The Age of Agile

Steve Denning
Studied and worked as a lawyer in Sydney

Helping bad people win cases they shouldn’t have won

Oxford University

World Bank

Climbed World Bank managerial ladder

Discovering leadership storytelling

World Bank manager

Sidelined!

Discovered KM

Led World Bank strategy change

Taught story to the Fortune 500

Sydney, Australia

Mapping my story

1960s

1967

1969

1970s

1980s

1996

1996-2000

2000-2008

1967

1969

1970s

1980s

1996

1996

1996

2008

Is there any intelligent life on the planet?

The changes don’t stick

1960s: Studied and worked as a lawyer in Sydney.

1967: Oxford University.


1970s: Helping bad people win cases they shouldn’t have won.

1980s: Climbed World Bank managerial ladder.

1996: Discovered leadership storytelling.


2000-2008: Taught story to the Fortune 500.


The theory of story mapping

A story of all high points is unbelievable
The theory of story mapping

All human life stories end in death

Birth

Death
The theory of story mapping

Stories with ‘happy endings’ are selections
Exercise: Mapping your story

- Map the story of your life?
- Map the story of your firm?
- Map the story of your career?
- Map the story of your Agile 2019?
What I heard at the Drucker Forum

- “Agile is only for software”
- “Agile doesn’t scale”
- “Agile can’t handle complexity”
- “Agile isn’t reliable”
- “Agile doesn’t last”
Members since 2015 have included:

- Microsoft
- Barclays
- American Express
- Cerner
- Ericsson
- Fidelity Investments
- C.H. Robinson Worldwide, Inc.
- Vistaprint
- Riot Games

http://www.sdlearningconsortium.org/
Findings of the SD Learning Consortium

- "Agile is only for software"
- "Agile doesn’t scale"
- "Agile can’t handle complexity"
- "Agile isn’t reliable"
- "Agile doesn’t endure"

Agile is spreading to everything
Agile scales without sclerosis
Agile handles complexity
Agile can be fail-safe
Some examples: 10-15 years
The Microsoft story in video
Exploring

1. Form one team
2. Form several teams
3. Adopt Agile for 25 teams
4. Agile adoption grows organically

Progressing

5. Nadella becomes CEO
6. Dev. Division gets Agile ‘org-wide mandate’
7. Grow healthy culture
8. Agile thinking spreads
9. Growth mindset (vs fixed mindset): specific ‘Agile mandate’ fades

Strengthening

10. Culture of trust and results

Market cap $970 billion

Time

Business Agility
1. CEO discovers Lean Startup

2. All staff trained in Lean Startup
2. Lean Startup team named

2. Lean Startup seen as a process

5. Disillusion with Lean Startup

6. CEO and team are dismissed

2008 2012 2016 2018

Business Agility

Market cap
Stalled half-way

Exploring

1. Form one team
2. Form several teams
3. Adopt Agile more teams
4. Adopt Agile many teams
5. Management declares premature victory

Progressing

Mastering

Business Agility

Time

Bottom up
Top involved
Exploring

3. Adopt Agile more teams

2. Form several teams

1. Form one team

Progressing

4. Adopt Agile many teams

5. Management declares premature victory

Stalled half-way

Cause #1: Conflict, because IT is moving faster than the rest of the firm
The Law of the Network

This can be a problem for the traditional org structure

- **CEO**
  - **CHRO**
  - **SVP Tech**
  - **Div 1**
  - **Div 2**
  - **Div 3**

- **CFO**
  - **SVP Product**
  - **Product A**
  - **Product B**

- **SVP Sales**
  - **Sales**

- **SVP Marketing**
  - **Marketing**
In ‘partial Agile’, most of the gains of Agile are lost.
Exploring

1. Form one team

2. Form several teams

3. Adopt Agile more eams

4. Adopt Agile many teams

Progressing

5. Management declares premature victory

Mastering

Cause #2: Agile has increased flow but the flow is seen as having little value
Exploring

1. Form one team
2. Form several teams
3. Adopt Agile more teams
4. Adopt Agile many teams
5. Management declares premature victory

Progressing

Mastering

Stalled half-way

Cause #3: Firm cuts costs to boost the stock price
Repeated stalls, and restarts
Strategic Agility

