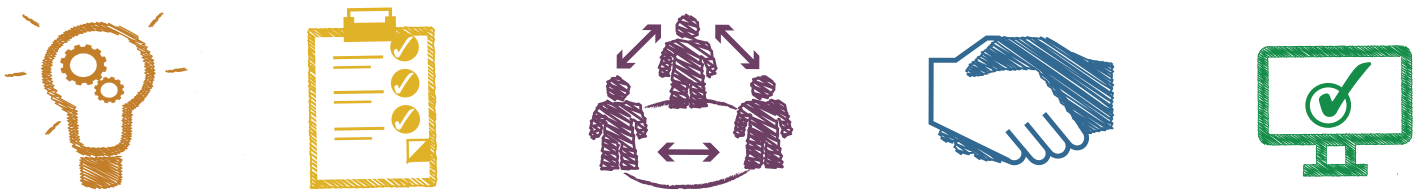
Reimagine Transformation

THE INTEGRAL AGILE APPROACH



Excerpt: Chapter One

Where do we want to go?

Synopsis

We have inherited our priorities from a different age when organizations and their workers were viewed as parts of a structure, as machines or computers, but not as people. Agile implores us to put human concerns (collaborations and teams) over processes and tools, but the only way we have learned to effect change is with more processes and tools.

“[Strategic leadership occurs] within a Volatile, Uncertain, Complex and Ambiguous global environment, marked by possibilities and opportunities"[1]

Herbert F. Barber, Developing Strategic Leadership

"We live in a VUCA world now. Everything, both inside and outside the organization, is changing faster than the organization itself."[2]

Aaron Dignan, How To Eliminate Organizational Debt

A TALE OF AGILE

In 2018 one of the largest financial companies in the world (the Company) undertook an enterprise wide Agile transformation. The undertaking was massive and ambitiously included all of its globally distributed development and technology centers.

The Company was pushing an entirely new product to a number of international markets, but in order to succeed this needed to be done quickly. This product had enormous potential, but there was strong competition in Europe, there were competitors in Asia, and still more challenges in the North American markets.

The goals of the transformation were large enough that they required a lot of extra staff. Among those new hires was a seasoned Agile coach who was summoned to a conference room to meet with a Vice President from business that headed an entire global division.

Within an hour they had begun to map out the major capabilities of the product, and the differences between the various markets. Across the next three days the discovery session grew to include the various different Directors growing in scope and specificity.

When the question of how the business departments communicated with the various technology departments eventually arose, what the executive described sounded to the Coach like a textbook cautionary tale of silos, local optimizations, and organizational malaise.

“We need to integrate Business and Technology,” the Coach explained. “Alignment is not the same. It's not that we ship them epics and they do this,” he said gesturing to the expansive network of capabilities and challenges scrawled colorfully on the whiteboard. “It must be a common session between all of us. What we need is to relocate.”

Although the move would be an expensive one, the executive agreed to move their entire business division from the 20th floor to the 12th floor with the tech teams.

Soon business teams, technology heads, business managers, and development teams were integrating with strangers. The Agile coaches had secured large rooms and were running sessions directly with the business architects, solutions architects, product owners, marketing managers, and so on. Together they began to see the whole picture, including each other’s perspectives, and they began to discover the gaps they faced.

It was estimated that the rollout would require three calendar quarters to complete, but the

business leaders wanted to push this to market in just one quarter. It was not going to happen. But being in the same room, speaking the same language, people started understanding each other; understanding constraints, understanding pain points, and most importantly, they started identifying opportunities.

It became clear that the whole scope could not be delivered quickly enough, but a Minimum Viable Product could be delivered in that time. Through early delivery of the MVP, customers would learn about the product and its value in their lives. They could subscribe to the product and their behaviors would fuel future development directions.

Then came one of their biggest challenges.

They had prioritized all initial development towards the European market, but right before they could deliver to that market, they were shut out of it by unforeseen regulatory changes.

In traditional development, being shut out of the target market at that point would have required an involved impact analysis to see which features and systems were affected, in what ways, to what degree, etc. Because of the work the Agile coach had done, they had already structured their development to respond, in real time, to market shifts, differing customer needs, regulatory impacts. They had planned to be agile.

Within just one week of hearing the bad news, the teams were able to reshuffle and pivot to the next market, and then the next. In this manner they managed to successfully ship this product to three separate markets in only one year.

Before that, product releases had normally taken 18 months to ship to just one market.

Where do we want to go?

There is a reason why Agile emerged when it did, and in the form that it took. Organizations are a product of the societies that create them. In their structure and purpose they reflect the values and challenges of those societies.

As the pace of our world quickens, and as the role organizations play continues to grow, societies are placing greater demands on the organizations they create. Increasingly we are relying on the organizations that survive into the future to help humanity do the same.

When we live in a VUCA world

Each of the four VUCA “elements present the context in which organizations view their current and future state. They present boundaries for planning and policy management. They come

together in ways that either confound decisions or sharpen the capacity to look ahead, plan ahead, and move ahead. VUCA sets the stage for managing and leading."[5]

V = Volatility [UL]

The propensity for change (positive or negative) that exists within the nature of all human endeavors. This can also make customers appear fickle, and workers unreliable.

