

Leading and Managing for the Emergence of Enterprise Agile Capability¹

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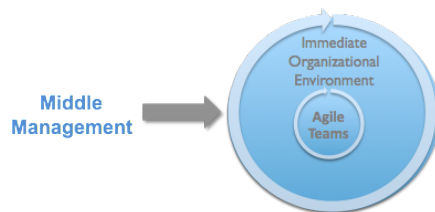
Introduction

In the earlier days of Agile it was thought that Agility meant standing up agile teams. However, over the years, managers and leaders started to see that agile teams work in a broader organizational environment and that agility was, in the end, a broadly *organizational* capability, and that building agile capability was a more broadly *organizational* initiative.

From a management perspective, you can think of essentially three different patterns of things that people do to bring about agility to different levels of the enterprise:

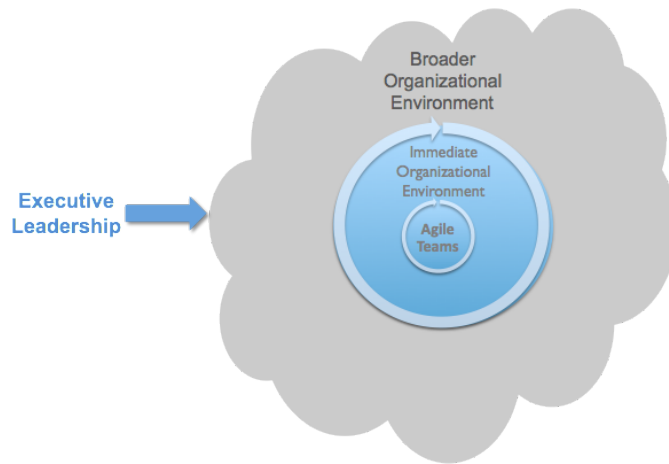


Agile teams focus on execution and delivery. Middle managers focus on providing for the needs of agile teams, particularly their need to grow and evolve into high performing teams. The focus of these managers includes the immediate organizational and management environment in which teams work:



¹ Grateful acknowledge is made to Big Visible Solutions, and especially George Schlitz, Bob Fischer and Jim Elvidge who have been instrumental in developing (and testing!) many of the ideas presented in this paper.

The job of executive leadership is tuning the broader culture in the most general sense in order to create conditions in which new thinking, and from that new practices, can emerge organically across the organization:



There is a necessary synergy among these levels of activity.



Each level of activity supports the others. To the degree they are effective, for instance, middle managers support the effectiveness of agile teams; which, in turn--to the degree *they* are effective--support the effectiveness of middle managers. It seems to work this way across the various levels.

This may be one of the key attributes for creating a shift in culture that is both flexible and sustainable. And executive leadership is critical to this workability.

The Job of Executive Leadership

The job of Executive Leadership--catalyzing a shift in how people think--is key to the effectiveness and sustainability of any agile initiative. When we talk with executives, we use the term *organizational agility*--as contrasted with *team agility*-- to describe the domain of their work in catalyzing a shift in organizational culture.

Organizational agility refers, in the broadest sense, to the capability of an organization to effectively sense and rapidly respond to change and complexity in ways that increase that organization's capacity to thrive, and to remain true to its highest aspirations.

So to slightly restate it: the job of executive management is to catalyze the emergence of broad *organizational agility*. Organizational agility can be thought of in terms of three areas of capability:



Organizational structures refer to the structures, systems, and policies that facilitate how people and work are organized. Demand management, functional organization, governance, reporting lines, technical systems and platforms, physical layout—all of these constitute *organizational structures*. **Agility in this arena means that organizational systems and structures are designed to be highly resilient and adaptable to ever-changing circumstances, both internal and external.**

Organizational culture refers to collectively held beliefs, values, and assumptions that determine how people think and how they behave. One could say that organizational culture embodies what people believe is the “winning formula” of a company: it is a deep encoding of the habits, attitudes, and perspectives that people believe helps their company (or at one time helped that company) succeed.² **Agility in this arena means that people truly value, and have deeply internalized, the need for agility and flexibility, and are prepared to find solutions to problems that advance that core value.**

