customer-centric development, and continuous improvement. Key similarities in their approaches include:

- Breaking down silos through collaboration and communication.
- Focusing on customer needs and delivering value quickly
- Continuously improving and refining processes through feedback.
- Strong leadership commitment and a culture of innovation.

As a result, these companies have seen significant benefits from Agile, including:

- Increased flexibility and speed.
- Improved product quality.
- Reduced time-to-market.
- Enhanced responsiveness to changing market conditions and regulatory requirements.

By adopting Agile and emphasizing these key factors, companies can drive successful transitions and achieve similar benefits, ultimately enhancing overall efficiency and innovation.

### **MAJOR CHALLENGES FOR AGILE PROGRAM MANAGEMENT ADOPTION**

When adopting Agile practices, project managers often face challenges such as:

- Frequent scope changes leading to delays.
- Inaccurate effort estimation, which can exacerbate uncertainties.
- Inefficient project distribution, impacting business value.
- Resistance from organizational cultural norms, particularly from senior management.
- Lack of commitment and team allocation to multiple projects.

The 16th Annual State of Agile Report (2022) highlights culture, leadership, and consistency as major obstacles to Agile adoption, with specific challenges including effort estimation and project prioritization. This research identified common challenges faced by companies transitioning to Agile Program Management (APM), and noted that these challenges were similar across companies, regardless of their industry.

### **METHODOLOGY**

This research used a qualitative approach to study the challenges organizations face when transitioning to Agile Program Management. The study analyzed published information from three companies: Siemens, Medtronic, and Spotify, using a range of sources including academic articles, industry reports, and case studies. The data was analyzed thematically to identify common challenges, strategies, and insights related to APM adoption. To ensure the validity and reliability of the findings, the study used triangulation, comparing insights from multiple sources and cross-referencing data to identify consistent themes. The research aims to provide valuable insights into APM adoption, contribute to the ongoing discussion on Agile adoption, and offer practical recommendations for organizations seeking to improve their project management practices. The study's findings will synthesize existing published knowledge, providing

a comprehensive overview of APM adoption and its challenges.

## **RESULTS AND DISCUSSION**

This section provides an in-depth examination of the findings and a detailed discussion of the research topic introduced in the first chapter. We investigated the adoption of Agile Program Management in three companies, Siemens, Spotify, and Medtronic, spanning multiple industries, to gain insights into their experiences and identify key challenges, lessons, and best practices.

### **SIEMENS**

Siemens, a global industrial leader, recognized the need to adapt to a rapidly changing market driven by Industry 4.0 and digital transformation. To remain competitive, Siemens adopted Agile Program Management to increase flexibility, collaboration, and responsiveness. This transformation aimed to streamline product development, accelerate innovation, and better meet customer needs, ultimately enhancing the company's overall agility and competitiveness.

#### **INTRODUCING AGILE PROGRAM MANAGEMENT**

Siemens implemented Agile methodologies by including the Scaled Agile Framework (SAFe), Scrum, and Kanban, to improve software development processes and align cross-functional teams, in addition to bringing more flexibility, adaptability, and responsiveness to the projects [1]. The key areas where Agile was applied included software development for Siemens' Mind Sphere platform and various other digital products.

- Scrum and Kanban: Siemens adopted Scrum for smaller, cross-functional teams working on specific components of software and hardware integration [2]. Kanban was applied for tasks with a more continuous flow, such as operational work, to identify waste, variability, and bottlenecks.

- Scaled Agile Framework (SAFe): SAFe was adopted to scale Agile across multiple teams and geographies, enabling Siemens to align development teams with business objectives and manage interdependencies.
- Hybrid Integration: Siemens implemented Agile in a hybrid fashion, integrating Agile practices with existing processes in hardware development and other traditional project management frameworks.

#### **SUCCESSES EXPERIENCED WHEN IMPLEMENTING TRANSITION**

Siemens' transition to Agile was deemed a success due to several key factors, including:

- Strong leadership commitment to driving digital transformation and accelerating product innovation.
- Focus on customer-centric development, allowing for better alignment with customer needs.
- Cross-functional collaboration among departments, removing bottlenecks and enabling teams to work more autonomously.
- Increased flexibility and speed, enabling Siemens to quickly respond to market shifts and release incremental updates faster.
- Creation of a culture of innovation, encouraging development teams to experiment, improve, and refine products.

#### **MAJOR CHALLENGES FOR AGILE PROGRAM MANAGEMENT ADOPTION**

Siemens faced several challenges when adopting Agile Program Management, including:

- Cultural Resistance: Overcoming cultural resistance within the organization, particularly among employees and leaders accustomed to traditional hierarchical decision-making and rigid project management structures.
- Integration with Legacy Systems: Integrating Agile methods with legacy systems and traditional project management tools,

particularly in product lines that still follow more structured, Waterfall-like processes.

