How to Make The Whole Organization Agile

Steve Denning
This presentation:

- One definition
- Five refutations
- Three key findings
- Twelve lessons
- Two incredible stories
- One invitation
At Agile conferences, there’s happy talk & selling:

• What people think is happening in Agile
• What should be happening in Agile
• What might be happening in Agile

The Learning Consortium set out to find out what is actually happening in Agile transformation.

The goal: get beyond PR and “fake Agile.”
At general management conferences, you hear:

- “Agile is only for software”
- “Agile doesn’t scale”
- “Agile can’t handle complexity”
- “Agile isn’t reliable”
- “Agile doesn’t last”
Learning Consortium 2015

Microsoft
Ericsson
Riot Games
CH Robinson
Menlo Innovations
Magna International
Brillio
Agile42
SolutionsIQ

C.H. Robinson Worldwide, Inc.
The Learning Consortium 2015

- Nine site visits
- Retrospective
- Report
- Conversations
- Mutual learning

www.scrumalliance.org/salc15
Learning Consortium 2016

Spotify
Barclays
BMW
Cerner

Plus another look at
Microsoft
Ericsson
Riot Games
CH Robinson
Scrum Alliance
What we explored in the Learning Consortium

• “Agile is only for software”
• “Agile doesn’t scale”
• “Agile can’t handle complexity”
• “Agile isn’t reliable”
• “Agile doesn’t last”
Refutations of the Learning Consortium 2015:

- “Agile is only for software”  
  Agile is spreading to everything

- “Agile doesn’t scale”  
  Agile scales without sclerosis

- “Agile can’t handle complexity”  
  Agile handles complexity

- “Agile isn’t reliable”  
  Agile can be fail-safe

- “Agile doesn’t endure”  
  Some examples: 10-15 years
The three most surprising findings

- Agile is a **mindset**
- Agile needs **strong inspirational leadership**
- Big old firms have been **able to change**.
Most important finding

Agile is ...

...a mindset
What we saw in the Learning Consortium

Agile isn’t something you can write down and put in an operational manual
What we saw in the Learning Consortium

Agile is
a different way of
understanding and
acting in the world
What we saw in the Learning Consortium

Why Agile?
Why Agile?

The world changed

- Globalization
- Deregulation
- Knowledge work
- The Internet
Why Agile?

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Greater competition
Faster pace
Digitalization of everything
The customer is the boss
Why Agile?

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Greater competition
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What we saw in the Learning Consortium

Agile is a **mindset**

* not a technology
* not a process
* not a methodology
* not a system
* not a platform
* not big data
* not an organizational structure
What we saw in the Learning Consortium

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

Without an Agile mindset, no benefits flowed.
Now agile methodologies... “are a radical alternative to command-and-control-style management.”

The Big Idea

Embracing Agile

Darrell K. Rigby, Jeff Sutherland, Hirotaka Takeuchi
Now agile methodologies... “are a radical alternative to command-and-control-style management.”

Steve Denning in Forbes “HBR’s Embrace of Agile”

Jeff Sutherland in Forbes:

“I wholeheartedly agree with Steve’s comments. **You don’t do Agile if you want the benefits, you have to be Agile.** Anyone can follow a recipe but a great cook has a different mindset.

It was a long struggle to get the first paper on Scrum in 30 years published in HBR.

The paper is a compromise between what HBR editors feel they can effectively communicate to current “Agile in Name Only” management and what Agile is really all about.”
The HBR article refers to our surveys:

“More than 70% of Agile teams report tension between the way the team operates and the way the whole organization operates.”

Why?
“The highest priority is to satisfy the customer.”

Agile Manifesto 2001
Shareholders

“The highest priority in business today is to maximize shareholder value.”

The Economist April 2016
“The highest priority is to satisfy the customer.”

Agile Manifesto 2001

“The highest priority is to maximize shareholder value.”

The Economist April 2016

Shareholders

Customer

Scrum team
“A number of companies have reallocated 25% or more of selected leaders’ time from functional silos to agile leadership teams.”

HBR: “Embracing Agile”
“A number of companies have reallocated 25% or more of selected leaders’ time from functional silos to agile leadership teams.”

The 75% crushes the 25%
“A number of companies have reallocated 25% or more of selected leaders’ time from functional silos to agile leadership teams.”

