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index

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For our special edition, Emergence contributors and content team started with an empty canvas, and weaved & crafted stories that sit at the core of current as well as future of business agility. **Jardena London** (1) takes a deep dive into the soulful organization and opens our eyes towards bringing "soul" in the workplace as a precursor to her upcoming must-read book "Cultivating Transformations". **Christopher Ruz** (6) narrates the real-life story for **Ved Krishna** who shared how their organization moved from sustainable and renewable packaging compay, how they implemented sweeping changes across their organization and how they changed their culture and ways of working from the inside out. **Evan Leybourn** (4) provides a worthwhile view of the State of the Business Agility in 2020 from a hundred thousand feet. **Stephen Parry** (3) examines and gives us an eye opener through the modern art of operational success by means of method, purpose and meaning. **Sebastian Becker** (8), **Ashok Mohan** (10) and **Axel Teich** (9) – the trio for once traded their midi controllers with a different set of keys to create text instead of music, and share their prolific business agility journey at the world's biggest digital audio workstation creator. **Christopher Ruz** shares the story behind the Scrum Alliance transformation. **Evan Leybourn** provides a compelling and an emergent response to crisis. Once again, **Christopher Ruz**, wears his thinking hat and drives through strategy to customer value with a honing message in Adaptive Portfolio Management. **Ondrej Dvorak** (7) brings order out of chaos and balances court hearings and client priorites through systematic means in an uncertain environment. **Nicholas Horney** (2) wants the leadership to be fit in agility so that they can survive and thrive in the new world of work. Once again, **Evan Leybourn**, shares his do-good be-good story of rags to riches-of-being-a-good-leader. And finally, **Manoj Khanna** (5) elaborates on the importance of relevancy, and how companies can address and prepare themselves for the changing socio-economic conditions and their response.

Contributors

Welcome

What you read in front of you is either the proud culmination of 3 months or 3 years of work, depending on how you look at it.

Three years ago, almost to the day, we launched the Business Agility Institute on the heels of an unexpectedly successful Business Agility Conference (no one ever said I was good at naming things). The vision that my co-founder, Ahmed Sidky, and I held was to build an independent organization that would inspire people to create better organizations. Those organizations would be customer-centric, with an engaged and empowered workforce, and of course, agile.

At the time, we envisioned the Business Agility Institute would bring together a global community of both transformational leaders and business leaders through distinctive conferences around the world. This sense of community led to one of most enduring taglines: "you are not alone."

Yet, three years is a long time in an agile organization. From these humble beginnings, we learn and change. The first evolution came within four months of our conception, when I had the pleasure of hearing Linda Rising, someone I greatly admire & respect, speak at a conference in India. Seven small words have stuck with me to this day: "the plural of anecdote is not data" (for those who recognise it, this is a deliberate misquote of Ray Wolfinger). This simple phrase made us realise that our independence placed us in a unique position to both uncover and publish the evidence needed in the business agility community, setting us down the path to becoming the research organization we are today. As of this writing, we have 12 active research teams around the world! We're exploring topics like organization performance, diversity & inclusion, agile in the public sector, complex adaptive systems, sustainable transformations, and more.

As the years passed, we've run more experiments. We've attracted members from all over the world, supported the launch of more than 50 Business Agility Meetups (BAMs) in 28 countries, grew our library of case studies & references to nearly 500 articles, and published a model defining the fundamental characteristics and behaviours of an agile organization, the "Domains of Business Agility."

Today, the Business Agility Institute has moved well beyond our humble beginnings—and, like all agile organizations, we are on a journey of continuous improvement! In the coming months, we will continue the rollout of not-for-profit chapters in multiple countries adding to the existing chapters in Peru, Colombia, and Brazil. We are pausing some of our conferences and replacing them with virtual roundtable discussion groups to restore some of the peer/social connections that are no longer possible in the physical world.

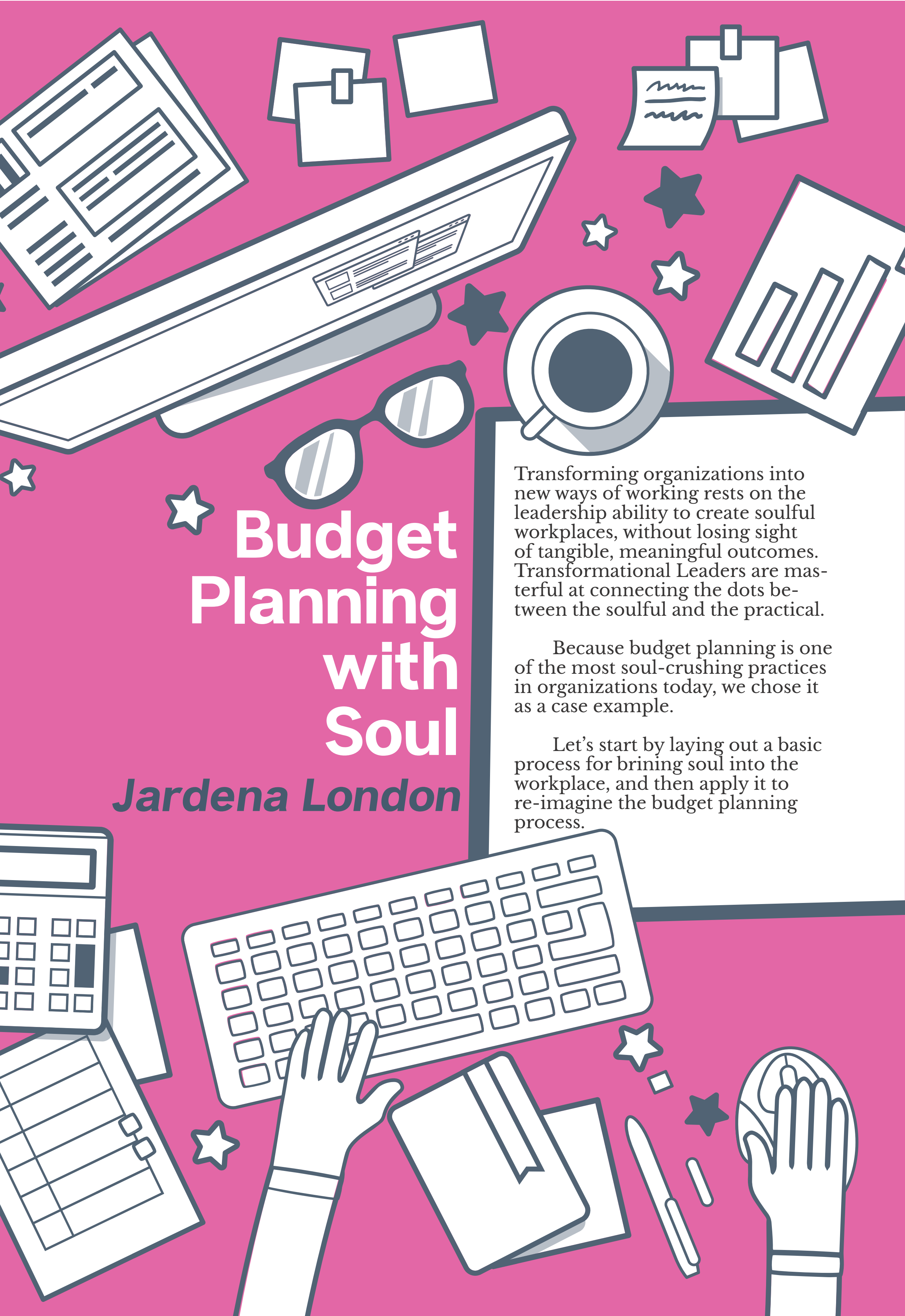
One of our biggest changes will come from the launch of our Certified Agile Organization initiative. The goal of this initiative is to assess, evaluate, and benchmark the business agility journey that companies are undertaking. This organization certification is built on the recognition that organizations have both high and low maturity at the same time and that there is no single approach or framework to business agility. What's important is the journey and the real impact achieved along the way—that is what we are interested in.

Three months ago, we had the idea to launch another experiment—the one you are holding in your hands today. Manoj Khanna, Parikshit Basrur, and I sat down over a virtual coffee to explore the idea of publishing a business journal, building on everything we have learned over the past three years. We wanted to reach everyone from transformation experts with decades of experiences to business leaders who have never heard the term business agility before (which is why we named this journal "Emergence" and not the "Business Agility Journal," which admittedly would have been more in keeping with my history of bad naming).

This journal is a labour of love. We hope you enjoy reading it as much as we enjoyed putting it together for you. We'd love to hear your feedback as we move towards a subscription model—please let us know what you think.

Evan Leybourn

CEO and Co-founder,
Business Agility Institute



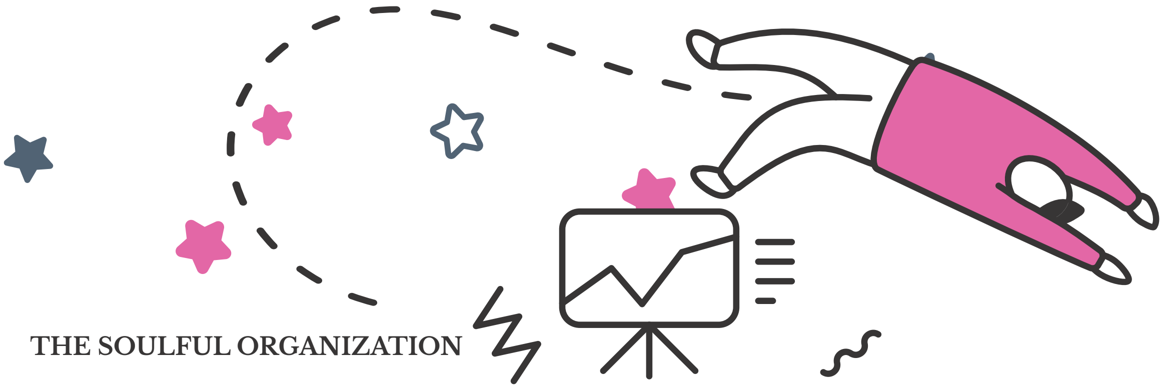
Budget Planning with Soul

Jardena London

Transforming organizations into new ways of working rests on the leadership ability to create soulful workplaces, without losing sight of tangible, meaningful outcomes. Transformational Leaders are masterful at connecting the dots between the soulful and the practical.

Because budget planning is one of the most soul-crushing practices in organizations today, we chose it as a case example.

Let's start by laying out a basic process for brining soul into the workplace, and then apply it to re-imagine the budget planning process.



THE SOULFUL ORGANIZATION

What does it mean for an organization to have soul? Perhaps it's easier to start by looking at the reverse, what does it look like when an organization lacks soul? Internally, soulless organizations have a palpable toxicity, relationships are strained, and people are out for individual survival. Externally, a soulless organization looks like a company that lacks purpose and identity. When a company says one thing, but its actions are contradictory, we get the sense that the company doesn't have soul. When a company hurts its employees, preys on its customers and damages the community, it not a soulful company. A soulful company is clear on who they are, and lives by their values. When a company has soul, there's an ethos that draws people, both internal and external, into wanting to sustain it. A Transformational Leader is the custodian of the soul of an organization.

Organizations are living systems and living systems are fueled by soul. A Transformational Leader's job is to breathe new life into an organization, and therefore a Transformational Leader must attend to the soul of the organization. **The 5 Steps to Soul in the Workplace**[1] framework is a simple tool to start doing this. The changes will be subtle at first, but you'll see them grow over time.

The 5 Steps to Soul in the Workplace, is a framework to work through alone or with a team. You can apply this process to micro or macro situations in your workplace. I recommend starting with something small, maybe staff-meetings, and working your way up to something like budget planning. The 5 steps are:

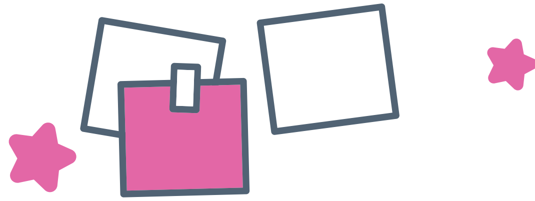
1. **What is the soulful purpose?**
2. **What makes it soul-crushing?**
3. **Where does it violate Power,**
4. **Freedom and Connection?**
5. **What tensions are at play?**
6. **What would it take to bring in soul?**

1. What is the soulful purpose? Why do we have this soulless process in the first place? Put all cynicism aside for a moment, save that for step 2. What is the real reason we need this process, or why did someone think we needed it?

You may have to dig deep, try asking the "5 whys" to really get to the heart of the process. This will be important later when we re-imagine the process, the purpose will be part of our design criteria.

2. What makes it soul-crushing? Now here's where we get to vent. If there's a lot of pent up frustration, you might even start with this step. Let it out, what do you hate about this process? If you're working in a team, you might facilitate this as an anonymous brainstorming.

You've got to 'name it to tame it!'[2] You want to know all the things that are crushing people's souls, so that you can re-imagine a process without the soul-crushing parts.



3. Where does it violate Power, Freedom and Connection? Once we have all vented, we'll try to unpack those complaints into violations of the 3 tenets of soul.

Power is violated when we can't take the actions we need to take to be effective and fulfilled in our work. It doesn't feel good when someone has power over us, especially when it prevents us from exercising our own power.

Freedom is violated when fear causes us to go against our own values. We see this when we agree to bad decisions so that we won't lose our bonus or so we can protect our job.

Connection is violated when we break the trust and human connection with others. This can happen in many ways, like when we feel a customer is wronged, when we're pitted against our peers or when we have to lay people off.

Apply each of these three tenets, power, freedom and connection, to your situation to get really clear on which ones are violated and why.

4. What tensions are at play? Tensions are defined as seemingly opposing forces that can be leveraged together for generative purposes. Start by reflecting on the question, "what opposing forces are pulling us apart?"

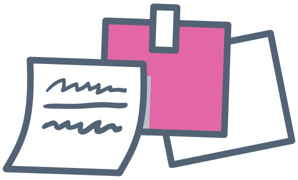
5. What would it take to bring in soul? At this point in the process you've unpacked all the baggage that was sucking the soul out of your process. Take a moment to breathe, take a break and when you reconvene ask the question, what would it take to bring in soul? If you could create a dream process, what would it look like? Steps 1-4 give you your design criteria, step 5 asks you to use your imagination. Design thinking tools can help with this step.

Applying the **5 Steps to Soul in the Workplace** in your organization shifts the way people view the organization. It gives them permission and paves the way to re-imagine a more soulful organization.

BUDGET, CAPACITY AND RESOURCE ALLOCATION (aka Energy Management)

Budget, capacity and resource allocation are all ways that we inject energy into our organization. It's fuel for creating value; without money, people and time you have no fuel, nothing gets done. When we get lost in the minutiae of process, we can lose the connection to the true purpose of the process; creating energy to feed the soul of the organization. When we get lost in budget meetings, it's easy for the process to become a proxy for the company's soul and it can appear as very bleak soul.

"How do we know our capacity?" "How do we manage resource allocation?" "What about budgeting?" When we're in this world of a living, self-organizing system, how do we know our capacity? How do we know if we need to add or reduce our staff? I'm going to get really tactical in a moment and address the current reality. But before I do that, let's apply the Soul Process to connect back into why we do budget planning in the first place.



THE SOUL PROCESS APPLIED TO BUDGET PLANNING

1. What is the soulful purpose?
The reason we do budget planning is to optimize the organization's investment, to get the best outcome from the lowest expenditure of energy. We might also include maintaining our own livelihood.

2. What makes it soul-crushing?
Budget planning can take up an enormous amount of time and energy, that takes people away from getting the work done. It can also be filled with uncertainty about whether the budget will be approved, putting people's teams and work at risk.

3. Where does it violate Power, Freedom and Connection?
Budget planning violates people's power when they submit their budget proposal and sit in the dark and wait for approval from their superiors. There is often little freedom to alter the budget process, move money between peers or creatively fund your own initiative. Once funded, there little freedom to spend the money without further approval and constraints. Connection is violated when peers are pitted against each other in a zero-sum game.

4. What tensions are at play?
The budget process typically brings several tensions to the surface as the organization decides what to invest in. Some common tensions are long-term & short-term, stability & change and exploitation and innovation.

5. What would it take to bring in soul?
When organizations re-imagine budget planning, they do things like move from funding activities to funding outcomes, shorten the budget cycle, separate funding from people's personal agenda. In the next section, we'll explore an option to decouple prioritization, capacity and funding.

The problem is that there is tremendous entropy (energy leaked) in the process of budget, planning itself. The goal is to shift the energy expended in managing budget, capacity and resource allocation and move that energy towards the outcomes. Why is so much energy leaking? There's a secondary goal in budget, capacity and resource allocation, and it is control. The cost of control is not justifying the return. Let's explore some places we can get energy back from the process and minimize the downside risk of losing some control.

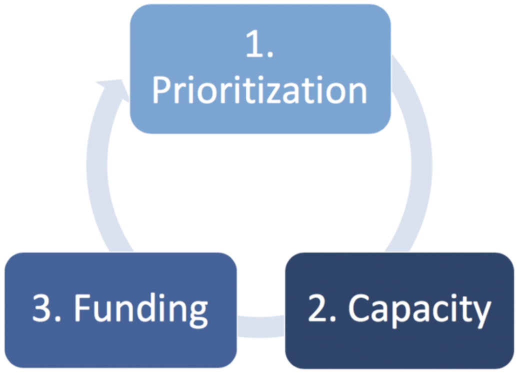
Decoupling Prioritization, Capacity and Funding.[3]

It's in vogue today to move to more frequent, outcome-based budgeting. Frequent meaning quarterly or on-demand funding. Outcome-based meaning that we invest in outcomes instead of deliverables. These solutions are useful, but they won't work unless the organization addresses the underlying problem of muddling of **Prioritization, Capacity, and Funding**.

> "We budgeted for it, so it's prioritized!"
>
> "We were clear about the 5 priorities for this year, so why are people still having priority questions?"
>
> "We budgeted and prioritized, but I can't get people to work on it!"

In order to get value from any modern budgeting practices, you first need to decouple (or 'de-triple') these three activities. If you increase budgeting frequency, without decoupling, you've just increased the frequency of your confusion. You've become outcome-driven, but no one can meet the outcomes. You've increased workplace frustration ten-fold because now we are scrambling to find capacity all the time.

This model simplifies the **budget grind**[4] many companies face. The **budget grind** is when companies spend the whole year fussing over budget numbers because the priority and capacity are implicit in the budget. When you decouple these activities, the whole budget process becomes much simpler.



1. **Prioritization.** Stop talking about budget and capacity until you prioritize the outcomes you want across the organization. When you have your priorities, they need to be put in order. Yes, even high-level strategic goals need to be put in order. Why? Because people will have to make trade-offs and they need the principles to make the decision.

   "We are supposed to be customer-focused but we are also supposed to cut costs, so should I give this customer a refund or not?"

   "I'm working on something strategic, but I was called into an operational issue today which will delay the strategic work. Which should I focus on?"

2. **Capacity.** I am not talking about the chess-mastering resource allocation plans of old. I'm talking about who is going to work on that first item on your priority list. And then the second one. And maybe the third. Until your capacity is full for the time being. Don't plan out the year, plan the now.

   Does capacity mean individuals or teams? Yes. Start by planning capacity by teams, it's way easier than planning for individuals. You may find that your current team structure no longer serves the needs of your portfolio, so you'll have to tweak it, maybe add/remove tea.

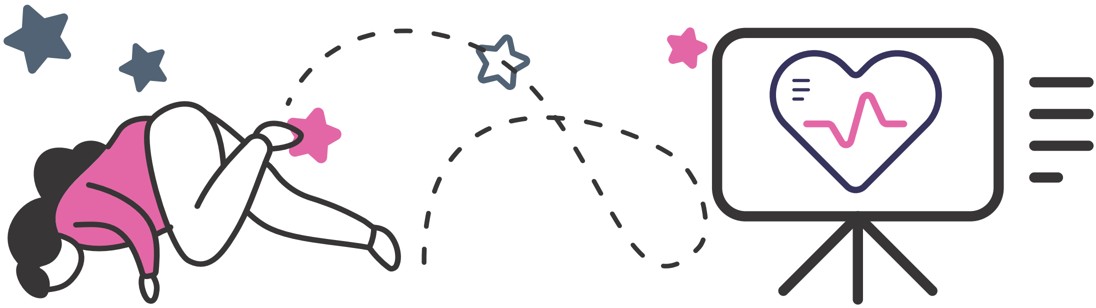
3. **Funding.** Once you have prioritized and planned capacity, and you're ready to go, allocate funding. This is the very last thing we do, allowing money to be free and flexible as long as possible.

What frequency should we budget? Ideally, you want to budget as infrequently as possible, but frequently enough that you are responsive to business needs. Don't go try and do more budgeting if you don't need to, it's a waste of energy. Some companies have a mechanism to create on-demand budgeting if there's a need between cycles. My assertion is that even if you stay with your current budget process, decoupling budget from prioritization and capacity gives you a staggering improvement in outcomes.

Capacity and Resource Allocation

We need to know our capacity and resources so that we can forecast and plan. There are some popular management trends out there that say we don't need a forecast or a plan, and perhaps there's some future state where we all live in the moment. But for now, the current reality is that we need to know if we need to staff up or ramp down because hiring and attrition are long cycles.

In order to know our capacity and supply the right number of people to do the work, we need to radically change our view of capacity and resource allocation. Note: I am totally aware that we shouldn't call people 'resources', I'm starting with the current reality, then we'll move into the future state.



Capacity is the amount of work, or value, a team can complete as a function of time. With the same number of people, capacity can change over time. Improvements to capability and technology can impact capacity. Capacity is great for forecasting and planning.

Is this definition different than your current definition? Traditionally, we have looked at capacity as "number of person hours." The problem with that definition is that requires work to be translated into effort estimates, and these estimates have a huge margin of error. When we estimate hours, we miss all kinds of variables like task switching cost, administrative time and buffer time. We spend energy trying to get more precision in the output than we have accuracy for in the input. (remember significant digits in high school math? The result can't have more precision than the input variables.)

By looking instead at our actuals, we can map work to our capacity as a unit.

> "If we produce 10 widgets per month, you can forecast for 10 widgets per month. We'll work on improving it to 11, but until we see the results of our improvements, please forecast for 10. If we have time after the 10th, we'll do an 11th."

The energy we spent on estimating and arguing about what could or could not get done, all goes away. Pressure about "figure out a way" and "make it happen" goes away. Insistence on doubling workload becomes a transparent conversation about time. Doubling workload, will at minimum double the time, likely more like 2.5x and the time increases exponentially as the workload moves further beyond capacity.[5]

Resource allocation becomes very simple when we view capacity in this way. In the above example, if we need to increase our widget production to 20, we'd need to double our staff. Of course, it's not linear that way, but you have some idea for forecasting.

I worked with an organization that added 600 people in order to increase capacity, resulting in an actual decline in output. Of course, the 600 people increased overhead and ramp up capacity, but that wasn't the problem. The problem was that they added people based on manager request, places where managers could argue a case that they were short-staffed. Unfortunately, those were not the constraint points[6]. For example, suppose I add people to a programming team because they have a growing queue of work. I might find out that alleviating that queue will just move the queue to the next downstream team, perhaps the test team. Unless I can see the capacity of the overall organization as well the capacity of each team, I am shooting in the dark when I hire people. We need to know the capacity through the ecosystem and carefully add at the constraint points where capacity will enable flow.

Another failure mode for resource allocation is increasing capacity for work that doesn't impact the output or the outcome. In the previous example, people may have been very busy, but if their work was feeding an internal process that didn't enable flow, it had no impact on the outcome. To be clear, this is perfectly fine if your objective is something other than increasing output, such as risk reduction or employee happiness. But if your goal is a direct impact on ROI, you want to match expanded capacity with activities that affect output.

Number of simultaneous projects	Percent of time available per project	Loss to context switching
1	100%	0%
2	40%	20%
3	20%	40%
4	10%	60%
5	5%	75%

Credit: Quality Software Management by Gerald Weinberg and Roger Brown, Infoq.

