“Organization may comprise of marketing, product management, development, operations and support for a single product or a certain business unit. What is important is their ability to support complete, end-to-end business value chains.”

(Arell, Coldewey and Hesselberg, 2012)
Brief History with Agile Development

- **First Agile Development Team**: 2008-2010
- **Agile Hardware Development**: 2011
- **Joint Release Planning Event**: 2012
- **Synchronized Releases**: 2013
- **Scaled Agile Framework**: 2014
- **Lean Startup**: 2015
Surfacing Symptoms
- Lack of big picture understanding
- Misconceptions
- No clear authority
- Confusing meetings

Looking for Solutions
Team-Based Organization (Holacracy)
Social Media

Purpose: We are attractive and innovative at social media with our offer.

Domains: Company social media accounts.

Accountabilities: Producing material like messages and updates. Publishing and updating.
Exercise

- Define an organization as a value stream.

You have a simplified functional organization chart on your table.

Your company has self-developed physical product.

How does work flow through your organization?
Which persons work together?
Why, for which purpose?
2.5 Years
14 Circles/Teams
132 Roles
**Duty 1: Projects – Outcome oriented**

Phrased in past tense; “Pricing information updated.”

Next-actions towards the outcome

Outcome to be fulfilled (=Project)

**Duty 2: Tensions – Always a bit better**

“A feeling of a gap between what is and what could be”

A possible state

Current observed reality

Projects and/or Next-Actions

= “A Tension”

---

**Meetings as practice ground**

- Tactical Meeting
- Sensing Tensions
- Governance Meeting
- Doing Work

- Check-In Round
- Checklists and Metrics
- Project Updates
- Agenda Building
- Processing tensions
- Closing Round
- Administrative Concerns
- Agenda Building
- Process Agenda
- Closing Round
## Key Findings, Discoveries

<table>
<thead>
<tr>
<th></th>
<th>Week 1</th>
<th>Week 2</th>
<th>Week 3</th>
<th>Week 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tactical Meeting</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Governance Meeting</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Issue Specific Meeting (as needed)</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>
**Institutional Theory**

**What is an institution?**

*Institution is shared rules and typifications that identify categories of social actors and their appropriate activities and relationships.*

Barley & Tolbert, Institutionalization and Structuration: Studying the Links between Action and Institution, 1997, pg. 96

**What is an institutional logic?**

*...the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality*

Thornton & Ocasio, Institutional logics, 2008. pg. 101

<table>
<thead>
<tr>
<th>Corporate Logic</th>
<th>Team-Based Organization Logic</th>
<th>Existing Local Logic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Structure</strong></td>
<td><strong>Human Resources</strong></td>
<td><strong>Structure</strong></td>
</tr>
<tr>
<td>- Power hierarchy</td>
<td>- Dynamic role definitions</td>
<td>- Agile product development in teams</td>
</tr>
<tr>
<td><strong>Human Resources</strong></td>
<td>- Agile development and SAFe</td>
<td><strong>Human Resources</strong></td>
</tr>
<tr>
<td>- Rigid categorization with job codes</td>
<td>- Incremental budgeting</td>
<td>- Abstract job titles</td>
</tr>
<tr>
<td><strong>Daily Life</strong></td>
<td><strong>Daily Life</strong></td>
<td><strong>Daily Life</strong></td>
</tr>
<tr>
<td>- Decision making in hierarchy</td>
<td>- Explicit distributed decision making</td>
<td>- Informal decision making</td>
</tr>
<tr>
<td>- Large status meetings</td>
<td>- Synchronization meetings, workshops</td>
<td>- Large meetings, no practices</td>
</tr>
<tr>
<td><strong>Major Organizational Processes</strong></td>
<td><strong>Major Organizational Processes</strong></td>
<td><strong>Major Organizational Processes</strong></td>
</tr>
<tr>
<td>- Stage-Gate</td>
<td>- Agile development and SAFe</td>
<td>- Agile development and SAFe</td>
</tr>
<tr>
<td>- Annual budgeting</td>
<td>- Incremental budgeting</td>
<td>- Annual budgeting for total, dynamic allocation for value streams</td>
</tr>
</tbody>
</table>
Local new benefits:
- Clarity
- Meeting Effectiveness

New, Team-Based, logic:
- Transparency
- Self-organization
- Distributed authority

Enforcing Cycle

Reverting to "known way"
- Lack of skill, experience

Observed challenges:
- Dynamic governance
- Distributed authority
- Large initiatives

Corporate logics:
- Plan-driven
- Power hierarchy

Responding enforces old habits

Slows down the new model
Start from somewhere

Increasing

Sensing Tensions - a shared duty

The framework drives the transformation

Work on the organization - time for reflection

Increasing

Transparency - data

Increasing

Process to institutional change at macro level  
(Reay, et al., 2017, p. 1064)

Tools to scale locally, legitimize the approach  
(Reay, et al., 2017, p. 1064)

Tools for individual agency  
(Reay, 2006, p. 993)

Small Victories

Stage I: Precipitating jolts

Stage II: Deinstitutionalization

Stage III: Preinstitutionalization

Stage IV: Theorization

Stage V: Diffusion

Stage VI: Reinstitutionalization

Fads and fashion

Reveal influence of hidden logic

Reinforce the conflict between logics

Reframe the meaning of dominant logic

Re-embed the new arrangement

Cultivating opportunities

Fit to prevailing systems

Proving the value to others
The Big Opportunity: Leveraging the dynamic governance
Main objective.
...this aims at long term value maximizing.
Prioritize this!

OK, but...
...if this is a frequent request, think about defining as standard work.

Avoid this.
...but when it happens, learn from it.

VALUE DEMAND
Cook-book recipe, automation
Repeatable/predictable quality
On time, on-demand

GOOD, BUT NOT ENOUGH
Custom answer
Variable, unpredictable quality
Ad-hoc response

FAILURE DEMAND
Wrong answer to request
Unacceptable quality
Too slow, equals in zero value

Transferring to other contexts
Proposition 1. Due to its fractal nature, the team-based organization model can be used as emergent change model even in large organizations.

Proposition 2. In large organizations, it is possible to find smaller, enough independent, value streams to begin the transformation from.

Proposition 3. A large industrial organization is strongly anchored to its institutional features.

Proposition 4. It is not possible, and at least not necessary, to fully understand the institutional logic prior to engaging with transformation.

Cross-Functional
Meeting practices
Clear authority (role definitions)
Outcome oriented work management
Transparency to work-in-progress
Continuous improvement
## In Principle We Agree
(Agile as Organizational Design Principles)

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-Organization</td>
<td>Decision making is delegated to accountable teams</td>
</tr>
<tr>
<td>Team-Based Structure</td>
<td>The basic organization structure unit is a team</td>
</tr>
<tr>
<td>Information Transparency</td>
<td>All the information is available to everyone and all the time</td>
</tr>
<tr>
<td>Hierarchy by complexity and scope</td>
<td>Hierarchy is used for abstracting complexity, not for power structure</td>
</tr>
<tr>
<td>Organizational cadence</td>
<td>The organization is working on a known, predictable, rhythm</td>
</tr>
<tr>
<td>Continuous improvement</td>
<td>Normal work includes elements for improving the organization as a system as well</td>
</tr>
</tbody>
</table>

reinventingorganizationswiki.com
www.holacracy.org
sociocracy30.org