Leadership refers to how leaders and managers lead, inspire, direct, and motivate others. But, perhaps more importantly, it refers to their ability to effectively lead and manage *in the face of change and uncertainty*, and to foster the development of broader organizational capabilities that are a congruent match to the level of change and uncertainty they face. **Agility in this arena means that leaders and managers have the mental capacity to deal with situational and systemic complexity, along with social abilities that emphasize and heighten collaboration, partnership, and empowerment of others.**

Note that we consider *culture* in a holistic context. We think it is very hard, and too abstract, to catalyze culture change without also addressing organizational systems and

² See *The Reengineering Alternative: A Plan for Making Your Current Culture Work*, by William E. Schneider.

structures, and without addressing leadership styles. As such, to manage for the emergence of cultural agility means to manage for the appearance of agile capability across all three of these domains of organizational performance simultaneously.

Building Organizational Capability is a *Complex* Management Challenge

Managers and leaders take note:

You can't manage organizational agility into existence using the usual approaches with which you manage, say, the accomplishment of strategic goals.

In its emphasis on planning and sequential execution, strategic management, assumes a linear cause-effect relation between an acknowledged current state and a declared strategic goal.

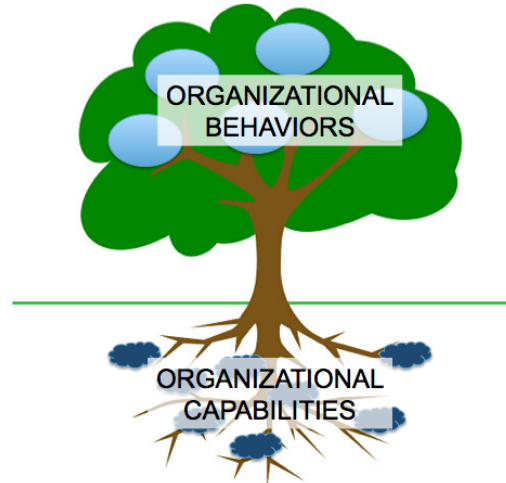
But organizational agility is not just a “goal” one can attain: as an organizational capability, it has a cultural and social depth that defies easy, linear, cause-effect management approaches.

Managing for the emergence of organizational agility is what some leadership gurus call a *complex* problem, distinct from a *complicated* one.³ Disassembling a Ferrari engine is a *complicated* problem: with the right level of expertise, a small team of engineers could disassemble a Ferrari, reassemble it, and then drive it out of the garage. Again. And again. That's because, as a *complicated* problem, it's a problem with a *repeatable solution*.

Complex problems are different. Try disassembling a human body and see what happens when you try to put it back together. Organizations are like human bodies in this way. And many--if not *most*--of the problems which arise in organizations are inherently *complex*. That's because they involve social systems whose behavior is greater (and greatly different) than the sum of individual parts. And, their solutions are not repeatable: solution X may or may not work the second time around.

Building organizational capability--like organizational agility--is a complex problem and, as such, calls for a different approach to its management. If any comparison is apt, managing for the appearance of organizational agility is more akin to growing a tree than it is to building a Ferrari.

³ See for instance, Richard Pascale, Mark Milleman and Linda Gioia, *Surfing the Edge of Chaos: The Laws of Nature and the New Laws of Business*; David J. Snowden and Mary E. Boone, “A Leader's Framework for Decision Making,” Harvard Business Review, Nov. 2007; Margaret Wheatley, *Leadership and the New Science: Discovering Order in a Chaotic World*. Berrett-Koehler Publishers, 1999; and Jeffrey Goldstein, James K. Hazy, and Benyamin B. Lightenstein, *Complexity and the Nexus of Leadership: Leveraging Nonlinear Science to Create Ecologies of Innovation*. Palgrave Macmillan, 2010.



In growing a fecund fruit-bearing tree, you can't just direct or otherwise *will* fruit to abundantly grow. A grower must tend to the roots and to the quality of the soil and moisture they receive. The tree must be well-maintained and proper sunlight must be facilitated.