The final myth about resource allocation is that it can be managed and controlled in a granular way. Those tools that allow you be like a to chess master, controlling every move, controlling people's time down to the hour, these tools seem to have forgotten the cost of task-switching. Allocating someone to one project for 8 hours is not the same as allocating someone to 8 projects, for one hour each. The chart below shows the productivity loss due to context switching. When you are working on 5 simultaneous projects, you lose 75% of your time to context switching. 75% entropy, 25% actual work gets done. Now consider what happens when a team is context switching. For one, it's hard to get everyone into a meeting at the same time! And when we do have a meeting, someone is distracted or couldn't make it. More entropy results because we have task-switching at the organizational level.

The bottom line on resource allocation is this: get a clear picture of capacity before you add a single person to your organization. Ramp up and ramp down based on actual capacity and capability needs that drive the organization's strategy and goals. Generally, don't add people based on a request from an overworked team, until you've found out why they are overworked. And finally, don't try and be a chess-master when it comes to resource allocation, add people where they are needed and let them self-organize to get the work done.

CONCLUSION

By applying The 5 Steps to Soul in the Workplace, to a notoriously soul-less process like budget planning, we were able to find new ways to improve. Decoupling prioritization, capacity and funding can breathe new life into budget planning, alleviating the difficulty for employees and improving outcomes for the organization. This is how we connect the dots between soulful work and practical outcomes.

Where can you bring more soul into your organization? ⓔ

Jardena London is a consultant (the good kind), blogger and speaker. She has spent the last 25 years finding ways to transform organizations that can nourish our souls while producing practical outcomes. She's the author of the upcoming book "Cultivating Transformations: A Leader's guide to connecting the soulful and the practical".

[1] *SoulsAtWork.org*

[2] *Mark Brackett, Permission to Feel.*

[3] *https://www.rosettatg.com/blogtoon/2019/9/29/decoupling-budget-capacity-and-prioritization*

[4] *For those of you aware of my objection to the word 'grind'; Hypocrisy acknowledged. I couldn't think of a better word. Suggestions welcome.*

[5] *For more on optimizing work flow see Don Reinertsen's Principles of Product Development Flow*

[6] *For more on the Theory of Constraints see Eliyahu Goldratt's The Goal*

BAI Update

Awareness

The BAI Editorial Board was formed in June 2020 to assist the BAI both seek and curate content that is relevant to the existing BAI membership as well as to those the BAI would like to be part of its membership, to aid them and their organizations on their journey to Business Agility, which requires a whole-of-organization perspective.

The Board membership is diverse in backgrounds, ethnicities, experience, and professions. The Board co-chairs are Carol McEwan of the USA and Larry Cooper of Canada.

To better understand what content would be relevant to whom, the Board decided to take a step back to the broader BAI strategic landscape by asking and answering: Why does the BAI exist? For whom does it exist to serve and in what way?

The True North statement we developed as a result:

"The BAI exists to help people and organizations to anticipate and adapt at the pace of change so they can survive and thrive through disruption and uncertainty"

This helped us crystalize the positive impacts we believe we can have for our customers as well as the business outcomes we need to achieve. This enabled the Board to identify what we needed to tackle first; develop personas of our customers as they exist inside of their organizations, starting with HR, Finance, and the Agile Coaching community. To those of you already participating in interviews for developing these personas, we thank you. For those who would like to participate in these or other personas as interviewees or on the team-side of their development, you can contract ....

There is much work beyond the persona development that the Board will be initiating in the coming weeks and months. We recognize that the BAI is only as strong as our membership and their engagement with us. Engagement that we must earn, and engagement that we cherish and need if we are to achieve BAI's True North. We cannot do this without you.

Challenging times:

Self management through religious strife and hierarchy of caste

Story: Ved Krishna
Author: Christopher Ruz

Yash Pakka, founded in 1981 in Ayodhya, India, is a commercial paper and packaging company focused on sustainable and renewable packaging solutions, with over 500 employees and $40 million annual revenue. Yash Pakka, originally named Yash Papers, has undergone several major evolutions in operations and ethos throughout its almost four-decade history. These changes have effectively positioned Yash Pakka as a leader in its industry, not only in terms of economic output, but in company structure and team management.

Yash Pakka was originally a traditionally organized company. As per Indian cultural customs, the business was structured around a clear hierarchy that determined leadership, decision-making, and responsibilities for output. These business hierarchies were common in India at the time, with many lower-level employees only one generation removed from bonded labour. As such, concepts of self-management and self-improvement were entirely unfamiliar to those workers, who were accustomed to being given orders and abdicating responsibilities for decision making. Rewards for success and responsibility for failure also rested with team leaders, resulting in employees deferring all responsibility for mistakes or missed targets to their immediate supervisors.

CRISIS LEADS TO INNOVATION

Yash Pakka may have continued to function under this traditional structure if not for a crisis in 1992 caused by civil and religious unrest. Major roads, communications and electricity across Ayodhya were shut down, and with citizens restricted by military curfews, communication with the Yash Pakka plant – which was a couple kilometres out of town – was almost non-existent. Team managers who lived in Ayodhya were unable to reach the plant and assumed that production ceased out of necessity.

When the curfew was lifted and roads reopened a month later, team managers were shocked to find that production at Yash Pakka had never stopped. In fact, output had increased throughout their month-long absence. Team members had made their way to the factory by whatever means necessary and had created self managing teams to maintain the flow of power and raw materials.

It was this moment that led the then-CEO of Yash Pakka, KK Jhunjhunwala, to reconsider the entire company structure. His team members obviously held a deep affinity and loyalty to the company, and he in turn held a great affinity for each of them. It made sense that the company and its team members should support one another and find new ways for each to reach their full potential.

AN EVOLUTION IN STRUCTURE AND CULTURE

KK Jhunjhunwala held strong principles about the necessity of combating inequality in Indian society. This small, organic revolution inside his business presented him with a unique opportunity for the organization to grow and evolve in turn. He looked to recent literature on self-managing teams, including Maverick by Ricardo Semler, that would help Yash Pakka develop cross-team functionality and give workers independence and self-actualisation.

In order to understand the change in mindset that was required, it is first important to understand how workplaces in India differ to traditional western structures. In India, much of a person's identity is built around what they do for a living, and who they work alongside. As such, considerable pride is placed in both the team and the organization. The head of an organization can be referred to as king, or god. They are respected, even loved, as they allow for workers to provide for their families. This loyalty and pride in the business is what compelled so many team members to return to Yash Pakka during the 1992 curfew and self-organize in order to keep the business moving. Workers didn't consider the possibility of the plant shutting down. Their only question was – how can we get it done?

What KK Jhunjhunwala discovered was that, in a community-based society, employees will step up to fill positions of leadership. They will recognise the necessity of equal contribution and equal responsibility for success.

These realisations led to the new Yash Pakka team structures. Employees were divided into self-managing teams, known as Sanghs, which means to come together. Team leaders are known as Sanghrakshak, which also translated to team protector. This distinction is vital, as it demonstrates a fundamentally different way of creating a team hierarchy. Sanghrakshak are not solely focused on getting the maximum efficiency out of their team, or meeting KPIs. They serve, uplift, and assist the team in reaching their personal and business goals. This concept of service, Sēvā, is essential to understanding how Yash Pakka teams' function.

Inside these teams, decision-making became a democratic process and the assigning of roles was based on skills. Teams strove to remain cross-functional, and self-organized with other teams to create more efficient structures. For example, while all teams operated independently, teams like mechanical/maintenance decided to form a small operations team to oversee their practices.

The ultimate goal of this shift in structure was to create freedom amongst employees. Freedom at Yash Pakka is synonymous with responsibility. To make a decision is to see that decision through. If an old structure stood in the way of reaching a goal, employees were encouraged to challenge that structure and find new ways to thrive, but also to have the discipline to ensure their new structure was successful.

OVERCOMING RESISTANCE TO STRUCTURAL CHANGE

These changes were not easy to implement. As mentioned earlier, some team members at Yash Pakka may have only been one or two generations removed from the practices of bonded labour. For these workers, challenging a hierarchical structure was unthinkable. In early team meetings, these workers wouldn't speak up or voice concerns, as they deferred completely to their team leaders.

These barriers were broken down over months. Meetings were held regularly, and team members were asked to discuss personal successes, things that had gone well at home, challenges they needed to overcome, and so on. Only by insisting all team members contribute did it eventually become normal for workers to speak their minds. The result of this slow growth in openness and conversation is that all team members now feel empowered to voice their concerns – both personal and professional – and find ways to act upon them.

Team members are also personally invested in Yash Pakka, figuratively and literally. As of the mid 1990s, all workers automatically became shareholders in Yash Pakka, which gave everyone the opportunity to become an owner of the company. Having a personal stake in the performance of a new product or the realization of KPIs pushes all team members to excel in their positions and seek new, more production efficient methods.

COMMUNICATION AND TRANSPARENCY

As Yash Pakka's structure has developed through the years, it has adopted modern policies of complete transparency among team members. The business's finances, annual and quarterly productivity, interactions and team communications are all available for team members to inspect. This is foundational in allowing teams to self-organize in confidence. Likewise, Yash Pakka encourages transparent communication between team members and leaders, especially when proposing changes to procedures or identifying new training that can allow employees to advance their

practices. This ensures team members trust their concerns will be heard and that the business has their best interests at heart.

Transparency is maintained through regular meetings. These begin with a company-wide assembly every morning. While team members may already be working in smaller groups, the entire business is connected to a single mic and PA. This allows team members to publicly discuss recent successes, team targets, and KPIs. The open assembly is also used for more personal discussions such as birthdays, big events like marriages or recent births, and team members who are setting or have recently achieved personal goals.

By unifying the entire business for a few minutes each morning, Yash Pakka creates a family mindset, where solidarity and mutual support are the first things on each team member's mind. From here, everyone can plan their day more effectively, and clearly communicate with their team about their goals and how best to achieve them.

After the morning assembly, most teams will hold smaller meetings about immediate goals and operations. Larger meetings between multiple teams are held weekly or monthly, where upcoming challenges are discussed, along with methods of solving those challenges. While team leaders will decide upon the final actions to be taken, proposals and solutions are democratic.

SUCCESS VIA PEOPLE-FIRST PRACTICES

Yash Pakka is a democratic business, but this doesn't imply a lack of top-down leadership. However, being the CEO of Yash Pakka is a constant balancing act between an evolution in management and organization styles and defaulting to the methods and methodologies of the past. CEO Jagdeep Hira describes himself as people-oriented, and loves engaging with team members and helping them overcome personal challenges. At the same time, he is fighting against traditions that place him at the heart of the organization. When problems arise, it is common for him to be pulled in two directions – one that says he should immediately take charge, and the other that says he should self-reflect, find the best teams among his cohort to solve the problem, and allow them to self-manage.

This isn't always easy. Building an effective self-managing team in India is a very different prospect to building a team in the USA, Europe, or Australia. The fundamental culture is very different and to hire staff using the same assumptions will lead to hiccups. For example, in India, the existing history and cultural practices mean that some employees will have great difficulty in adopting self-managing team doctrines. Job satisfaction is not determined by the level of autonomy so much as whether the employee finds meaning and purpose in the world. As such, new team members at Yash Pakka are chosen based on whether they can find a balance between existing traditions and new methods of working, and whether these self-managed structures will bring them happiness and fulfillment.

FROM WORKER, TO TEAM MEMBER, TO FAMILY

The process of hiring team members is different at Yash Pakka. Roles are not based around titles but around what skills and knowledge team members already have, and what tasks they can or cannot do. If one of those roles opens, a profile will be created on those necessary tasks and skills so staff can assist in searching for someone to fill that role. There is, of course, no perfect team member ready to immediately fit every part of a job description, so new hires are given a two-week orientation followed by a one-week induction. During the induction, systems and processes will be repeated until the new team member is confident in their new responsibilities, and team leaders can ensure their new member has taken on the Yash Pakka mindset of self-determination and self-organization.

Even after new team members are chosen via this careful vetting process, it's vital to monitor their performance, as well as provide them with the systems and support they need to monitor themselves. Transparency regarding productivity (and roadblocks to productivity) are necessary for providing clear feedback, which in turn allows team members to self-set their targets and work towards solutions in cases where they find themselves blocked.

Self-monitoring is also vital in an environment where salaries and bonuses are negotiated per-worker. It allows team members to see exactly where their productivity and remuneration levels sit compared to their colleagues, set clear goals for improving their productivity, and gives them the confidence to request well-deserved raises and bonuses when they meet those targets. To ensure all team members have complete clarity regarding their targets, productivity and remuneration, monthly meetings are held where individuals can check-in on their targets and request support from other team members or leaders if necessary.

Firing at Yash Pakka is rare. If a team member is not reaching their goals, the preferred solution is to work with them to discover what's missing. Is it a process? A key piece of knowledge? Support from the team? At Yash Pakka, it's said that everyone has their genius. It's the job of the business to help find that genius, and to let the team member use it to their fullest advantage.

In the case that a team member is exiting, whether by choice or through necessity, Yash Pakka wants that team member to act as a brand ambassador for the rest of their lives. As such, their exits are full of joy, love, song, and dance, to celebrate their time with the company and all they brought to their team. Retirees are given financial training in the years leading up to their exit, so they can better manage their finances and enjoy an independent future. This financial training may include instruction on how to run their own business or market their own art, so every retiree will continue to find joy in their everyday lives.

This methodology creates strong, almost familial bonds between Yash Pakka team members long after they have exited the business. As proof of this, a recent strategic meeting was made open to all senior Yash Pakka team members, present and past. More than half of the attending members were retirees who hoped to contribute their skills and knowledge.

DEMOCRATIC BUSINESS IN ACTION

As part of its function as a democratic business, Yash Pakka involves employees in major decision-making processes. For example, when CEO Jagdeep Hira proposed refocusing the business's goals and products to be more environmentally friendly and meaningful, the entire employee body was encouraged to discuss potential directions. Proposals were raised and trialled within teams. The eventual shift from Yash Papers to Yash Pakka was a decision made with the enthusiastic support of the entire team.

YASH PAKKA
Packaging with a Soul

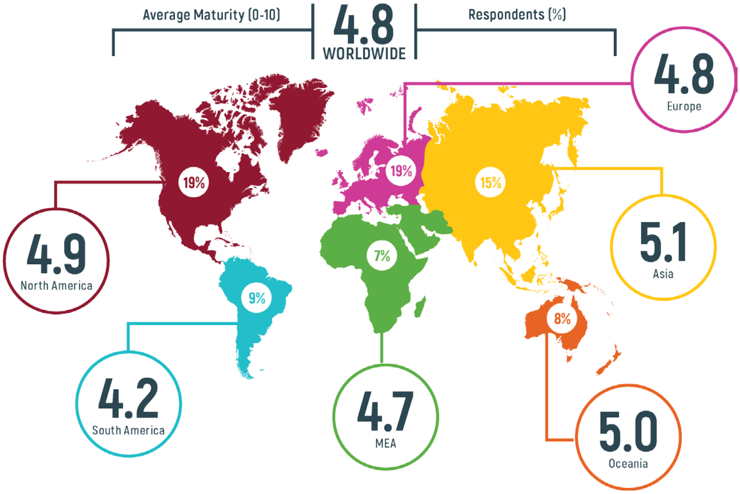
Yash Pakka has now shifted away from manufacturing products using pulped paper, and instead creates eco-friendly, biodegradable packaging using pulped sugarcane, which is more flexible and biodegradable. This change was made not only out of concerns for the environment, but also to maintain control over how and where Yash Pakka products were used. For example, Yash originally supplied paper for soap wrappers that were, through the external packaging process, wrapped in non-biodegradable plastics. This was unacceptable. Teams were tasked with proposing, researching and trialling solutions, and over an eight-year period of research and implementation, Yash Pakka is now trialling two new products: a flexible, compostable plastic replacement, and a sugarcane-based Styrofoam packaging replacement. These products have already been successfully tested as packaging for non-aromatic foods such as noodles and rice, with more to follow.

Yash Pakka has, over the past decades, implemented sweeping changes in how its team members plan, communicate, set goals, work, and improve themselves. These changes have kept Yash Pakka at the forefront of a growing industry that demands flexibility, adaptability, and a forward-thinking mindset.

Christopher Ruz is a Melbourne-based author and professional educator helping organizations across the globe tell their stories. In conjunction with the Business Agility Institute, Chris develops case studies of Business Agility transformations in action, edits and refines technical documentation, and runs online training for organizations seeking to develop their own storytelling skills.

Fact Sheet: The State of Business Agility in 2020

Evan Leybourn



We opened the 2019 Business Agility Report with the words "the world is changing faster than ever". In 2020, these words do not seem enough. The world has changed beyond recognition; in profound and subtle ways, both positive and negative. And yet, it is still the same world. Customer expectations continue to evolve; they seek new products, services, and experiences, and also expect greater social responsibility from companies. And despite record unemployment, employees continue to demand clarity, purpose, and meaning in their work.

In 2020, the Business Agility Institute polled 433 respondents from 359 organizations to convey a vivid picture of the opportunities and challenges for organizations pursuing greater business agility. This effort provides an invaluable resource to organizations on the path to greater agility as well as organizations interested in pursuing it in the future. A broader understanding of common trends and challenges may help organizations to better allocate resources, personnel, and create a realistic transformation timeline. The Business Agility Report was produced in partnership with AgilityHealth, Accenture, and TeamForm.

The full report is available here: *http://bit.ly/2020bareport*

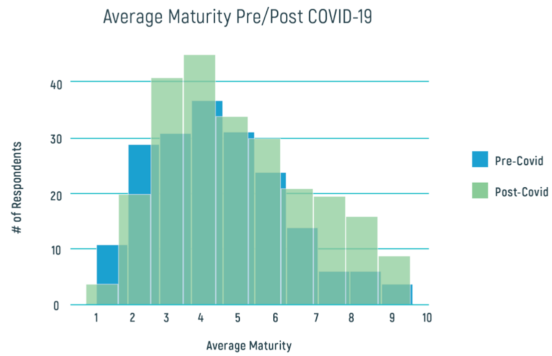
Top 5 Competencies	
Board Focus	56%
Understand The Customer	54%
Customer As Purpose	53%
Accountability	51%
Transparency & Sharing	51%

Lowest 5 Competencies	
Funding Models	44%
Supporting Functions	45%
Network Organization	46%
Humble & Happy	46%
Agile Methods	47%

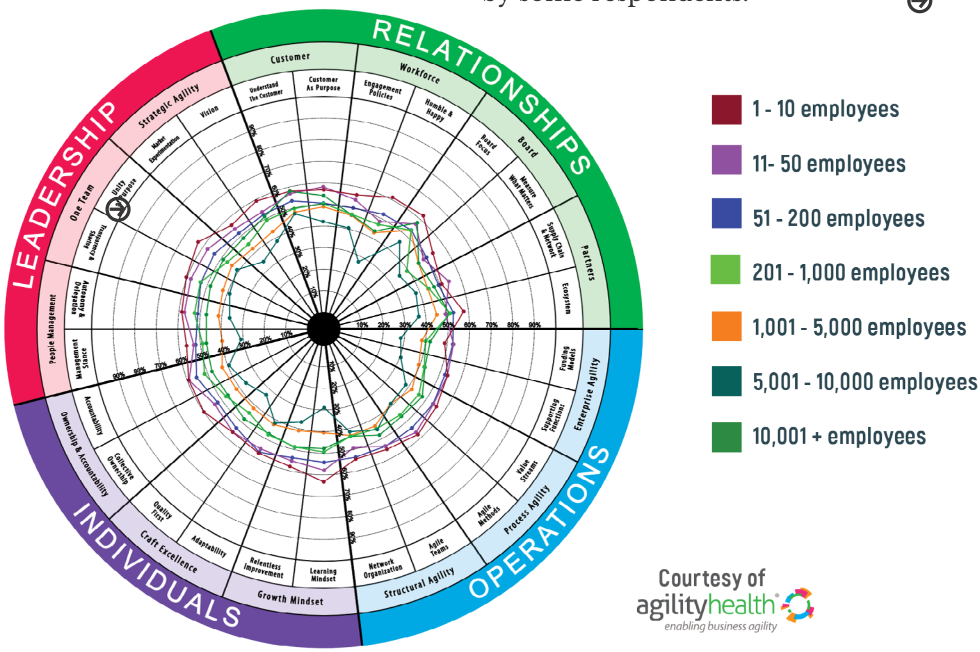
KEY POINTS

2020 saw a significant increase in business agility globally; only partially attributed to COVID-19: Compared to last year, we have seen more organizations commencing their business agility journey and those on the journey report greater progress. Across the globe, the international average for self-reported Business Agility maturity was 4.8 (up 9% from last year) with 25% of organizations rating 7 or more, again up from last year's 21%.

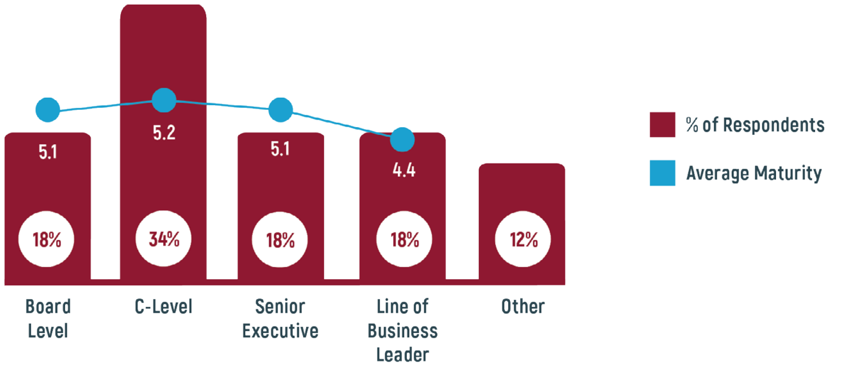
North America saw a decrease in business agility post-COVID-19: Assessing the impact of COVID-19 since March, whilst the world has generally seen an increase in maturity, the standout observations are that average maturity increased by 25% in Asia while also decreasing by 10% in North America. COVID-19 has acted as a forcing function on organizations in most regions with a global average maturity increase of 15% post-COVID-19.



Leadership continues to be the common theme amongst all transformational challenges: Respondents continue to report additional focus is required with leadership vision and sponsorship, and with broader structural issues such as organizational silos, alignment, and funding also being raised. Although, and of no surprise, COVID-19 is also seen as a challenge by some respondents.



Courtesy of agilityhealth
enabling business agility



Agile organizations are more successful: Organizations report that business agility has helped them to improve market performance, either through new customer growth or repeat customers during turbulent markets. Related to this, the analysis also revealed improvements in product development and delivery, faster turnaround times, higher-quality offerings, and the ability to produce more tailored solutions.

Business agility transformation must be led by top-executives: Respondents rate business agility maturity significantly higher when it is led by the Board of Directors or C-Suite, compared to those led by a Line of Business leader. In addition, post-COVID-19, transformations led by the Board, C-Level, or Senior Executives increased in maturity by 17-19%.

Business agility helped companies respond to COVID-19: Analyses of the responses identified several key benefits. Of special note, in the last two months of data collection, many respondents indicated that their organizations were better positioned to adapt to COVID-19 due to their adoption of business agility.

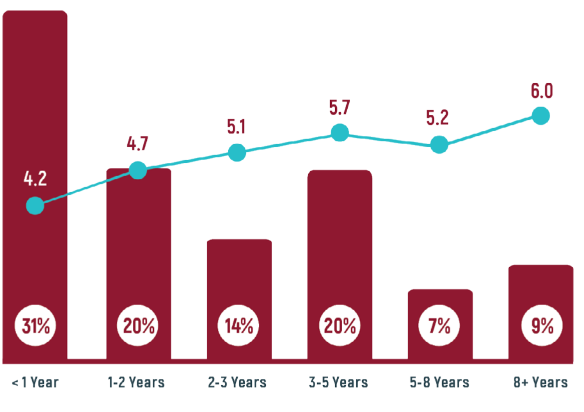
Agile organizations work better: Respondents identified significant delivery time and cost improvements through improved collaboration, communication, and transparency. Organizations with better ways of working also noted more team and value stream focus, a reduction in handoffs, and exponentially decreasing delivery time and cost. While some respondents continue to focus on their success with agile ways of working in traditional technology teams, this year a growing number are reporting success with agile ways of working across business teams.

Company size correlates to business agility: It should come as no surprise that small organizations have more agility than large ones. This effect plateaus at around 200 employees, with the maturity of larger organizations between 11% to 19% lower. Smaller organizations significantly outperform larger organizations in both Growth Mindset and People Management (an average of 20% improvement).

