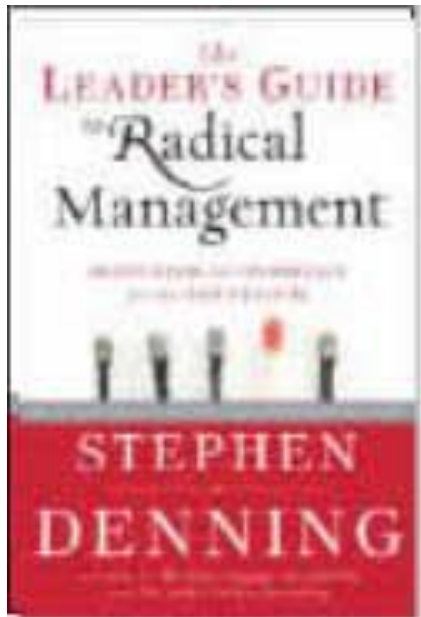
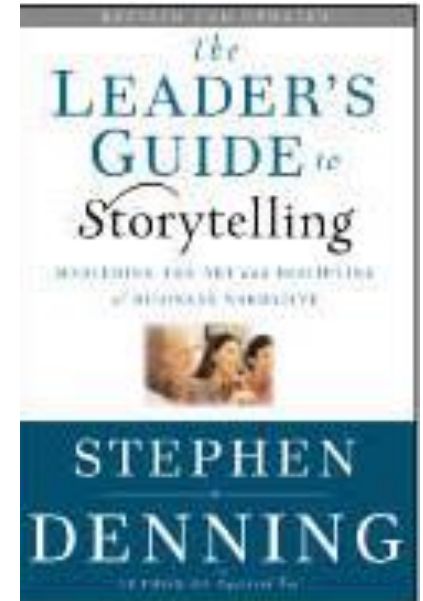


What Is Business Agility?



<http://sdlearningconsortium.org/>

Steve Denning



What is Agile?



More than 70 different Agile practices.

Even the Agile Manifesto is a cognitive stretch for newcomers:

- four values
- twelve principles

What is Agile?

You're in an elevator and someone important—your CEO, a business manager, your key subordinate, or your customer—asks you:

“What is Agile?”

How do you respond in less than 30 seconds?

The most important finding

Agile is ...

...mindset

Agile isn't
something you
can write down
and put in an
operational
manual



Agile is
a different way of
understanding and
acting in the world

Let's start with why

Why Agile?



The world changed

- Globalization
- Deregulation
- Knowledge work
- The Internet

The world changed

- Globalization
- Deregulation
- Knowledge work
- The Internet



Greater competition

Faster pace

Digitalization of everything

The customer is the boss

The world changed

- Globalization
- Deregulation
- Knowledge work
- The Internet

Greater competition

Faster pace

Digitization of everything

The customer is the boss

Agile is needed to deal with this new business challenge

The central challenge of business today:
from

20th Century: deliver **quality goods and services at a reasonable price**
to

21st Century: provide **instant, frictionless, intimate value at scale.**

Achieving this goal lies **beyond the performance capability**
of an internally-focused bureaucracy.

Firms that can't deliver this won't survive.

Big old dinosaurs have no choice

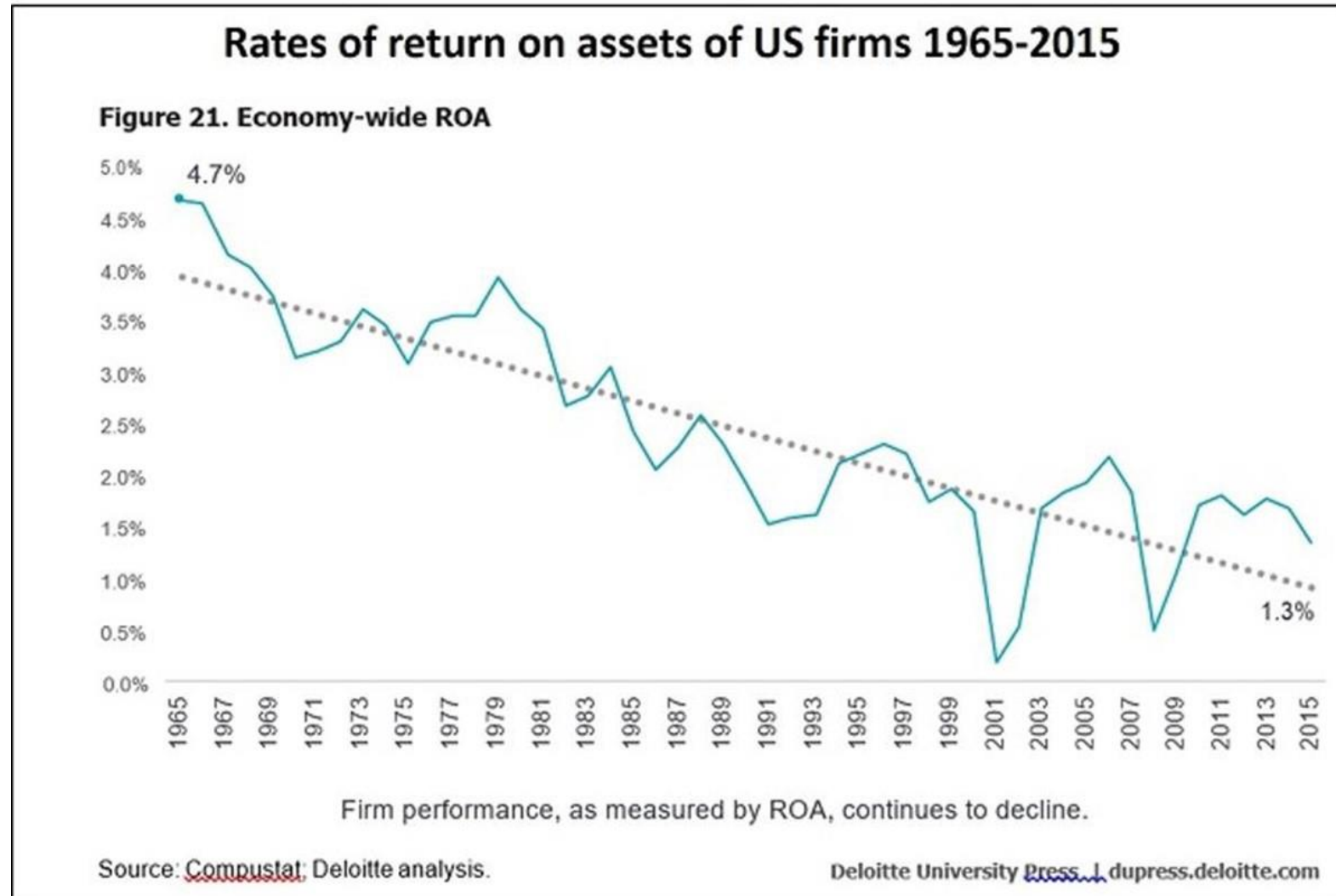


“They are
dying so
fast!”



Change or die!

Agile is a response to a (hidden) crisis in US firms



Let's start with why

It's **not** about doing **more work** in **less time**:

Agile is about working **smarter**, rather than **harder**.

It's about generating **more value** with **less work**.

.....particularly more **monetizable value** with less work

Agile requires a different mindset

not a technology

not a process

not a methodology

not a system

not a platform

not big data

not an organizational structure

HBR.ORG

Harvard Business Review



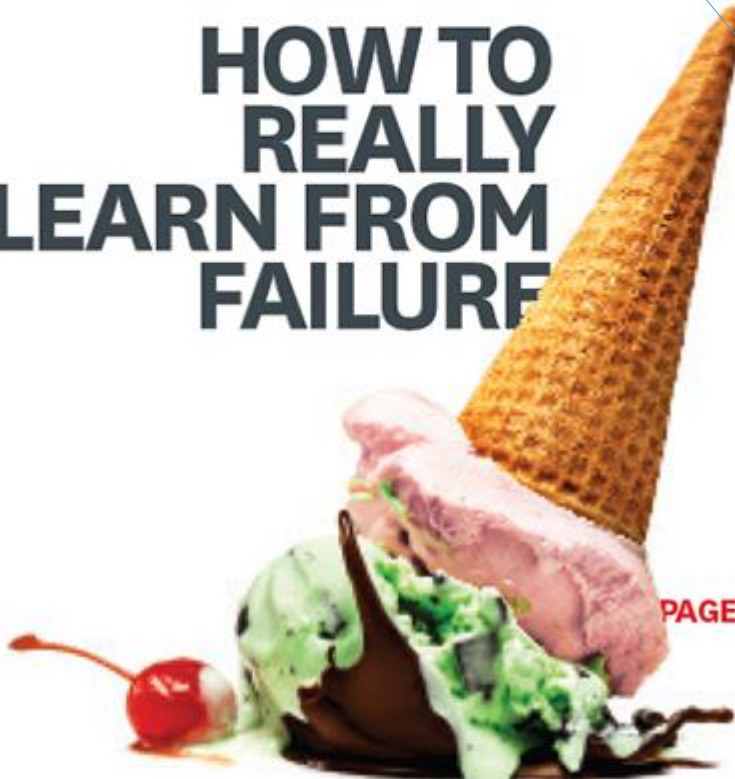
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HOW TO REALLY LEARN FROM FAILURE



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Now agile methodologies...
“are a radical alternative to
command-and-control-style
management.”