Metaphorically speaking, growing an organization's capacity for broad agility calls for a similar tending to the environmental conditions in which people work--the organizational structures, culture and leadership styles--such that they come to enable highly agile performance across all parts, and all aspects of the organization.

Catalyzing the Organic Growth of Organizational Agility

There are two core activities which executive leadership does to catalyze the growth of organizational agility:

- Orienting alignment around a vision for agility across the organization
- Designing environments to support the emergence of organizational capabilities that are congruent with that vision

The first of these is orienting people around a shared vision for agility.

Key Leadership Activity #1. Orienting Alignment Around a Vision for Agility

A key to sustainable organizational agility is the establishment of broad institutional clarity around your vision--the *Why* of Agility. This is different from you, as manager, defining a vision and then *telling* people about it, which serves only to create a collective of *followers*.

Engaging and aligning employees in creating a shared common vision elicits ownership: the willingness and the capacity for people to initiate actions that are congruent with institutional direction, without having to be told what to do.

Such engagement involves a give-and-take process. It starts with leaders bringing together a large number of associates (such as a town hall or “all hands” meeting--we have ways of facilitating such a town hall for maximum effectiveness). Leaders then initiate a conversation in which business imperatives are revealed and aspirations shared. Meeting structures are then created that provide associates a way to find meaning for themselves and to create their own engagement.

Being connected, at such times, to your own deeper sense of purpose is key. For one thing, it is from this deeper passion, this deeper connection, from which you speak most authentically. For another thing, such passion is infectious. If you yourself, as a leader, are not clear—if you aren’t personally connected to the deeper purpose of what you are doing—then your capacity for helping others see possibilities for themselves is greatly diminished. In such a case, you may find yourself trying to “convince” others rather than helping them to see something meaningful for themselves.

The result of all of this is there are more people aligned around common purpose, and hence better positioned to take ownership of the work needed to get there.

Key Leadership Activity #2. Designing Environments

It is often tempting for managers to try to effect change by trying to change people’s *behavior*. Incentive programs, training and development initiatives, and even to some extent employee ‘coaching’ and ‘mentoring’ arise from the belief that if only we could change people’s behavior we would be better situated for realizing organizational aspirations.

However, behavior is always determined by the structures, processes, values and habits around which work activity is organized. Therefore, agile leaders realize that in order to engender an alteration in people’s behavior, they need to alter the conditions in which people work and operate. Such alterations condition, in a very natural way, the emergence of behaviors that are more congruent with the future direction you have aligned around as an organization.

We use the term *environment design* to describe this kind of management.

We use the term “**environment**” because organizations are defined by a myriad of structures, systems, processes, policies, beliefs, values, and mindsets, which together constitute the social, cultural, psychological and intellectual *environment* in which people work and function. How people think, how they work, how they think of themselves, how they view the world and what’s possible are all constituted, largely, by the environment in which they find themselves.

A big part of the job of leaders and managers, therefore, is to *tune* that environment such that it comes into congruence with the vision, which they, and others, envision together.

We use the term “**design**” because *tuning* environments in such a way is at least as much an art as it is a science:

- As a process, designing environments is founded upon experimentation; the *try-observe-orient-formulate-try* cycle characterizes effective management in complex organizational situations.
- Designing environments relies as much on qualitative measures as it relies on quantitative ones.
- Designing environments consists of many activities which, when practiced in concert, yield results that are greater than the sum which those activities, individually practiced, could otherwise yield.

There are five essential practices for environment design:

1. Creating Organizational Conditions That Support Where You Want to Go
2. Socializing the New Thinking So That it Begins to Infect Your Culture
3. Identifying and Enabling Informal Champions Who Will Be Your Partners
4. Building a Coalition of Stakeholders Whose Participation Will Help You Succeed
5. Developing Your Own Capacity to Lead Effectively in the Face of Complexity and Change

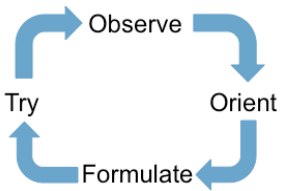
Essential Practice #1: Altering Organizational Conditions to Support Where You Want to Go

As was discussed above, there are three primary conditions that effect how people think and work: organizational *structures*, organizational *culture* and *leadership styles*.