Manufacturing, and related industries, continue to develop their business agility: Consulting and Information Technology remain in the top 3 industries from both 2018 and 2019. However, "Manufacturing, Automotive, & Aerospace" has taken the third spot for the first time (up from 5th at 4.0). This group of industries has been able to bootstrap and accelerate their business agility transformation on top of a multi-generational investment in Lean.

Business agility is a multi-year investment: After controlling for other variables, organizations that were 8+ years into their agility journey scored 43% higher on average than those in their first year. In addition, when comparing survey respondents both pre and post-COVID-19, a significant increase to average maturity was observed for both organizations getting started (<1 year on the journey) and those who have been on the journey for a long time (8+ years).

Agility in HR was critical to effectively responding to COVID-19: Within the overall observed increase in average maturity post-COVID-19, organizations that included Human Resources in their transformational journey saw a further increase in their maturity by 12%. There is no other meaningful variation in maturity post-COVID-19 that can be attributed to other divisions and business functions.



65%

of respondents have been on the journey for less than three years.

Will your transformation be successful? Organizations who reported higher ratings in these three characteristics also report higher overall business agility and associated benefits:

1. A culture of relentless improvement: By encouraging a culture of learning and experimentation to thrive, organizations will continuously improve both what they do and more importantly how they do it; reducing costs, improving efficiency, and delivering greater value to customers.

2. Adaptive funding models: By funding business outcomes, rather than specific work outputs or projects, organizations can quickly and easily invest in new products or services as soon as market opportunities arise and, with the right governance, just as quickly stop or change work that is not delivering the expected business value.

3. Aligning work to customer-centric value streams: By designing flexible work processes that are both efficient and customer-centric, organizations can structure teams at all levels in a way that maximizes value creation for the customer.

2021 REPORT

Organizations interested in submitting their answers for the 2021 Report can do so here:

https://agilityhealthradar.com/business-agility-survey

Evan Leybourn is the Founder and CEO of the Business Agility Institute; an international membership body to both champion and support the next-generation of organizations. Companies that are agile, innovative and dynamic - perfectly designed to thrive in today's unpredictable markets.

BAI Update

Knowledge

The BAI Research Team is made of self-organizing globally spread practitioners and academic volunteers. Over the last 3 years the team has grown to over 30 to enable collaborations with industry leading organisations and educational institutions. Our mission is to be an independent research platform to support the co-creation, growth and sharing of knowledge in our community.

Led by Stavros Pappadeias, Research 1.0 - which is how we classify our research horizon extends to practitioner-led research in the form of white papers. You can access these from the Business Agility Institute library. We have published last year on topics such as Employee Engagement, Hiring for Culture and Business Agility in Unionized Environments.

My current focus is Research 2.0. This is the next horizon where we collaborate with external educational institutions, universities, organisations to publish research which is part of the practitioner's individual research journey, either to do a PhD or an MPhil, or an MBA. We have found that there is an increasing number of practitioners in our community who currently do not have a platform to publish their learnings and insights from their professional lives. Topics in this space cover Sustainability in Agile Transformations, The role of a Manager in an Agile Transformation and Psychological Safety during a time of Crisis.

On behalf of our team, I would like to take this opportunity to thank you and welcome you to be part of our team and come on board to co-create a shared learning experience for the community!

Purpose-Driven Methodologies

By Stephen Parry

THE MODERN ART OF OPERATIONAL SUCCESS:
Linking Organizational Methods with Objective Purpose

No matter how avant-garde we think we might be, we could all find something in London's Tate Modern Art Gallery we sincerely believe has no right to be there. Something so ugly, so futile, so outrageously meaningless that it does not deserve to be called art. And guaranteed, a few feet away, will be someone else who absolutely loves it. The old cliché "... but, is it art?" is always invalid, no matter who asks it, because it presupposes a consensus that does not exist. The only truthful response to such an erroneous question is, "It depends on who you ask."

Just as art cannot exist within the confines of an objective framework, organizational business methods cannot succeed without them. In this case, that objective framework is purpose. Without purpose, applying any kind of methodology becomes meaningless. Using one or more of the multitude of proven organizational techniques available today makes excellent business sense but using them for the sake of it or simply because they excite, engage or intrigue will dramatically erode their effectiveness.

Method + Purpose = Meaning.

When it comes to the application of organizational methodologies, two simple questions need to be kept in mind from the outset:

- What problem are we aiming to solve?
- What are the most appropriate methods for solving that problem?

FOCUSING ON THE PAINT INSTEAD OF THE PAINTING.

Methods such as Agile, Lean, Kanban and Six Sigma are brilliantly effective methods, but they should never be considered as more than a means to an end. Often teams and even entire companies allow the techniques to gain such an elevated status that they eclipse what they are trying to solve. The method becomes the purpose, rather than the purpose guiding the choice of method.

Several of these methods are so immersive and dazzling, they can cause a damaging myopia or even outright blindness. While immersed in Lean, the obsession can become counting the number of Kaizen events that are up or the number of Green Belts to Black Belts while employing Six Sigma – as if these things are indistinguishable replacements of business outcomes.

Before long it is easy to fail to see the woods for the trees. Business objectives are diminished to the point of becoming, in the worst-case scenario, immaterial. This leads directly to desired business outcomes being downgraded to mere assumptions, and once your outcomes are neglected, you have got serious problems.

FORM AND FUNCTION: Implementing Organizational Methods for the Right Reasons

Back in the early days of Lean, corporate delegates would visit Toyota to see how the automaker employed it, observing the methods, tools and training on the ground. Inspired and excited, they would return to their own businesses buzzing with excitement, tripping over themselves to roll out their very own implementation. Often a painful confusion descended when it came time to assess the situation. The techniques that Toyota had seen so much success with had not worked so well for them. And why? Simple. Whoever they were, they were not Toyota.

Drive the car where you want to go.

They did not have Toyota's problems, neither were they aiming for Toyota's outcomes. By making no attempt to directly link and tailor learned methodologies to fit their specific and idiosyncratic needs, their implementation of Lean had been a largely pointless exercise. It was as if a visit to Toyota had culminated in the purchase of a new car, which had, in turn been excitably driven around and around the car park. Suddenly, they are left wondering why they had not ended up at their destination.

IF YOU WANT TO MAKE GREEN ONLY EVER MIX YELLOW AND BLUE

There are ways to implement different methodologies that are complimentary and highly effective. There are plenty of other ways to mix them that will leave you with nothing but chaos. Some companies, for example, have attempted to combine Six Sigma with Lean and ended up with something extremely ugly that gives them the worst of both possible worlds. This is why it so important to keep the problem foremost in mind and adopt the methods and practices that best suit the culture and circumstances of the business. Individual methods have specific impacts and have been designed to engage people in very different ways. Throw them together without understanding how they can be complimentary and you end up with a terrible mess.

Once the business problem being addressed is clear – process, delivery, measurement and so on, the best combination of methods to address it can be identified. For example, if something across an entire business is required, Agile would not be ideal. Designed for smaller units, Agile does not work at scale. Lean would be far more suitable, with Agile incorporated within it, if required. There are many such useful combinations that can be employed.

"GOOD ENOUGH" IS PERFECTLY ACCEPTABLE

"Operational excellence" alone will not lead directly to success. Becoming skilled at creating and implementing the right combination of activities is, in the long term, far more important than solely aiming to achieve unimpeachable operational targets.

Do not let methods become the master.

The sheer pace of change in today's business world has given rise to a new create, deploy, experiment, replace improvement cycle, leaving little time for incremental improvements. Trying to improve a business to the level of excellence in this scenario is futile; the shelf life of these improvements will diminish at the same rate at which change increases.

A competitive drive for excellence in every part of the business lies behind the often feverish pursuit for methods today, but letting the methods become our master and turning people into tools is a mistake. The methods must always remain tools for the people. Then we can identify the right combinations of activities in any given context and ensure we are performing them well enough to beat the competition – and at the same time seeking new ways to do things, is a much better way of doing work. Or put another way: in a disruptive, fast changing world, do not let the perfect be the enemy of the good.

INSIGHT FROM STEPHEN PARRY

So, your business is in difficulty. You have one part of the business saying we could do better if the others did better. Everybody is blaming everybody else, but because of this silo mentality, there is no big-picture collaboration.

Often instead of getting people together to talk and create solutions from within, companies will go for a reorganization or go to a seminar of mine on adaptability or bring me in and assume that once they have listened to me, they will have adaptability as if the method itself was the panacea, not the way in which that method is implemented and managed within the very specific and idiosyncratic framework of that company's problems.

"Methods will come and go, but the principles for engaging the willing contribution... of your people are timeless."

They will do the same by utilising knowledge from a Lean conference or a business agility conference. They are buying a method and with that, they think they are solving their problems wholesale. They have devolved their responsibility to the method and they have encapsulated all their problems in 1 word, 1 solution.

At that point, the method becomes the purpose. If it is not working, they think, "We must try harder and do more of it!" So, we then put everybody through all the training programs, we do more Kaizen events, but nothing changes, because it will not work. They are working on the wrong problem. Methods will come and go, but the principles for engaging the willing contribution, creativity and problem solving of your people are timeless.

The key is talking and management becoming trustworthy. If you do not do that, you can throw more and more and more money after method, after method, after method. It will all be wasted. Your first duty should be to create an environment of such collaborative effectiveness that everyone knows the purpose of the organization. Then build your problem solving around that purpose.

"Method wars create tribes."

When you introduce a method and it does not work, it is almost certainly not the method's fault. That method became recognised because it worked elsewhere. The reason it has not worked is a problem with you. What happens frequently at that point is that methods are swapped for others. People for whom the method has been working are forced to jump ship, and before you know it, you have an internal method war in full swing. And method wars create tribes. Some organizations even deliberately call these new teams "tribes, " which is of course ridiculous. The last thing we want in the world right now is more tribalism. Tribes live in silos and only ever venture out for a fight. All warfare has collateral damage and with tribalistic wars like this the collateral damage is going to hit you where it hurts – the customer. ⓔ

Multi-award winning business transformation leader, strategist, and author of Sense and Respond: The Journey to Customer Purpose. Stephen is recognized as a world-class expert in creating strategic differentiation for medium to global organizations, including change program design, competitive and operational strategies. He is also the originator of the Sense-and-Adapt approach for creating adaptive organizations.

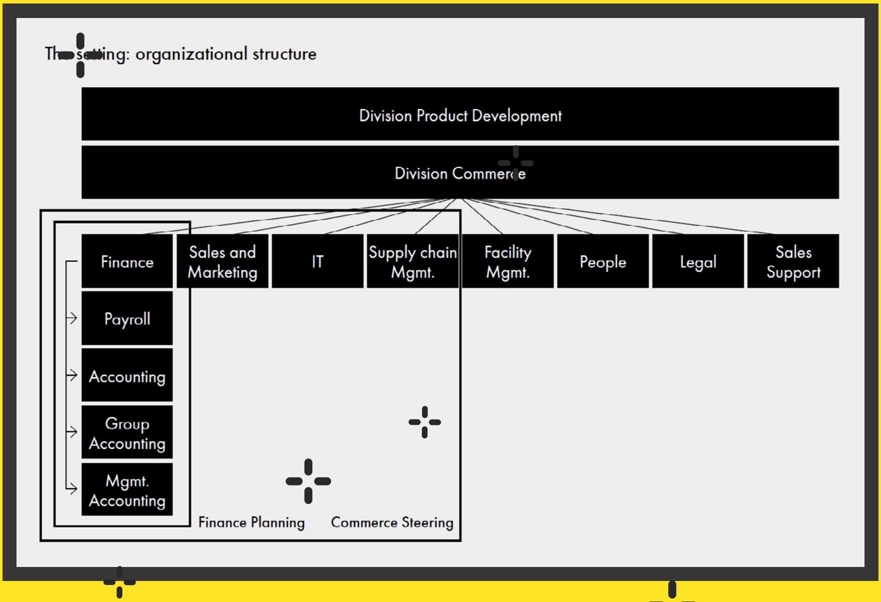
From Ensemble to Orchestra

How agile thinking enabled us to preserve the strengths of a small company whilst growing into a multinational organization.

Sebastian D. Becker
Ashok Mohan
Axel Teich

What got you here won't get you there: when a company outgrows its startup phase and becomes an established organization, its criteria of success often change. The very behavior that once made it successful may be a serious roadblock today.

While development and design teams frequently embrace agile methods in their work, it is less commonly used outside product development. By adopting agile methodology in our finance teams, we have found a powerful way of preserving some of the strengths of a small company, while overcoming the challenges of a grown organization. Here we will tell the story from Ableton's finance team's perspective.



ABLETON'S WORKING ENVIRONMENT

Customer and product focus | Ableton makes Ableton Live, software for making and performing music; Push, a hardware instrument; and Link, a technology for jamming with laptops and digital instruments. Our highest priority has always been to create value for our customers. Improving our administrative processes and back-end infrastructure did not receive sufficient attention and deteriorated over time. This became a critical problem when we established new entities and acquired Cycling '74, with little time to adapt.

Growth | Ableton keeps growing organically, which leads to an ever-increasing degree of complexity, such as a growing range of products, more employees and offices, and more varied distribution strategies. To meet our changing requirements, such as setting up a scalable IT system or transitioning to corporate reporting and group planning, we needed a high degree of novel, non-recurring cross-functional project work.

Legacy infrastructure | Our organizational structure, IT systems and internal solutions have grown organically over the years. In particular the self-built IT landscape for bookkeeping, consolidation, reporting and analysis was in bad shape, causing major and growing inefficiencies within our teams.

Decision process | We embrace an inclusive decision-making process that includes our employees' diverse views. This does, however, limit our ability to intervene top-down, can add significant amounts of time to the process, and makes the standardization required to grow in a scalable manner particularly difficult to set up.

Interdependency | Ableton's products are built to complement each other and increase each other's impact. Developing, refining and marketing these products means managing a lot of interdependencies, so we have a vital need for coordination across our various teams.

TAKING SMALL STEPS IN MANY DIRECTIONS

My name is Tim and I am a long-standing member of Ableton's finance team. Our fast growth presents me with a continuous stream of new projects and challenges, which I enjoy because I am constantly learning and contributing to Ableton in novel ways. I really like my work, but have been feeling a little overwhelmed of late.

Friday's are no-meeting days for me. I have managed to organize my week so that I take care of my operational responsibilities from Monday through Thursday, and use Friday for projects and opportunities that come up as the company grows. I initially struggled to create this space for myself. The maintenance of processes that my team is responsible for takes a lot of time. This includes self-built IT infrastructure for financial data, routine reports for other teams, data requests and analytical support. I do not mind the maintenance, but often my limited time only allows for quick fixes of bigger problems.

On Fridays I like to clear my mind by taking 30 minutes to process my inbox. Today there was just one new request. One of my colleagues needed some analytical support to learn about growth opportunities in Brazil. I let him know that we could have a look the following week, added an entry to my to-do list and got ready to start.

In order to focus I decided to spend two hours each on some recent projects: a workshop on aligning revenue projections and sales targets, my proposal for overhauling our cost center logic, and assessing reporting implications of our new bookkeeping software. At the end of the day I felt great. I had managed to make progress on all projects, despite not receiving some needed input from my colleagues on revenue and sales interaction. Despite not getting much work done on it, I had also managed to take a long-overdue look at our personnel planning process.

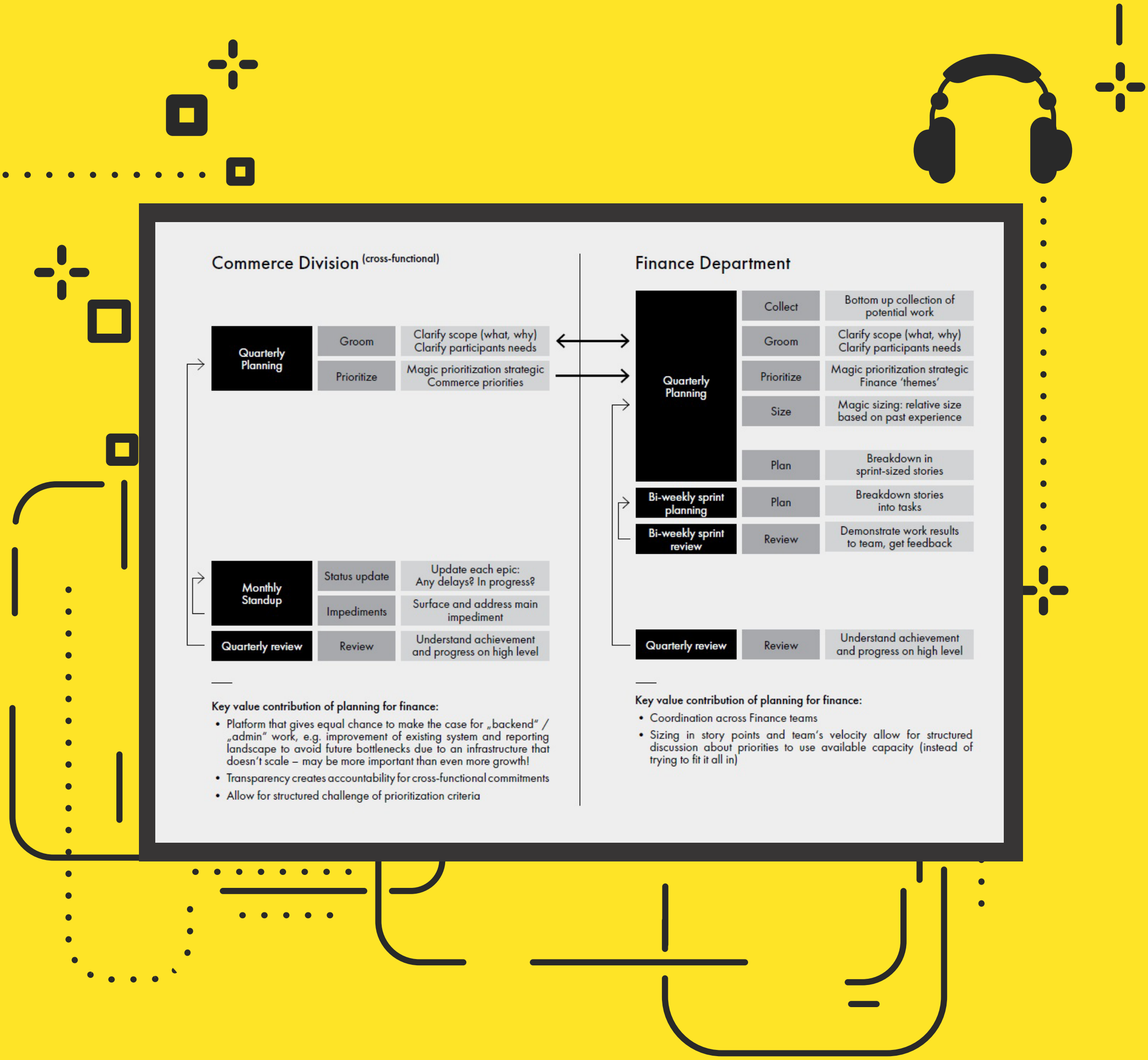
AN OUTSIDE PERSPECTIVE ON TIM'S WORK

While Tim works a lot – and feels productive – the mindset that was once key to the success of the team, coupled with the challenges of a growing company, has now turned into a severe roadblock:

Startup mindset: Tim's proactive attitude was valuable during Ableton's beginnings. His prompt support in the Brazil matter, and the changes to personnel planning both appear to move things forward. But there are some down-sides. Tim's colleagues get used to their last-minute requests being handled promptly and do not plan ahead as they otherwise might. Consequently it becomes difficult for Tim to schedule effectively and much-needed time for refining and developing processes is limited.

Increased coordination: Tim used to work with few colleagues in a shared space. As we grew, so did Tim's team and its work became increasingly specialized and interdependent. In Tim's example above, he needed his colleagues' time and input to make progress on financial projections and sales targets. Since they were busy, he started work on another project. What may seem productive at first leads to multiple, unfinished projects running simultaneously. This not only keeps Tim very busy, but also means his colleagues' projects that require his input do not progress efficiently.

Prioritization: At Ableton, our work on products for customers is often seen as more important than improving internal processes. Tim's impulse to answer his colleague's request regarding Brazil promptly – whilst admirable – came at the cost of improving the personnel planning process. This approach leads to less and less efficient processes that take up more of everyone's time. It may seem obvious to focus on optimizing our processes first, but it takes a holistic understanding of the situation to come to this realization.



AGILE TO THE RESCUE

Two and a half years after my no-meeting Friday, my approach to scheduling and prioritizing work has changed dramatically. At the start of a new quarter I am able to study the projects proposed by my colleagues in other Finance teams. We have detailed project profiles that outline their purpose and expected outcomes, and during the preparation phase for the quarter, my colleagues will often approach me to understand the impact of their projects on me and my team.

During a workshop at the start of the quarter, myself and other commerce team managers will give quick pitches of our projects to each other – concise versions of the detailed project profiles. We share our reasoning for considering the work a must, could or should, and create an initial prioritization. It is liberating to see that very few projects are truly a must – which we define as business critical – and most are simply opportunities that we are very keen to proceed with. At this point we refine our priorities from the initial list. We apply some agile methodologies like magic prioritization, and only discuss projects that require it, emerging with a list of proposed projects for the quarter that is ordered by relative priority. The preparation phase means that each team is aware of their required commitment for each project.

Info box: Epic profiles and quick pitches

Prior to prioritization of the work packages for the quarter, so-called epics, all proposed epics are presented to all stakeholders as quick pitches. That is, thirty second summaries of why the epic is needed and what the concrete expected outcome is. The aim is transparency to enable joint prioritization.

Alongside those quick pitches, detailed epic pages including additional details such as a concrete roadmap, step plan or the required stakeholders are made available in a central space. Much discussion of scope and participants already happens in the days before the quick pitches, as these pages are created and shared.

An examplary quick pitch:

> Establish Navision as ERP module that holds all bookkeeping data
>
> **Purpose:** Bookkeeping data for Ableton's entities lives in three distinct software solutions. While we agreed that standardization does not make sense yet, we do need to transfer all data to a single system at month-end to allow for a scalable standardized reporting and consolidation going forward.
>
> **Expected outcome:** By end of quarter, we have established the month-end process that transfers all entities' bookkeeping data into Navision. This does not yet include consolidation.
>
> **Stakeholders:** Accounting, Group Accounting, Management Accounting, IT, external service provider

The next step is to plan my team's work. Only once we have planned our work for the quarter – in a team-specific and cross-functional way – are we able to say how much work we can commit to. We cannot change the relative priority of cross-functional projects, but we do decide on our capacity to be involved. Our decisions are then fed back to a cross-functional steering group that confirms the plan for the quarter.

Recently, one of my colleagues approached me with an initiative they had been working on: gift cards for web shop customers. My colleague was not aware of the implications for the finance team, so we sat down to update the project profile and compared the project to the work we had already committed to for the quarter. In the end we decided that it was not necessary to re-prioritize and that the project would be proposed again at the start of the next quarter.

Info box: Prioritization

The prioritization used is a simple must-should-could-won't prioritization. Only 'must' is strictly defined as business critical – e.g. major financial risks, compliance risks. The strict definition makes sure to not overwhelm the teams with 'pseudo-must' epics. Only those that are truly inevitable are marked as must. After each quick pitch, the owner of the epic places an A6 card with the quick pitch on a prepared whiteboard into the category he or she sees fit.

Once all cards (ca. 20-50) have been placed, the team uses **magic prioritization** to reach a shared understanding of priorities in very limited time:

- For 5-10 min, all stakeholders step towards the whiteboard and silently move any card, for which they do not agree with the priority into the category they themselves see fit. Often cards remain within that new category. Only those that are moved back and forth due to strong opinions are moved to a "to-be-discussed" box.
- Eventually, each to-be-discussed epic gets addressed. Stakeholders explain how they arrive at their priority, e.g. "I do think that there is a significant cost of delaying the infrastructure work another quarter. The more entities we have set up, the more costly alignment will become." More often than not, new information is surfaced from the different viewpoints and a shared priority can be reached.

