The need for Enterprise Agility – examines the challenges of fast paced change both from the opportunity and threat perspective and how the capabilities underlying agility can help the enterprise to leverage change to its advantage.

Chapter 1 - The need for Enterprise Agility

Significance of the Fourth industrial revolution

- If the first Industrial revolution was about mechanizing manufacturing, the second about scaling manufacturing, third about automating manufacturing, the fourth is a technological revolution that will alter the way we live, work and relate to each other. The pace of change is exponential – leading to a tremendous impact in the way
  - Disruptive Innovations: The fast rate of change is resulting in far reaching impacts in terms of Disruptive innovations. The key implication of this for enterprise is that they need to be integrated more closely with the environment and customers, have short feedback loops, encourage experimentation and innovation – in short enterprises should have greater agility.
  - Breakdown of traditional entry barriers – Earlier brick and mortar organizations had high entry barriers in terms of capital, infrastructure etc. E.g. Netflix, WhatsApp, N26(offers mobile only banking). The implication of the breakdown of these entry barriers is that organizations are always on their toes looking for opportunities for growth.
  - Intersection of domains – Technology is enabling enterprises to extend their business into unrelated domains – retailers offering credit on purchases, use of -e-wallets etc. The implication is that enterprises need to relentlessly and continuously pursue better value propositions through innovative ideas and create a better experience for clients.
  - No place to hide – with the widespread use of social media, any slip up or mistake made at level of the enterprise can become globally viral in no time. E.g. United airlines passengers being offloaded or Samsung batteries exploding
● Demanding customers – Customers are tech savvy and are ready switch loyalties to another product or service which offers better value.

● Demanding employees – today’s employees are different from their predecessors – what drives them and motivates them is different from the previous generation.

● Plentiful and cheap information – Enterprises are grappling with the problem of information overload – with customers getting distracted, becoming confused, leading to delayed decisions.

• **Chapter 2 – From Agile to Agility**
  ● Issues with Agile adoption
    ▪ Focus on “doing” Agile – adopting Agile is not a “checkbox” exercise.
    ▪ Adoption without addressing systemic issues – Adopting agile only in part of the enterprise, would often see changes regress to their original state
    ▪ Adoption for wrong/unclear reasons – Adopting Agile without linking it to a broader purpose and without taking a systemic view often results in unintended anti-patterns
    ▪ The “cookie-cutter” approach – Adoption of Agile practices without customizing for content is a guaranteed recipe for failure.
    ▪ Early visibility of issues seen as a problem with Agile – fast feedback is often taken negatively by organizations
    ▪ Leaders feel threatened – by adopting Agile of their roles and positions
    ▪ Wrong expectations - Enterprises treat Agile as a “silver bullet” and as a magic wand that can resolve all problems instantly.
    ▪ Underestimating the extent and impact of change – it takes time and a change of mindset for successful agile transformation

• Capabilities underlying agility – six components that enterprises need to develop in order to enhance agility
  ▪ Responsiveness – recognize some action is needed as a response to an event or circumstance to determine what action is to be taken and then take action at the right time
  ▪ Versatility – Helps to achieve desired outcomes under new and varying conditions and circumstances.
  ▪ Flexibility – Enterprise to come up with alternate approaches to achieve the intended outcomes
- Resilience – enabling the enterprise to recover from setback, by repairing, reconstructing or creating something new
- Innovativeness – to come up with new approaches never used earlier
- Adaptability – enabling the enterprise to change, eliminate or newly create its own components (structure or process)

- Properties of Agility
  - Set of capabilities - not monolithic or abstract
  - Capabilities reinforce each other – hence agility is greater than the sum of its capabilities
  - Enterprise agility is holistic in nature – it encompasses tangible (people, structure, governance, technology) and intangible elements (mindset, culture)
  - It does not have an end state – it is a journey not a destination
  - Its meaning and relevance is unique to each enterprise.

- Enterprises with high agility anticipate and recognize change in different circumstances, leverage opportunities arising from change for gaining/improving competitive advantage and embrace digital technologies.