The Big Idea Embracing Agile

Darrell K. Rigby, Jeff Sutherland,
Hirotaka Takeuchi

Agile is more than a set of processes

Without an Agile mindset,
no benefits flow.

With an Agile mindset,
benefits flow,
no matter what the processes.

The three laws of the Agile mindset

1. The law of **the small team**

2. The law of **the customer**

3. The law of **the network**

The three laws of Agile

1. The law of the small team

2. The law of the customer

3. The law of the network

1. The Law of the Small Team

Agile practitioners share a *mindset* that any significant work should *in principle* be done in:

- small autonomous cross-functional teams
- working in short cycles
- on relatively small tasks and
- getting continuous feedback from the ultimate customer or end user.

It's “small everything.”

We all know the magic of the high performance team

- The group is small.
- Communications flow effortlessly
- The group seems to think and act as one.
- It's as if the group has a mind of its own.
- No one in charge telling us what to do.
- We trust the other members of the team.
- Face-to-face conversation sorts out any differences in point of view.

Work becomes fun.

The three laws of the Agile mindset: the law of the small team

Work in most 20th century organizations was very different

- Big systems implemented big plans delivering large quantities of a standard product.
- Work was broken down into small meaningless pieces.
- Individuals reported to bosses who ensured consistent and accurate performance in accordance with the specifications.
- The boss's boss did the same, and so on, up the line.
- Plans and budgets were generated and allocated, division by division.
- The connection between any particular piece of work and its impact on a customer was often hidden by immense internally-focused systems.

The result? Only one in five workers today fully engaged in his or her work, and even fewer truly passionate—a disaster for firms that increasingly depend on a motivated workforce.

The idea of teams isn't new

Throughout the 20th century, writer after writer suggested that working in small teams would be a better way to get work done.

- Mary Parker Follett in the 1920s,
- Elton Mayo and Chester Barnard in the 1930s
- Abraham Maslow in the 1940s
- Douglas McGregor in the 1960s
- Peters and Waterman in the 1980s
- Smith and Katzenbach in the 1990s

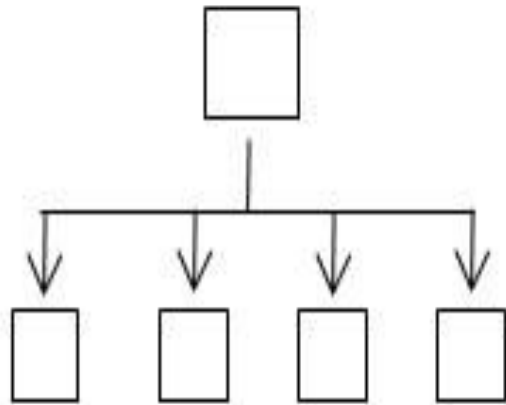
In the 20th Century, high performance teams didn't "take"

- The pervasive management belief that the **teams couldn't deliver disciplined efficient performance at scale.**
- They were useful for solving complex **one-off problems.**
- for the run-of-the-mill work in a big organization, the conventional wisdom was that **bureaucracy was better.**

In the 20th Century, high performance teams didn't "take"

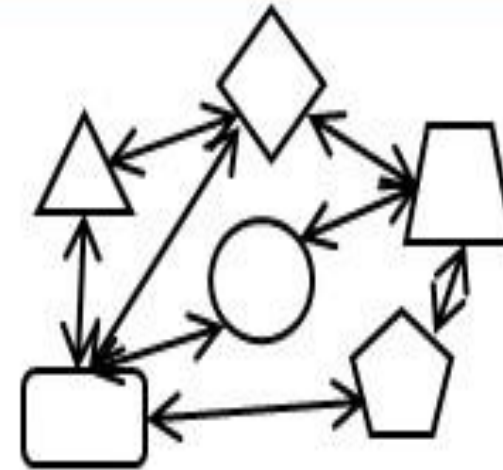
- Most teams in 20th century organizations were **teams in name only**. Most of them weren't real teams at all.
- The team leader acted like any other boss in a bureaucracy.

In the 20th Century, teams often were teams in name only



The bureaucratic team

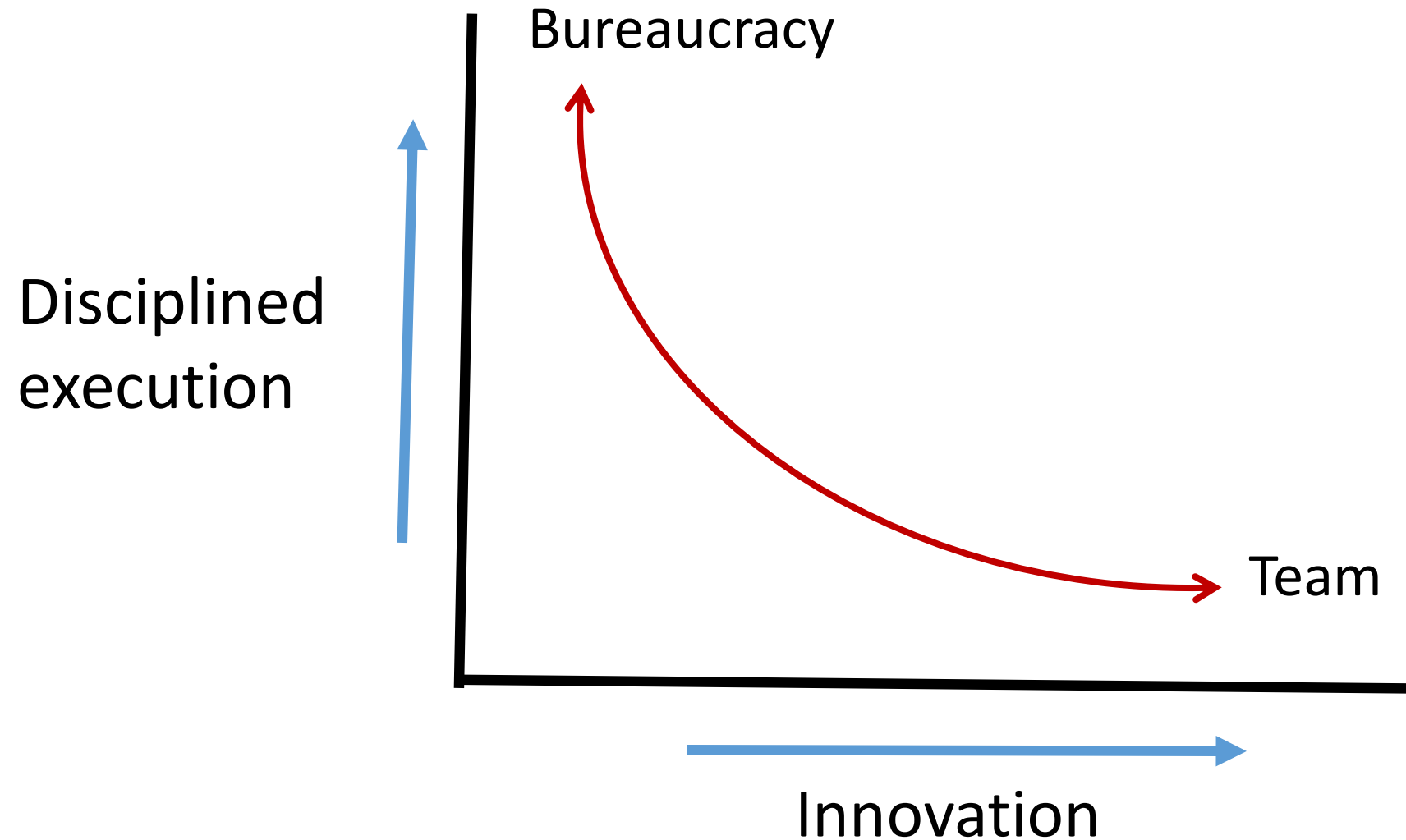
- Top-down
- Individual responsibilities
- Little interaction