A typical board after the discussion could look as follows:

Won't	Could	Should	Must
Implement JIRA incoming invoice interface Scalable IT system setup	**Introduce Tableau-based Executive Reporting** Scalable IT system setup	**Assess Live 10 release impact** Analysis	**Hire a group accountant** Capacity and staffing
	Introduce inter-company reconciliation Transition to corporate reporting	**Introduce standardized internal group P&L statement** Transition to corporate reporting	**Understand required changes to transfer pricing** Growth: compliance
	Migrate payroll data to Personio Scalable IT system setup	**Finalize roll-out of synced global accounting procedures** Transition to corporate reporting	**Explore Finance implications of Loop conference in LA** Growth: cross-functional requests
	Agree on approach to go direct-to-dealer in Japan Growth: cross-functional requests	**Establish Navision as ERP module that holds all bookkeeping data** Scalable IT system setup	**Tax registration in Taiwan for digital sales** Growth: compliance

SO WHAT HAS CHANGED?

Most notably, the process has changed: instead of taking initiative and starting new tasks independently, Tim and his colleagues now decide collectively which projects to pursue. Some aspects of their new approach deserve a closer look:

Transparency
Throughout the quarterly cycle our teams make jobs and their priority transparent through project profiles. This helps Tim and his colleagues to understand the content and purpose of all tasks. They work in two-week iterations – sprints – and after each sprint they can provide feedback on the project. At the end of each month they examine the progress made in a sprint review.

Mindset
Our finance teams have begun to understand their work within a larger context – holistically – due to their shared accountability and ownership of projects. They are clear on the purpose and extent of their own work, as well as that of their colleagues.
The iterative approach – continually examining progress and adapting – encourages our teams to aim for continuous improvement, rather than a perfect end goal.

Effects
Tim and his colleagues can challenge priorities they do not agree with in the bi-weekly and monthly reviews. They work with greater focus and tackle problems effectively because the scope of each project was set early on, which leads to a realistic estimate of how much work they can commit to. Fewer, and more relevant projects are thus committed to, and our teams avoid running into bottlenecks.

STRENGTHS & CHALLENGES

Here are some of the challenges that arose as we became a bigger company:

- Our internal infrastructure, such as bookkeeping and analytical software, is now used by a lot more people and therefore needs to be designed well, and in robust and scalable ways.
- We needed more coordination and better collaboration between our increasingly specialized employees: What was formerly done by one broadly skilled management accountant, is now split across a data integration engineer, a group accountant and a financial analyst.
- Implementing changes became harder the more people we employed. Not only do our projects involve more people, but more people also means an ever-increasing amount of new ideas.

At the same time, we knew we wanted to hold on to some vital strengths from when we were smaller:

- A proactive mindset that challenges the status quo and actively seeks improvement.
- Implementing new ideas quickly and not planning years ahead.
- A collaborative approach and a sense that we are building something together.

The new approach helps Tim and his colleagues to tackle the challenges we face as Ableton grows. They can focus on fewer and more relevant projects instead of starting multiple parallel works-in-progress that they do not have the capacity to design from the bottom up and follow up throughout. Pilot programs and testing have replaced theoretic discussion about the value of projects for initiating major changes. At the same time, they have managed to preserve a proactive mindset, a collaborative spirit and can react to new challenges quickly.

AFFECTING CHANGE:

Ableton's software development teams adopted Scrum – an agile framework – back in 2008 in response to a product quality crisis. Our internal IT teams were also quick to use the new methods. However, they remained the only practitioners for a long time.

With the added complexity that comes with growth, our finance teams were struggling to implement the changes they saw as necessary. They had built a substantial amount of systems and infrastructure that no-one fully grasped anymore: Were the monthly reports for sales really needed? Should the controlling team really be building the data infrastructure themselves? They were also facing unique challenges, such as setting up subsidiaries and permanent establishments, standardizing bookkeeping for Ableton globally, and developing financial projection and analysis to suit our decision-making processes, which are shared and not driven by financials.

Our teams increasingly found themselves overworked; delivering quick fixes rather than thought-out solutions and trying to meet every request put to them. They were initially convinced that their work was too complex to effectively plan; that agile methods could not be applied to their particular challenges.

In one quarterly planning session we asked our IT and Finance teams why they could not meet their colleagues' requests. The IT team member had a simple answer: their capacity – measured in so-called story points – was already committed to other work. If the requests were more important than the work already committed to, then we could meet and take another look at our priorities.

The finance team member was also convinced that they were incapable of taking on more work, believing the team to be overwhelmed with other requests. But since they did not have a system in place that could help them assert this view convincingly, they ended up taking on additional work.

Sizing of epics

For sizing, a very similar procedure – magic sizing – is used. To quantify size so-called story points are used. Story points are measured on a discrete scale, based on the Fibonacci sequence. The numbers have no inherent meaning. The teams develop their own understand over time of what these numbers mean in terms of real work: what is "an 8", what kind of epic scope could be considered "a 21"?

For the magic sizing:

- Few finished epics from the former quarter are first placed on a Fibonacci scale. They serve as reference point. Then, all new epics are initially placed by their owner into the size category they see fit. The idea is to assess the size relative to other work.
- Then, the stakeholders silently move epics in case they disagree with the proposed sizing. Those that move back and forth and therefore need discussion are singled out and discussed individually once the silent phase is over. Often these discussions bring up either a misunderstanding of the actual scope of the epic or a stakeholder has thought of additional complexities the owner had not had in mind. In either case, the understanding of the size of the work is improved.
- Finally, the overall sum of the size of all planned epics is compared to the capacity of the team, called "velocity". Initially these sizes and velocity will vary widely and be of limited use for actual capacity planning. Over a couple of quarters though, the team develops a shared idea of what the sizes mean in terms of work and get an increasingly improved idea of their own capacity.

Sprint breakdown

Epics refer to a chunk of work to be completed during the following quarter. Throughout the quarter, work is planned in sprints, i.e. two week planning periods or iterations. To make the planning concrete, the team breaks down the quarterly epics into sprint stories for the quarter. The idea is to have a concrete piece of work that can be finished within a two week timeframe.

An example: Roll-out of new finance team structure, roles and interaction

Sprint 1: Finance Leadership team has prepared roll-out communication to finance department
Sprint 2: All-department introductory workshop and follow-up conversations
Sprint 3: Agree on company-wide communication of changes with executive team
Sprint 4: –
Sprint 5: Workshop: Check-in finance leadership team to assess success of roll-out and to determine next steps for following quarter
Spint 6: –

These sprint stories are then brought into the bi-weekly planning sessions where they are broken down to the level of concrete tasks.

We sought the help of coaches that had helped companies adopt agile methods before and knew how to overcome the initial suspicion of our teams. They taught our teams how to slice their work, estimate capacity using story points and plan their sprints and quarters. Soon, supply chain management, sales and finance, as well as facility management teams had adopted agile methods. With expert help from the coaches, our overwhelmed and overworked teams began to see the benefits of agile planning. Many felt empowered and the initial skepticism faded.

Despite the progress, we faced another, growing challenge. The teams were still overwhelmed with work. They had a better grasp of their own capacities and began to see how little progress was made on the projects they would start. As an attempt to make some meaningful headway, they would start more and more projects. Consequently, much work was started and little was finished.

A sense of much work and little progress was shared across the teams. As a result, for the first time in Ableton's history, all our middle-managers of the teams with the most challenging interdependencies met with the intent to face and solve the problem. Too many projects running in parallel was voted the biggest obstacle, closely followed by teams setting their priorities without regard to other teams.

The meeting gave birth to the Commerce Steering Initiative. Its purpose is to align priorities across teams and reduce the number of projects running at the same time. To this end, teams bring proposals that require outside contributions for the upcoming quarter to the steering meeting. Project profiles make transparent why a project is relevant to Ableton, what the expected outcome is, who is needed to what extent and how a project team will work together. The cross-functional group of managers jointly prioritizes the proposals based on the project profiles and aligns priorities, ensuring that all teams are aware of what is needed and what they are expected to contribute.

Over time, a continuous improvement loop became an essential part of the process:

- Teams became much better at phrasing – and therefore understanding – expected outcomes and purposes.
- Less work was started and left unfinished because of a sharpened awareness of capacities.
- Joint priorities create a shared vision and the steering group addresses major impediments to their work jointly, allowing us to tackle systemic problems effectively.

Having established our steering groups, we believe we have reached the limits of what process changes can achieve. We are convinced that a larger reorganization is necessary to truly transform the way we work. To this end we formed an initial working group with leaders from diverse functions, including executives, to find a novel solution to organize around cross-functional teams that can deliver end-to-end with few dependencies. This work is in progress and we will start making changes in early 2019.

If you are curious about the details of the processes laid out in this article, feel free to get in touch with us at *axel.teich@ableton.com*.

Sebastian D. Becker, teaches performance management and entrepreneurship in MBA, executive and other programs at HEC Paris. In his research, he has a particular interest in how management processes such as budgeting, forecasting and innovation accounting can help corporations and startups become more adaptive.

Ashok Mohan is a Coach with a mission to help create the next generation of organizations needed to succeed in today's complex and changing world while fostering environments where people can thrive. He considers it his life's mission to build such organizations that enable individuals and teams to express the best versions of themselves.

Axel Teich accompanied Ableton's finance department's growth journey from a small company with self-built infrastructure to a multi-national corporation. First, as trainee, later as management accounting team team manager, now as head of finance.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Scrum Alliance®

by
Christopher Ruz

AND INTRODUCTION TO SCRUM ALLIANCE

Scrum Alliance is one of the largest and most influential certification organizations in the worldwide agile community. It was one of the first agile organizations established, and continues to act as one of the custodians of the agile framework. Its goal is to "Transform the World of Work," by inspiring and guiding leaders, individuals and organizations through education and training in agile values and principles, with the ultimate mission of creating joyful, prosperous, and sustainable workplaces.

Founded in 2001, Scrum Alliance has undergone many transformations in internal organization and leadership throughout its almost two-decade history. However, not all transformations are positive. Throughout the 2000s and early 2010s, employees and stakeholders alike began to show concern about Scrum Alliance's methods, organizational structures, and its commitment to the fundamental values of Scrum. Responsibilities for major decisions and the direction of Scrum Alliance had concentrated at the top, departments were increasingly dependent upon one another for workflow, and major projects had begun to slow and stall. Incremental structural changes over many years had resulted in an organization that taught agile principles and values but did not embody them internally.

The Scrum Alliance revolution - beginning with reflection, continuing through a complete rebuild of the organization's working methods, and ending in a revitalisation of public perception - is also the story of two passionate agile practitioners: Howard Sublett and Melissa Boggs.

THE SCRUM ALLIANCE THAT WAS

In mid-2018, everyone at Scrum Alliance knew something had to change.

Morale was down. Productivity was low. Since 2015, Scrum Alliance had been transitioning from a distributed, remote-work structure to an in-house structure, and the influx of employees resulted in an organizational drift where the work habits and preferred structures of more entrenched employees had become the norm. Innovation and experimentation was stifled, and staff were increasingly unhappy.

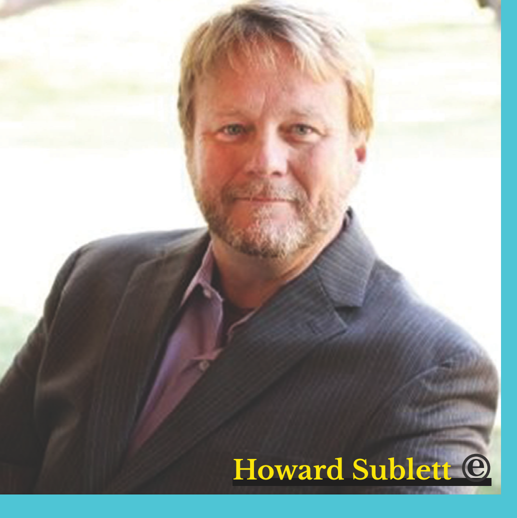
The board were concerned with employee wellbeing, and had made efforts in the past to realign methods of working to match the agile principles and values that Scrum Alliance espoused, but only in an incremental fashion.

In addition, the overall team structure of Scrum Alliance had grown increasingly tangled. Scrum Alliance had several fixed, traditional departments at the time, including education, marketing, IT, support, and so on. Each had their own projects and goals, but each were reliant on the others for key operations. As such, no single team could bring a project to completion without wrangling the available time and resources of other teams. The resulting chain of dependencies slowed output to a crawl.

It became clear to the board that Scrum Alliance needed new leadership, and a new direction. The organization had been operating for years with a revolving door of leadership, and while all the CEO's of Scrum Alliance were talented, driven and deeply invested in the teaching of business agility, none lasted longer than a few years. It was difficult for the board to identify any clear cause as to why they couldn't find a long-term CEO who gelled with the needs and attitudes of the organization.

It was only after the board had interviewed over 300 candidates for the role that they realized the criteria they were advertising for were attracting people with a deep attachment to old-industry roles and structures. All their temporary CEOs had positioned themselves as traditional, top-down leaders, but time and time again, this leadership style had proven incompatible with the Scrum Alliance ethos.

They needed a leader who wasn't afraid to challenge the established ways of doing business. They found their answer in Howard Sublett.



Howard Sublett

PROPOSING A NEW ORG STRUCTURE

Howard Sublett was a long-time practitioner of agile principles and values. He had an extended working relationship with Scrum Alliance, but had never considered himself as management material before. In fact, he stated that he didn't even know if he wanted to be a CEO.

What he did know was that he wanted to live the agile values and principles, and that if Scrum Alliance wanted to remain at the forefront of the agile community, it needed to do the same.

Howard felt he could better champion those values as a CPO rather than CEO. After discussions with the board, Howard applied for and was accepted into his new role as Scrum Alliance's CPO in September 2018. His first step was to discuss with the board the ways in which traditional leadership structures would be in direct conflict with agile principles. The question then turned from "Who should lead the organization?" to "How can an organization like ours be led?"

Howard's proposed solution was to create joint leadership roles based on the Scrum structure: a Product Owner, and a Scrum Master.

The Product Owner – the person responsible for the successful development of a product or service that suits customer needs – and the Scrum Master – the person who liaises with both the Product Owner and the Delivery Team to ensure everyone is equipped and enabled to meet their targets – are standard collaborative roles in product development.

To deploy the two in a managerial sense was unheard of. But Scrum Alliance was founded upon the principle of finding the best possible way to accomplish a complex task, and while the idea was difficult to accept at first, the board soon saw the advantages in Howard's approach.

A single CEO, they realized, must be all things to all people. They manage huge numbers of people, clients and projects, which makes their management a single point of failure. A joint CEO structure, on the other hand, allowed for the roles to expand. Each would have their own skills and responsibilities, and each would be able to work with the other while advocating for their own position.

The board began advertising for a Chief Scrum Master in late 2018. By January 2019, Melissa Boggs had joined the team as Scrum Alliance's second CEO.

Individually, they were strong. Together, they would be brilliant.


Melissa Boggs

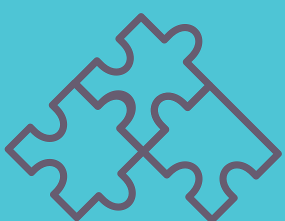
UNTANGLING THE KNOT

The first job of the new CEOs was to catalogue the problems inside Scrum Alliance.

Howard and Melissa began by speaking with employees. They soon discovered that many of Scrum Alliance's coaches and staff had accepted the situation as the new normal, and did not have an accurate understanding of how far their working habits and team structures had strayed from agile values and principles.

Melissa Boggs, who had experience as a Scrum Alliance coach, spoke candidly with employees and understood how they were struggling. Employees reported that, while they were working as best they could under the structures established by Scrum Alliance, they were losing confidence – not just in the organization, but in the agile values and principles altogether.

It was necessary to re-establish confidence both inside Scrum Alliance and externally, where the public were increasingly viewing the organization as a certificate-mill that could not operate by the principles it espoused. The process of achieving both internal and external change were intertwined. To improve the public's perception of Scrum Alliance, their entire product offering had to change: they had to create qualifications that served the community first and foremost. In order to create better qualifications, they needed to empower their employees to listen to the public and operate according to more agile methods.



One of Howard's first steps in creating a new sense of invigoration amongst employees was to remove any sense of blame for the situation Scrum Alliance had found itself in. He knew his employees and team leaders had joined Scrum Alliance because they believed in agile values, both in a business and holistic sense, and that they would be able to live those values through their work if he empowered them to do so.

He also understood, from his own experience, how easy it was for anyone – employee, product owner or CEO - to become entrenched in established work methods. There were no villains. There were only processes that had failed to serve employees and customers alike.

The next step was to institute rapid change throughout the Scrum Alliance, which was assisted by the fact that dissatisfaction with the status quo was universal. For an organization's work environment to be in direct conflict with the values that organization espoused was untenable, and the growing feeling among employees of all levels was that Scrum Alliance had strong rhetoric, but little follow-through.

Change could begin at the top, but had to be embraced throughout the organization. It was incumbent upon all employees to recognize their part in creating a positive workplace that embodied agile values. Teams had been given the option to create better structures, but had not felt enough of a push from upper management, and had become complacent as a result. Upper management, in turn, had not felt enough of a drive from their teams to change or update their policies. The result was a general malaise from top to bottom, and what was needed to shift it was a sense of invigoration, investment, and honesty that began at the CEO level and reached every employee.

SELF-ORGANIZATION / SELF SELECTION

During the leadership transitional phase, it was necessary to clearly express to the board why a new organizational design was necessary. The board understood already that the operational structure of Scrum Alliance was convoluted, but the true extent of how messy everything had become was made clear when Melissa created an org chart of each department and their dependencies. The result was described as an early Pollock.

The result of these inter-team dependencies was that relatively small, simple tasks were taking months to execute. The organization was becoming increasingly unresponsive and unable to satisfy customers.

Melissa and Howard's solution was to rebuild their teams into autonomous units. Rather than create the teams themselves, they instituted a self-selection process that would allow employees to construct their own teams based on skill sets and working relationships.

Recognising that Scrum Alliance was already engaged in a number of ongoing projects and programs, and that these projects were the best reflection of what work would look like for the foreseeable future, Melissa and Howard's first job was to create a new framework into which these projects could fit. They identified a number of personas that employees might relate to, and then asked employees to gather in their old departments and, on post-its, list all their current and upcoming projects, as well as processes of improvements. These post-its were matched with the persona-based-team the employee best felt would benefit from the project in question. For example, "Supporting new Trainers" was attached to the "Guides" persona, and so on.

When it became difficult to classify a project or process, employees were forced to ask: who are we doing these projects for? Do they serve our customers? Do they serve us? Or is this process a remnant of an old structure? Through self-reflection, a more streamlined Scrum Alliance structure began to emerge.

The next step was to add a list of required skills and personalities next to each team. Employees nominated themselves for their preferred teams based on what they wanted to achieve, what they would be able to teach others, and who they wanted to serve. A series of team building exercises then helped individuals identify whether they'd joined the right teams. Employees were able to apply for the positions of Product Owner and Scrum Master inside their teams, and were chosen based on their skills, passions, and long term goals.

Before the self-organization process, Scrum Alliance had multiple departments with multiple part-time scrum teams. Afterward, the structure had been simplified to six cross-functional and cross-departmental scrum teams, each including specialists in IT, marketing, education, support, and so on, ensuring that every team had the skills and personalities it needed to succeed. With only one or two exceptions, these teams have stayed stable since early 2019.

MAKING TEAMS CROSS-FUNCTIONAL (Include the power of having PO and SM on every team)

The restructuring gave every team a wider selection of tools and personnel, but most importantly, it gave them autonomy. In rare cases where a team needed a particular skill-set but didn't have an employee dedicated to that role, they negotiated with sister-teams who could share their skillsets. The result was a more independent collection of teams who could operate without being hampered by dependencies.

A side effect of making teams more autonomous was that extra measures had to be developed to help teams maintain alignment on major projects. Teams were given responsibility for maintaining that alignment, and as such, they formed Communities of Practice so that employees with shared domains and skillsets - such as marketing, technology, education, Scrum Masters, etc - could meet to maintain their professional development. These weekly meetings ensured practitioners in different teams were working towards mutually supportive goals, and could share knowledge and processes via lightning rounds. Guest speakers were also invited to assist in the development of skills, and to help teams align on their learning and processes.

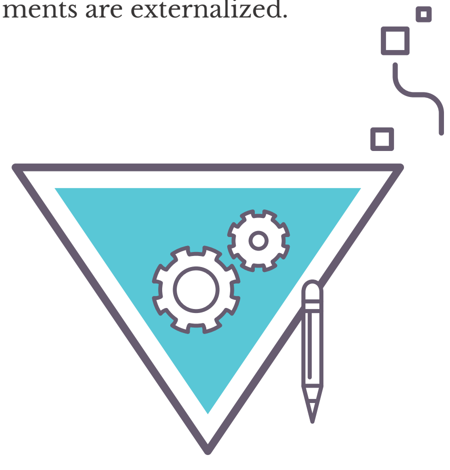
Management structures within these new teams were also overhauled. In many larger organizations, product owners struggle with the tension of being given great responsibilities while also being kept on a short leash. A product owner may, for example, be able to construct a team that suits their vision and set product development priorities, but have little authority over their own budgets or the overall direction of their team. Melissa and Howard knew that operations at Scrum Alliance had to be different. Product owners were made responsible for outcomes, accurate assessment of their team's needs, prioritization of projects, workflow management, and budgets. While they did not have ownership over the employees inside the team, they did have ownership of identifying problems their community needed solved, and setting a course that would deliver value to their communities.

THE CHALLENGES AND ADVANTAGES OF PAIRED LEADERSHIP

A unique dynamic and natural tension exists between a Chief Scrum Master and Chief Product Owner. While the Product Owner's purpose is to advocate for the customer, and push teams to deliver the maximum possible value to the business's clients, a Scrum Master advocates for their teams, protects them from unhelpful interactions, argues for their interests and resources, and removes roadblocks that impact their ability to deliver.

These roles are not diametrically opposed. When the Scrum Master and Product Owner are doing their jobs properly, the result is happier customers and happier employees. When the two come into conflict, it's necessary for them to understand that the conflict exists between the roles, not the people. In fact, as Scrum Alliance has proven, it's both possible and beneficial for the two to argue as hard as possible on behalf of their community and team members.

These same conflicts exist in a traditional CEO role, of course – except, a single CEO has that fight inside their own head. With a dual-CEO structure, those disagreements are externalized.



LISTEN TO CUSTOMERS

A highly successful aspect of the new Scrum Alliance development structure was the expansion of the incremental design process to involve real customers as early as possible. Many businesses limit their sprint review process to internal stakeholders, and only bring in external customers at key points in late development. Scrum Alliance, by contrast, have found it invaluable to regularly bring customers, both real and potential, into the sprint reviews.

The honesty of genuine customers is invaluable, as is their unvarnished input on whether a new product is only barely serving their needs, or whether it truly delights them. If customers can be involved in the process more often, teams will receive more feedback on incremental adjustments, and be able to course-correct if they realize they've become misaligned on customer needs.

A final bonus of involving customers regularly in the sprint process is that Scrum Alliance is building a reputation as a responsive organization with a strong focus on creating value for their customers.

HOW THESE CHANGES REFLECT THE ORG SA WANTED TO BE

Changes that began at a team level gradually permeated the entire operational structure of Scrum Alliance. Employees became more empowered as a result of the self selection workshop and the rebuilt team structures. This, in turn, gave employees the confidence to propose and pursue new projects focused on generating value for customers and clients.

Autonomous, passionate teams began creating the best products and services that Scrum Alliance had offered in years. Dependencies were minimised, and new products were tested and ideated at a previously impossible pace. Larger business conflicts that would have been roadblocks under the old managerial model were resolved amicably through the lens of the Product Owner and Scrum Master, with equitable and satisfying outcomes for all.

By changing the internal structures of Scrum Alliance, Melissa and Howard had also changed attitudes, operational standards, and revitalised the ethos of the entire organization.

THE EFFECT ON THE COMMUNITY, SOCIAL MEDIA, AND EMPLOYEES, PLUS CHANGE IN QUALITY OF WORK

No organization is an island. The internal situation of any business will eventually be reflected on its outside. A collapse in employee morale will flow on into the way that business delivers to customers, and will in turn affect the attitudes of partners and shareholders.

The inverse is also true. As employees throughout Scrum Alliance embraced the changes in structure and accountability, their enthusiasm reached beyond the organization's borders to touch members, fellow instructors, and partner organizations.

Melissa and Howard were asked to discuss the changes within Scrum Alliance at a Business Agility Conference. As they stepped off the stage, they were met by a long-term member of Scrum Alliance who had drifted away from the organization. Excited and revitalized by news of what was happening inside Scrum Alliance, the former member asked if they could immediately renew their membership.