- Regulatory and Compliance Constraints: Adapting Agile practices to ensure regulatory requirements were met at every stage without compromising on speed and flexibility.
- Aligning Distributed Teams: Aligning distributed teams across multiple continents and time zones requires significant effort to establish real-time communication and collaboration.
- Hybrid Workflows for Hardware and Software: Integrating Agile practices with traditional project management techniques for hardware development, requiring careful coordination between software and hardware teams to ensure seamless integration.

## **MEDTRONIC**

Medtronic, a leading medical technology company, has adopted Agile methodologies in its product development processes to enhance collaboration, speed up time-to-market, and better respond to changing customer needs [3]. The company was experiencing several challenges due to its program management approach; some of these challenges were a decentralized database, lack of traceability and transparency, baseline, documentation and reporting, integration and DevOps, etc. Despite operating in a heavily regulated industry, Medtronic has achieved significant success with its Agile transformation, demonstrating the potential for Agile to drive innovation and improvement in complex and highly regulated environments.

### **INTRODUCING AGILE PROGRAM MANAGEMENT**

Medtronic initially implemented Agile through small, cross-functional teams that worked in short cycles (sprints) to develop, test, and refine products incrementally. This approach allowed flexibility and iteration based on feedback from stakeholders, clinical trials, or customer input. For larger

initiatives, Medtronic employed Scaled Agile Framework (SAFe) or Large-Scale Scrum (LeSS) to manage dependencies and align multiple Agile teams with broader business objectives.

Medtronic implemented Agile program management through the following approaches:

- Cross-functional Teams: Teams included members from various departments to enhance collaboration and expedite decision-making.
- Iterative Development: Rapid prototyping and feedback loops allowed teams to adjust and improve products quickly.
- Flexible Planning: Teams adapted to changes and new information without significant disruptions.
- Scrum Framework: Some teams used the Scrum framework, involving daily stand-ups, sprint planning, and reviews.
- Continuous Improvement: Teams learned from past projects and refined processes continuously.
- Training and Culture: Medtronic invested in training employees on Agile principles and practices, fostering a culture of agility and responsiveness.

### **SUCSESSES EXPERIENCED WHEN IMPLEMENTING TRANSITION**

Medtronic's Agile implementation was a success due to several key factors, including:

- Improved collaboration and communication across departments and geographies, leading to faster decision-making and problem-solving.
- Faster time-to-market, with an emphasis on iterative development and continuous delivery of smaller, incremental improvements.
- Enhanced responsiveness to regulatory and quality standards, integrating regulatory processes into development cycles.
- A culture of continuous improvement, with teams reflecting on their processes and practices after each sprint, allowing Medtronic to refine its Agile adoption and adapt to emerging challenges.

## **MAJOR CHALLENGES FOR AGILE PROGRAM MANAGEMENT ADOPTION**

Medtronic faced several challenges during its Agile transformation, including:

- **Cultural Resistance to Change:** Employees struggled to adapt to Agile's principles of self-organizing teams and iterative development.
- **Balancing Flexibility with Regulatory Compliance:** Medtronic had to ensure that Agile's emphasis on flexibility and rapid iteration did not compromise product quality or safety or lead to non-compliance with regulatory standards.
- **Integration with Legacy Systems and Processes:** Medtronic had to integrate Agile with existing legacy systems, tools, and workflows, which posed a significant challenge, particularly in terms of project management tools, product lifecycle management, and collaboration platforms.

### **SPOTIFY**

Spotify, the popular music streaming platform, is known not only for its innovative approach to the music industry but also for its distinctive organizational structure and approach to software development. Spotify's success story is closely tied to its implementation of Agile methodologies.

## **INTRODUCING AGILE PROGRAM MANAGEMENT**

Spotify's Agile methodology is a unique blend of traditional Agile principles, such as Scrum and Kanban, with the company's own approach [4]. The structure is designed to foster innovation, autonomy, and collaboration while keeping teams aligned with company goals. At the heart of Spotify's model are its self-organizing, cross-functional teams called Squads, supported by Tribes, Chapters, and Guilds.

- **Squads:** A Squad is a small, autonomous team responsible for a specific feature or area of the product [5]. Each Squad functions like a mini

startup, with its own goals and ownership over the product or service they are developing.

- **Tribes:** Multiple Squads working on related features are grouped together into a Tribe. A Tribe helps ensure alignment across Squads by maintaining a shared vision and fostering communication.
- **Chapters:** Chapters are cross-functional groups within a Tribe that focus on specific areas of expertise. These groups are led by Chapter Leads who are responsible for developing skills, sharing knowledge, and ensuring consistency across Squads.
- **Guilds:** Guilds are informal, cross-company communities where employees with similar skills or interests can share knowledge, discuss challenges, and promote best practices.

## **SUCCESSSES EXPERIENCED WHEN IMPLEMENTING TRANSITION**

Spotify's Agile method was a success due to several key factors, including:

- **Autonomy and ownership** among employees, allowing for creativity and faster decision-making
- **Alignment** through structures such as Tribes, Chapters, and Guilds, ensuring teams stay aligned with the overall business strategy
- **Emphasis on delivering value** to customers, with Squads organized around product features or user needs
- **Ability to scale** while maintaining core values, using the Squad-Tribe-Chapter-Guild structure to grow in a flexible and adaptable way

## **MAJOR CHALLENGES FOR AGILE PROGRAM MANAGEMENT ADOPTION**

Spotify faced several challenges during its Agile transformation, including:

- **Resistance to Change:** Employees had to adapt to working in smaller, more autonomous teams and giving up traditional top-down management.