Exploring

1. Value for customers
2. “Two pizza” teams

Agile

3. The “PR/FAQ” process
4. Amazon AWS
5. Amazon marketplace

Strategic Agility

6. Kindle
7. Video on demand
8. Amazon Webpay
9. Amazon Wallet
10. Amazon Studios
10. Amazon Groceries

Market cap $900b
Customer focus vs customer obsession

At Amazon:

- **Everyone** in the organization shares the **obsession** with customers

- Jeff Bezos has an empty chair to signify: The customer is the **most important person in every meeting**

*Think Like Amazon* by John Rossman (2019)

This is the opposite of most big organizations
At Amazon, the customer is the boss

Teams are **autonomous** but **customer-driven**:

• The team doesn’t start work unless and until **real-time customer-based metrics** are in place

• Defining the metrics may take **weeks, even months**

*Think Like Amazon* by John Rossman (2019)

This is the opposite of most big organizations
Customer focus vs customer obsession

‘You must embed real-time metrics before works starts because they are nearly impossible to retrofit’


This is the opposite of most big organizations
Amazon funds activities, not units

Amazon funds **activities**, not **units**

• If the activity doesn’t deliver on its metrics, **funding stops**

• The metrics serve as ‘**a forcing function**’

• The **planning process** is more important the **budget**

*Think Like Amazon* by John Rossman (2019)

This is the opposite of most big organizations
The less admirable aspects of Amazon

- Agile only applies to 15%: 80,000 staff out of 650,000
- Some Amazon practices are anti-competitive
- Amazon’s success is destroying some communities
- Amazon is a stressful workplace
- Jeff Bezos is not ‘a people person’

*Think Like Amazon* by John Rossman (2019)
Agile is eating the world!

The good news

2018
The good news

Wall Street wakes up!

The five largest firms on the planet are implementing Agile:

- Apple
- Amazon
- Facebook
- Google
- Microsoft

net worth ~$4 trillion

2018
The five largest & fastest growing firms on the planet

- Apple
- Amazon
- Facebook
- Google
- Microsoft

The good news

- instant
- intimate
- frictionless
- incremental
- risk-free
- value at scale
The five largest & fastest growing firms on the planet

- Apple
- Amazon
- Facebook
- Google
- Microsoft

“The gold standard of corporate performance”
The five largest & fastest growing firms on the planet

- Apple
- Amazon
- Facebook
- Google
- Microsoft

Everyone knows what this feels like!

- instant
- intimate
- frictionless
- incremental
- risk-free
- value at scale

“The gold standard of corporate performance”
The five largest & fastest growing firms on the planet

- Apple
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- instant
- intimate
- frictionless
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- value at scale

"The gold standard of corporate performance"

The good news

Customers now demand this from every firm

"The gold standard of corporate performance"

Are you going to figure out how to do this in your business? Or is someone else going to do it for you?
Surveys by Deloitte and McKinsey:

- More than 90% of senior executives give high priority to becoming agile.
- Less than 10% see their own organization as currently highly agile.

Multiple articles about business agility in:

- Harvard Business Review
- McKinsey Quarterly
A huge amount of **fake Agile** going on

“The bad news” (May 2019)
• **Agile as processes or ceremonies**: Firms implementing Agile a set of internal processes:
  
  • Flow speeds up but customers get no benefits
Fake Agile

• **Agile without the mindset**: Firms implementing the processes of Agile

  E.g. General Electric?
• Agile as a mere label:

We are doing the same thing as before but “better, faster and cheaper”
Prescriptive Agility:

“Do this” and “don’t do that!”

That’s ok, if it’s just the learning phase.

It’s not ok, if the firm is stuck at “learning stage: i.e. the “shu” stage of “shu-ha-ri””)
Scaling frameworks are often just another name for codified bureaucracy. E.g. the SAFe framework?
Agile is used as an excuse for anything going wrong.
What we saw:

Agile is mindset
What we saw:

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

Without an Agile mindset, no benefits flowed.
Agile is mindset

Agile is:

• Not a system
• Not a process
• Not a technology
• Not digitization
• Not big data
• Not an organizational structure
A mindset is

- A habitual way of thinking about, perceiving, and acting in, certain situations

The Agile mindset is akin to:

- The medical mindset
- The legal mindset
A mindset is

- More than a belief
- More than an attitude
- Different from a philosophy
- An attribute of a practitioner
  e.g. a doctor or a lawyer

The Agile mindset can take years to acquire
An Agile mindset is not Carol Dweck’s growth mindset

*Fixed mindset*: a belief that basic abilities, their intelligence, are fixed; their goal is to look smart.