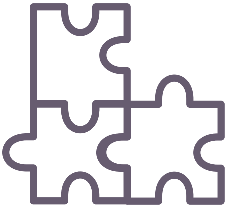
This was not an isolated incident. Scrum Alliance was once seen as an organization that didn't live by their own teachings. Now they stand as a model of how a business can successfully operate using agile values and principles. As a result, there has been a huge increase in engagement from members, volunteers and teachers across the past eighteen months.

This change has been mirrored on social media, where the public perception of Scrum Alliance's operations has undergone a dramatic positive shift. This change in perception is due to Melissa and Howard's engagement with stakeholders and the public alike. They clearly articulate their values, apply those values openly and honestly to the operations of Scrum Alliance, and have been vocally passionate and enthusiastic when it comes to helping others improve their lives and business practices.

MISTAKES WE MADE AND WHAT WE LEARNED FROM THEM

Not every change at Scrum Alliance has been universally smooth. For example, most organizations structure their annual budgets around departments, who in turn divide their individual budgets between smaller projects. So how was Scrum Alliance to plan an annualized budget when they no longer had traditional departments?

This is an ongoing concern, to which Scrum Alliance are still developing the answer. It has taken twelve months to establish new rules and structures to assist Product Owners in accurately assessing and balancing their projected budgets. In addition, IRS reporting for non-profit organizations is structured to facilitate the reporting of budgets and expenses in specific categories, which don't match 1:1 with the new Scrum Alliance structures. As such, the process of mapping the way in which Scrum Alliance now operates to the ways in which it is expected to operate is ongoing. The 2019 financial year was a period of experimentation in which new rules were established, and the 2020 financial year will be the test of those rules in action.



Explaining the Scrum Alliance Product Owner/Scrum Master dual CEO structure has also proven difficult, especially in the ways it differs from a traditional CEO/COO structure. In most organizations, a COO may have jurisdiction over many operational matters but when it comes to final decisions, the CEO rules. This runs contrary to the Scrum Alliance ethos, where both CEOs have equal footing and equal responsibility for policy and roadmapping. Both Melissa and Howard must come to agreements before presenting new policies to the board, which helps elevate their decision-making process to one of compromise and mutual success.

This stumbling block becomes apparent when other organizations interact with Scrum Alliance, and expect to meet and speak with directors, CEOs and the like. The IRS expects similar structures and titles when it inspects tax forms. Rather than create additional work for itself during a period of transition, Scrum Alliance has added these more traditional titles on to the end of their actual, operating titles to give the rest of the world a working framework as to how to deal with these new structures. However, inside Scrum Alliance, the work goes on according to agile principles.

CONCLUSION

After eighteen months of reflection, analysis, advisory groups, and a complete business restructure, Howard Sublett and Melissa Boggs have reshaped Scrum Alliance.

Refined internal processes and principles of self organization has given employees greater agency when it comes to developing their passions and applying their skills for maximum value. Teams are more independent, capable, responsive, and self-sufficient. Customers are deeply involved in the development and refinement of new products.

Most importantly, Melissa and Howard have built an organization that strives every day to practice what it preaches and embody the values and principles of Business Agility. The result is a new Scrum Alliance that has revitalised itself and built confidence among employees and customers alike.

The journey towards becoming a truly agile organization is not yet complete, and in fact will never be complete. But, as Nancy Levin says: “Honor the space between No Longer and Not Yet.” Scrum Alliance has moved beyond the No Longer and set its sights on the Not Yet, but for now, Melissa and Howard have established a strong foundation that will carry the organization forward through whatever challenges it faces in the years to come.

Christopher Ruz is a Melbourne-based author and professional educator helping organizations across the globe tell their stories. In conjunction with the Business Agility Institute, Chris develops case studies of Business Agility transformations in action, edits and refines technical documentation, and runs online training for organizations seeking to develop their own storytelling skills.

An Emergent Response to Crisis

Evan Leybourn

Week by week, day by day, then hour by hour. On the week of the 9th of March, everything changed. And it changed fast. That week I was in New York for the Business Agility Conference and I watched COVID-19 spread quickly through the state, but fear spread faster.

I want to share our experiences as a community organization and our response - specifically in the context of running a major conference at the exact moment everything changed.

But let me go back a bit. Two weeks prior, America recorded its first case of COVID-19. Everyone expected it and in some ways, we were surprised it took so long. We had already seen the impact on our community in China and Italy. Our Hong Kong and greater China communities were on lockdown and moving all their community events online. And we had already fully refunded those who had bought tickets to attend the conference in New York. At the time this seems prudent and fair. After all, it wasn't their fault they couldn't travel.

And then, it hit America.

When the first case was recorded on the West Coast, three companies immediately banned all travel for their staff - and we issued our first US refunds. It was, of course, the right decision--but at the time, it certainly seemed like an overreaction. The emails we received were apologetic in tone; at this time, most folks seemed like they, too, believed their companies were overreacting.

We were just under two weeks away from our flagship conference and reaching the point when we would expect the greatest number of registrations. For those who don't know, conference registrations sit on a very predictable exponential curve and we have seen the same curve every year for every conference we have run. The majority of registrations come in the final two or three weeks leading up to the date of the event.

This time, the curve flipped and the cancellations rolled in at an exponential rate. Companies banned travel and left registered attendees with no choice but to cancel their trip to New York City. We crafted an email announcing that we would still hold the conference in-person. It would be a smaller affair than originally planned, certainly; but at this point, we had little reason to cancel the event. There were no stay-at-home orders in the United States yet and the CDC continued to report the overall risk as low. Plus, while we knew we wouldn't hit our expected target of 400, we still had nearly 250 attendees registered and excited for the conference.

As the day drew closer for my flight to the United States, the news grew dire. The cancellations kept coming.

And this is where I want to make the distinction between reacting and responding. In both cases, a decision is made. The difference is the decision horizon. Companies make decisions every minute of every day and those decisions are shaped by the context at the time.

In a time of crisis, such as COVID-19, new information appears so quickly that the context changes day-to-day. By the time of our conference, it was almost minute-to-minute.

Companies who have developed a culture where strategic decisions can be made quickly, and with limited information, are those that are best placed to respond to crisis. Those companies who do not have this strategic agility muscle memory merely respond to each change. Making unconnected decisions that (usually) quickly diverge from their strategic goals.

In our case, we always kept our strategic north star. We are a research organization and community organization. How could we best serve (and delight) our members and the broader community?

Thus, we were faced with a challenge. Governments across the world were alerting citizens that the risk was low for certain populations and higher for others. A quarantine hardly seemed feasible at the time. Shutting down national borders seemed impossible. However, we also needed to honor the safety of our attendees and our community--our first priority at any event--especially for those who might be in the at-risk group, according to the CDC. In addition, we were faced with the economic reality of venue deposits, catering, and all of the logistics that go into planning an event in Manhattan.

And so we responded. We worked closely with one of our founding members, ICAgile, to develop a parallel virtual conference in less than 1 week. (And with nearly 200 people taking part in the virtual conference, it was a great success). For those who attended in person, we banned handshakes and hugs (a response that seemed excessive to many at the time but could have been stricter given the social distancing orders that were put in place the following week). We brought in nearly 50 bottles of hand-sanitizer from Canada (as we couldn't find any hand-sanitizer in the US at all - we tried stores in 6 different states). These were just some of the decisions we made ahead of the conference.

On the 11th of March, 200 people joined us in NYC and fully 100-150 people joined us virtually. And that's when everything truly went to hell. 3 hours after the conference started, the WHO declared COVID-19 a pandemic. NYC started reporting hundreds (then thousands) more cases. The US government announced border closures and flight restrictions. I never thought I would need to stand on stage in front of hundreds of people and announce a pandemic order was in effect. And yet, I am proud of how our community responded (rather than reacting). Looking at flight cancellations and border restrictions, our European delegates left shortly after the announcement. Many took the opportunity to join the virtual conference the following day.

And so we responded. Working with the speakers and delegates, we shifted program timing to allow people to make new flights and accommodate both in-person and virtual speakers. We canceled and fully refunded students for the Friday workshops.

While our conference was certainly different than I imagined, I am proud of how our entire community rallied around. The conference organizers, speakers, and facilitators all went above and beyond to ensure a safe environment that respected people's time, investment, and safety. In turn, everyone respected the hard decisions that we made. ⓔ

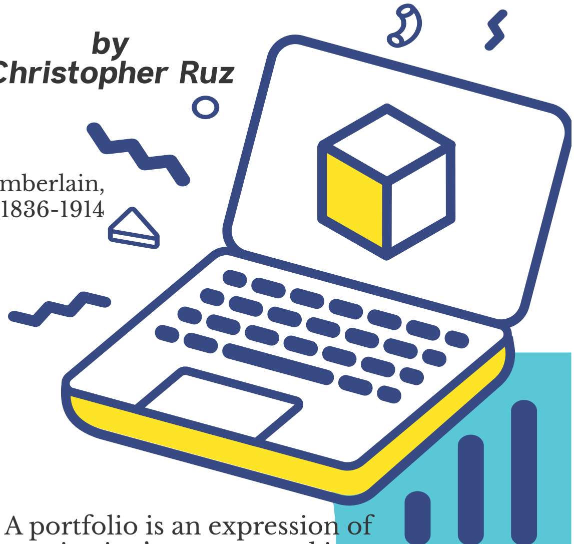
If anyone asks me what responding (not reacting) to change looks like, I will tell them it looks like respect and hard work.

Evan Leybourn is the Founder and CEO of the Business Agility Institute; an international membership body to both champion and support the next-generation of organizations. Companies that are agile, innovative and dynamic - perfectly designed to thrive in today's unpredictable markets.

Adaptive Portfolio Management

From strategy to customer value

by
Christopher Ruz



I think that you will all agree that
we are living in the most interesting times.

Joseph Chamberlain,
British Parliamentarian, 1836-1914

1. INTRODUCTION

Newton's Second Law of Motion: a constant force upon a body creates acceleration. The drive to create, to innovate, to improve, is constant. And so, world markets accelerate, with customer sentiment evolving at a breakneck pace; a pace that forces businesses to improvise, to take risks, and pursue emerging opportunities.

Organizations that can't adjust to these shifting markets will falter. Some will fall so far behind the curve that recovery will be painful, if not impossible. Others will rise to meet the challenge by continuously aligning (and re-aligning) product development investment against changing market needs. The most successful of these organizations are those that adopt innovative business practices such as flexible, cross-functional, and autonomous teams aligned to value streams, high-speed market analysis, adaptive product strategies, and customer-driven planning and prioritization.

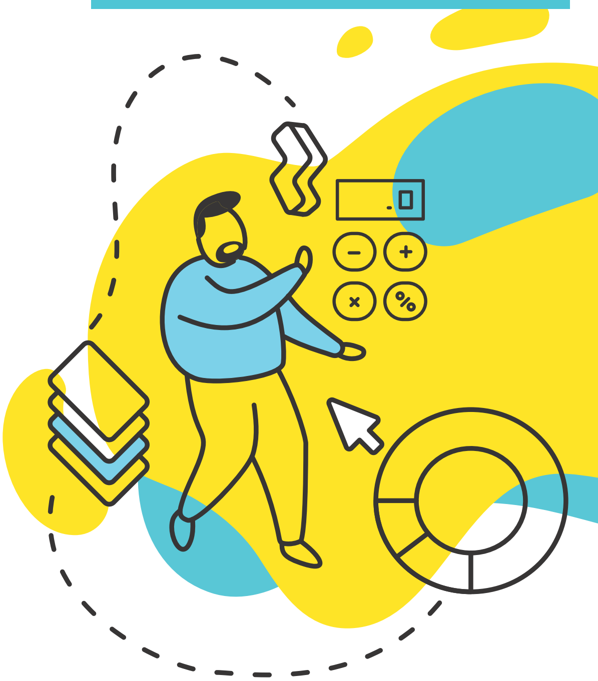
These business concepts are the foundation of Adaptive Portfolio Management.

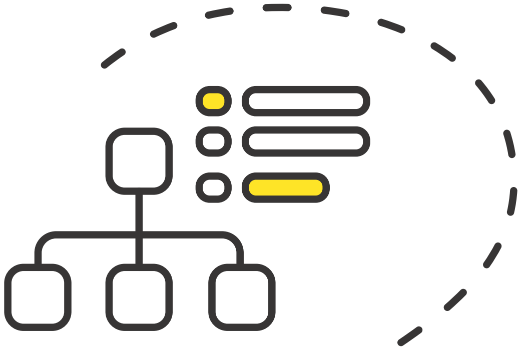
A portfolio is an expression of an organization's strategy and is the method through which upcoming projects and programs, their resources and funding, and their relative urgency are organized. This plan (or plans in larger organizations) is a roadmap that guides a business's day-to-day decisions based on market shifts, customer sentiment, and potential risks and rewards as perceived by management and analysts.

Yet, the speed with which modern markets operate, and the rapidity with which customer sentiment changes in a world of immediate communication and social-media-driven narratives, necessitates a fluid approach to portfolio planning and implementation. Rigid, long-term plans are ineffective and prevent fast and effective adaptation to changing circumstances.

Hence, Adaptive Portfolio Management. It's an approach to business planning that takes into account the uncertainty of modern market movement, variances in customer needs, unexpected changes to funding or production capabilities, and so on. An adaptive approach gives businesses the ability to pivot to match unanticipated circumstances by making rapid decisions regarding what products or services need immediate funding and attention.

The flexibility in Adaptive Portfolio Management extends to the ways in which smaller teams attack complex projects. By linking success to outcomes rather than outputs, and by trusting teams to build effective strategies based on rapid customer feedback, an adaptive approach can support whole business transformation initiatives, both structural and digital.
This paper will explore the mechanisms of Adaptive Portfolio Management, how strategies are devised, and how they assist businesses to achieve their core goal of delivering value to customers.





2. FROM STRATEGY

2.1. EMERGENT STRATEGY

The traditional Five Year Plan is a document laid out by organization leaders that describes a business's current situation, the current and predicted states of relevant markets, and how the business aims to serve those markets throughout the next five years. It explores company strengths and weaknesses, industry trends, timelines of major projects, and financial projections related to major milestones.

It's also important to recognize that the Five Year Plan as a strategic model is dead.

Over the past decades, market change has accelerated. Customer sentiment has become rapid, heavily influenced by social media and online discourse. Cause and effect can be difficult to understand, and it's often impossible to know what will unravel when a string (i.e. a market or supplier) is pulled too far. International economies and geopolitical instability can result in the unexpected collapse – but also the unexpected emergence – of business opportunities.

Building a five-year strategy is an excellent way to layout an organization's long-term intentions. It acts as an indication of direction, a shared vision. It is not, however, a roadmap. How can it be, when the terrain is unknown and ever-shifting?

As such, business plans are no longer sacrosanct. In an unpredictable market, an organization's strategy must have a foundation of listening to, analyzing, and rapidly adapting to feedback from markets, and being ready to shift

resources and strategies in the case of failure. Organizations that are able to watch the market, analyze current and future trends, and develop new short and long-term plans have a massive advantage in the current marketplace. Those who can anticipate and lead the market have a greater advantage again.

The concept of emergent strategy (also known as an adaptive strategy or strategic agility) is built upon these principles. Emergent strategy is, in a nutshell, a repeatable pattern of actions or behaviors that grow from a foundation of research and analysis, developed in reaction to customer and market feedback. Emergent strategy features, at its core, a strong framework of analysis and response. It takes the organization's original intentions and weaves them in and around a shifting market and customer landscape.

An emergent strategy adapts when the market inevitably changes where a Five Year Plan barrels ahead with blind optimism. Being ready to adapt is the biggest advantage a large organization can have in uncertain times, and that begins with developing an emergent business strategy.

2.2. STRATEGIC PLANNING

The larger the ship, the slower it is to turn when icebergs are sighted. So how can large organizations create strategies that accurately reflect the size of the business while staying flexible and adaptable?

The shift to an emergent strategy model doesn't have to be an all-or-nothing event. Multiple models and tools allow businesses to develop high-level strategies that combine robust planning with rapid flexibility while existing in concert with already-established long-term strategies. These flexible strategies include the lean canvas, the business model canvas, and the more traditional SWOT analysis.

The Lean Canvas and the Business Model Canvas are planning models that use different structures and methodologies to achieve similar outcomes: allowing businesses to condense their strategies into simple, clear documents that can be rapidly updated and iterated in times of change. SWOT Analysis, or the SWOT Matrix, is a simpler analytical model that helps organizations examine internal and external opportunities and threats to their current portfolio.

These planning methods allow teams to decide on how they organize their portfolios. Traditionally, there are many ways to organize portfolios: by funding, by delivery date, by available personnel. A more immediately relevant method of organizing projects is to rank them by the overall value they can provide to customers, and in turn, the value they will provide to the business. An accurately organized portfolio can allow larger teams to deliver projects in order of measured rather than perceived importance.

While these methods of planning and portfolio organization are not necessarily new, it is now necessary to engage with these processes more frequently, and with a more open mind to potential market developments. Where a SWOT analysis may have once been completed only near the beginning of each development cycle, or every few years as dictated by major market shifts, these processes should now be updated as often as possible – monthly for some organization and even weekly in times of sudden market or customer upheaval.

With more frequent reflection, analysis, and planning, comes a better understanding of how an organization can adapt its portfolios to changing markets and situations. But an adaptive plan is nothing without a method of testing whether a project is fulfilling its purpose, and for that, a business must turn to strategic measures.

2.3. STRATEGIC MEASURES

A traditional measurement of success in business is to see how well the project has adhered to schedule or scope; in other words, measuring outputs. Has a team completed a new build this month? How many hours have been pumped into the project this week? Is the team on track to deliver a feature-ready program?

Just because these are easy to measure, doesn't mean they are the right measures.

Problems arise when measurements focus on the completion of a project rather than the value of a product – more specifically, the value provided to the customer rather than the dollar value of the product to the organization. In addition, chasing performance indicators can change a team's behavior. For example, a team adhering to rigid timelines will come at the expense of that team correctly reading the market and adapting their work to the needs of their customers. If a team changes their work to satisfy management rather than to create better products or meet customer needs, everybody loses.

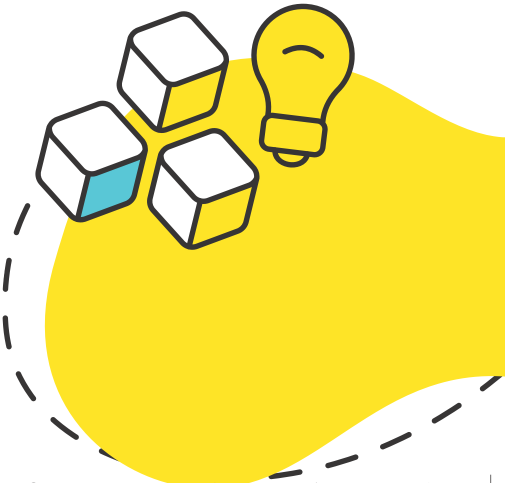
Creating a truly adaptive strategy requires organizations to re-examine the culture of adherence to internal goals as a measure of success, and to develop flexibility when it comes to scheduling and scope. It's important to choose the correct measures: specifically, measures related to customers rather than internal progress on projects.

So what measurement systems can be used effectively to support emergent strategies?

KPIs – Key Performance Indicators – and OKRs – Objectives and Key Results – are commonly used systems that track a team or business's adherence to expected results. A KPI is a measurable value that tracks how well a business or team is meeting targets such as marketing metrics, sales, social media numbers, etc. OKRs track an objective relative to the key results that constitute a successful achievement of the objective: for example, setting a goal of 150% customer growth over a set period, as compared to the new customers gained per month across all business divisions. OKRs are often shared across large organizations to promote visibility and help to align the efforts of large teams on reaching key objectives. In both cases, the measures are expected to be SMART: Specific, Measurable, Achievable, Realistic, and Timely.

Good measures might include tracking customer satisfaction, customer acquisition & retention, and net promoter score. These will provide a more accurate understanding of how well a business is meeting its customer's needs; which, by extension, is the best measure of long-term profitability.

A less common but equally vital measure of success is cost of delay: the measure of what is lost through delays, errors in judgment, or business rigidity, including lost income, opportunities, or potential customers. The cost of delay is most commonly related to overall delays to product launches or key milestones but can also be considered in terms of delays to customers via slow services & queues, delays in consignment and shipping, or setbacks in decision making. The corollary to discovering the cost of delay is discovering the benefits of acceleration. If a business knows that customer orders should be fulfilled at a particular rate but that delays are costing the business capital and customer satisfaction, it can be assumed that both these measures will increase if fulfillment is accelerated beyond the industry standard.



If a business wishes to adopt a truly flexible strategy, these measures need to be taken as often as possible: every two weeks at minimum, with weekly measurements and reflections the norm in more volatile periods. A business that neglects regular measurements has no way of knowing if its projects are off-trend and will be unable to quickly respond to change.

There are three primary rules when it comes to tracking success. One: a specific data point is less important than monitoring the trend. Measures should be relevant to the business, its major interests, ongoing projects, and customers, both existing and potential. So, while it's important to take measures regularly, decisions and market adaptation should be based on the overall trend.

Two: measurements should not be onerous. Fast and simple measurements give employees more time to analyze and respond. If possible, measurements should be automated. The more complex the variables, the greater the possibility of noise during measurement, and the more problematic the analysis. All of this impacts on a business's ability to deliver.

Three: each measure should be explicitly tied to projects inside an adaptive portfolio. Trends cannot be generic. They provide no useful information if they are not measuring the impact of iterations to a specific project. For example, measuring customer growth across a larger organization while tweaking aspects of a single small project provides muddied feedback. The type of measure should also be directly relevant to the project in question. A small, focused set of measures that target the way customers interact with a product or service are more useful to a team than a comprehensive set of measures that record every aspect of customer engagement, without providing relevant data on what parts of the project are being iterated.

By looking more deeply at the projects in question, choosing measures that are both relevant and simple to track, and building automated systems that provide clear data on customer trends, an organization can better understand what effect their changes are having and how they are building value for their customers. Thus, they can better organize their portfolios to prioritize projects where iterations are having a clear and significant effect on customer value.

3. TO CUSTOMER VALUE

3.1. VALUE REALIZATION

Some businesses struggle to balance the creation of customer value with the creation of business benefits. They visualize the two as opposing weights on a see-saw: provide too much value to the customer, and profits drop. Maximize profits, and customers will see the value provided to them diminishing.

Successful value realization requires organizations to reframe their understanding of the customer/business value dichotomy. It's not a balancing act at all. The challenge is to align customer value and business benefits so that a business can focus on serving their customers in a way that naturally leads to increased customer satisfaction and retention.

To better serve a customer is the reason for a business's existence, but that service can be expressed through multiple avenues. For example, accelerating response times to critical software patches, streamlining online ordering systems, or improving in-store accessibility, all improve the customer experience. These initiatives are sometimes overlooked because they don't have an immediate effect on KPIs such as net income, but they serve in the long term to improve customer retention and satisfaction.

Maintaining an alignment between customer value and business benefits can be difficult, especially when improvements to customer value are often only indirect measures; that is, they can't be measured directly, but have an impact on another measure. A primary step in creating and maintaining alignment is to identify the indirect measures and analyze the trend. As mentioned earlier, an individual point in the measure can be inconsequential, but even a small increase in the overall measurement trend indicates that actions being taken to improve the customer's experience are on the right path.

One measure that has become more common in recent years is Net Promoter Score (NPS). NPS is a measure of how willing customers are to recommend a business, product, or service to their peers - in essence, tallying a business's detractors against its promoters. It tracks overall customer satisfaction, but also assists in excluding some false measures - for example, some customers may make use of a product or service only because there are few alternatives, not because of actual brand loyalty. It also helps businesses identify opportunities to follow up with specific customers and discover what can be done to convert them into promoters.

