Learn to Leap #12

One start-up's successful organizational approach to speed and flexibility

Once agile practices are truly embedded in a company's DNA, even a pandemic can't dent its ability to respond quickly to evolving customer needs—and the competition.

Agile is a powerful approach to creating value at speed but can be misunderstood and misapplied. Start-ups, which need to be able to respond and pivot quickly and continuously, need agile methodologies to be part of their business DNA. Anuj Srivastava, cofounder and CEO of Livspace, an interior design and renovation platform in Asia, discussed the game-changing advantages of embedding agile into his company's culture with McKinsey's Tomas Laboutka.

Key insight #1

The true power of agile is the way it enables companies to respond quickly and effectively to any situation.

Tomas Laboutka: From its beginnings as a tech-centric way of working, agile quickly became the model for product development at most start-ups before establishing itself as a general way of coordinating business-related tasks. Now even century-old companies are hiring agile coaches and scrum masters. What does agile mean, and how do you put it into practice at Livspace?

Anuj Srivastava: We make sure agile is instilled in the culture, our leadership, and the way we operate. The real power of agile is in the ability of the company to respond fast and effectively. For this to work, you need to design the resource allocation to meet both short-term and long-term needs. The key is to maintain this principle as you scale.

We invest 20 to 25 percent of our resources into near-term releases so we are able to move faster and avoid delayed responses to customers' needs. We optimize for weekly release cycles with instant reaction to competition, as opposed to biweekly or monthly cycles. To counterbalance the constant flow of features and avoid overwhelming our customers, we bundle the releases.

We divide releases into two buckets. The first includes minor features and bug fixes, which can be released at any time. The second comprises major feature updates and new-product launches that are staged together and released every four to six weeks. We deploy product-marketing resources, which can include learning-development centers and launch events, to support the launch of those features to prevent customer confusion.

Anuj Srivastava biography

Anuj Srivastava is cofounder and CEO of Livspace, an interior design and renovation platform. Prior to cofounding Livspace, Anuj was Google's global head of product marketing and growth for e-commerce, shopping, mobile payments, maps and local, and AdSense. Anuj is also an active angel investor and advisor, with a portfolio of more than 75 companies collectively valued at more than $3 billion. Some of his prominent exits include companies acquired by Naspers, Rakuten, and Twitter.

Key insight #2

Balance short-term problem solving with long-term platform building.

Tomas Laboutka: How do you plan the longer-term bets with teams distributed across India, while you're based in Singapore?

Anuj Srivastava: It is essential to balance between the problems you are solving for today and the systems and platforms you are building for the future. We constantly review both our yearly road map and granular-level product road map to maintain that balance.

The chief technology officer (CTO) owns the road map, but the executive team discusses it daily, which translates into six-month plans and blueprints for shaping the organization and building new capabilities. The product road map is complemented by product requirements from the ground up, so all employees become part of the process, regardless of their location.

Based on their expected impact, I participate in the product-strategy meetings of key projects and in their postlaunch, 100-day assessment. We closely measure the metrics for the first six months of any project, from idea to funding to release to adoption. We intervene with the fast and iterative approach when needed.

Key insight #3

Agile needs to be complemented with a fine-tuned organization to achieve maximum impact.

Tomas Laboutka: No approach to agile can scale across an organization unless it's combined with the right organizational design. From your experience, what organizational design has proven most effective?

Anuj Srivastava: At Livspace, we adopted a structure that involves central platform engineering, marketplace business teams, platform specialists, and a product-launching team.

Our platform is divided into core modules augmented by microservices and application programming interfaces (APIs). The focus of the central platform-engineering team is to build these scalable, plug-and-play modules that cater to a

About Livspace

Founded in India in 2014 by Anuj Srivastava and Ramakant Sharma, Livspace is an interior design start-up that connects homeowners to designers, products, services, and contractors via its pioneering design-to-manufacturing cloud platform. It is now Asia's largest and fastest-growing company in its category, having designed and delivered more than 20,000 homes. The company expanded into Singapore in 2019 and has raised more than $200 million in funding to date.

range of business verticals and geographies. The 120-person team is led by our CTO and consists of product managers, software engineers, user-experience researchers, and quality-control specialists. Based on the complexity, each module is owned by a group of five to 15 people from within this team.

Marketplace business teams focus on the full consumer life cycle of all our stakeholders: homeowners, designers, and vendors. These are led by the CMO, and they work on acquisition, growth, and retention of our user base.

Platform-strategy specialists drive scalable launches. This team combines 15 product

marketers and eight to ten sales strategists. They manage the go-to-market plan, adoption, and user insights and feedback across all products.

The product-launching team focuses on the successful development and release of new products. This team is organized into multidisciplinary pods consisting of a business owner, a product owner, and relevant people from the three other teams just described. Calibrating this organizational setup allows us to scale our product rapidly and effectively across more than 50 different markets.

Key insight #4
You can build trust online.

Tomas Laboutka: You reacted promptly to the pandemic earlier this year, taking the company online before COVID-19 exploded across the globe. Tell us a bit about the journey to operating remotely.

Anuj Srivastava: Trust is an important factor in our business. For some, the in-person Livspace experience was necessary. However, for many customers, the fact that we can also deliver a comprehensive online experience gave them a safe and secure option.

Thanks to our platform, all conversations and interactions happen online, as does the product demo. In some cities, 100 percent of our customers now prefer a fully online experience. And even after reopening our stores, an average of 60 to 70 percent still prefer the online

experience. So we decided to explore how we could leverage the sentiment that online is safer in the current climate and change our customers' behavior forever.

We started to incentivize the desired behavior in several ways, starting with personally tailored content to reinforce their perception of us as a trusted source. Moreover, we also started charging lower prices for online consultations and introduced a "no-regret cancellation for 30 days." We further complemented this by publishing our safety procedures, enforced across touchpoints including suppliers, factory workers, and installation partners.

A tech-enabled, superior customer experience, combined with overcommunication and transparency, served us really well.

Tomas Laboutka is an associate partner in McKinsey's Singapore office.