*Growth mindset*: a belief that talents and abilities can be developed through effort and persistence.

*Moral*: Everyone can get smarter if they work at it.

*Caveat* :#1 Attemps to replicate her research have failed

*Caveat* #2: Her management examples are really bad
An Agile mindset is not Gil Broza’s mindset

Gil Broza: A leader has multiple mindsets – Agile, Waterfall and Lean – and chooses the mindset according to the task, like choosing which pair of clothes to wear.

The Agile mindset is something deeper: it involves a presumption that all work should to the extent possible be carried out in an Agile way—even seemingly routine work
An Agile mindset is **more than Theory Y**

Theory Y: competent, motivated, trusted, and supported people will generally do better than people who are assumed to incompetent, untrustworthy and need to be directed (Theory X)

The Agile mindset is congruent with Theory Y, but goes beyond it.
The components of the Agile mindset

Three central elements

• The Law of the Customer
• The Law of the Small Team
• The Law of the Network
1. The Law of the Customer
The three laws of Agile

1. The Law of the Customer

There is only one valid purpose of a firm: to create a customer

21st Century: Power in the marketplace shifted to the customer
1. The Law of the Customer

The Copernican Revolution in astronomy

This is a different way of understanding how the world works
The three laws of Agile

1. The Law of the Customer

The Copernican Revolution in management

This is a different way of understanding how the world works
Customer focus vs customer obsession

Our top priority is to add value to the customer!

.... But only within the constraints of our systems and processes
Customer focus vs customer obsession

In the best Agile implementations:

• **Everyone** in the organization shares the **obsession** with customers

• Customer value is the goal;

• Financial results are **the result**, not the goal
2. The Law of the Small Team
The three laws of Agile

2. The Law of the Small Team

There is a presumption of:

• Descaling complex problems into small pieces
• Having work done by cross-functional self-organizing teams
• Working in small cycles, getting work completely done
• Getting direct feedback from customers
• Daily standups, and retrospectives
Customer metrics are established in advance

‘You must embed real-time metrics from the very start of a [team activity] because they are nearly impossible to retrofit’


This is the opposite of most big organizations
Exercise for Agile trainers and coaches

1. What real time metrics have you established for your own workshops and interventions?

2. Have you established them in advance?

3. Have you acted on the results?

Note to self: human beings don’t do this naturally
2. The Law of the Small Team

Managers still exist, but their role changes

- From controlling to enabling
- Helping resolve priorities
- Removing impediments
- Ensuring teams minimize dependencies on other teams
- Act on customer metrics

The manager can’t tell the staff what to do!
3. The Law of the Network
3. The Law of the Network

• The organization functions like a fluid network
• Communications flow up, down, sideways
• Ideas can come from anywhere
The three laws of Agile

3. The Law of the Network

From *Team of Teams* (2014) by Stanley McChrystal et al.
Getting collaboration across units

U.S. Army

1. Common physical space
2. Daily decision-making session
3. Exchange of staff between teams
4. From commander to gardener

Gen. Stan McChrystal, *Team of Teams*
3. The Law of the Network

From fierce commander... ... to gardener

Gen. Stan McChrystal, *Team of Teams*
The three laws of Agile

3. The Law of the Network

- All teams focused on the organization’s mission
- Each team focused on its own unit’s mission

From *Team of Teams* (2014) by Stanley McChrystal et al.
Reconciling scientific rigor and Agile

How could this mess be rigorous?

Each team has an objective measurable customer-based function

From Team of Teams (2014) by Stanley McChrystal et al
The evolution of Agile

Agile is a journey: you never arrive!

2001-2010: how to manage one or several Agile teams

2010-2015: how to manage large numbers of Agile teams

2016-today: rethinking Agile strategy, HR and budgeting
Summary

The Agile equation: it’s multiplication, not addition

The Agile mindset \times \text{Three Laws of Agile} = \text{Operational Agility}

Any zero means that the total is zero
The Age of Agile

Steve Denning
Araceli De Leon