- Chapter 3 – The Enterprise as a Living System
  - Enterprises modeled as Close ended systems e.g. machines are largely insulated from the external environment and are incapable of learning on their own.
  - Open ended systems also known as Living Systems interact with the environment through exchange of information, learn from interactions with the environment and are able to evolve by adapting and responding to change.
  - Old mechanistic models lacked people centricity and focused on three key beliefs
    - Managers should “think” and workers should “do”
    - Efficiency is the most important outcome to aim for
    - Processes and methods drive ways of working
  - Complex Adaptive Systems have demonstrated a pattern of evolving – adapting and responding to change.
  - John Holland defined a Complex Adaptive System as a dynamic network of many agents (which may represent cells, species, individuals, firms and nations) acting in parallel, constantly acting and reacting to what other agents are doing. The control of a CAS tends to be highly dispersed and decentralized.
  - Characteristics of a Complex Adaptive System
- Continuous evolution – CAS being constantly evolving keeps pace with the changing environment and is a primary reason for resilience of a CAS system.
- Autonomous and self-organizing agents – there is no single centralized control mechanism that governs the behavior of the agents or the system – and agents are constantly reorganizing to find the best fit in the environment.
- Agents’ interaction influence system behavior – CAS behavior is driven by interrelationships, interaction and interconnectivity of the agents within a system and between a system and its environment
- Agents’ behavior is driven by purpose – in some cases even survival
- Loosely coupled agents – implying that if some agents are removed or a part of a system fails, the main system recovers quickly.
- Variety is a source of strength – the diversity in a CAS leads to ambiguity and paradox
- Emergent behavior – potential for emergent behavior in complex and unpredictable phenomena. E.g. Termite hill and its amazing architecture.
- Nonlinear relationship between cause and effect – butterfly effect, Bearings back collapse
- Patterns of behavior – the collective behavior of the agents leads to the formation of broad patterns which are predictable than that of individual behaviors

**Reasons for high agility in CAS**
- Agents are empowered to deal with the environment and interact with other agents in a manner which they deem as best for the situation
- Agents learn based on feedback and change themselves and adjust their behaviors accordingly
- Agents are actively and purposefully engaged with the system
- Agents and the system discard what is not working and constantly evolve to find the best fit
- CAS purpose, structure and processes are dynamic and evolve based on emergent information

**Implications for business**
- Enhanced Agility – enterprises would need to be attuned to the changes in the environment and reform and reinvent accordingly
- Responsive structure – The enterprise needs to have a structure that supports autonomous, decentralized, and outcome-oriented teams which will facilitate interoperability and information sharing among people
- Build social density – Enterprises should put enablers in place to encourage social density between people – especially those whose interactions are critical for business
- Amplify success stories – Success stories should be identified and amplified across the organization.
- Encourage healthy friction – healthy friction between agents is one of the key reasons for higher resilience in a CAS. Healthy friction and integrative thinking approach will enable employees to come up with out of box solutions to deal effectively with the challenges presented by dynamic environment.
- Link Purpose to work – the purpose of the enterprise broken down into vision, mission, strategy, initiatives etc. must be socialized across the business for the people to establish a connection between the work they are doing and the purpose of the company
- Balance proximity and modularity - It is important that the agents are connected to improve the flow of information between them. Modularity which could involve some reorganization might cause short term pain but could result in long term benefits.
- Cultivate diversity – enterprises should strive for diversity in its people in terms of gender, ethnicity, education and experience and thought.
- Build on emergence – Have a rolling plan in place and ensure that it is in alignment with the broader goals and outcomes. Emergency also means enterprises have to be ready in being able to deal with unforeseen circumstances.
- Shorter feedback loops – Feedback loops should be made shorter and stronger at all levels within and outside the organization
- Experiment with lever points – Lever points such as a visual board to depict the workflow, manage dependencies and blockers, and having daily
standups, Retrospectives can be used effectively to influence culture change.

- **Balance order and chaos** – In order to deal with change, enterprises like a CAS need to undergo change themselves – either in the form of reorganization, selective destruction, renewal, reshaping or something else.

- **The implications for the enterprise are**
  - **Selective destruction** – Getting rid of anything that has become obsolete and is no longer delivering value. E.g. obsolete IT solutions, non-performing business units, forest fires as a factor in regenerating forests
  - **Simple rules** – Set appropriate boundaries and keep rules simple and minimal
  - **Safe to Fail experiments** – build a culture of innovation, a culture of experimentation and a culture of trying something new – considering the accompanying risks
  - **Prioritize effectiveness over efficiency** – understand the tradeoffs between effectiveness and efficiency
  - **Monitor and leverage patterns** – Understand the patterns which will surface at all levels of the enterprise. E.g. people becoming tense during the period of performance appraisals. Also examine patterns that have become mental models and challenge them if they are impediments to change