- **Ensuring Alignment Across Autonomous Teams:** Maintaining alignment across a growing number of Squads and Tribes was a challenge, requiring regular synchronization through meetings and updates.
- **Maintaining a High Level of Communication:** Effective communication across the company became more difficult as Spotify scaled its operations, requiring investment in building strong communication channels.
- **Balancing Autonomy with Accountability:** Managing the balance between the freedom to innovate and the need to meet company objectives was a delicate task, requiring clear goals and KPIs at the Tribe level and regular feedback loops.

## CONCLUSION

We can conclude that the tool has presented multiple benefits for the sales team immediately after implementation. These benefits are summarized in the following:

The transition to Agile Program Management can be challenging for organizations, especially those with diverse industries and markets like Siemens, Medtronic, and Spotify. Despite their differences, these companies share similarities in their approach and challenges when making the shift to APM.

The biggest challenge faced by all three companies was resistance to change, largely due to ingrained organizational cultures and established ways of working. This resistance was evident in Medtronic's highly regulated medical device industry, Siemens' traditional engineering and manufacturing teams, and Spotify's scaling challenges. However, leadership played a crucial role in overcoming this resistance by providing clear communication and training and emphasizing the benefits of Agile.

Comparing Medtronic and Siemens, both companies faced significant challenges integrating Agile with their existing legacy systems and ensuring compliance with regulatory standards.

They had to reconcile Agile's flexibility with the rigidity of traditional systems and processes, while maintaining adherence to stringent regulatory requirements.

Spotify and Siemens specifically faced the challenge of ensuring alignment across their teams. Spotify struggled with maintaining cohesion among its semi-autonomous "squads" as the organization grew, while Siemens had to ensure alignment between teams working across diverse industries. In both cases, clear communication, strong leadership, and the establishment of frameworks and processes were key to aligning teams and maintaining the flexibility that Agile promotes.

Key similarities among the three companies include:

- Resistance to change due to ingrained organizational cultures and established ways of working
- Integrating Agile with existing legacy systems and ensuring compliance with regulatory standards (Medtronic and Siemens)
- Ensuring alignment across teams and maintaining cohesion as the organization grows (Spotify and Siemens)
- Balancing decentralized decision-making with the need for overall coherence and alignment with organizational goals

Overall, the transition to Agile Program Management requires careful consideration of these challenges and the implementation of strategies to overcome them, including clear communication, strong leadership, and the establishment of frameworks and processes to support Agile adoption. By addressing these challenges, organizations can not only mitigate the risks of Agile implementation but also leverage its full potential for growth and innovation. Additionally, the flexibility Agile provides can enhance collaboration and responsiveness to market changes. With the right strategies in place, organizations can create a culture of continuous improvement that drives long-term success and fosters a more resilient organization.

## RECOMMENDATIONS TO COMPANIES TRANSITIONING TO AGILE PROGRAM MANAGEMENT

To successfully transition to Agile Program Management, companies should consider the following recommendations:

- **Start with Leadership Buy-In:** Top leadership must be fully committed to Agile adoption, providing resources for training, setting clear expectations, and leading by example in embracing Agile principles.
- **Start Small and Scale Gradually:** Begin by piloting Agile methods within smaller teams or departments, learning and adjusting before scaling the model across the organization.
- **Invest in Training and Support:** Offer training programs for key roles and provide ongoing support and mentoring to ensure Agile practices are properly implemented.
- **Foster a Culture of Trust and Autonomy:** Create an environment where employees feel trusted to make decisions and take ownership of their work, shifting away from micromanagement and developing self-organizing teams.
- **Maintain Strong Communication Channels:** Invest in tools and processes that facilitate communication between teams, ensuring all teams stay aligned and can quickly address any issues.
- **Measure Success and Iterate:** Regularly evaluate the effectiveness of Agile processes, measure key performance indicators (KPIs), and be open to making adjustments based on feedback from teams and customers.

By following these recommendations, companies can overcome the challenges of adopting Agile and achieve significant benefits, including improved efficiency, faster time-to-market, and higher-quality products.

## SUMMARY OF CONTRIBUTIONS

This research contributes to the understanding of the transition from Traditional to Agile Program

Management, discussing common challenges and developing a list of actionable recommendations for companies navigating this transition. The research aids in facilitating more effective and efficient organizational transformations, empowering companies to overcome the challenges associated with Agile adoption.

## FUTURE RESEARCH

As novel technologies continue to emerge, new methodologies may revolutionize Agile Program Management. It is crucial for companies to stay up to date with new Agile Program Management methodologies to remain competitive and adaptable. Future research should continue to explore and learn about this topic, providing companies with the most accurate and relevant data to support a successful transition to Agile.

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