A first practice of environment design is to ongoingly tune conditions across these three areas such that they come to be congruent with, and supportive of, the organizational future you want to create.

The process is cyclic, and it is iterative and incremental. It has a long pedigree in both organizational improvement efforts and within the field of operations and even warfare. It has the following structure:



In the following pages, we will describe each stage in turn.

Try. You start by actually *trying* something. This is your first experiment. An experiment can be large--launching a new pilot team, a skunk-works project, or a new program--or it can be small--introducing a change in how a particular compliance rule is satisfied.

Observe. Then you *observe* what happens. What kinds of struggles is the team (or teams or program or whatever) having? What challenges? What kinds of bad behaviors is the team (for instance) exhibiting?

Example:

One of the most common problems delivery teams have is completing stories before the end of a sprint. Such behavior, if repeated, can undermine trust between team and product management. So it needs to be resolved.

But how?

Orient. Next, you gather your observations and hypothesize what might be happening. This is the *orient* stage.

The orient stage is probably THE key stage, so you want to be as rigorous as possible.

It is way too tempting to simply solve things as quickly as possible. And yes, you want to do that, in order to help the team keep on moving.

However, the challenges and struggles which the team is having often points to deeper organizational characteristics.

If you could discover what those are, and then solve for those, you not only resolve the immediate presenting problem, but you resolve the conditions that gave rise to that problem in the first place. This provides for a deeper, more sustainable approach to problem-solving, and contributes to your overall management goal of continuous organizational improvement.

Example, cont'd:

One superficial solution might assume that the team has too much work in a sprint and that, therefore, the team should either commit to fewer stories, or create smaller ones.

But such a solution fails to address possible underlying, perhaps *institutional*, problems. So, during the *orient* (hypothesizing) step, a management team might look at the activities of the team during a typical sprint. Specifically, they might ask someone on the team to simply record what team members do, and when.

Then, looking at the data, they might discover that testing is not happening until near the end of the sprint. Why? Because, as they come to discover, the process of moving code from the Dev environment to the Test environment requires a sign-off from a QA manager, which can sometimes take a day or two. So the developers save up all of their code until most of it is done before moving it to Test, which is typically a day or two before the end of the sprint. They think that in doing so, they are reducing the overhead of repeated sign-offs (with consequent wait time). What they fail to fully recognize is that this leaves only a day or two to test everything. This is not enough time, especially if defects are discovered which need to be corrected.

There are at least two salient conclusions which management might come to at this point. First, the process for moving code from Dev to QA is a bottleneck and needs to be simplified. Second, the developers made an erroneous assumption regarding what does and/or does not constitute *overhead*. Third, no one raised this bottleneck as an impediment to management.

*This is a significant insight: it tells managers something about how things are structured in their organization; it tells them something about some of the erroneous assumptions people are carrying around in their heads; and, finally, it tells them that for whatever reason people are withholding information from management. The first is a matter of organizational **structure**; the second is a matter of organizational **culture**; and the third points to something about **leadership** such that people are not sharing important information (afraid to tell managers potentially bad news?).*

Now, management can initiate actions--again, in the spirit of experiment--that not only address the *presenting* challenge, but that drill down to the core of deeper organizational capability. Managers are now equipped to make potentially sustainable improvements to how the organization operates.

*This is the power of the **orient** phase, when approached **holistically**.*

Formulate. In the next stage, you *formulate* your next experiment. Note the term 'experiment'--it helps us to remember that deep issues cannot always be solved right away. In fact, sometimes we need to try a couple of things just to understand what is really happening.

In *formulating* your next experiment you need to ask the questions: What do we hope to achieve? What do we expect? What are our success criteria? How will we test?