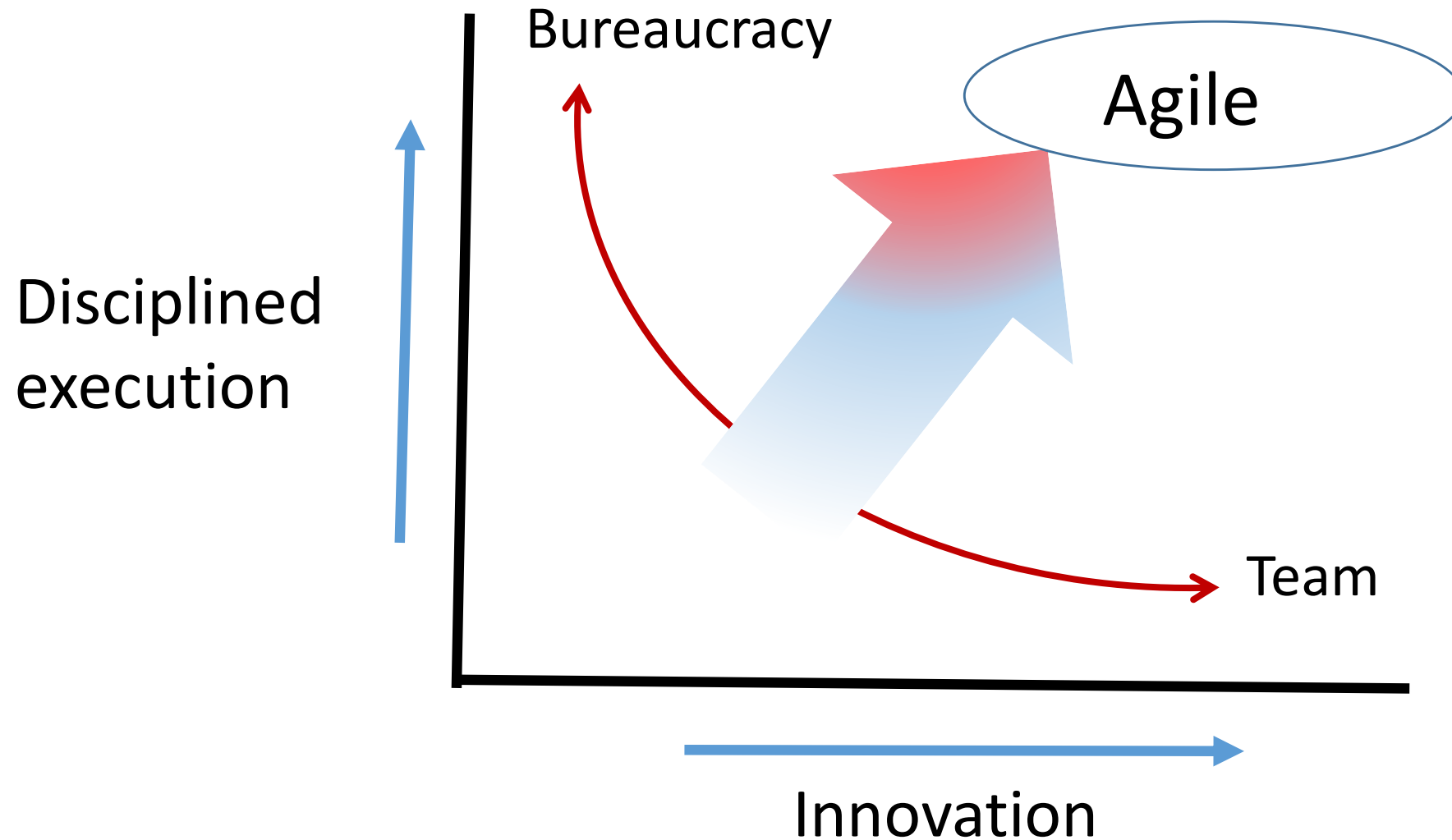
The Agile team

- Autonomous & cross-functional
- Collective accountability
- Much interaction

The Traditional Economy had to choose between disciplined execution vs continuous innovation



The Creative Economy achieves both disciplined execution and continuous innovation



The three laws of the Agile mindset: the law of the small team

Agile teams deliver disciplined efficient performance at scale

Agile generated high-performance teams on a consistent basis.

It's “**small everything.**”

You **fight complexity with simplicity.**

It is a breakthrough achievement, well accepted in the world of software development, even though it is still not widely understood or recognized in general management.