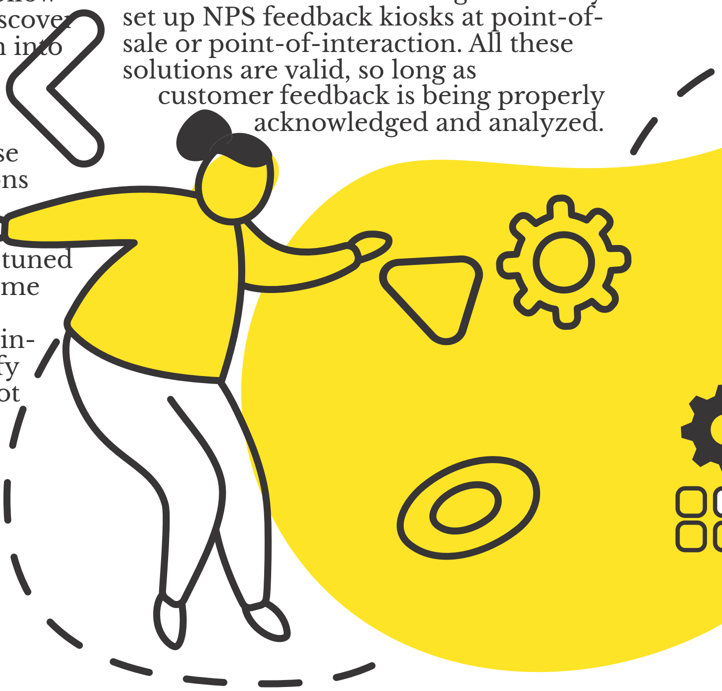
Whether using NPS or any other measure, a business must use the collected data to make decisions regarding which products and services can create measurable customer value. Portfolios can be tuned and projects prioritized - or, in some cases, shelved. In fact, one of the fastest and most effective ways to increase customer value is to identify which projects or initiatives are not fulfilling or will never fulfill a customer's needs and eliminate them so resources can be concentrated on projects with greater potential.

The faster and more automated the measures, the more frequently projects can be initiated, iterated, or shelved, and the more value can be generated for an organization's customers - and, in turn, the organization itself.

3.2. FEEDBACK LOOPS

To create and maintain an emergent business strategy, a business must engage with their customers in a constant loop of feedback, analysis, reflection, and application. Customers must be invited to the table to provide their honest opinions and feedback, and that collected information then fed back into the overall strategy. Without the customer's direct input, a business strategy is simply an echo chamber of uninformed policymakers.

The way a business listens to its customers is entirely dependent upon the industry and the product. Some organizations, such as media companies and companies dealing in fast-moving consumer goods (FMCG) will create focus groups of targeted customers in order to gain rapid insights on new products before bringing them to market. Software services companies will invite the hiring customer into their internal demo and review meetings (for example, the Sprint review ceremony) - held as often as once a week. Retail and service agencies may set up NPS feedback kiosks at point-of-sale or point-of-interaction. All these solutions are valid, so long as customer feedback is being properly acknowledged and analyzed.

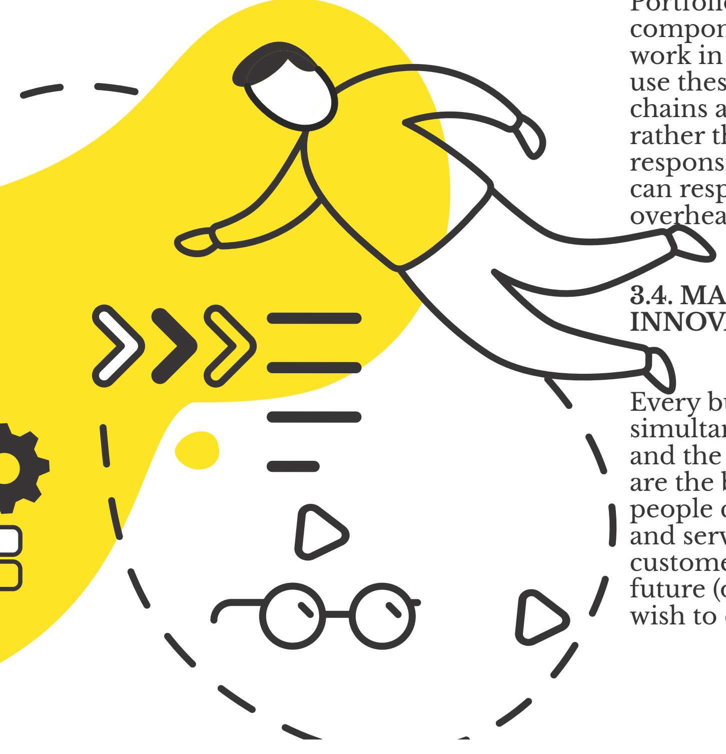


The faster this feedback loop, the better. Markets are ever-changing, and a multi-month turnaround on customer feedback can be deadly. One method of accelerating this loop is to ensure a single team is involved in both the feedback and implementation processes. If one team is focused on user testing and another is being slowly fed the collated results, an extra layer of handling has been introduced into what should be a rapid, iterative process.

With teams in charge of their own feedback loops, maintaining oversight and inter-team communication can become more complex. The answer lies in a system that helps support multiple teams and align them toward achieving common goals: Value Stream Management.

3.3. VALUE STREAM MANAGEMENT

A value stream is the chain that begins with management making a decision and ends in value being created for a customer. The links in that chain can be the implementation of smaller projects by multiple teams, iteration through feedback loops, the crunching of data via layers of software, and so on. The longer the chain, the more separated employees become from the end goal: serving the customer.



When a business's chains get too long and tangled, accountability and oversight become more difficult. Customer satisfaction also suffers. The customer doesn't know or care what happens behind the curtain. They just want the magic that comes with a successfully implemented system.

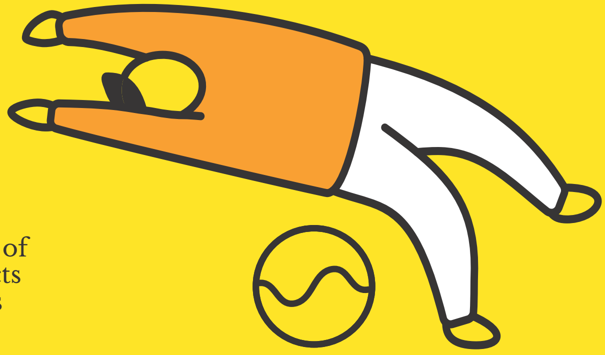
Value Stream Management (VSM) is a system derived from Lean Manufacturing practices that allows organizations to monitor and assist their teams throughout the project development process. By identifying streams within an organization, and pinpointing what makes a stream ultimately valuable to the customer, teams can focus on streamlining their processes and successfully delivering that value.

Businesses can also use VSM software and practices to help align their teams and make the project development pipeline transparent. This has the roll-on effect of allowing organizations to identify and resolve bottlenecks, minimize waste, and make strategic planning decisions. In addition, as the customer is at the end of the VSM flow, it simplifies the gathering and implementation of data via a feedback loop.

While value streams can be implemented in many ways, Adaptive Portfolio Management is an essential component of effectively managing the work in a value stream. Businesses that use these processes to structure their chains according to customer outcomes, rather than product output, are more responsive to their customer needs and can respond faster due to a reduction in overheads.

3.4. MARKET CREATING INNOVATIONS

Every business is serving two customers simultaneously: the customer of today, and the customer of tomorrow. These are the business's real customers – the people currently using their products and services - and the concept of the customer they wish to serve in the future (or the customer they wish to create).



Differentiating between the needs of these two customers, and which projects best serve each, is vital. Some products fill existing needs, while others create entirely new markets. Each requires a different type of plan and a different style of adaptivity.

An emergent strategy for a customer of tomorrow can be developed based on an existing feedback loop and integrated into the portfolio plan. When customers express a need for a product or feature that neither a business, nor their competitors, are offering, it's an excellent opportunity to develop a profile of how that need can be fulfilled, the research required to truly understand that need, and the people required to fulfill it. It's also necessary to monitor the ways in which customers are using already existing products. Unexpected needs can evolve through non-typical use of an established system and demonstrate a need that customers have not been able to clearly express.

Even after a product launch and the winding-down of a creative project, adaptive management is a necessity. Customer feedback can guide the path a product takes – toward version 2, toward ongoing tweaking and refinement, or toward shutdown. Discovering which path a product will take is determined by how smart measures and customer trends are used to prioritize work and allocate funds within the portfolio plan.

It's vital for any organization to always be asking questions: of themselves, of their competitors, and most importantly, of their customers. A good business is always asking: how do we better serve the customer? What can they tell us? A truly successful business asks: what are we learning from these feedback loops? Is our data providing the insights we need in order to advance ourselves and fulfill our customers' needs? How can we tweak the feedback loop in order to improve both our customers' situations, and ourselves?

4. CONCLUSION AND SUMMARY

Adaptive portfolio management is a new approach to portfolio planning and organization. It tosses out the rigid five or three-year plan and allows a business to modify and restructure its existing projects while executing those projects with a greater degree of flexibility.

Through the creation of rapid feedback loops, the implementation of fast, automated, relevant measures, the examination of feedback trends, and the integration of customer service and development teams, businesses can become more reactive and get ahead of shifting markets. With this adaptability comes a greater connection to the needs of customers, a renewed focus on achieving positive outcomes for both customers and the business, and a culture of continuous improvement. ⓔ

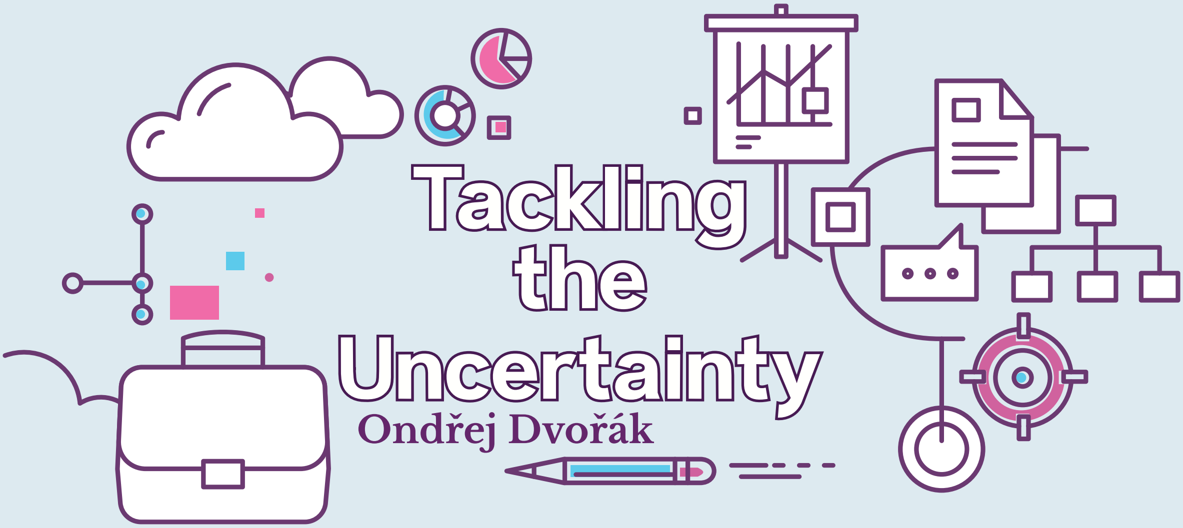
Christopher Ruz is a Melbourne-based author and professional educator helping organizations across the globe tell their stories. In conjunction with the Business Agility Institute, Chris develops case studies of Business Agility transformations in action, edits and refines technical documentation, and runs online training for organizations seeking to develop their own storytelling skills.

BAI Update

Community

The BAI Chapters are a community extension and independently-run and operated non-profit organizations. They are registered and constituted in the region/country with the authority to make decisions and set the direction for themselves while building and growing the business agility community. The primary work of a chapter is to build a community across the region on behalf of the institute; it carries out its defined bylaws and operating rules by promoting events, learning opportunity sessions, forums, electing special interest groups and excellence centers as determined by its bylaws, participating and collaborating with the BAI, and issuing norms which bind members.

Our chapter program helps build a vibrant business agility community of practitioners, organizations, other institutes, and individuals wanting to learn and find opportunities within business agility across the globe. Our chapters represent a diverse cross-section of independent non-profits from cities, to countries, and to larger geographic regions. Members of the chapter lead learning, awareness, experience, and professional initiatives and spearhead deep-dive discussions, networking, and events. Some of the chapters recently came into including Brazil, Colombia, Peru, Portugal, and the UK; and while others on their journey are Mexico, Spain, South Africa, and few others. The chapters that have been established and officially formed are recognized by the Business Agility Institute and are collaborating with the BAI in bringing various regional programs and initiatives on business agility and involved with regional groups and organizations in sharing experiences, stories, and learnings. Check the BAI site to find out local chapters within your region or contact our chapter team for more information about specific chapters. Don't see your chapter? Take the initiative to start a chapter, and join our BAI Chapters founder's circle.



Tackling the Uncertainty

Ondřej Dvořák

Often in a rush, juggling constantly changing priorities, drowning in emails, calls and messages, and keeping track of all the activities of his law firm with all his might. Yes – this was a typical day in the life of Štěpán Holub, an internationally ranked lawyer, shareholder and managing partner of Holubová Advokáti (hereinafter "Holubová").

One day, while chatting about his struggles, he mentioned several ideas to optimize the operations of his office. When asked what he would want to improve upon, Štěpán said, "Daily stand up meetings and maybe a whiteboard to track critical activities – that's what we need." However, he followed up that remark with, "Well, but we cannot do that; we are a bunch of lawyers, attorneys, trainees... we are unable to meet that frequently due to court hearings, business meetings, client consulting meetings... so it's a no go for us."

With my IT background, and knowledge of tools and methods such as Kanban and Scrum to bring order out of chaos, to systematically meet, plan, and prioritize in an uncertain environment, I could not quite understand his problem. "Štěpán," I replied, "we all have meetings. Some are fixed like your court hearings; others are more flexible and can be moved. We all have changing priorities, but some of us manage them better with the help of today's technologies and methodologies."

I proceeded to explain the agile framework to Štěpán, the ideas that help us thrive in uncertainty, the mission to constantly improve and strive to be better today than we were yesterday, the roles in a team, and the importance of ceremonies like retrospectives, daily updates, etc. I explained to him that it is not so much about the technology that is used, but more about the mindset and team spirit these methods help build.

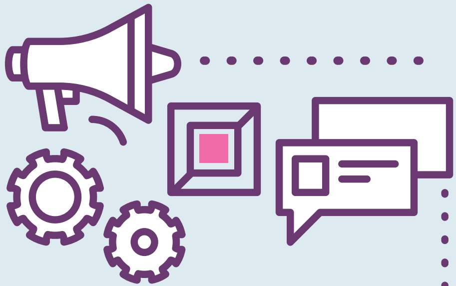
LEGAL SERVICES THROUGH THE LENS OF PROJECTS AND TASKS

Shortly thereafter, Štěpán and I agreed on starting an agile transformation of his law firm. After an initial analysis, it became clear that the law firm is delivering services in different areas of law, and typically employs specialists to do so. Their portfolio of service offerings consists of consultancies, legal contracts or documents, and other content in corporate law, real estate, transactions, travel business law, professional liability, and data protection. In terms of agile frameworks, these focus areas can be seen as value streams, each of which is dedicated to support long or short-term products and services in their portfolio. Certainly, each of them requires a project – a temporary endeavour undertaken to create that product or service.

Looking back, the shift towards seeing all that they do in terms of "projects" was the biggest challenge of the whole transformation at Holubová. In IT, we naturally use a "Divide-and-Conquer" strategy. We split complex projects into user stories and tasks, and we plan their execution across all teams. However, lawyers do not typically work that way. For instance, structuring an appeal document into tasks like (1) clarify the scope with a client, (2) get necessary information from the court, (3) find a template for the document, (4) fill in the template with client's data, (5) write an introduction for the document, and so on... may sound natural in IT projects, but are not very common for legal projects like "appeal writing" or "preparing for a hearing". Nevertheless, when we started to structure Holubová's work into tasks, it opened up a new way of managing the workload in a law firm – as a team.

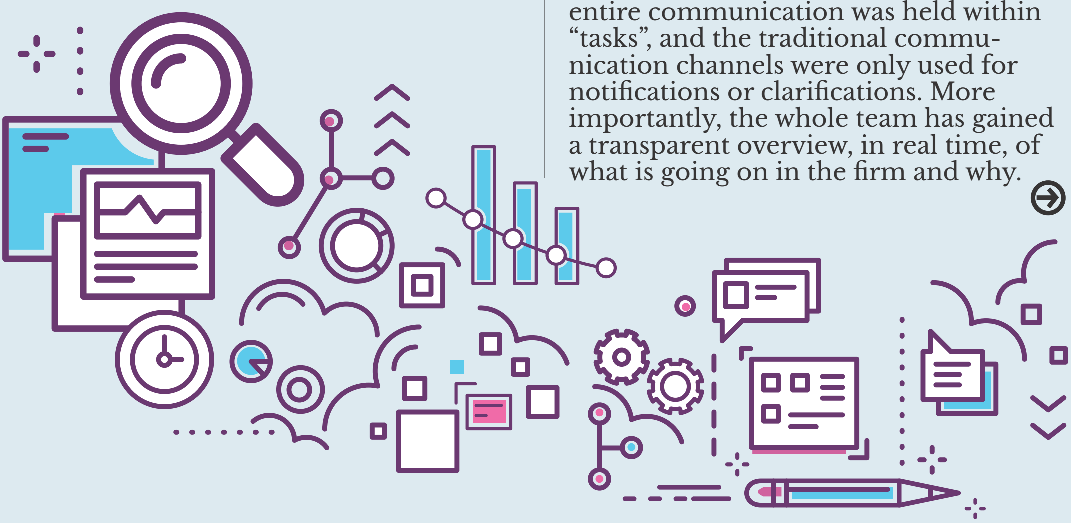
UNCERTAINTY AND AGILE MANAGEMENT IN A LAW FIRM

We created a basic technical infrastructure where all the legal work is split up into tasks, projects, and so-called "legal stories". All of that began to build a solid foundation for measuring the speed of the team – an aspect with which we recently started to experiment. In any case, the backlog of legal duties gave us an overview of the nature of the firm's



work, and a solid foundation for its smooth processing. We revealed big projects on which the law firm works for few weeks or months, smaller repetitive projects like preparing employment contracts, constituting a new company, revisiting terms & conditions, etc. which are handled in a couple of hours or days, and micro projects such as answering urgent simple legal questions for clients via email or phone, authenticating signatures, preparing the powers of attorney or contracts of mandate, organizing a meeting with a notary, a client, or an expert.

It is not surprising that these micro projects are unpredictable, since the requests for this kind of legal service pop up daily and need to be completed quickly. However, what turned out to be extremely helpful was that these unpredictable projects were visible in a centralized task-tracking system alongside the planned work. Thus, instead of using emails, calls, messages, and communication platforms to coordinate and prioritize these projects, the entire communication was held within "tasks", and the traditional communication channels were only used for notifications or clarifications. More importantly, the whole team has gained a transparent overview, in real time, of what is going on in the firm and why.



THE AGILE LAW TEAM

To cope with the uncertainty within their projects, we decided to use Scrum, one of the agile frameworks historically popularized in IT. All the roles like product owner, scrum master, and a team remained the same as they are in IT. Since Holubová is a small law firm employing around 10 people, we built only one team where the two managing partners became product owners, and their office manager was trained to become a Scrum master. The rest of the team is composed of attorneys, trainees, marketing people, and secretaries. This cross-functional nature of the team helped to better distribute the work amongst the team members. Therefore, even though the expertise in specific fields of law resided with individuals, the routine, mechanical tasks could easily be distributed among others.

We have been doing 15-minute stand up meetings on a daily basis. Keeping in mind that some fixed court hearings or other fixed business appointments may conflict with that, we picked an early morning timeslot, and prepared the shared digital board so that each team member could join the session remotely on their smartphone, even when driving or cycling to work. In this new setup, the partners managed to eliminate the time-consuming operative work that is now performed by a Scrum master, and they gained much more real-time information about the capacities of their employees. In the end, the whole team got a much better overview of what is going on, how, and why.

THRIVING IN UNCERTAINTY IN TIMES OF COVID-19

This new set-up turned out to be extremely helpful at these times of increasing uncertainty due to the COVID-19 pandemic. Fortunately, the agile transformation of Holubová had already started few months before the outbreak, and consequently, while the entire world was getting their first experiences of how it feels to completely work remotely, the team at Holubová was already used to the Scrum cadence, and had an overview of all the activities within their task-tracking system. Considering that a significant number of Holubová's clients operate in the tourism sector, e.g., travel agencies, insurance companies, etc., and that the travel regulations at this time were constantly changing from minute to minute, Holubová was able to respond to the increasing needs of clients affected by COVID-19, along with covering all the other ongoing projects. Thus, despite other issues related to full-time remote work, the agility helped them to overcome probably one of the most challenging periods of recent times.


Stepan Holub

What the client says now – a retrospective on the agile shift

The agile transformation of Holubová started almost 6 months ago. When we retrospectively revisit that period of time, it is obvious that one of the main struggles was, and still is, technology. Doing agile right over the long-term requires the use of a convenient task-tracking system. It must be flexible to structure the backlog and report it from different perspectives on the digital board. Unfortunately, such task-tracking solutions are originally meant for a tech audience. Thus, for non-tech lawyers, at the beginning, it has been quite challenging to use the basic functionalities and to think in terms of granular tasks. However, we try to tackle these problems in the fortnightly retrospective meetings we have been having with the whole team.

We try to tackle the problems in the meetings we have been having.

We cannot be very objective regarding the results of the firm's agile transformation since it has only recently begun. However, the stakeholders report a much improved engagement of their employees, a better overview of all ongoing activities, a greater order to internal communication, and a much better approach in planning the long-term projects that were often postponed.

Recently, I had a conversation with Stepan similar to the one we had prior to his firm's agile shift. He said to me, "We always wanted to organize the law firm into a mechanism that works smoothly; the question was how to do it. The difficulty is that the partners used to work as servicemen, trying to control where to add oil so the wheels of the law firm machinery turned smoothly. We were positively surprised when we started the agile movement. The team does not only report about the missing "oil" in the system, but is also able to add it in the necessary places without needing any intervention from the partners. This means that we, as partners, can concentrate better on conceptual work, business development, and our families with young kids, instead of working as servicemen".

The company has become so comfortable with agility that they are actively seeking opportunities for other improvements like automation of some tedious tasks, integration with their case-management systems, or a direct involvement of their external resources or customers into the new way of working. We are very grateful that Holubová are keen to share their experience with other, much larger law firms and legal departments, helping them implement agile on a larger scale and helping us to continue developing agility in the legal sector.

Even a tradition-bound sector, such as law, can benefit from business agility to cope with uncertainty.

Ondřej Dvořák is the CEO of COPS Financial Systems and a co-founder of AgiLawyer. He holds a Master's degree in Software Engineering, and he is finishing his PhD focused on software evolvability using enterprise-engineering theories. In the recent years, he is supporting organizations on their digital agile transformation journeys, primarily in the area of Finance and Law.

LEADERSHIP AGILITY FITNESS

Nicholas F. Horney, Ph.D.

***excerpt** from the upcoming book
The VUCA Masters: Developing Leadership Agility Fitness for the New World of Work

VUCA

I first discovered the value of Leadership Agility in a VUCA (Volatile, Uncertain, Complex and Ambiguous) environment during my 23 years as a Special Operations Naval Officer responsible for Diving and Explosive Ordnance Disposal teams. Special Operations Teams consist of highly trained, physically and mentally prepared men and women who face rapidly unfolding and changing circumstances. Now, as an organizational psychologist and business owner, my earlier observations about the value of leadership agility has been reinforced by not only our work at Agility Consulting but also McKinsey, Deloitte, Harvard Business School, MIT, INSEAD, London Business School and others.