Example, cont'd:

At this point, the management team asks themselves:

- Is the code migration process a bottleneck?
- Why are team members making these kinds of erroneous assumptions? Do they lack deeper insight into lean and agile thinking? Do we need to remediate that somehow?
- If the code migration process is indeed a bottleneck, why aren't people saying so? What about our culture might be condoning such withholding of information? How are we acting as leaders such that people might be afraid to tell us things like this? Are there other things people are silent about that we should know about?

Possible next experiments:

- Invite someone to get with whoever to improve the migration process so that code migration can happen within minutes. Does this make the initial problem (stories not getting finished) go away?
- Ask the Scrum Master what she thinks about team members' erroneous assumptions. Is she seeing this too? What would she do to ferret out such assumptions and expose new, more agile, ways of thinking?
- Make it a point, as a leadership team, to take special notice of when people are not providing information, especially if it might be perceived by as "bad news". What patterns emerge that can be instructive for us, and on which we might act in the future?

Try (Again). After formulation, you then execute the next experiment--the next *try* stage. During this stage, you would conduct any or all of the experiments you identified during the Formulate stage.

Foundation Practice #2: Socialize Agile Thinking

If Foundational Practice #1 is about getting people on the same page as to where we are going (the *Why*), then Foundational Practice #2 is about helping people reorient their thinking about how to get there (the *How*). This is about catalyzing a cultural shift in terms of people's thinking.

There are a number of ways to do this. One way is to offer public agile orientations. These are usually 90-minute introductions to the principles of agility for folks who are not directly engaged in agile delivery efforts. The key here is that these sessions focus on fundamental principles of agility—as opposed to detailed practices such as Scrum or Kanban—in order to catalyze meaningful dialog among folks from a variety of particular organizational settings.

One thing this does is it helps to squash unhelpful rumor mills about what is or isn't "agile." The other thing it does is to explicitly invite people to discover ways in which they can meaningfully participate in the broader goals of agility, even though they may be tactically far removed from an agile team. It is always surprising how helpful these people can be at moments of unexpected strategic or tactical need. The other thing this does is to build

general institutional excitement around the new direction, effectively lifting the overall positive energy of the organization.

An important element to socializing agile is that the basic ideas and messages are repeated, often. It has been said that in order for people to really hear a new cultural message, they have to have heard it 30 times.

An extremely common mistake which managers make is to not repeat the message of agility. They think that if they “announce” it in an all-hands meeting, that should be sufficient. It isn’t.

So, besides the agile orientations, catalyzing emergence of “communities of practice,” agile lunch-and-learns, agile pizzas, breakfasts--all of these are ways to provide occasions in which the ideas and messages of agility are *repeated*.

Foundational Practice #3: Identify and Enable Informal Champions

As you are establishing shared vision and focusing on aligning organizational conditions so that they are congruent with, and supportive of, that shared vision, it is imperative to identify and enable individuals who will act as informal champions and key stakeholders in the change you are envisioning. It’s usually easy to find these people: they are the individuals, at all levels and from a variety of functional areas, who are both passionate about the change and also effective at influencing others around them. They are also typically skilled at identifying broad improvements that you, as leader, may not have noticed.

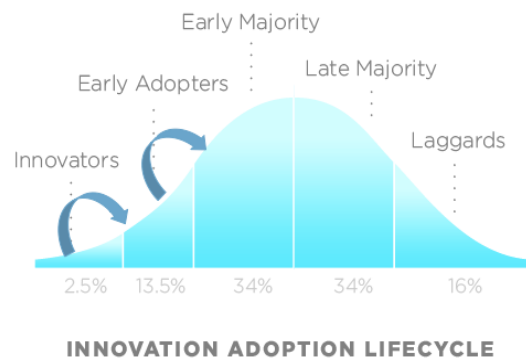
These people are your partners.

You will want to schedule one-on-ones with them. You will also want to engage their managers in joining you in empowering and enabling these people to create small projects (or other forms of meaningful engagement) that will help move the change effort forward. It is important that their actions stem from them and not from you: again, this will deepen their ownership and better engage their imagination.