- **Chapter 4 – Mindset and Culture**

  - **People need to come together to work as teams committed to a common purpose** – this requires people to have the right mind set and a people centric culture.
  - **What is needed in this highly dynamic era and a complex environment are the abilities to deal with uncertainty to adapt to change, to unlearn what does not work and how best to respond to change.**
  - **The basic trait of a living enterprise is that it is based on people centric values such as trust and transparency rather than machine centric values such as compliance and control**
  - **Mindset is defined as a “set of assumptions, methods or notations held by one or more people or groups of people”**
  - **An individual’s mindset consists of attitudes, beliefs, perceptions and values**
  - **Henry Mintzberg defines culture as “the soul of the organization – the beliefs and values, and how they are manifested”**
  - **Culture is to a team, program or company, what mindset is to an individual.**
• The approach to changing mindset and culture is a “trial and error” approach

• There are three areas of intervention that impacts culture and mindset – employee behaviors, working environment and leadership and mindset behaviors

• Companies that have a high level of agility have a common set of values such as cooperation, craftsmanship, creativity, enthusiasm, excellence, flexibility, initiative, integrity, reliability, self-discipline, transparency and trust.

• Some of the behaviors aligned to agility are
  • Treat failure as a learning opportunity
  • Focus on continuous improvement
  • Value team spirit over individual heroics
  • Willingness to share knowledge
  • Value diversity of thought
  • Practice brutal transparency
  • Effective feedback
  • Recognize the last responsible moment
  • Driven by value

• These measures would help in enabling behavioral change in organizations
  • Aligning the metrics – which encourage collaboration, and does not punish failures or doing experiments
  • Levelling environment – everyone regardless of role is treated fairly and equally
  • Leadership involvement – involvement of the leadership in the mindset and culture change and identify areas where changes are needed

• It would be good if a mindset and cultural change is linked to a behavior change and outcomes.

• It is important to deal with individual negative behaviors on a case to case basis and look out for broader anti patterns which could impact such changes – e.g. if people have stopped voicing their opinion, if people do not challenge impossible deadlines and there is a palpable tension in the air.

• The physical workplace also impacts the culture of an organization – e.g. offices having the right balance of open and flexible workplaces along with private areas, providing infrastructure supporting agility, respect diversity of people and implement ways of working which are based on the values of communication, collaboration and transparency.

• **Chapter 5 – Leadership**
• Leaders are in a position of influence for an organization – in terms of providing a vision, mission, strategy, governance, process and culture of an organization.

• Company philosophy at odds with core Agile values, lack of managerial support and general resistance to change in organizations are three of the top challenges faced by enterprises as per the Version One State of Agile survey

• What leaders of today need is leadership agility – the ability to lead effectively under conditions of rapid change and mounting complexity.

• Kevin Cashman talks of five dimensions of leadership in the context of agility
  • Mental Agility – Thinking critically to penetrate complex problems and expanding possibilities by making fresh connections. It is about willingness to expand mental models and the behaviors associated with it are Systems thinking.
  • People Agility – understanding and relating to other people and harness their performance. Emotional Intelligence plays a key part here and the behaviors associated are tolerance towards failure, connection through engagement, servant leadership and use of Humble Inquiry techniques.
  • Change Agility – enjoying experimentation, being curious and effectively dealing with discomfort of change. Creativity, courage and resilience are its key traits and the behaviors include being comfortable with VUCA and leveraging risk.
  • Results Agility – delivering results by inspiring teams and exhibiting a presence of confidence. Responsiveness is key and leaders should guide and facilitate teams and be technologically aware.
  • Self-Awareness – being reflective, understanding their capabilities and being aware of their impact on others. There should be a passion for learning and aware of cognitive biases.

• **Chapter 6 – Organization Structure**
  • The structure of an organization is to a business what a skeleton is to a body. It defines the shape and form of an enterprise and also determines how flexible a enterprise can be in responding to changing circumstances.
  • The structure must be enabler for teams to develop and sustain capabilities that underlie agility – responsiveness, versatility, flexibility, resilience, innovativeness and adaptability.
  • Among the tangible elements of an enterprise, structure is perhaps the most difficult to change and could also be the biggest enabler for enhancing enterprise agility
  • Structure influences agility in determining
• The speed of decision making and responsiveness to customer needs and changes in th environment
• The efficiency and effectiveness of feedback loops
• The level of collaboration between people within and across teams
• How optimally synergies across the business are identified and leveraged
• The distribution of power and authority across the firm