U = Uncertainty [UR]

The same product feature can be loved by one customer, and reviled by another. Virtually identical products can be marketing successes or flops for countless reasons.

C = Complexity [LR]

Our environment possesses an unavoidable degree of unpredictability. When the same output can have different outcomes, it is a reflection of complexity. Change is not only an innate trait as with Volatility, but also defines the context in which we live, plan, and work. the prospects for surprise, and the sense of awareness and understanding of issues and events

A = Ambiguity [LL]

The "haziness of reality, the potential for misreads, and the mixed meanings of conditions" exists within

every working group and its interactions. Our behaviors can often carry multiple, sometimes conflicting causes, and impacts.

Possibilities and opportunities

No discussion of VUCA elements is complete without also looking at the possibilities they reveal and the opportunities that they create. Volatility is the propensity for a thing to change. It makes humans difficult to predict and manage, but volatility is also our capacity for change. It enables us to adapt. Ambiguity in planning feels unwanted and risky, but when consciously used, it allows the experts we hire, and those closest to the end-user, to decide the best ways for that plan to be realized. We should ultimately embrace all 4 of these difficult qualities and view them as the opportunities they are. With the right tools we can.

A Story of [VUCA's IMPACT ON BUSINESS]

So we're working with a group of roughly 60 developers, working in 40 systems, built on 20 Technologies, spanning 40 years of technology -- everything from COBOL, to the latest web technologies. Together they're responsible for roughly 20% of the trading volume across the globe.

At any point in time customers would have business priorities that would impact some set of these systems. The problem was that this created chaos. There was no effective way of making visible the work that was coming, or the work that had been done, or the full range of skills that would be required.

Under the traditional Agile Model, we had dedicated cross functional teams who have the skills, but what we needed here was to break norms around Agile. We forged short-term teams out of this pool of 16 people.

But how do we do that effectively? We had to be able to translate the backlog of priorities into an impact on systems, and on skills and expertise, and then forecast what was coming.

So we created a massive resource team planning initiative. The business had goals they knew, about three months in advance (which isn't a long time, but it was enough). We would post those requests in the physical space where everybody walks through every day. The developers could see forward in time and we could draw from this flexible pool of various skills and interests, and people would volunteer and sign up.

We made the complexity of the customer requirements visible enough that this large department of 60 people could self organize. We

optimized the flow to accomplish the business priorities that were emerging. They would form pickup teams that would then get a dedicated co-located space in a conference room for two to 12 weeks. They would then engage with the customer who was functioning as the product owner to accomplish the initiative. They would iterate, they would do all the scrum things, they would do demos and feedback, they would deliver, and then they would disband, go back into the pool and form the next pickup team.

What we accomplished was making the environment of complexity, the inherited environment, visible to the teams. We invited them to self organize in order to establish a plan and to accomplish the goals as a group.

Machines replicate, computers imitate, humans innovate

Humans have inherited many of the ways that we work and organize today.

The Age of Power and control [RED]

Old power structures under warlords and kings gave us hierarchies as a tool for managing complexity and ambiguity. Hierarchies are most

effective in times of crisis. They allow rapid responses to short-term changes by removing obstacles like consensus, or even consent.

The Age of Continuity and conformity [AMBER]

When a cottage industry of crafters and their apprentices was introduced to machines, a new way of organizing arose known as mass production. The predictability and reliability of these machines tempted owners to manage uncertainty not only in production but also in workers.

The Age of Innovation and opportunity [ORANGE]

Then came the computer, and software development. Applied sciences and mathematics transformed the world once information became globally accessible, essentially permanent, and nearly instantaneous.

The corporate world learned to embrace volatility in the form of innovation.

The Age of Impact and change [Green]

More recently organizations are recognizing that their actions represent a choice. They can build sustainably or not. They could reduce waste in packaging or not. They can represent a wider range of groups in their marketing or not. More and more customers are looking at product ‘impact’ as a buying decision. For organizations, the

conversation of impact has created new opportunities, and costly consequences.

The need for Integration and alignment [Teal]

In the emerging era, organizations are faced with the reality that all industries have become technology industries. In the era of mass production, the defining question for an organization was 'What is our product?'

Agile pushed us to take a step back and look at 'Who' is building it. The focus shifted to allow developers to engage customers in a dialog where they could create great things together.

Marketer Simon Sinek says "Customers don't buy 'What' you do, they buy 'Why' you do it." He describes Apple's success as beginning with 'Why' (To make experiences for people), followed by 'How' (By designing great products), ending in 'What' (Do you want to buy a phone?).[3] Apple accomplished the feat of building from a vision, while most organizations struggle to connect the 'Why' to 'What' they do.

What is needed now, is an approach that integrates the whole system and can connect 'Why' we do what we do to 'How' we do it so the culture of the organization reflects its purpose. Then it must connect 'How' to 'Who' so that the people doing the work share the vision of 'Why' they are doing it. Finally it must connect 'Who' is doing the work to

‘What’ they do, so the entire organization, its purpose, and its customers, are aligned with a shared vision.