The three laws of Agile

1. The law of the small team

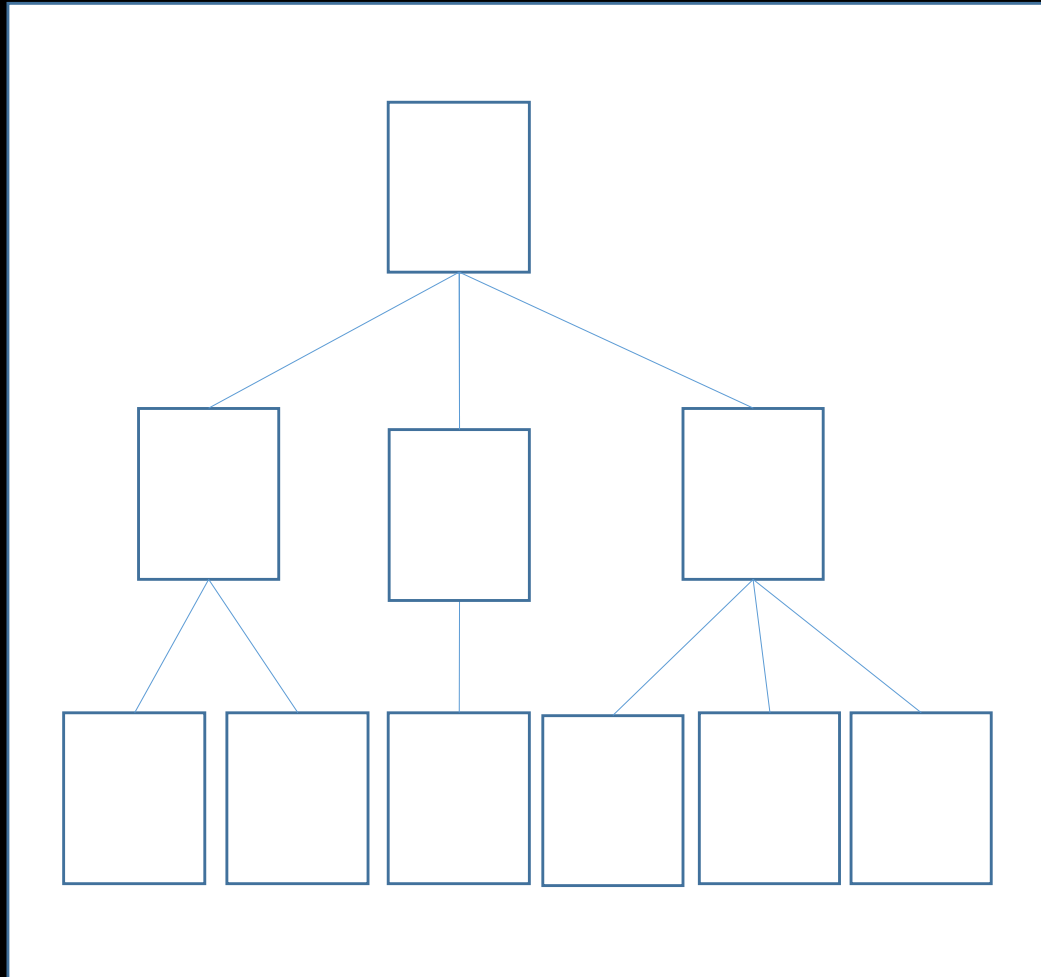
2. The law of the customer

3. The law of the network

The first principle of the Agile Manifesto

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

The three laws of the Agile mindset: the law of the customer

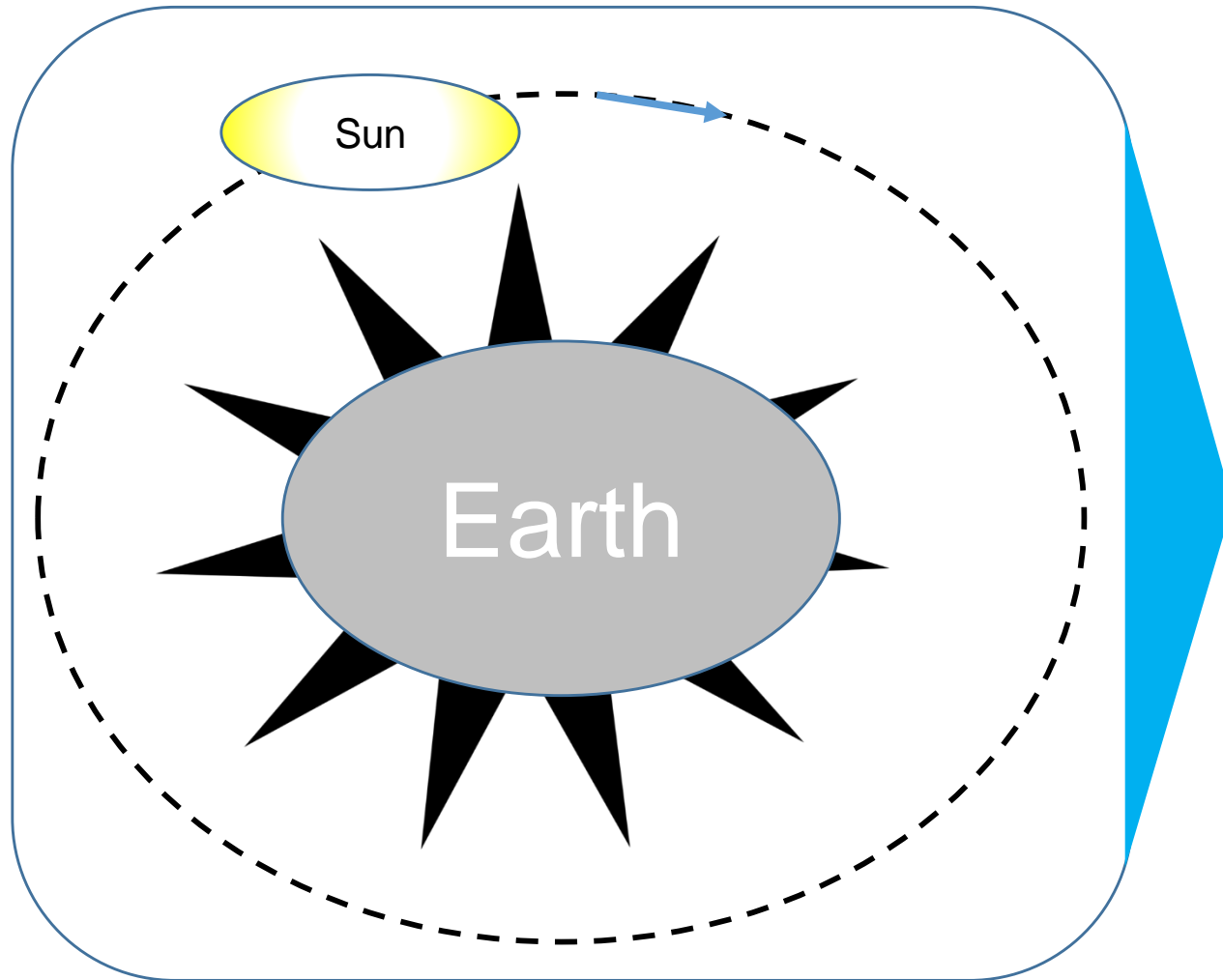


Pre-Agile mindset

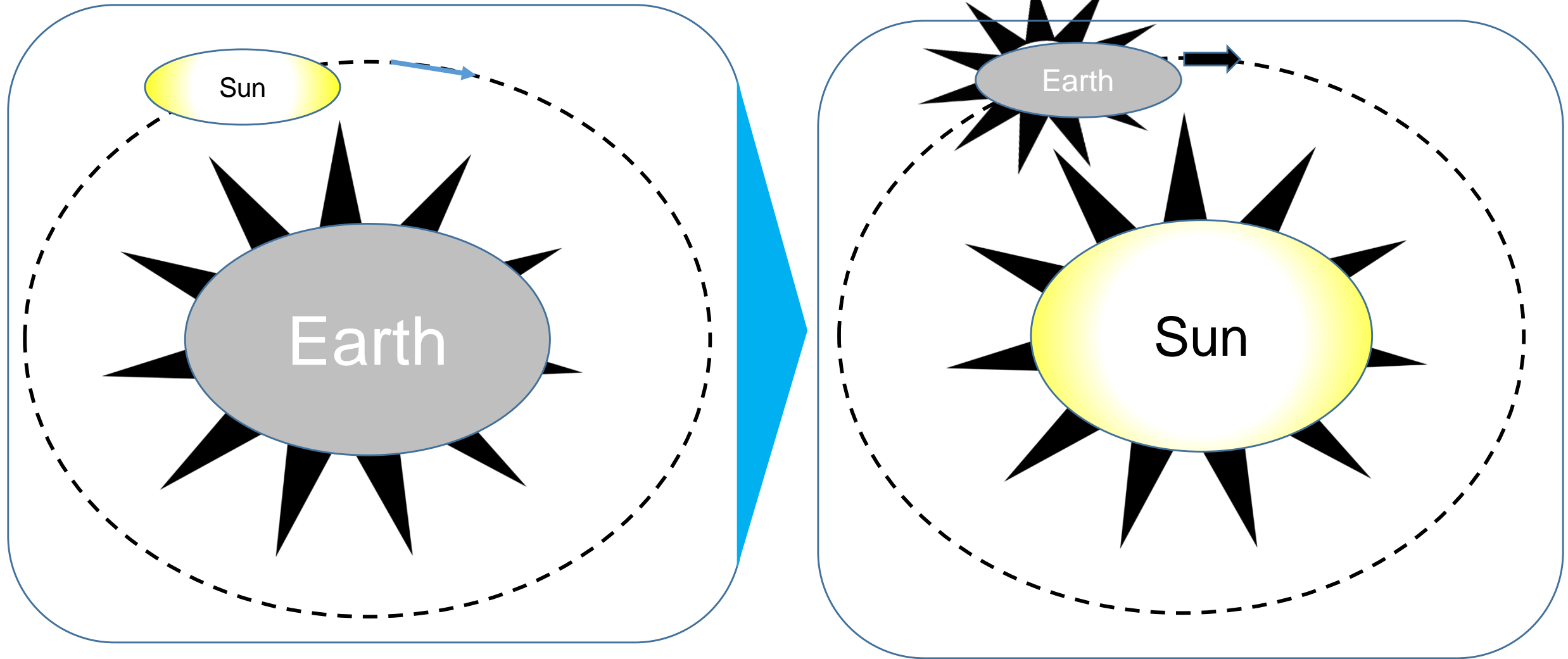
Where's
the
customer?