• Inhibitors to agility
  • A Tall hierarchy – a hierarchical structure is best for ensuring compliance and a hierarchy with multiple layers is a major impediment to agility
  • Organizing primarily for efficiency – what actually is required is optimization of value driven outcomes
  • Devaluing knowledge workers – processes, mandated to follow instructions from higher ups in the hierarchy without having a meaningful say in decision making, measured on completion of tasks rather than delivering outcomes are impediments to agility
  • Centralization of core capabilities – not all functions / capabilities can be centralized.
  • Leadership level silos – would lead to local optimization, lack of accountability for business outcomes, resistance to collaboration etc

• Enablers for enhancing agility
  • Organize teams around business outcomes – through cross functional self-organizing teams minimizing handoffs
  • Self-Organizing teams which have clarity of vision, mission and the visibility of the work to be performed
  • Coaching – guide teams in going through the stages of team formation – through to becoming high performing teams
  • Empowered to make decisions – Empowered teams make better decisions since they are closest to the context and different perspectives can be taken into account before making a decision
  • Team chemistry – Team bonding and building informal relationships are key to building team chemistry
  • Access to needed resources
  • Stable teams – Stable teams are well aware of its capacity to deliver in cadence. Limited churn of people is healthy in bringing in new ideas and perspectives
• Flatter structure – having a flat structure with access to any teams or leader is a great enabler for agility

• Repurpose the frozen middle layer - by helping teams understand the company’s vision, mission strategy, remove blockers and dependencies, share risks and concerns and challenge the team to improve continuously.

• Enable learning through communities – encourage voluntary interactions with different members of the community

• Delink employee growth from structure

• Adhocracy as a decision-making model – there are 3 different patterns of decision making –
  ▪ Bureaucracy – based on formal authority
  ▪ Meritocracy – based on best qualified person taking the decision
  ▪ Adhocracy – based on taking action as quickly as possible - this model tends more towards decision making based on intuition and just enough information. Two key tenets of adhocracy are decision making is done by people closest to the ground and early feedback is valuable to refine the decisions made

• Chapter 7 – Process

• A process can be defined as a series of coordinated activities designed to achieve a specific outcome.

• Heavy weight processes started to become impediments for change and hence the myth that a well-defined and well executed process is more valuable than the people who execute the process was being destroyed

• Having process that are flexible, fit for purpose, evolving based on continuous learning, maximizing effectiveness without compromising on efficiency and providing scope for knowledge workers to be creative and innovative will enable the enterprise to remain balanced.

• Inhibitors to agility
  ▪ Broken processes – a process is deemed to be broken when it consistency fails to fulfil the outcome for which it is designed. Broken processes result in unhappy customers and unhappy employees
  ▪ Processes not being aligned with the company’s purpose/outcomes
  ▪ Processes not being fit for purpose
  ▪ Rigid processes
• Striving for 100% utilization
• Estimation and capacity planning done by outsiders

• Enablers for enhancing agility
  • Optimize for outcomes – key to bridging the gap between outcome and output is getting feedback from the customer as early as possible and then tweaking the process to make necessary changes in the output.
  • Valuable inputs – if the inputs are not of high quality, it would reflect in the quality of outputs
  • Pull based flow – keeps people focused on the job to be completed and work on priorities. Limit WIP is a part of pull based flow – minimizes cycle time.
  • Make it visual – use of Kanban boards to make work flow visible
  • Seize opportunities to automate – automate areas related to data entry, systems integration, testing, deployment and reconciliation
  • Use of enabling tools – as appropriate
  • Build quality in – right from the start
  • Enable teamwork and shared ownership
  • Determine capacity based on throughput

• Chapter 8 - People
  • The enablers for knowledge based outcomes are based on innate human attributes: creativity, innovation, learnability, passion, teamwork and collaboration.
  • “People are our most important asset”. Putting people above everything else, and harnessing their potential capabilities, is absolutely critical for enterprises to become a living system

• Inhibitors to Agility
  • Mechanistic view of people – people are thought of as “bodies” that are easily replaceable, micromanage people to get the best out of them, lack of empathy and support when they are going through a difficult period
  • Lack of Trust – leads to lack of engagement and demotivates people
  • Blaming people – “whose neck to chop” if something goes wrong. As per Deming “94% of problems are attributable factors to the system and 6% are attributable to human mistakes which are outside of the system”.
  • Feeling of “being used” - layoffs at the bottom layer and the top layer getting huge bonuses
• Lack of appreciation – appreciation expressed through recognition increases job satisfaction, motivation and engagement
• “That’s not my job attitude”
• “Yes boss mindset” - the fear of displeasing the boss and the desire to remain in “in the good books” of the boss has several negative implications.
• Competition among individuals - unhealthy competition can be detrimental to the organization; forced ranking, bell curve
• Differential treatment for contractual employees
• Forcing people to become managers