Global leadership research combined with leadership case studies have concluded that one of the primary characteristics of great leaders is Leadership Agility. A useful definition of Leadership Agility is the ability of a leader to dynamically sense and respond to changes in the environment with actions that are focused, fast and flexible (Horney & O'Shea, 2015). Leadership Agility is a core capability required for leadership success whether working as a project team leader, functional department head, C-suite executive or serving as a leadership coach at any level. I will refer to leaders who demonstrate exceptional leadership agility as VUCA Masters. VUCA Masters ensure that agility is the essential quality for organizations to be able to:

Apply Talent Portfolio Agility in a VUCA environment (Hallenbeck, Horney & Bateman, 2018);

Significantly improve time to market;

Rapidly respond to changing customer requirements;

Identify and act on new business opportunities fast; and

Ensure flexibility and scalability of cost base in a fast-changing operating environment

Current and future trends indicate that organizations are currently operating in environments characterized by VUCA similar to what I experienced

VUCA Master Profile

Tanmay Desai, CEO, The Bayou Companies. Tanmay is a VUCA Master who has demonstrated a high level of Leadership Agility Fitness throughout his career. Bayou is widely recognized as a market leader in onshore pipe coatings and offshore coatings and insulation, including highly-specialized insulation for the oil & gas industry. Earlier in his career, while in an executive role at another company, Tanmay contracted with an executive coach to fine-tune his leadership agility fitness to enable his success through several executive leadership and entrepreneurial career moves. Throughout his career moves, he was able to address the VUCA in the business environment his team confronted by applying his leadership agility fitness strengths, especially in the areas of anticipating change, generating confidence, and evaluating results.

Nicholas Horney - Keynote Presentation - Leadership Agility at Business Agility Conference, New York, 2017

in the Navy. Our most recent example is what the world has experienced with the COVID-19 Global Pandemic in 2020. However, the future will bring additional disruptions for organizations and their leaders. How can leaders build their leadership agility fitness to adapt and thrive in this new world of work characterized by the intensity and frequency of VUCA recently experienced by the COVID-19 Pandemic? Leadership Agility Fitness can best be developed with the creation of a roadmap created as a result of an assessment of a leader's Leadership Agility Fitness strenghs and development needs combined with an individualized development plan.

I have focused on researching, coaching, training and consulting on the topic of leadership agility over the past 20 years. This work reflects the integration of leadership agility research with thousands of leaders, agility consulting client experience and observations, interviews with 50 leaders representing large and small organizations across the globe.

The actions needed to become a VUCA Master are relevant for both profit and non-profit organization leaders (e.g., C-Suite Executives, Business Unit Executives, Department Head, Project Manager, Agile Coach, etc.).

THE AGILE MODEL®

Leadership Agility Fitness is not another change management methodology nor an agile software technique, such as SCRUM. It does represent a new way to focus on the fitness of leaders in a world that is defined by volatility, uncertainty, complexity and ambiguity (VUCA). Just as health is much more than absence of disease, total fitness extends beyond the mere absence of physical, mental, or spiritual injury to include factors such as physical well-being, diet, spirituality, friendships, acclimation to environment, etc. – all factors that promote optimal performance. As with the concept of total fitness, Leadership Agility Fitness is more than flexibility or speed, but a combination of factors. It is also more than resilience or change management since it also requires the capability of anticipatory or preemptive action.

Companies as well as entire industries are wrestling with remaining relevant to consumers in an age of transformational change (e.g., publishing, healthcare, telecommunications, retail, etc.). How can we decode the critical ingredients of leadership agility and define the leadership behavior combinations which result in ultra-fit leadership agility?

What examples are there of leaders who have illustrated various Levels and Types of Leadership Agility? Why are these questions relevant or important to us now and in the future?

Leadership Agility Fitness is a framework that encourages true balance of the 5 key drivers found in The AGILE Model®, with respect to a rapidly changing VUCA environment. The amount, volume, velocity, intensity, etc. of "noise" we encounter with change requires us to become more agile. And the secret to becoming more agile as a Leader is to demonstrate that you can be focused, fast and flexible, even in the worst circumstances. The AGILE Model® offers the framework that will enable you to identify your Leadership Agility Fitness Level (AFL) and help identify a plan to help you attain and sustain the highest leadership agility fitness level you are willing to achieve.

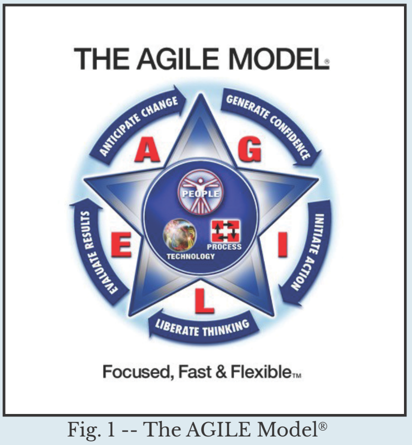


Fig. 1 -- The AGILE Model®

But it takes work, just like it takes work to achieve your personal physical fitness goal. When effectively integrated into daily leadership behavior, this plan for leadership agility fitness provides the most effective strategy for leaders to survive and thrive in a very turbulent world today and into the future.

In our experience, leadership agility demands competence in a number of specific capabilities as outlined in The Agile Model®:

1. **Anticipate Change:** Interpret the potential impact of business turbulence and trends along with the implications to the enterprise.

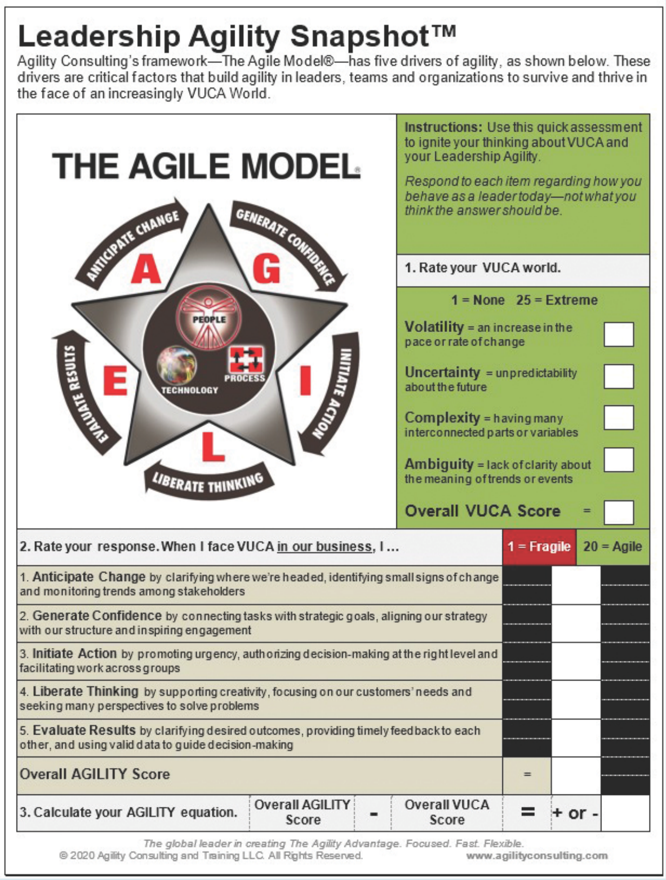
2. **Generate Confidence:** Create a culture of confidence and engagement of all associates into effective and collaborative teams.

3. **Initiate Action:** Provide the fuel and the systems to make things happen proactively and responsively … at all levels of the organization.

4. **Liberate Thinking:** Create the climate and conditions for fresh solutions by empowering, encouraging and teaching others to be innovative.

5. **Evaluate Results:** Keeping the focus and managing the knowledge to learn and improve from actions.

Those specific capabilities stem from multiple disciplines of academic research, best practices from numerous organizations and industries, and our practical experience in determining what matters and what works. Over the past 20 years, we've developed a portfolio of assessments that allow leaders to understand their agile capabilities, along with the capabilities of their teams and the organization overall. Such measurement provides leaders with the opportunity to make course corrections on an ongoing basis. But all of that measurement truly comes from one foundation based on The Agile Model®.



Leadership Agility Snapshot™

Agility Consulting's framework—The Agile Model®—has five drivers of agility, as shown below. These drivers are critical factors that build agility in leaders, teams and organizations to survive and thrive in the face of an increasingly VUCA World.

THE AGILE MODEL

ANTICIPATE CHANGE A · GENERATE CONFIDENCE G · INITIATE ACTION I · LIBERATE THINKING L · EVALUATE RESULTS E · PEOPLE · TECHNOLOGY · PROCESS

Instructions: Use this quick assessment to ignite your thinking about VUCA and your Leadership Agility.

Respond to each item regarding how you behave as a leader today—not what you think the answer should be.

1. Rate your VUCA world.

1 = None 25 = Extreme	
Volatility = an increase in the pace or rate of change	
Uncertainty = unpredictability about the future	
Complexity = having many interconnected parts or variables	
Ambiguity = lack of clarity about the meaning of trends or events	
Overall VUCA Score =	

2. Rate your response. When I face VUCA in our business, I ...	1 = Fragile		20 = Agile
1. **Anticipate Change** by clarifying where we're headed, identifying small signs of change and monitoring trends among stakeholders			
2. **Generate Confidence** by connecting tasks with strategic goals, aligning our strategy with our structure and inspiring engagement			
3. **Initiate Action** by promoting urgency, authorizing decision-making at the right level and facilitating work across groups			
4. **Liberate Thinking** by supporting creativity, focusing on our customers' needs and seeking many perspectives to solve problems			
5. **Evaluate Results** by clarifying desired outcomes, providing timely feedback to each other, and using valid data to guide decision-making			
Overall AGILITY Score	=		

3. Calculate your AGILITY equation.	Overall AGILITY Score	-	Overall VUCA Score	=	+ or -	

The global leader in creating The Agility Advantage. Focused. Fast. Flexible.

 www.agilityconsulting.com

Fig. 2 -- LEADERSHIP AGILITY SNAPSHOT™

LEADERSHIP AGILITY SNAPSHOT™

So let's begin by taking a quick snapshot of your leadership agility compared to the VUCA you are experiencing. The results of the Leadership Agility Snapshot assessment serves as the "pre-workout physical" for your Leadership Agility Fitness Plan. Very low scores from the Leadership Agility Snapshot can be the result of a low assessment of leadership agility relative to a high level of VUCA (-95). Very high scores on the Leadership Agility Snapshot can be the result of a high assessment of leadership agility relative to a low level of VUCA (+96).

LEADERSHIP AGILITY FITNESS LEVELS

We all know that no one measure (e.g. weight, heartrate, cholesterol level, blood pressure, etc.) from a physical will provide you a comprehensive view of your physical fitness. It takes multiple tests that are interpreted with the aid of a trained physician and perhaps personal trainer to help you create your fitness plan.

Most doctors and fitness experts will agree that peak physical fitness is a combination of at least the five contributors that I have provided in this illustration below. Muscle building or aerobic exercise alone or even combined will not enable a person to be in peak physical condition. It requires a combination of at least the five illustrated here to enable you to achieve peak physical fitness.

Since I began my research and consulting on the topic of Leadership Agility in 2001, I have evolved my thinking to a new way of describing Leadership Agility. Let me use physical fitness to illustrate this new concept of Leadership Agility Fitness™.

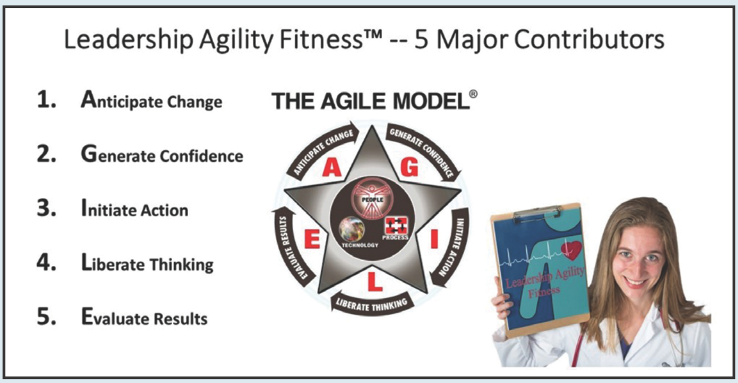


Fig. 3 --Leadership Agility Fitness™

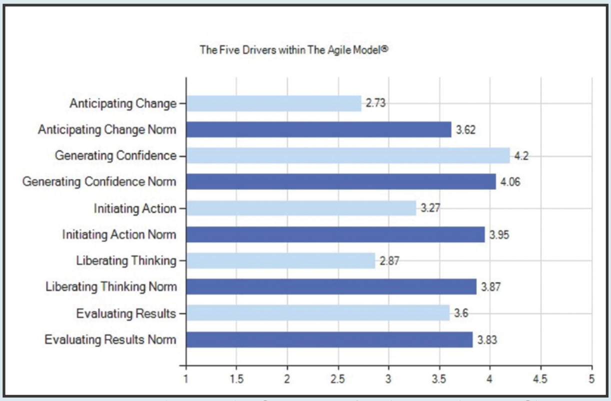


Fig. 4 -- Sample Results from Leadership AgilityProfile™

As with a complete physical exam, am Agile Coach or Leadership Coach can administer the full Leadership Agility Profile (LAP) which provides 75 individual measures of Leadership Agility Fitness that are combined into 5 key drivers of Leadership Agility. These key drivers can be interpreted independently to help a leader improve individual aspects of Leadership Agility, like the ability to Generate Confidence. However, Leadership Agility Fitness is determined from a combination of all 5 Drivers, like you would receive during a physical exam when all of factors of health are considered together.

When distributed in a table, there are 6 AFL Levels. The lowest Leadership AFL is Level 0 (none of the 5 Leadership Agility Drivers from the results of the LAP reflects a strength). The highest Leadership AFL is Level 5 (all of the 5 Leadership Agility Drivers from the results of the LAP reflect strengths). Within each of the Leadership AFLs are AFL Types that are based on the combinations of the agility drivers from The AGILE Model®. Agility Fitness Levels (AFL) codes -- Could be AFL-O (FRAGILE); AFL-1A, AFL-1G, AFL-1I, AFL-1L; AFL-1E; AFL-2AG, AFL-2AI, AFL-2AL, AFL-2AE, ...AFL-5 AGILE. A table reflecting all of the Leadership AFLs and AFL Types is illustrated below:

AGILE Level 5	**All 5 Drivers are Strong** Anticipate Change, Generate Confidence, Initiate Action, Liberate Thinking, Evaluate Results									
Level 4 — 4 Strong Drivers Combine for 5 Types	AGILE Unaware of changes, Generate confidence, Initiate Action, Liberate Thinking, Evaluate Results	AGILE Anticipate change, Suppress Confidence, Initiate action, Liberate Thinking, Evaluate Results	AGILE Anticipate Change, Generate Confidence, Resist Action, Liberate Thinking, Evaluate Results	AGILE Anticipate Change, Generate Confidence, Initiate Action, Bureaucratic, Evaluate Results	AGILE Anticipate Change, Generate Confidence, Initiate Action, Liberate Thinking, Measurement Averse					
Level 3 — 3 Strong Drivers Combine for 10 Types	AGILE Unaware of changes, Suppress confidence, Initiate action, Liberate thinking, Evaluate results	AGILE Unaware of changes, Generate Confidence, Resist Acting, Liberate Thinking, Evaluate Results	AGILE Unaware of changes, Generate Confidence, Initiate Action, Bureaucratic, Evaluate Results	AGILE Unaware of changes, Generate Confidence, Initiate Action, Liberate Thinking, Measurement Averse	AGILE Anticipate change, Suppress Confidence, Initiate action, Bureaucratic, Evaluate Results	AGILE Anticipate Change, Suppress confidence, Initiate action, Liberate thinking, Measurement Averse	AGILE Anticipate Change, Generate Confidence, Resist Action, Liberate Thinking, Measurement Averse	AGILE Anticipate change, Generate Confidence, Resist Action, Bureaucratic, Evaluate Results	AGILE Anticipate change, Generate Confidence, Initiate Action, Bureaucratic, Measurement Averse	AGILE Anticipate change, Suppress confidence, Resist action, Liberate thinking, Evaluate Results
Level 2 — 2 Strong Drivers Combine for 10 Types	AGILE Unaware of changes, Suppress Confidence, Initiate Action, Liberate Thinking, Measurement Averse	AGILE Unaware of changes, Suppress confidence, Resist Action, Liberate thinking, Evaluate results	AGILE Unaware of Changes, Suppress Confidence, Initiate Action, Bureaucratic, Evaluate Results	AGILE Unaware of changes, Generate confidence, Initiate Action, Bureaucratic, Meas. Averse	AGILE Unaware of Changes, Generate Confidence, Resist Action, Bureaucratic, Evaluate Results	AGILE Anticipate Change, Suppress Confidence, Resist Action, Bureaucratic, Evaluate Results	AGILE Unaware of Changes, Generate Confidence, Resist Action, Liberate Thinking, Measurement Averse	AGILE Anticipate change, Generate Confidence, Resist Action, Bureaucratic, Measurement Averse	AGILE Anticipate Change, Suppress Confidence, Initiate Action, Bureaucratic, Measurement Averse	AGILE Anticipate change, Suppress confidence, Resist action, Liberate thinking, Measurement Averse
Level 1 — 1 Strong Driver with 5 Types	AGILE = Anticipator Anticipate Change, Suppress Confidence, Resist Action, Bureaucratic, Measurement Averse	AGILE = Generator Unaware of changes, Generate confidence, Resist Action, Bureaucratic, Meas. Averse	AGILE = Initiator Unaware of changes, Suppress Confidence, Initiate Action, Bureaucratic, Measurement Averse	AGILE = Liberator Unaware of changes, Suppress confidence, Resist Action, Liberate thinking, Measurement Averse	AGILE = Evaluator Unaware of Changes, Suppress Confidence, Resist Action, Bureaucratic, Evaluate Results					
FRAGILE Level 0	**No Strong Drivers** Unaware of Changes, Suppress Confidence, Resist Action, Bureaucratic, Measurement Averse									

Fig. 5 -- Leadership Agility Fitness Levels and Types™

FRAGILE = Leadership Narcosis – often exhibit behavior that reflects inappropriate behavior in VUCA situations (totally unaware of changes in people, processes or technology; do not display personal confidence nor encourage others to be confident; follows and defers to others for action and does not demonstrate a sense of urgency; offers bureaucratic solutions to problems and initiatives and does not create an environment of out-of-the-box thinking; operates mostly from gut feel without careful data gathering and analysis).

Leadership Narcosis. Beginning to exercise, while not fit, can lead to a fatal condition that Nick has referred to as Leadership Narcosis which could be fatal for you and your organization! Nick's 23 years in Navy Special Operations as a Navy Diver and EOD knows that nitrogen narcosis is a reversible alteration in consciousness producing a state similar to alcohol intoxication in divers at depth. It occurs to some small extent at any depth, but in most cases doesn't become noticeable until deeper diving depths, usually starting around 30 to 40 meters.

Due to its perception-altering effects, the onset of nitrogen narcosis may be hard to recognize, its severity is unpredictable, and in scuba diving, the resulting illogical behavior can be fatal. However, the cure for nitrogen narcosis is a simple one, as effects disappear within minutes upon ascending to shallower depths.

In diving, dangerous characteristics of nitrogen narcosis include the loss of decision-making ability, loss of focus, or impaired judgment. In the more extreme cases, some divers demonstrate a sense of invulnerability, extreme anxiety, exhilaration, giddiness, depression or even paranoia.

Regardless of the term used to describe the current and future marketplace (e.g., VUCA, turbulence, unrelenting change, organizational compression, etc.) the fact is that the world around us is accelerating at an alarming pace. Without a focused effort on the identification of strengths and weaknesses followed by targeted and often preemptive developmental activities, some leaders will likely show signs and symptoms similar to nitrogen narcosis that I refer to as **Leadership Narcosis™**. A focused effort to develop Leadership Agility will prevent Leadership Narcosis™

Let's look at several examples of various Leadership AFL Types. For example, **AFL Level 1 Type A (Anticipator)** has a single driver strength of Anticipate Change and might be thought of as an organizational "scout or Anticipator" This person is keenly aware of trends, focuses on what's around the corner and what the future may bring. This Anticipator uses techniques such as trend analysis, pattern analysis, scenario planning, etc. to determine signal strength of the changes that will likely impact people, processes and technology. He/she is likely to focus on the future as an independent activity without building confidence in others about what lies ahead. Often, this person believes that knowledge of the future (foresight) is enough without insight which can be used to build confidence in others. This person will leave the actions needed from this foresight up to others to take action and measure results of the actions taken. Very little emphasis is given by this person to others' ideas or inputs since this is perceived to be an independent activity and hence does not create an environment of liberated thinking.

AFL Level 1 Type G (Generator) is singularly focused on Generating Confidence. This person might be thought of as an encourager to create commitment to a concept, direction or idea. However, this person does little to anticipate changes in the environment and is often surprised by changes that impact people, processes and technology. When the changes do occur, expect this person to be one of the first to bounce back and attempt to build confidence with and through others. This person is very much a team player, but does little to initiate actions or encourage others to think creatively. This person over-emphasizes the confidence-building activities over processes to evaluate whether actions being taken are having their desired impact.

AFL Level 2 Type AG (Anticipator/ Generator) reflects combined strengths of Anticipating Change and Generating Confidence. He/she is a person especially strong at anticipating change while collaborating with others. This person generates confidence in others by empowering them with tools and techniques for sensing and monitoring trends with customers, suppliers and partners. It is this combination of self-confidence and anticipation of change which encourages confidence in others and his/her ability to provide foresight to others about impending changes makes this person a key team member or leader in a highly turbulent environment characterized by continuous change. Less emphasis is given by this person to initiating action resulting from the changes or encouraging others to think outside the box. He/she may also rely on others to evaluate whether actions taken to address change have had the desired impact.

AFL Level 2 Type IL (Initiator/ Liberator) reflects combined strengths of Initiating Action and Liberating Thinking. This person creates an environment for innovation so that new ideas can be quickly implemented. Speed of new idea generation is a driving force for this person. Little emphasis is placed on anticipating the changes that may be lurking in the environment and therefore may focus on new ideas for the current environment versus the new ideas needed for the changes creating a new or different environment. Little time is spent evaluating whether these new ideas have been fast enough or had their desired impact. You would observe this person doing

There are significant human and investor costs when the key leadership talent of any organization are unable to sustain a high level of leadership agility fitness. Not only are investors hurt as more firms face bankruptcy, employees are threatened by their loss of jobs and critical healthcare and retirement benefits. CEOs are confronting more and more challenges as their ability to change their organizations is testing their capability to build a fabric of leadership agility fitness that has sustainability.

Before starting any new exercise program to increase your fitness, think of the pre-workout physical necessary before you go to the gym or engage a trainer (coach) to help you develop a personalized fitness program. Your fitness program will depend on many factors, some readily visible such as your current state of fitness, other factors require digging a little deeper – like drawing blood for a cholesterol level, you will need to seek information about your "body chemistries" that are not in your direct line of sight. Leadership Agility Fitness, as with physical fitness, is a life-long commitment, not an annual strategic planning retreat, or one time training event.