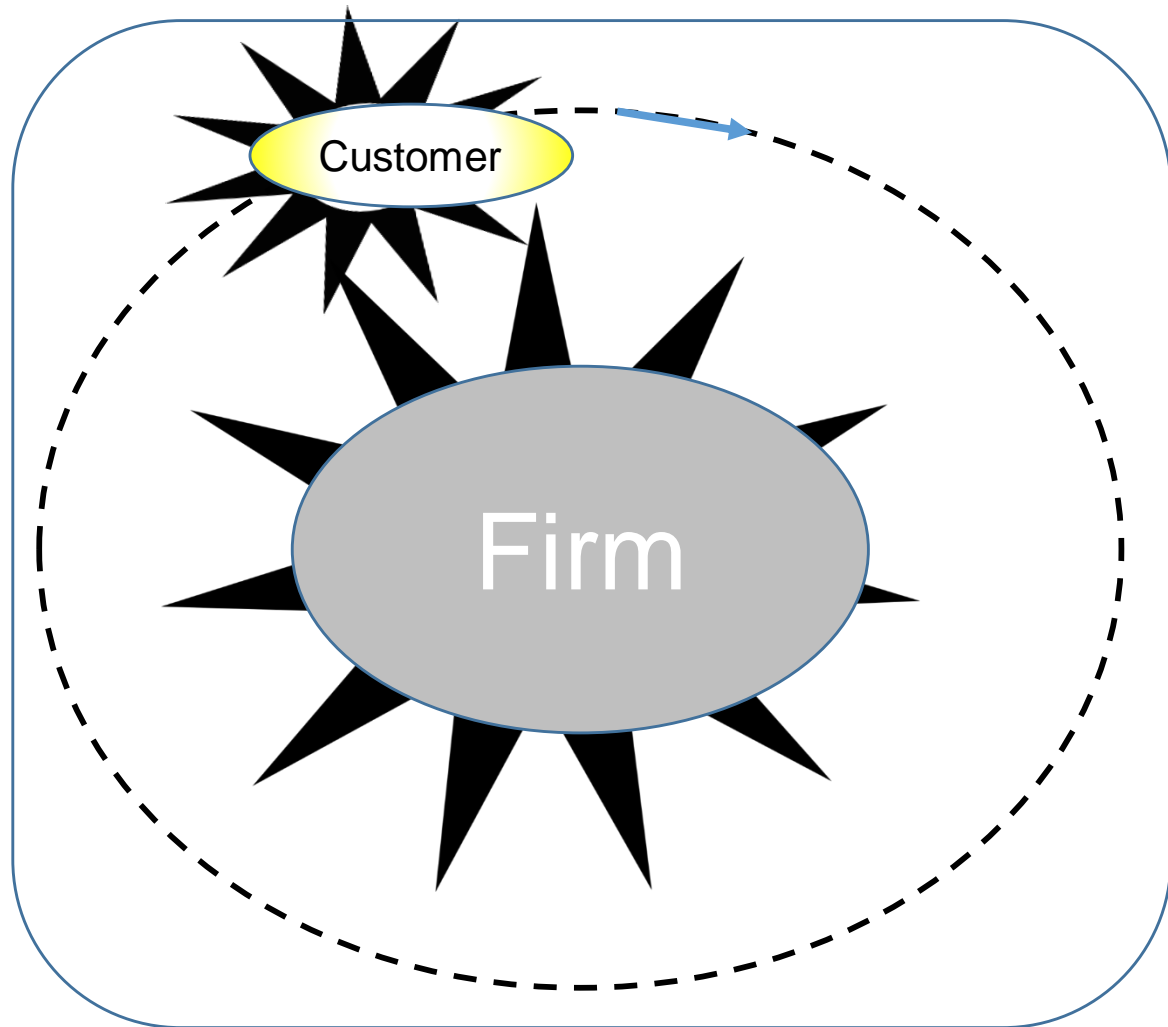
The Copernican Revolution in astronomy



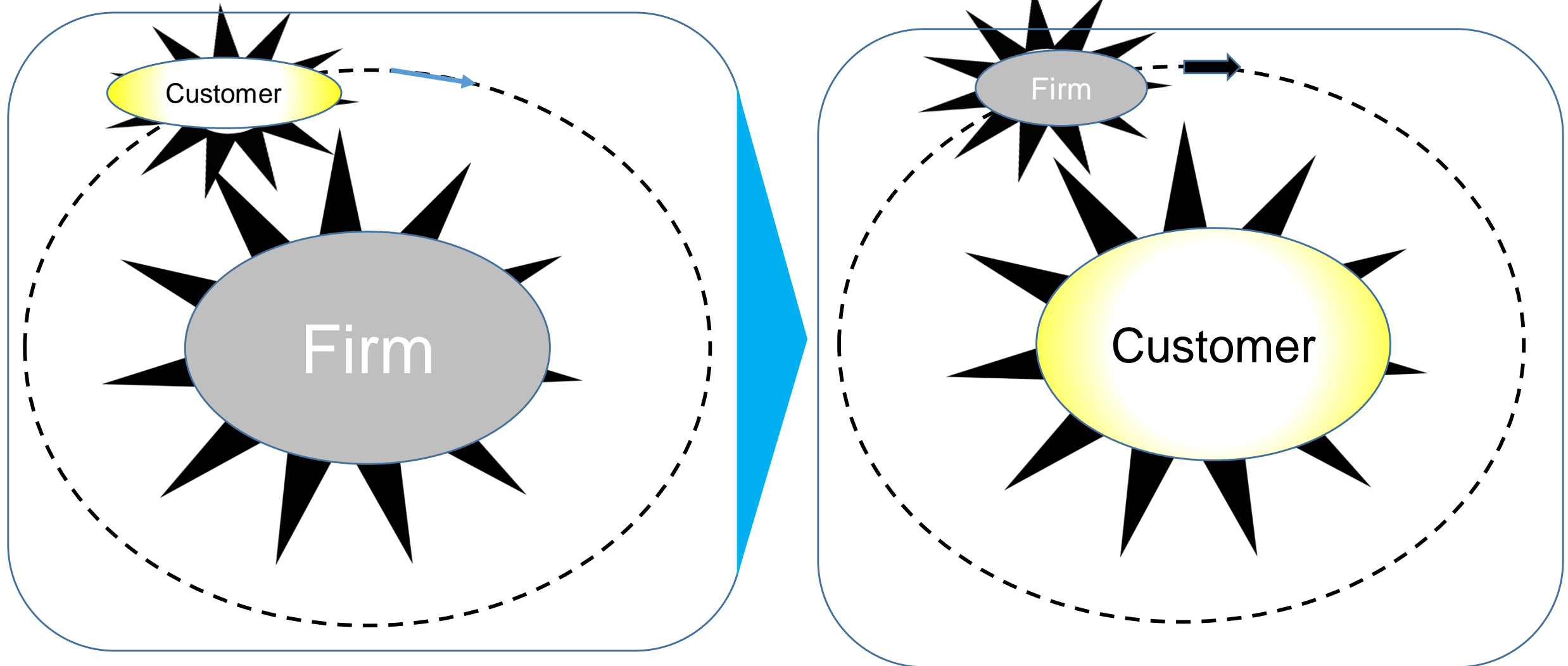
The Copernican Revolution in astronomy



The Copernican Revolution in management



The Copernican Revolution in management



Agile is a different **goal**

Goal

Pre-Copernican

The purpose of a firm is to make money for its shareholders

“The dumbest idea in the world” – Jack Welch

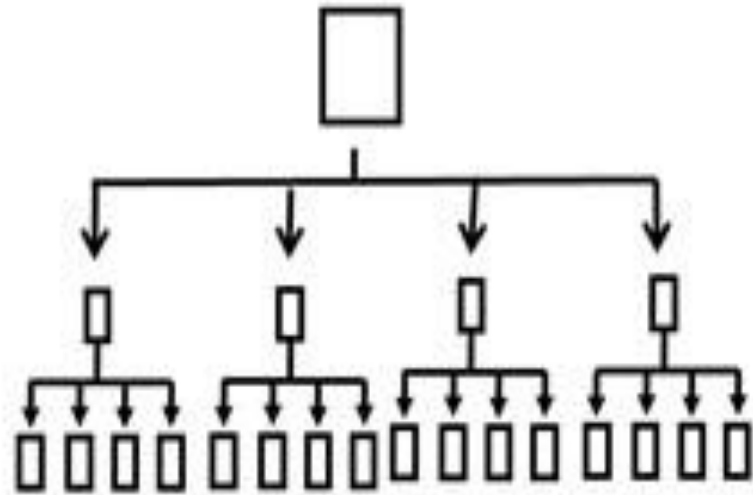
Goal

Post-Copernican

The only valid purpose of a firm is to create a customer

Peter Drucker
1954

This is a basic change in mindset!



The bureaucratic organization

- Internally focused
- Fixed mindset
- Defend existing advantages
- Make money for shareholders



The Agile organization

- Externally focused
- Growth mindset
- Create new advantages
- Deliver value to customers

Agile goal is different

Different goal leads to

- Different structure of work
- Different way of coordinating work
- Different values
- Different way of communicating

Unless the goal is right, nothing works

The three laws of Agile

1. The law of the customer

2. The law of the small team

3. The law of the network

3. The Law of the Network

Agile practitioners view the organization as

- a fluid and transparent network of players
- that are collaborating
- towards a common goal of delighting customers.

Question:

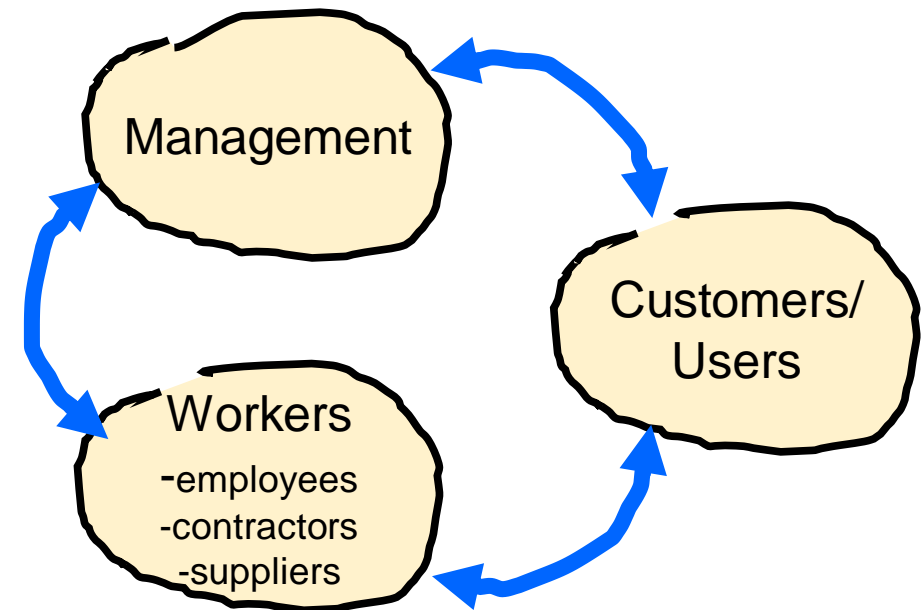
What is the maximum number of layers that you can have in a truly an Agile organization?

Question:

How many layers?