Where Agile has taken us

The dawn of Agile

Our software development techniques were inherited from our manufacturing techniques. But manufacturing techniques were built on a stable set of market forces, and largely predictable environments, to produce fixed, almost immutable outputs. The new technology environment was none of these things. By the late 1960’s, development was mired in what was then called “the software crisis.”[14]

Computing had become fast and powerful and computers had grown from useful tools to essential business, military, scientific, educational, and governmental assets. Yet development continued to take years, even decades. Projects failed because they no longer met the use case before they even had a chance to be completed and put to use; retired and expired before creation.

More and more we are seeing that organizations that thought they would last a long time were

unintentionally designed to fail because they were built for a world that is disappearing. It is akin to building the strongest castle with the thickest walls in an age of fighter jets and cyberwarfare. The lifespan of corporations on the Standard & Poor's 500 index has dwindled from an average of 60 years in the 1950s to a mere 10 years in the 2000s.[6]

Our approach to building organizations has progressed more slowly than the technologies that these organizations create and use.

A new approach

"By the early 20th century.... one response emerging from the new research labs of companies such as General Electric and Eastman Kodak was that creative and productive work [meant]... finding the organizational forms that allowed people of ordinary gifts to achieve extraordinary things."[4]

The ideas included in the Agile manifesto were a collection of existing ideas, some old, some emergent.

- Iterative development can be traced to Bell Labs in the 1930s when short "plan-do-study-act" (PDSA) cycles were explored for quality improvement.[7]
- In the 1940s after WWII Japan collaborated with the United States on to develop quality management techniques that led to the

development of the Toyota Production System (TPS) which itself adopted strategies used by American supermarkets.[8]
- In the 1970s NASA introduced the daily stand-up during the production of the F-18.[9]
- What was rebranded as XP in the 1990s was first used in the 1980s, the same time that the SCRUM framework was first developed.[10]

It was in 2001 when a group of software developers got together and penned the Agile manifesto. At this session, they not only expressed the best ideas, and strategies that they had seen in use, but also they also captured an ideology that would continue to be built upon and expanded by the individuals present and countless others.[11]

What is working?

In the span of 20 years, the Agile Manifesto transformed more than just the software development industry, it transformed how we envision organizations and what they need to do in order to survive and thrive. Robert C. Martin, one of its authors, observed that agility is no longer an alternative, but a requirement for businesses to be successful.[12]

In “the story of Agile” above, the Company was rewarded for agile thinking. The project in the story was divided into chunks, many of which were

entirely reusable. They committed to building what the customer needed and left the door open to the discovery of new customer needs. The development teams were permitted to solve their problems collaboratively both within and across the various types of teams. The entire system was realigned in order to help the teams move faster, and smarter.

While they did invest in a degree of upfront planning, it wasn't full-scale Waterfall levels of planning. They used the plan to identify their problems and opportunities, to align the teams toward a common purpose, and as a vehicle for shared understanding, and knowledge integration.

The problems Agile was designed to solve

Agile recognizes that software development is a creative process, a process of invention, discovery, experimentation. There are unknowns to explore, assumptions to tackle, guesses to test, unforeseen issues to uncover, and tools to invent, all accompanied by lots and lots of problem solving, and usually followed by more problems to solve.

Something humans are intrinsically built to do.

What do we want from Agile?

The State of Agile survey asks respondents to report their experiences and their perceptions of the Agile industry along with the role that Agile plays in their organizations. Across almost two decades of surveys the primary reasons for adopting Agile have remained the same:

- to increase team productivity,
- to improve business and IT alignment,
- to enhance software quality,
- and to improve delivery predictability.

The areas reported to be most impacted by Agile adoption have also been consistent:

- managing changing priorities,
- and improving project visibility.[13]

The goal of companies may be to create profit, but the purpose of these organizations is to create a product people need or want.

Companies want what they have always wanted; competitive advantages, lower costs, greater profits, and a happy growing customer base to sell future products to. Customers are looking for what they have always sought; a good deal, a great product, and a brand that respects if not reflects their values. Agile is expected to align these motivations by making feedback part of the

development process. Only the products and features customers need or want are expected to be developed, quality issues are discovered earlier when it is cheaper to address them, and these better products are delivered sooner. With a process centered around building an uncertain product for an uncertain market it makes sense that companies are hoping for visibility and predictability, as well as improved responsiveness to changes. Some more progressive companies are even hoping to experience improved team morale, and the elusive benefits of self-managed teams.

Agile methods can improve transparency, communication and an organization's processes, all qualities demonstrated to improve team cohesion and efficacy. While much of Agile is oriented toward delivering more value and not necessarily less cost, it can also reduce costs by eliminating a lot of the wastes that we have often considered to be "the cost of doing business."

The takeaway

Agile has transformed the industry by reflecting our evolving society. The future is unpredictable and

the solutions we need will be created out of this uncertainty. For this, organizations are looking for tools to make them adaptive enough to remain competitive, robust enough to endure missteps in the face of change, and flexible enough to navigate a landscape that may have evolved into an unknown unknown.