These *informal champions* also become your advocates at moments that often arise spontaneously. Time and again we see occasions in which these kinds of people bring an agile thinking perspective to bear at critical moments: in project planning meetings, in regulatory compliance meetings, in meetings to discuss the merit of offshoring, and so on. It is the accumulation of these relatively small moments, where relatively small decisions are made, that ultimately have a huge, though all-too-often, silent impact on any change initiative. Having the right people there at those critical moments makes all the difference in the world.

Again, your informal champions are people who are (a) passionate, (b) effective and (c) influential. They are the eyes, ears and voices for change, distributed throughout your organization. In the various roles they play, informal champions help realize Geoffery Moore’s *Innovation Curve* in that, as innovators they powerfully influence early adopters,

and as early adopters they influence early majorities.⁴ This enacts a powerful and critically important dimension of managing in a complex environment, and that is the power of informal networks.⁵



Foundational Practice #4: Build a Coalition of Stakeholders

Part of the work of agile leadership is to build strong coalitions of stakeholders, including—perhaps *especially* including—those whose views may seem to be at odds with what you are trying to do.

Having a strong coalition becomes invaluable when it comes time to tackle the “big elephants” of change. Building such a coalition is a key foundation for creating an environment that supports the growth of agile capability. We advocate a strategic design approach to the building of such coalitions, as follows:

First, you want to identify who the key allies and key detractors are. Understanding the network of influence among stakeholders--clearly seeing who influences whom and differentiating allies from so-called “detractors”--will help you find the players who are most key to what you are trying to do.

Second, you want to be able to talk about your vision for agility in ways that attract people’s attention and that engages others shifting their own thinking. Taking every opportunity to talk about agility, without becoming perceived as overly *zealous*, is important. Of course, to

⁴ Geoffrey A. Moore, *Crossing the Chasm: Marketing and Selling Disruptive Products to Mainstream Customers*; Seth Godin, *Free Prize Inside: How to Make a Purple Cow*.

⁵ We have been especially influenced in this aspect of our work with managers by Jeffrey Goldstein, James K. Hazy, and Benyamin B. Lightenstein, *Complexity and the Nexus of Leadership: Leveraging Nonlinear Science to Create Ecologies of Innovation*. Palgrave Macmillan, 2010; Mike Thompson, *The Organizational Champion: How to Develop Passionate Change Agents at Every Level*. McGraw Hill, 2009; and by Margaret Wheatley, *Leadership and the New Science: Discovering Order in a Chaotic World*. Berrett-Koehler Publishers, 1999.

the degree that you are connected to your own vision--the *why* of agility as pertains to you *personally*--you will be that much better able to communicate authentically with others.

Third, you want to begin to engage *multilaterally* with these people and discover ways in which you can find common ground. To engage multilaterally with people means to communicate and work with others in such a way that avoids the “us-versus-them” dynamic which can so often derail any change initiative. Truly understanding and appreciating the other’s perspective, especially when it differs from your own, is a key competence here.⁶

Fourth, you want to develop the capacity to regard your so-called “detractors” as potential key partners. For one thing, those so-called detractors can help you see the blind spots in your strategy and approach. They can also help you shape how you speak about, and think about, your change initiative in ways that can better leverage current organizational strengths and characteristics. Finally, once your so-called detractors experience the validity of their own perspective, surprising turns in their attitude toward your initiatives can, and do often happen. Very often, we see it happen that our biggest detractors become our most enthusiastic supporters. And in gaining their support, the perspective on which your initiative is built will be enriched—and often improved—by the perspective they bring.

Establishing such a body of practices will not necessarily erase the need for taking difficult action in tackling big organizational challenges. However, doing so helps to establish a strong foundation of support to help at those moments when difficult decisions need to be made.

Foundational Practice #5: Develop and Grow Your Capacity For Self-Leadership

All of the foundational practices described so far are what we might refer to as “outer” aspects of effective catalytic leadership: outer-facing actions and practices that effective catalytic leaders actually *do*.