Answer:

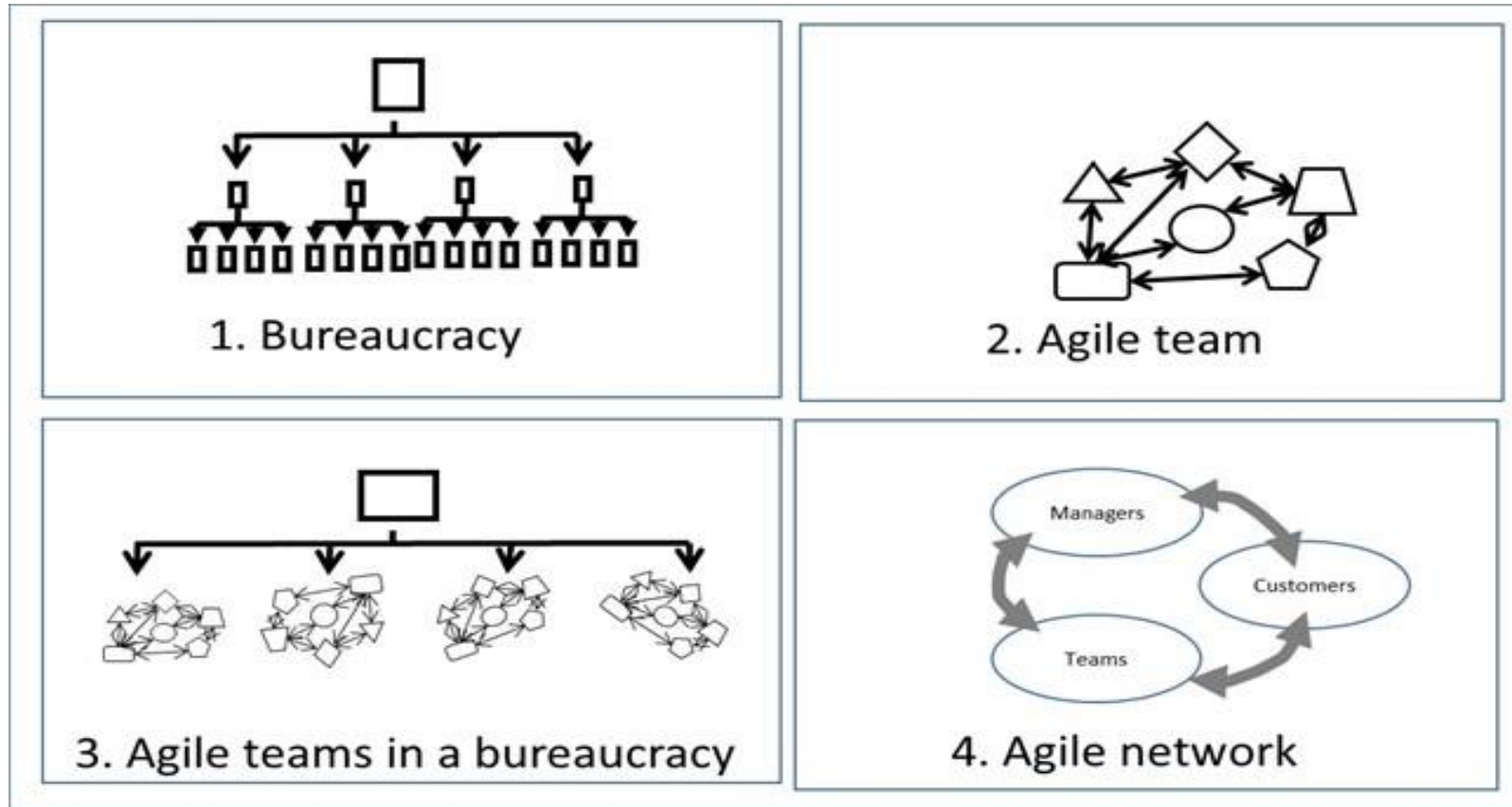
It doesn't matter



The three laws of the Agile mindset: the law of the network

The Law of the Network

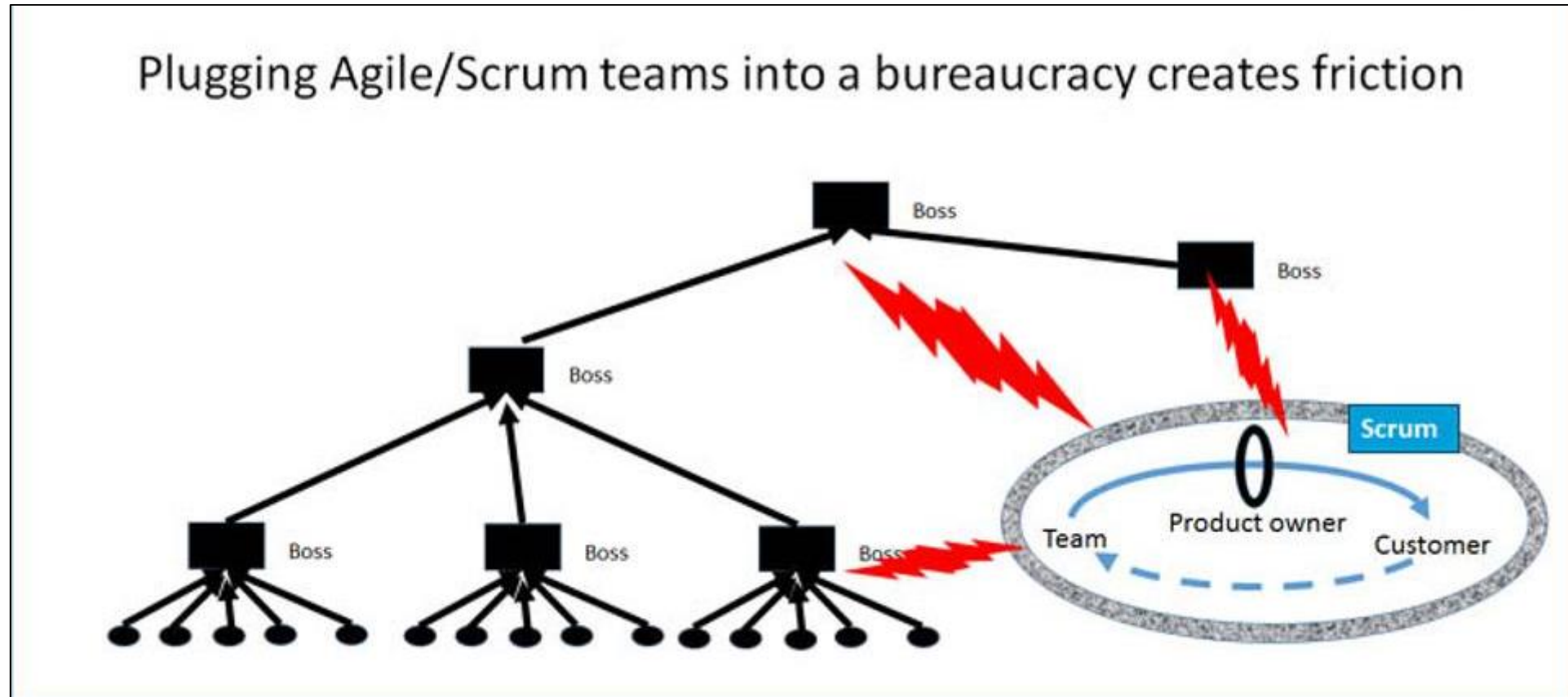
Early on, it was assumed that if the teams were Agile, then the organization would be “Agile.” It turned out not to be the case.



The three laws of the Agile mindset: the law of the network

The Law of the Network

A mix of Agile teams and a bureaucracy is not sustainable.





“More than 70% of Agile teams report tension between the way the team operates and the way the whole organization operations.”

Why?

The two worlds of Agile

- The world of IT
- The world of general management

In the world of IT, there's happy talk about Agile

- Agile is obvious
- Almost everyone accepts Agile
- Waterful is viewed as stupid

Yet there is a lot of “Agile PR” and “fake Agile.”

In general management, you hear:

- “Agile is only for software”
- “Agile doesn’t scale”
- “Agile can’t handle complexity”
- “Agile isn’t reliable”
- “Agile doesn’t last”

Learning Consortium



Barclays
CH Robinson
Ericsson
Microsoft
Riot Games
Spotify



<http://sdlearningconsortium.org/>

The three laws of the Agile mindset: the law of the network

- “Agile is only for software”

Agile is spreading to everything

- “Agile doesn’t scale”

Agile scales without sclerosis

- “Agile can’t handle complexity”

Agile handles complexity

- “Agile isn’t reliable”

Agile can be fail-safe

- “Agile doesn’t endure”

Some examples: 10-15 years

The Microsoft story



My image of Microsoft before the site visit



Our image of Microsoft after the site visit



These workplaces look and feel “cool”



“Would you ever go back to the old way of working?”



“No way!”



The Microsoft story

How did this...

... become this?