• Enablers to Agility
  • Psychological safety - It is about taking risks without feeling insecure or embarrassed. Safety increases creativity, teamwork and engagement.
  • Competency driven people development – skills are becoming obsolete fast – hence the need for learning new skills. In knowledge work, there is a combination of three elements of competency – skills, individual abilities, and knowledge/experience which are necessary to perform effectively especially when the nature of work is complex.
  • Intrinsic motivation – this is based on doing something that gives joy and fulfilment to the individual, playing a musical instrument or a sport or solving problems. Dan Pink’s Autonomy – desire to feel in control and drive your own work, Mastery – the urge to better yourself at something that matters, Purpose – the desire to do something meaningful or something that makes a difference
  • Engagement – Kevin Kruse “Employee engagement is the emotional commitment the employee has to the organization and its goals”
  • Ability to have fun at work
  • Hiring for diversity – “Diversity breeds innovation and innovation breeds success”. For jobs involving complex decisions and creativity, more diverse teams outperform less diverse ones,
  • Holistic and frequent feedback on performance
  • Learning culture – set of organization values, conventions, processes and practices that encourage individuals to increase knowledge, competence and performance

• **Chapter 9 – Technology**
  • Ralph Hamers, ING Bank – “We want to portray ourselves as a tech company with a banking license”
• Technology needs to be at the core of the company in order to enable the enterprise to leverage the fast-changing environment to enhance competitive advantage and achieve customer satisfaction.

• Inhibitors to Agility
  • Treating the technology department as a cost center – creates barriers for investing in new technologies, discourages experimentation and incentivizes getting into cost driven contracts with vendors instead of outcome driven ones.
  • Stepchild treatment of the technology function – often business treat the technology function as a separate service providing entity which is seated on the other side of the table
  • Obsolete legacy systems – typically monolithic applications lacking modularity, real time reporting capabilities and the required skill sets to maintain these systems
  • Silos within the technology function – optimizing for efficiency according to specialization
  • Lack of engineering practices – enables fast feedback and help avoid technical debt
  • Bimodal approach – practice of managing two separate, but coherent styles of work – one focused on predictability and the other one on exploration
  • Commercial Off the Shelf (COTS) products for core capabilities - challenges in integrating with other solutions and aligning to the organizational processes
  • Infrastructure vulnerability – British Airways – accidentally switching off the power supply at the data center led to cancellation of over 800 flights and payout of over 500 million GBP.

• Enablers to Agility
  • Business technology alignment and collaboration – alignment of the mindset between business and technology functions to work collaboratively to achieve the enterprise goals. Measures to align mindsets
    ▪ Business appreciating the nature of technological work
    ▪ Visibility and transparency
    ▪ Direct exposure to customers
    ▪ Understand that change has a cost
    ▪ Speak in a common language
    ▪ Make the business self-reliant
• Agile and DevOps – Has helped in continued visibility in the project progress, ability to manage changing priorities, improved collaboration between business and technology and improved quality of software

• Culture of technology artisanship

• Portfolio management – a portfolio approach to technology supported by feedback mechanisms to measure value and impact

• Evolutionary architecture – No Big Design Up Front. Use of Last Responsible Moment – delaying commitment and keeping important and irreversible decisions open until the cost of not making a decision becomes greater than the cost of making a decision.

• Build core capabilities internally – core capabilities are drivers of competitive advantage if built internally

• T shaped skills

• Platforms – Platforms enable agility in that
  ▪ They enable connecting external entities such as partners and users to form a cohesive system around the enterprise
  ▪ Help scale the offering quickly
  ▪ Encourage innovation
  ▪ Encourage a culture of embracing change and evolving with it
  ▪ Help exploit business opportunities as they make it easier to create offerings across verticals.

• **Chapter 10 – Governance**

  • Governance is about aligning the resources and the capabilities of the organization with its highest priority objectives and initiatives to deliver maximum value outcomes for the stakeholders

  • While team level governance is based on transparency, visibility and fast feedback, company level governance not only encompasses these principles but is also about balancing paradoxes such as order and freedom, short term and long term and effectiveness and efficiency.