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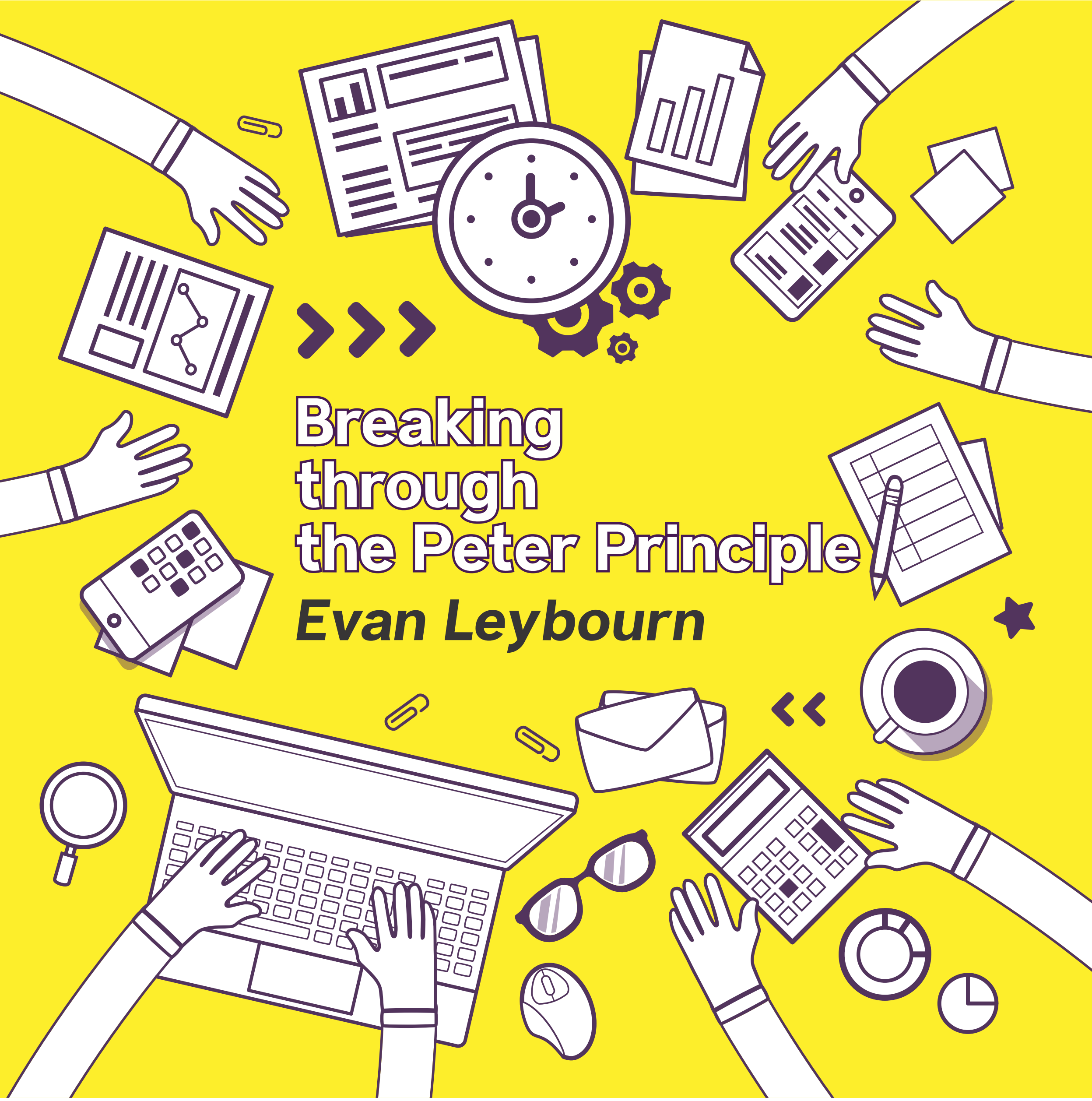
Dr. Nick Horney founded Agility Consulting and Training in 2001 and has been recognized for innovations in organizational and leadership agility, including the global standard for leadership agility -- The AGILE Model®. He is often quoted in journals such as People & Strategy and CIO Magazine, books -- Rothwell, et. al's Human Resource Transformation (2008) and organizations and professional associations such as the American Management Association, Project Management Institute (PMI), IBN International and Human Resource People and Strategy.



Breaking through the Peter Principle

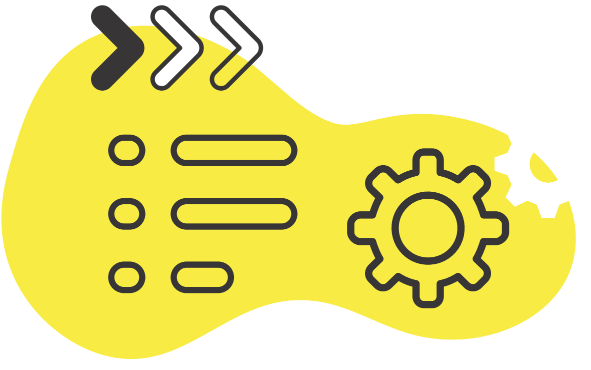
Evan Leybourn

2008 was the year I first became an executive. Before then, I had run teams, projects, even my own small company! But when the opportunity arose to take a leap into something new, I took the chance and became an executive director in the Australian Public Service. This was my first time running a section and sharing accountability for a $35 million dollar initiative across multiple government agencies.

I got the job because I was a subject matter expert, because I could clearly articulate the delivery strategy, and because I was confident. But, as I quickly learnt, I wasn't a great leader or manager. This was an entirely different set of skills – ones that I had never learned and didn't even know I needed.

This was my arrogance: the assumption that, based on my technical experience, I would be a great manager. And I am not alone.

We seem to believe that management is an intrinsic skill, and that without training we all have the ability to be a great manager (if only someone would give us a chance!). No one would look at a Doctor or a Nurse or an Engineer or a Builder and think, "I can do that job!" We recognize that there is skill, training, and experience that goes into that role. Yet, we look at our boss." and think "I can do that job . . . and I can probably do it better."



And perhaps you can-- after all, if your manager got their job through confidence and has reached their level of incompetence, it wouldn't be hard to do a better job. But doing a better job is a long way from doing a good job.

This is the false journey towards management.

There is a concept that gets spoken about a lot in government: "The Peter Principle." It refers to the observation that people "rise to their level of incompetence". (If you want to know more about that, read the 1970's book of the same name). Suffice to say that, that was me. I may have been a pretty good team leader, project manager, and small business owner; but I was missing the skills needed to be a great manager.

THIS IS A SYSTEMIC PROBLEM

Yet, this is a systemic problem – not a people problem. Companies share most of the blame. We promote and hire the wrong people and don't give them the right training to be successful. A study by CareerBuilder[1] states that 58 percent of managers didn't receive any management training.

This leads to some of the worst antipatterns of management; micro-management, presenteeism, 'hustle porn' (the Silicon Valley culture that glorifies long working hours), risk avoidance, and death by meeting. Each of these antipatterns are subconscious management avoidance techniques, designed so that these managers never need to face their incompetence. Worse still, these antipatterns (and the confidence expressed by those behind them) have become so ubiquitous that people who are actually good managers feel like they need to act in this way as well. Or they suffer imposter syndrome if they don't.

And as companies share much of the blame, they also share most of the consequence. An HBR[2] report claims that 30% of executives cite failure to coordinate across units as the single greatest challenge to executing their company's strategy. OCTanner[3] reports that 79% of people who quit their jobs cite "lack of appreciation" from their managers. And Oracle[4] claims that 64% of employees would actually trust a robot more than their own manager.

The good news is that personal awareness of the problem is a large part of the solution. Management is a skill and, like all skills, can be learned, practiced, and improved. Whether through formal training, self-directed learning, following great authors and thought-leaders, or (my personal preference) joining a network of peers to lift each other up.

WHAT DOES GOOD MANAGEMENT LOOK LIKE?

So, what does good management look like? As management in modern organizations shifts away from a top-down command and control structure, the ability to lead effectively becomes increasingly more about influence and persuasion. Based on our research, we have identified 5 skills that distinguish great managers from everyone else.

1. The skill of delegation. More specifically, delegating outcomes. We know that teams who take ownership (and are held to account) on business outcomes both have higher engagement scores and reduce wasted effort on key initiatives. Outcome delegation (as compared to the more common, work delegation) means that your teams are empowered to decide (in alignment with the broader business objectives) what work to do, how to do it, when to pivot and change, etc. This is driven by the reality that, as the closest people to the customer, your teams have the greatest operational knowledge.

We want to reach the point where, as Peter Drucker puts it, *"every [person] sees [themselves] as a 'manager' and accepts for [themselves] the full burden of what is basically managerial responsibility: responsibility for [their] own job and workgroup, for [their] contribution to the performance and results of the entire organization, and for the social tasks of the work community."*

2. The skill of instilling purpose. There has been a lot of research on the importance of defining and communicating purpose to both employee engagement and customer impact. A prerequisite to the skill of delegation, good managers actively and consistently invest time to clarify and communicate a clear vision; both organizational and operational. This is also key to creating alignment between teams across the organization as everyone becomes aware of how their work aligns to the vision as well as how they connect to everyone else.

3. The skill of strategic agility. COVID-19 has made strategic agility (sometimes called adaptive strategy or emergent strategy) a vital skill for all managers in 2020. It's not enough to define your business strategy once a year; businesses are being forced to make strategic decisions every few weeks. It is those managers who have the skill to set (and clearly communicate) an adaptive strategy and also empower teams to identify innovative opportunities to execute that strategy, are the ones who are successful in 2020.

4. The skill of people development. The role of a good manager is to actively invest in understanding the whole person, beyond just skills and capability, and use that to develop each person (through complementary skills and behaviors) to be the best version of themselves. We know that investing in developing people greatly reduces staff turnover, increases employee satisfaction, and improves overall productivity; each of which have a corresponding positive financial impact. And this goes directly to building trust as well.

5. The skill of continuous learning. A culture of relentless improvement and continuous learning has been one of the top-3 key predictive indicators for successful business agility in both the 2019 and 2020 Business Agility Reports. A good manager will inculcate a culture of learning, experimentation, and feedback within their teams and divisions to enable (and fund) them to improve both what they do and (more importantly) how they do it.

This is just the start. There are many more skills that a manager needs. And by developing these skills, organizations start to see clear and measurable benefits to business outcomes and employee engagement. We know[5] that managers account for at least 70% of the variance in employee engagement scores across business units. We also know from our research on business agility and employee engagement[6] that mature agile organizations have 24% higher employee engagement scores. And a different Gallup[7] poll shows that an engaged workforce has 17% higher productivity, 21% higher profitability, 41% lower absenteeism, and 10% higher customer ratings.

If you want to know what happened to me back in 2008: it took a great manager above me to point out my arrogance and limitations. While it took a while before I was receptive to the feedback, once I did, I got better. I learned what it means to be a good manager and leader. And now, running a community and research organization, I am learning what it means to be a leader all over again.

[1] *http://press.careerbuilder.com/2011-03-28-More-Than-One-Quarter-of-Managers-Said-They-Werent-Ready-to-Lead-When-They-Began-Managing-Others-Finds-New-CareerBuilder-Survey*

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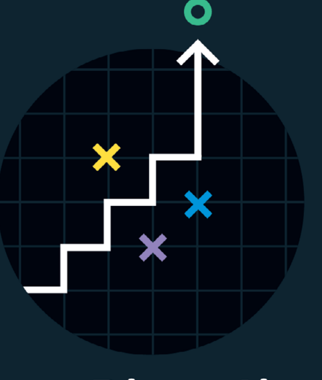

"When you're tuning a piano
you must choose which set of chords
should sound most in tune - there's no perfect
temperament, no perfect pitch:
each note borrows the shadow of its neighbor,
is the product of a host of strings struck
all at once, and every string exists
to be tightened, loosened, pushed."

— ANNIE KIM, A Hysteresis Loop
BELOIT POETRY JOURNAL,
Vol 68, #2, Fall 2018

New Wave: The advent of Strategic Business Operations

Manoj Khanna

Just as a piano tuner diagnoses and fixes a piano to get that perfect sound through mechanical means, the companies of today need to be relevant and adept at improving their own methods, tools and mechanisms. Those changes lie within operations, strategy and customer experience in order for them to prepare for a better tomorrow. What we continue to learn from our recent and current socio-economic climate is that the companies are struggling. And they are trying to do their best in order to attain balanced growth, build sustainability and drive acceleration, while striving for profitability and a secure future.

Now, let's a look at some concrete examples. Friendster, MySpace, Hi5, SixDegree were already successful between 1997 – 2003, and by 2008, Facebook left all of the innovators in the dust. Xerox PARC had done the disruptive innovation work of a windows graphical interface and mouse. But Apple and Microsoft are the ones who established the industry and not Xerox PARC. Being the innovator, having the best talent, access to capital, a global brand reputation and millions of customers is not enough. There is a missing ingredient, a secret capacity that – if it exists, makes an organization resilient and if it does not it will become a by-line in history. It is critical to address all of these factors with a new wave of thinking. The name for this capacity is SBO. The Strategic Business Operations. It is the central nervous system that connects every strategic operational and tactical decision into a complete system.

Over the past few decades, trends have shown us that there are gaps within companies of every size which hinder their growth and acceleration. There are also challenges around efficiency, productivity and preparedness. And, not to mention, knee-jerk reactions to today's volatile and ambiguous economic conditions. When we dig deeper, we see that one of the causes is the continued practice and implementation of the same old stereotypical management methods and their applications.

Our present times demand something extraordinary. They demand the next generation of companies. Companies that use a set of strategic management thinking can accelerate towards stabilization and be more adaptive. Taking that approach helps them assess the climate within and outside their organization, with near accurate precision. This new way of thinking provides them with a sixth sense of what is to come — so, they are able to adapt and respond. And being able to respond to the changing market conditions with risk averseness, in a competitive landscape, is the need of the hour.

A CLOSER LOOK

Let's take a closer look at the differences between strategic management and traditional management methods. In analyzing modern strategies for any organization, we look at identifying opportunities that will help distinguish the old from the new. In a way, that propels ideas towards discovery and growth. The methodical processes are necessary, but very substantial and practical thinking is required. In order to bring the strategic development thinking and mindset, a systematic and innovative way of thinking has to be the core of the business.

The modern strategies used in the development of next-generation companies are many and not just a few. These types of businesses focus on operational strategy, organizational development (based on the growth/market share matrix), strategy for thought leadership and market leadership, and building a comprehensive and simplified corporate ecosystem.

The need to expand practical thinking and its fitting application is quintessential. Strategic management tools provide companies with an essential improvement path for managing their efficiency. And, these bring new opportunities and address threats around their external environments and current state. This translates to addressing their strengths and weaknesses. Another improvement this practice brings is by allowing companies to respond to economic and social trends—even more poignant today given the current socio-economic state with unforseen circumstances and harsh realities.

WHY NOW, WHY TODAY

Companies today realize the importance of strategic management and its practices and they are emphasizing it more than ever before. This is due to the fact that "*...For the times they are a-changin'...*" (Bob Dylan). The power today has shifted and expanded to consumers, and the degree of responsibility of a company's own economic situation has tremendously increased. Therefore, the efforts, quality and time spent towards strategic management drives the success or failure of tomorrow.

Today, companies suffer and are threatened by a lack of resources (including but not limited to financial ones), and more so if the current socio-economic trend continues for long. To address this, there is a need to develop and implement a path for growth and sustained profitability through optimized costs. This also drives the necessity to systematically run operations in identifying resources available and those required in increasing profitability and sources of income for gaining better control on sales/services. The bigger question is: how can one improve efficiency in resource spending, beyond just maintaining it?

STRATEGIC BUSINESS OBJECTIVES (SBO)

The introduction of strategic business objectives directly relates to the implementation of methods and processes of strategic management in a company. SBO principles identify the current state of the management and its structural issues within that company. And, with these specific tools and practices, we determine and develop solutions in order to achieve sustainable development within that company.

Traditionally, in any company, the operational issues dominate over their strategic prowess. This includes issues in organizational management and their development. This poses a significant negative consequence, such as:

- The number of problems at the company increases sharply, since the reasons for their occurrence are not eliminated, only operational issues are solved, and strategic issues are not given due attention;

- The efficiency of the company is significantly reduced due to the adoption of irrational decisions, there are losses of tangible services and resources, including financial;

- Getting distracted from strategic solutions and activities, the management gradually loses control over its objectives and outcomes that it should be achieving.

Therefore, it is quintessential for a company to realize the importance of solving strategic issues. It is critical that companies develop a concept, strategy and programs for their own development and growth through strategic business operations. One significant limitation is the high burn rate of strategic development across the companies — where very tiny amounts of effort are spent in retrospection and rebuilding. Understanding the need for SBO is driven deeper into both strategy and operations. And this is an essential insight which needs further exploration and experimentation within your current organizational climate. Is your organization prepared for it? Are you prepared?

In a fast-evolving marketplace, complete with inevitable internal and external threats, Strategic Business Operations should be delivered with laser focus, creating a stronger and better equipped organization that can swiftly navigate challenges.

ADDRESSING INTERNAL THREATS

Let's consider an example of a company struggling with internal threats. Such as, overworked employees and insufficient training for relevant positions, as well as external systemic threats such as the current pandemic. The SBO concept pioneers the idea of looking at problem-solving from a strategy standpoint. This may mean —

- **Reducing** *the work hours to a manageable load,*
- **Increasing** *creativity within a project,*
- **Creating** *cross departmental teams,*
- **Allowing** *more time, space and detail with the training,*
- **Frequently checking** *in with employees to assess how they feel at their current position.*

A range of Strategic Management Tools can be used to craft various solutions: balanced score cards, SWOT analysis for each task at hand, blue ocean strategies, strategic alliances etc.

What makes this more complex is the current financial and economic state of companies. The low profitability, limited availability of investments due to prevailing conditions, uncertainty of the socio-economic state across the globe due to the pandemic, and excessive dependence on a government-fueled economy at a global scale has simply added a lot of fuel to the fire. How SBO helps in maintaining and building the relationships between the disposal and renewal of resources, along with focus on growth and innovation process is required today than before.

ADDRESSING EXTERNAL THREATS

When external threats are present, such as the pandemic, a strategic business mindset will allow to look for opportunity within the current landscape:

- *Since our consumers are at home, how can we create compelling and interactive content via various channels that can create a strong bond with our client base?*
- *What is the content they most need at the moment and how can we pair that data intelligence with the resources we have, or we are able to develop?*

THE SBO PROCESS

SBO defines a strategic development within a company through a systematic implementation of innovation. The role of innovation in achieving a competitive advantage is described very succinctly by M. Porter —

"Every successful company has its own strategy. However, the nature and evolution of all successful companies is fundamentally the same. The company achieves competitive advantage through innovation. They approach innovation in the broadest sense, using both new technologies and new ways of working ... Once a company achieves a competitive advantage through innovation, it can only maintain it through continuous improvement .. Competitors will immediately and surely bypass any company that stops improving and introducing innovations".

We see today that many companies who have achieved leadership at a global scale, provide us with a lot of evidence that success is a direct implementation of their development strategy. But those strategies, used by them, differ in every respect from others. Unfortunately, this success cannot be replicated. And while every successful company has its own strategy, the underlying principles — the nature and evolution of these companies — are fundamental. Does your organization know how to apply the competency of SBO principles, that brings innovation, and addresses your overarching capabilities while gaining insights to your external environment?

Today, innovative transformations (including the use of SBO) are changing the fundamental productive forces within companies. They also highlight a central theme and dependency around addressing its socio-economic processes. The idea around SBO is to build a modern social enterprise that strengthens interaction and communication between its people, technology, production, services and delivery processes. In turn, this brings results through its practical approach in assessing resources, productivity and areas that bear results to be successful in any socio-economic state.

APPLYING SBO PRINCIPLES ON AN INDIVIDUAL LEVEL

On an individual level,

- *we can sharpen our skills to be more aware of the nature and culture of the organizations that we are a part of,*
- *we can strive to actively adopt an SBO mindset,*
- *we can focus on our personal investment in innovation,*
- *we can concentrate on the continuous development of skills and be a pioneer of new concepts within an organization.*

One's individual success and reach is determined by the perspective one holds. The path of least resistance is following protocol and directions without investing in one's personal journey. The alternative is to consistently strive for success, examine the strategies that are working and ones that need to be replaced. The goal is to pioneer innovation and utilize our intellect to the best of our ability to create a positive and meaningful change within the organizations we are in.

SO, WHAT'S NEXT?

The companies of tomorrow have to ensure their competitiveness in the marketplace, constantly updating and improving their product, service and support strategy. They need to develop new technical prowess and build and improve on their SBO core. A company's ability to survive in today's socio-economic state, is directly related to their ability to quickly respond to change through continuous innovation and in building on their innovative potential. The choice of a strategy today is a primary concern for leadership, as it determines the success of a company. Do you have this central nervous system in your business? If you have a well-established SBO in your organization, you will ride every storm and make a sustainable difference. If you do not, it does not matter how great your talent is, your access to capital, or even how innovative you are. Your business needs SBO otherwise you're in trouble. ⓔ

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With over 20 years of senior leadership and deep consulting experience at major consulting firms, Manoj has helped businesses and brands successfully scale and streamline their operations, navigate their complex business environments, enable their enterprise-wide Agile transformations, and has been instrumental in nurturing client engagements, resulting in managed change and added growth.

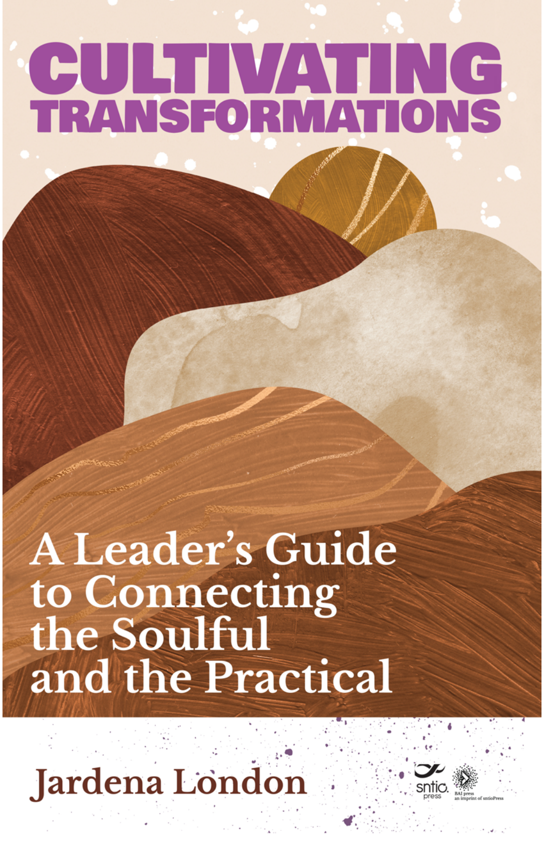
JARDENA LONDON

Jardena is a consultant (the good kind), blogger and speaker. She has spent the last 25 years finding ways to transform organizations that can nourish our souls while producing practical outcomes. Jardena started out as a programmer who thought technology could eliminate people problems. She learned quickly that she was dead wrong about technology solving organizational problems. At age 27, she was CEO and co-founder of her first successful business. She then moved into project management and finally Organizational Agility Transformations. Her experiences in technology, entrepreneurship and management has created a dynamic lens through which she views the challenges that organizations face.

Jardena lives in NJ and loves making her 3 teenage kids laugh just as they take a sip of water.

Connect with Jardena at JardenaLondon.com.

Jardena's Book Releases **November 16, 2020**. Preorder starts Nov 5, 2020.



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FREE
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Food for Thought

Evan Leybourn

I want you to do something for me. Pull out a pen and paper and write down your answer to this question: "What is Business Agility?"

Don't take too long - just write the first definition that comes to mind.

…

Now, it is only fair that I share my answer the same question. Or more rather, my answers to that question. Over time, as my understanding and experience has evolved, so has my definitions of business agility.

If you had asked me in 2008, I would have said something like: "*taking the values, principles, practices, and frameworks from Agile and applying them to the broader business outside IT*." However, in hindsight this is not Business Agility—if I were to give this a name, I would call it Agile Business.

If you had asked me in 2016, I would have said: "*business agility is the capacity and willingness of an organization to adapt to, create, and leverage change for their customer's benefit*." This is not a bad definition. It incorporates both adaptation and customer-centricity, vital characteristics of an agile organization. However, it is also inadequate. Just look at the 13 Domains of Business Agility and you will see much more nuance and depth than this definition implies.

Unsurprisingly, I have a new definition today: "*Business agility is a set of cultural and behavioural characteristics that span all aspects and interactions of an organizational system. It refers to the capabilities and willingness with which an entire organization is instinctively able to seize emerging opportunities. It is also a continuum, where the question is not whether you have it, but rather how much you have and whether it is enough. The intention of business agility is to create an organization best able to serve its customer, no matter what the future brings.*"

What I wrote above is a work-in-progress. In fact, at the time of writing this article, we are in the process of creating a definition in consultation with the broader community. So, if you ask me tomorrow, I will probably give you a different answer!

One constant remains through each definition: the intention is to be better. In today's society, we need better organizations. "Better" means an overriding focus on meeting customers' real needs and creating positive experiences. "Better" means building a foundation of respect, trust, and autonomy from within, enabling employees to work towards customer outcomes without coercion.

We live in a time when work life, personal life, and community life are not separate concepts. They are inextricably intertwined. In today's unpredictable economy, the organizations that understand this may be the ones who thrive, rather than merely survive.

So while we haven't quite nailed down the definition of business agility (and I imagine it will always be something of a work-in-progress!), we know our intention. It's to be better. At BAI, our goal is to walk alongside you as you journey down that path. It may be unpredictable, but it's the only path worth taking. (Remember—you are not alone).

And to bring you back to the very start of this article, I would be extremely interested to see what you wrote. Feel free to share your definition with us using #whatisbusinessagility either on our LinkedIn Group or Slack under EmergenceJournal channel or email me - *info@businessagility.institute.*

THANK YOU TO OUR VOLUNTEERS, THOUGHT LEADERS, AND CONTRIBUTORS

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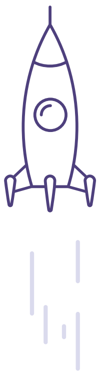

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