Our image of Microsoft before the site visit



2004

Our image of Microsoft after the site visit



2015



The Microsoft journey

- 2008: one team
- 2009: several teams
- 2010: Visual Studio group
- 2011: Developer Division
- 2013: reorganization
- 2014: firm-wide interest
- 2015: firm-wide mandate



It's **not** about digitalization

Digital technology

Our image of Microsoft before the site visit



2004

Digital technology

Our image of Microsoft after the site visit



2015

It's **not** about digitalization

Our image of Microsoft before the site visit



2004

Digital
technology
without
the right
mindset gets
no benefits

It's **not** about digitalization

Our image of Microsoft after the site visit

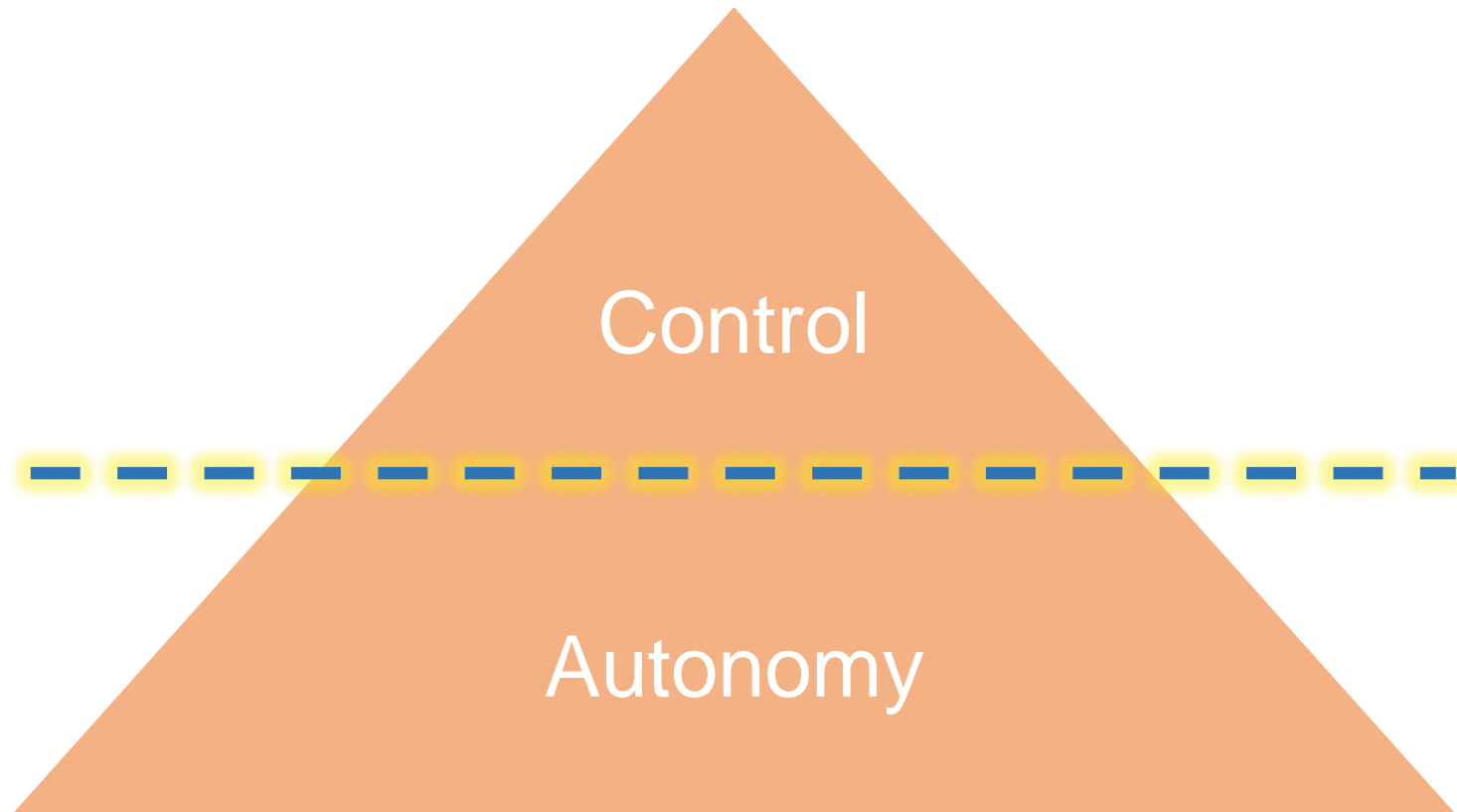


2015

The benefits flow from the different mindset that uses technology to delight customers

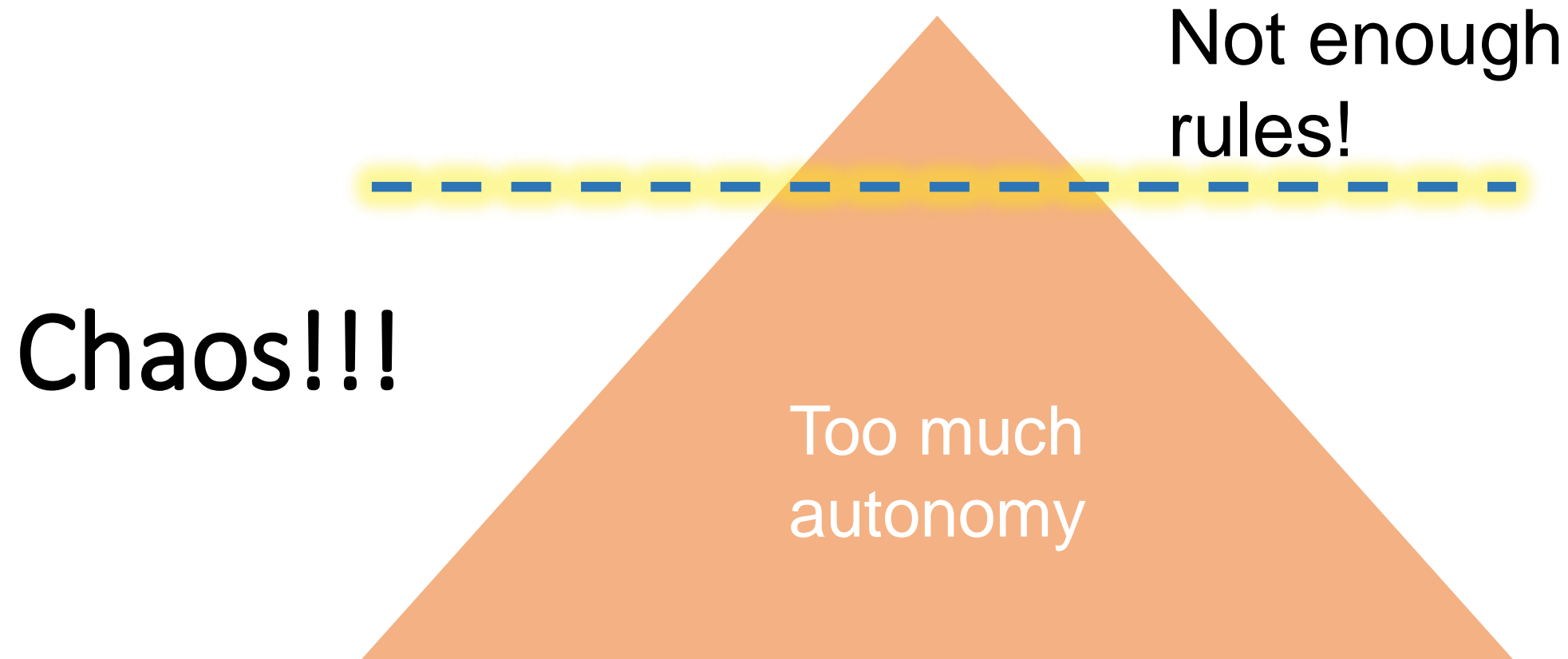
It's **not** about giving up control

The goal is balance



It's **not** about giving up control

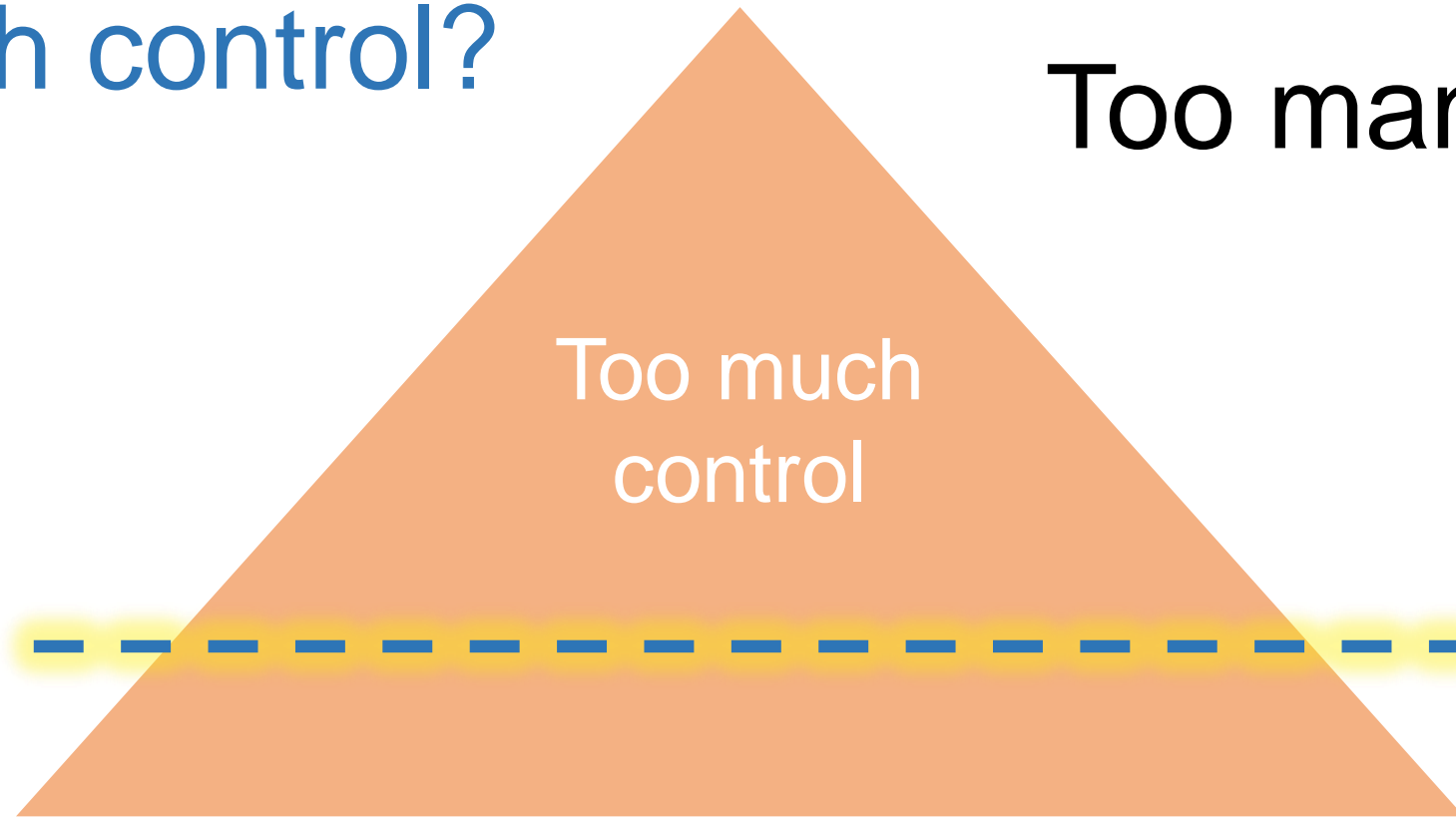
Too much autonomy?