  • Governance is also needed at the portfolio and program levels to ensure that the strategic objectives are properly translated into team level objectives.

• Inhibitors to Agility
  ▪ Optimization of silos – allocation of budgets and link between the work they do and how it contributes to the strategic objectives
• Relying on misleading and non-actionable metrics - Metrics help in decision making through tracking progress towards outcomes and influence behaviors. Use of watermelon metrics, vanity metrics, lagging indicators and metrics that drive bad behavior are the ones to be avoided

• Sunk cost fallacy – “throwing good money after bad money”, cost is irrelevant for future decision making.

• Speed at the cost of quality – teams are often governed and measured based on how fast they deliver – quality takes a hit in such cases.

• Annual budgeting – the ritual of annual budgeting based on predictability and stability would not be a right fit in an environment where priorities keep changing very fast

• Governance for compliance and documentation – it is important to see if this adds value to the customer and to the enterprise

• Projects/initiatives delinked from strategy – sometimes projects are taken up in a hurry in order to gain first mover advantage without evaluating if it is aligned with the organization strategy

• Frozen middle – Middle layer of management can be an impediment to agility from a structure and governance perspective.

• Enablers to agility

  • Value driven prioritization – “If everything is important, the nothing is”. Lack of prioritization leads to fights among initiative sponsors for getting people and money to get their initiatives done. WSJF could be one of the ways to prioritize items

  • Continuous validation of value – validation and delivery need not happen in parallel and not sequentially

  • Incremental funding – companies must align their investments to value streams where they see highest potential to generate value rather than commit upfront to funding a project.

  • Balancing of leading and lagging indicators – lagging indicators measures outputs and outcomes whereas leading indicators measure what is influencing the outcomes and outputs.

  • Attend showcases / demos

  • End to end link between purpose and initiatives – enterprise with high agility will endeavor to deliver the highest value outcomes aligned to its purpose and mission.

• Chapter 11 – Customer
• A business must view customers as an integral and critical part of its ecosystem.

• Customers are seeking not just to have their needs met but also satisfied through exceptional service and innovative offerings.

• Inhibitors to the effectiveness of agility
  
  • Exploitation mindset - this is built around the fears and ignorance of customers, lack of transparency
  
  • Taking customers for granted – results in poor customer service
  
  • Focus only on linear customer journeys – taking only one route to travel from Point A to Point B.
  
  • Make assumptions about customer needs and preferences – the best way to understand the needs of customers is by observing their behaviors, where possible and by having direct conversations with them.
  
  • Ignoring end users

• Enablers to effectiveness of Agility
  
  • “customer first” culture – creating a customer first culture is an imperative for the business to have the agility to retain customers, use of NPS
  
  • Aim for customer delight – delighting customers is the best way to make an emotional connection with them – which leads to increased brand loyalty
  
  • Understand what value means to the customer – customer value can be defined as removing barriers related to price, time, convenience, emotional need which hinder the customer from achieving their goals. Use of “Human Centered Design” a framework that involves human perspective in all steps of the problem solving process.

• Chapter 12 - Distributed teams
  
  • A distributed team is one where all members of the team are not co-located, that is, they are separated by physical location and have to work towards achieving a common outcome.
  
  • Distributed working is difficult due to the tyranny of distance.
  
  • Patrick Lencioni – “If you cannot avoid working on a virtual team – and plenty of organizations can’t – then sit down as a team and acknowledge the inevitability of miscommunication, unintentional politics and painfully inaccurate behavioural attributions. Be diligent, even a little paranoid, about small misunderstandings and don’t let them get out of hand”

• Inhibitors to agility
• Cultural differences – when one is ignorant of culture, even an innocuous gesture or the lack of it, can cause ill will among people
• Time zone differences
• Language differences
• Lack of the “big picture” view - PO/ BA in different locations
• Misunderstanding of requirements
• Trust deficit
• Lack of visibility
• Low morale
• Lack of collective ownership
• Risk of unpleasant surprises when “everything comes together” – inconsistencies in terms of tools, common quality standards etc