However, the capacity for effective practice, as reflected in the four other foundational practices just described, presupposes another aspect of leadership: leadership’s *inner* capabilities. These are capabilities related to how leaders and managers *think*, how they *see the world*, how they *make sense* of what they are seeing, and how they *relate* with others with whom they engage in designing and carrying out initiatives.

Based on our work with leaders and managers, five particular capabilities come to the fore when it comes to a leader’s *inner* development:

⁶ We have been deeply influenced by the work of Bill Isaacs (*Dialog: The Art of Thinking Together*) and Chris Argyris (for example, *Organizational Traps: Leadership, Culture, Organizational Design*). The book *Managing Difficult Conversations at Work*, by Sue Clark and Mel Myers provides a very practical and accessible guide to effective communication along the lines we are discussing here.

1. **Self Awareness:** the ability to observe oneself, one's feelings and thoughts, and one's moods. The ability to also see how one comes across with, and how one affects others; to see how one's thoughts, feelings and moods color one's behavior and performance
2. **Systems Thinking:** the ability to see the larger picture. What is the scope of the system one is able to grasp and effectively engage with? To what degree is one able to see the dynamic movement of organizational systems? To what degree is one able to leverage their understanding and perceptions of systems toward effective leadership and action?
3. **Relationship:** The ability to relate with and engage with others in ways that are empowering and enabling. This includes the capacity to move beyond one's own particular perspectives and one's particular needs in order to appreciate the needs and perspectives of others. It also includes the more subtle ability to emotionally connect with others, to truly appreciate and enjoy others, to be curious about who those others are and how they think.
4. **Detachment:** The ability to let go of attachment to one's own perspective and to even see that, at times, one's own perspective may be, by itself, incomplete. To see that one needs the perspectives of others in order to see the larger picture. To let go of thinking that one needs to be in control in order of this or that situation in order to effectively lead and manage; the ability, that is, to let go of having to be in control all of the time.
5. **Courage:** The ability to allow oneself to be with the anxiety we all experience when we move beyond our comfort zone. In fact, some say that the experience of anxiety may be an indication of our highest level of aliveness: it is evidence that we are living at the edge of our own creativity and capacity for contributing our greatest gifts to the world.⁷ This is the courage to stand up for oneself; to go against the grain of agreement and accepted wisdom; the courage to let go of what one thinks one knows; the courage to push for something great and to push for the removal of barriers to greatness.

It is in relation to these kinds of leadership capabilities that agile leaders want to continue to grow. Part of the function of a leadership *team* is to create a supportive environment for individual leadership development and growth.

Conclusion

Sustained agile capability is a broad, organizational endeavor. It requires engagement of executive leadership in very specific ways. Just as there are practices that teams use to develop greater *team* agility, so too are there practices that executive leaders use to catalyze broad *organizational* agility. Much of the work of the latter is about effecting a shift in culture. Therefore, the practices of catalyzing organizational agility are designed to create environments such that organizational agility, as a broad organizational capability, can emerge organically.

What can result from such a shift in culture?

⁷ As is advocated, for instance, in several chapters on anxiety in Peter Koestenbaum and Peter Block, *Freedom and Accountability at Work: Applying Philosophic Insight to the Real World*. Pfeiffer, 2001.

- A significant lessening of the burden of management and coordinating commitments and activities of associates.
- Greater employee satisfaction and fulfillment: one of the most common things we see in employee surveys is lack of true empowerment. This is especially significant for so-called “knowledge workers”, as more and more of the management literature is telling us.
- The culture shift is as much generated from the bottom, as it is generated from the top, hence guaranteeing that change is *organic* and more self-directed (hence requiring far less in terms of management effort).
- Greater organizational resilience and adaptability means greater capacity for change and shift in direction more quickly with less risk of error.
- Greater alignment on organizational and product direction: more people are on the same page because they are, at least in part, responsible for writing that page to begin with.

The practices of executive leadership described here reflect what more and more management gurus are advocating in the face of today’s complex and ever-changing business and technology environment.