It's **not** about giving up control

Too much control?

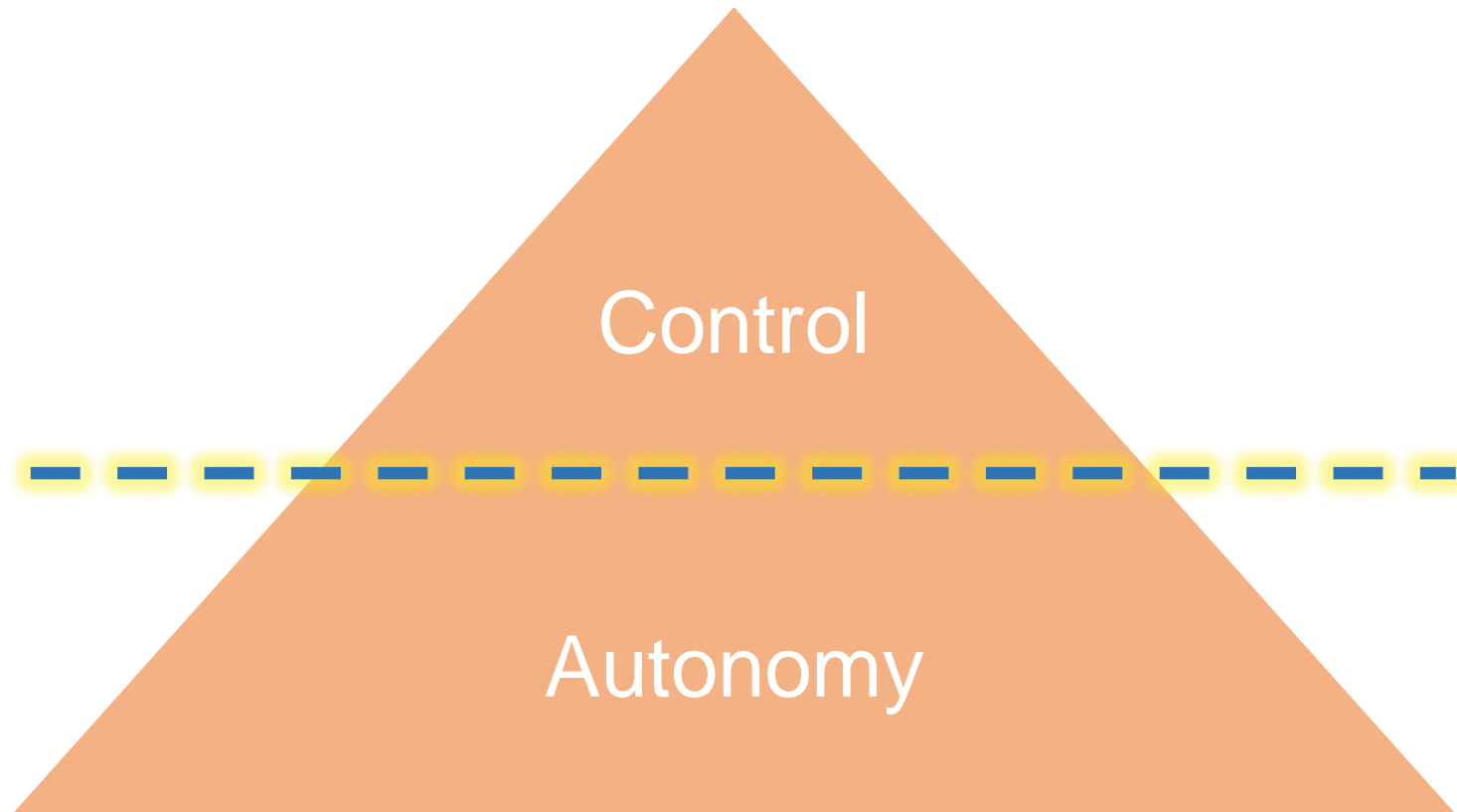
Too many rules!



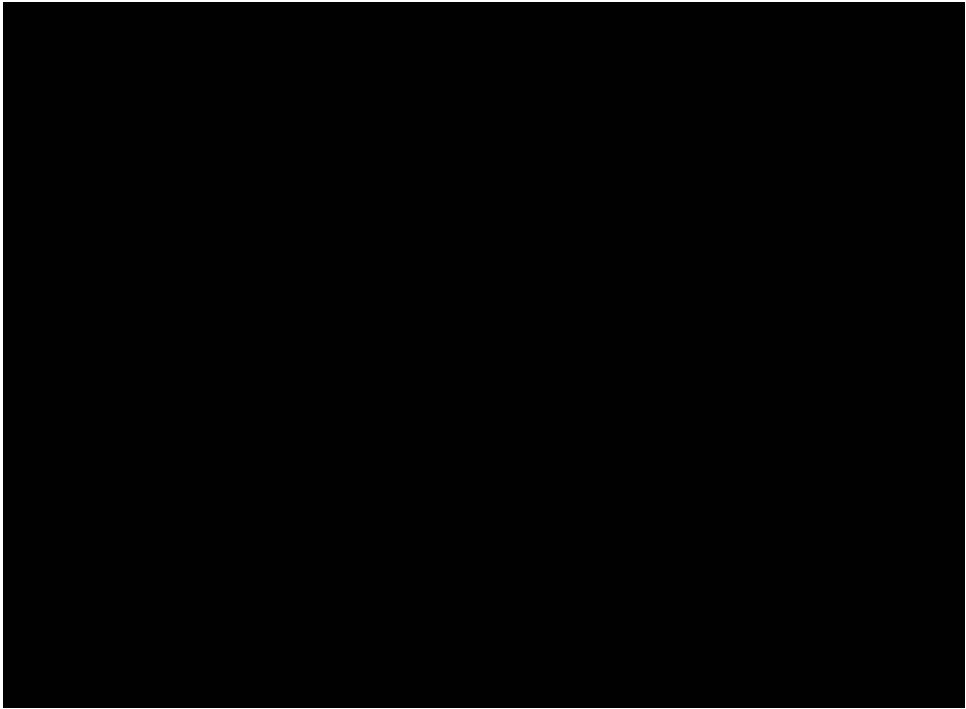
Nothing gets done!

It's **not** about giving up control

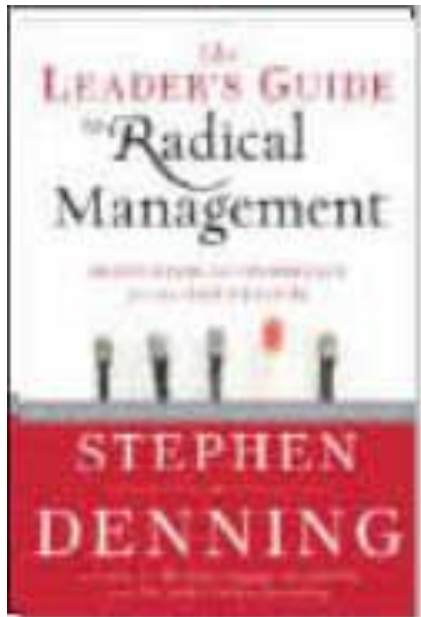
The goal is balance



Microsoft: the video



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