• Enablers for enhancing agility
  • People
    ▪ Proxy product owner / business representative
    ▪ Cross pollination – improve the level of trust between team members and spend time meeting face to face
    ▪ Cultural sensitivity – hold cultural awareness sessions to orient people about culture in other locations
    ▪ Feedback culture – team members should be encouraged to give feedback both positive and for improvement as appropriate to other team members. The timing of the feedback is critical, as feedback given late loses its effectiveness and impact
    ▪ Leverage effective communicators – important to take stock of the communication skills of all team members and ensure that those who have better communication skills lead the conversation.
  • Process
    ▪ Inception / Project kick off workshop – to arrive at a common understanding on the business vision, processes, risks and assumptions
    ▪ Joint standups and retrospectives
    ▪ Maximize overlapping hours
    ▪ Periodic show cases / demos
  • Tools and Infrastructure
Electronic work pipeline - having an electronic work pipeline to have a shared understanding of the work in progress, blockers and dependencies will be a huge enabler in distributed team

- Electronic build radiator

- Communication and collaboration tools – which facilitate individual and group communication and collaboration

- Coding Standards – adherence to coding standards across all locations would be required
  - Source control systems – encourage trunk based development, use of short lived feature branches
  - Network connectivity – network connectivity and bandwidth are hygiene factors rather than enablers. Also important is network security – configuring of appropriate security permissions is required

Structure

- Cross functional teams

- Conway’s law – “organizations which designs systems are constrained to produce designs that are copies of the communication structures of these organizations”. Distributed teams must be structured appropriately keeping the impact of the structure on the design of the system in mind.

  Conway’s law reinforces the need for creating business capabilities/outcome-oriented teams aligned to the intended design.

- Perception of Power – concentration of team members and the location of the leader

Chapter 13 – Technology Partners

- This is a potential blind spot as the organizations which have adopted an Agile way of working and its technology partners may be lagging behind – can cause friction between these two parties.

- The primary drivers for outsourcing include
  - Access to specialized capabilities
  - Cost reduction
  - Augmenting IT capacity
  - Focusing on core competencies
  - Reducing risk

- Inhibitors to Agility
• Resistance and concerns in adopting Agile ways of working – ideally both the organization and its partner should adopt agile and be at the same maturity level to get the benefits
• Transactional relationship – often large partners arm twist companies to buy additional products and services from them.
• Frozen contracts – contracts where time, cost and scope are fixed upfront are a lose-lose proposition
• Enablers for enhancing agility
  • Ways of working
    ▪ True spirit of partnership
    ▪ Outcome focused partnership
    ▪ Agile contracts - a contract to enable Agile ways of working must support flexibility in changing requirements, iterative development, incremental delivery and stopping the project that is not deemed to be adding value.
      Agile contracts are based on a flexible but driven mindset through transparent relationship
    ▪ Agile awareness and training
    ▪ Stakeholder map and communication plan – identifying the stakeholders and the communication plan of the timing and frequency of meetings
    ▪ Social contract or working agreement – simple and based on inputs from team members
    ▪ Alignment on estimation framework and standards
    ▪ Alignment on the definition of done and definition of ready
    ▪ Ensure infrastructure and security alignment upfront
    ▪ Risk and issues – identification and management
    ▪ Governance mechanism for handling escalations - to communicate and resolve any issues
    ▪ Lead partner – in case of multiple vendors, it may be worth considering having one partner play a lead role
    ▪ Head up on changes in capacity – have transparency on program plans with partners with regard to scaling up / down
    ▪ Primary focus on outcomes, not practices – have realistic expectations on strict adoption of Agile practices, rather have a focus on the outcomes
• Phased introduction of advanced Agile practices - partner may not be ready to handle the disruption that may arise and may set him up for failure
• Learning through pairing – most effective for achieving the outcomes
• Maintain clarity on priorities – ensure stakeholders are aligned on priorities
• Continuous eye on quality - would otherwise result in rework
• Monitor time in wait states post handoffs closely
• Knowledge transfer – applying agile principles and practices

• Behaviors
  ▪ Respect their pride – treat partners as equal, demonstrating through words and deeds
  ▪ Empathy – not blame people
  ▪ Pick your battles

• Chapter 14 – Framework for Action
  • Each enterprise must prepare an action plan for enhancing agility.
  • Some guidelines that can be considered while preparing the enterprise level plan for enhancing agility
    • Leadership alignment and the need for change
      ▪ the path to enhancing agility starts with revalidating or even changing the purpose of the enterprise.
      ▪ Lack of alignment at the senior leadership level will send confusing signals and a feeling of tentativeness about the initiative
      ▪ Consider having workshops with senior leaders to understand their concerns and educating them on the journey to enhancing agility
    • Redefine/validate the purpose of the enterprise
      ▪ The purpose/mission of the company defines the essence of its existence- it helps bring alignment across the enterprise on the outcomes it values most
      ▪ Simon Sinek “All the great organizations of the world have a sense of why that organization does what it does”
      ▪ An organization aspiring for greater agility must become a purpose driven organization rather than a profit driven one.
    • Define the capabilities underlying agility
      ▪ Every enterprise must have clarity and alignment on what agility means in its specific context and circumstances
While agility is usually associated with speed and responsiveness, in cases such as banks, stability would be a major capability. Efficiency could be a major capability for process heavy BPO type of organizations.

- Translate intent into action
  - After having clarity and alignment on the purpose of the enterprise and the agility capabilities, the next stage is about defining and implementing actions to enhance agility. This includes
    - Assessment – of the current state followed by visioning activities that help identify the goals for any potential changes, understand the strengths of the enterprise, identify the root cause of problems/pain points and baselining of current metrics. The assessment must be done from the perspective of six primary components – organization structure, process, people, technology, governance, and customer and two foundational blocks namely mindset and culture and leadership.
    - Envision the future – An enterprise must have a vision for its future as that sets the direction and focus for the business. An enterprise may choose to define the vision based on time horizons – short term (protect the existing customer base), medium term (grow customer base by targeting untapped markets) and long term (to delight customers through innovative offerings by levering technology)
    - Plan the change – steering the business towards the defined vision by enabling the components and foundational blocks to move forward the future state. If you are looking at changing organization structure some of the question you may need to look at would be: should the structure be changed for the entire enterprise or one product, what roles would the middle management play, what is the impact of change in structure on the performance appraisal process, how can business help people to move from an individual driven to a team driven culture and how should teams be supported to become self organizing?
  - Execute the plan –
    - Don’t copy frameworks blindly
    - balance emergent evolution and planned execution
Regression in times of crisis – reverting back to old practices
Keep teams stable – Star performers in firefighting mode, team members yanked off to new teams
Leverage ways of working using propagation techniques - Pairing, project team rotation and split and seed

- **Chapter 15 – Facilitating Change**
- The biggest challenge that organizations are facing today is to adapt and evolve at the speed at which the external environment is changing.
- Leaders need to demonstrate courage, conviction, empathy and patience to manage the turbulence arising from the change
- Robin Sharma “Change is hard at the beginning, messy in the middle and gorgeous at the end”
  - People do not resist change – if people believe that change is beneficial for them, they will not react negatively to it.
    - Some of the causes for resistance include
      - Disappointment and resentment about not having a voice in shaping the nature of change
      - Processing information about the change selectively, influenced by past bad experiences and mental models
      - Uncertainty, leading to insecurity how change would impact them
      - Realization that change would expose their incompetence
      - Fear of the unknown
- Things will get better before they get worse - Valley of despair, Satir Curve
- Continuous adaptation should be the norm – in line with the principle of emergence, there will be multiple flips to achieve wider and deeper changes – hence change needs to be continuous
- Employee engagement is a prerequisite for extrinsic enablers to have an impact – employee engagement is the emotional attachment and commitment that an employee has towards the business.
- Need to slow down to go faster – there could be a dip in performance while organization changes are being made
- Watch out for change fatigue – change is stressful and is slow in most cases – this could result in “change fatigue”. Some of the ways to deal with change fatigue are
provide outlets to express feelings, celebrate successes, maintain the enthusiasm of change, avoid too many big changes at one time, avoid communication overload.

- Don’t steamroll the laggards - their fears and insecurities should be treated with sensitivity and patience
- Don’t shoot the enablers – wrong metrics e.g. number of failed check ins could discourage developers from performing a check in frequently
- Sense of Purpose over Sense of Urgency – Having a sense of urgency, people might take shortcuts and could create a sense of panic. A sense of purpose would provide a better understanding of the expected outcomes and behaviors.
- Clarity on “What’s in it for me?” - conviction about the change will come only when an individual can answer the question unambiguously. Motivations of different groups of people might vary and some may not be motivated at all. Right communication is key to address this issue.
- Primary focus on outcomes over means – there must be clarity and alignment about the outcomes that are expected to be influenced by the change. People must be given enough freedom to figure out what works best to achieve the outcomes.
- Small gestures of appreciation can have disproportionate positive impact – leaders expressing appreciation towards employees will motivate them no end
- Upgrade skills
- Respect the hard constraints – blindly copying a Google or a Spotify will not facilitate change. Need to understand each company’s context, its strengths and weaknesses, constraints and capabilities.
- Don’t manage change, facilitate it – Leaders need to come out with appropriate interventions to facilitate change not manage it.