This is “**doing** Agile” not “**being** Agile”
The whole organization must become Agile

We have stop thinking like this….

Pre-Agile mindset

Where’s the customer?
The whole organization must become Agile … and think like this

Pre-Agile mindset

Agile mindset

Management

Workers
- employees
- contractors
- suppliers

Customers/Users
Most important finding

Agile is ...

...a mindset

It changes the game fundamentally
1. Agile is a different **mindset**

**Goal**

The purpose of a firm is to make money for its shareholders

“*The dumbest idea in the world*” – Jack Welch
1. Agile is a different **mindset**

**Goal**

The purpose of a firm is to make money for its shareholders

“The dumbest idea in the world” – Jack Welch

**Goal**

The only valid purpose of a firm is to create a customer

Peter Drucker 1954
1. Agile requires a different mindset

Different goal leads to

• Different structure of work
• Different way of coordinating work
• Different values
• Different way of communicating

Unless the goal is right, nothing works
1. Agile requires a different mindset

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1. Agile requires a different mindset

Question:

How many layers in an Agile organization?
1. Agile requires a different mindset

Question:
How many layers?

Answer:
It doesn’t matter
This is a huuuuuge change!

Pre-Agile mindset

Agile mindset

Management

Workers
- employees
- contractors
- suppliers

Customers/ Users
The Copernican Revolution in astronomy
The Copernican Revolution in astronomy
The Copernican Revolution in management
The Copernican Revolution in management
1. Agile is a different **mindset**

**Pre-Copernican**

- The purpose of a firm is to make money for its shareholders.
- A lot of Lean thinking.
- Many presentations at Agile conferences.
- A lot of fake Agile.

**Post-Copernican**

- The only valid purpose of a firm is to create a customer.
- **Delighting the customer**.
- Genuine Agile.
2. Agile requires leadership
Nothing happens without champions!

Forget the boss-less office!

The role of leadership is huuuge!

Leaders must believe!
3. Big old dinosaurs can change
3. Big old dinosaurs can change

They have no choice!

Change or die!

“They are dying so fast!”
3. Big old dinosaurs can change

The Microsoft story
Our image of Microsoft before the site visit
Our image of Microsoft after the site visit
Microsoft video: Aaron Bjork
These workplaces look and feel “cool”
How did this... ... become this?

Our image of Microsoft before the site visit

Our image of Microsoft after the site visit

2004

2015
The Microsoft journey

• 2008: one team
• 2009: several teams
• 2010: Visual Studio group
• 2011: Developer Division
• 2013: reorganization
• 2014: firm-wide interest
• 2015: firm-wide mandate
What we saw in the site visits of the Learning Consortium 2015
1. Acquiring the mindset can take time.
2. **Implementation** of the goals, principles and values takes time
3. Firms are at different places in the journey
4. All the journeys involved overcoming setbacks
5. All firms are **adapting** the practices to fit their own context
6. The management practices are both **durable** and **fragile**
7. The new management practices can create a passionate workforce
“Would you ever go back to the old way of working?”

“No way!”
8. The transition to the Agile is happening

“The future is already here: It’s just very unevenly distributed”

William Gibson
9. It’s **not** about digitalization
Twelve lessons of the Learning Consortium

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Twelve lessons of the Learning Consortium

9. It’s **not** about digitalization

**Digital technology**

Our image of Microsoft *before* the site visit

2004

**Digital technology**

Our image of Microsoft *after* the site visit

2015
9. It’s not about digitalization

Digital technology without the right mindset gets no benefits

Our image of Microsoft before the site visit

2004
9. It’s **not** about digitalization

The benefits flow from the **different mindset** that uses technology to delight customers

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**Our image of Microsoft after the site visit**

2015
9. It’s **not** about digitalization

Platforms will save us

Digital technology will save us!

**Hooray! We don’t need to change!**

Technology without Agile = no benefits!
Will I lose control?”
“Agile is like the nausea and vertigo I felt when I first flew an airplane at night with zero visibility.”

A senior manager
Hierarchical bureaucracy is a hermetically sealed system and is confident of 100 percent “success” every time. Success is finite, linear, and under management’s control.

“Will I lose control?”

Bureaucratic mindset
10. It’s **not** about giving up control
Twelve lessons of the Learning Consortium

10. It’s **not** about giving up control

**Hierarchical bureaucracy**
Lack of transparency
Reports go up and down the chain
Everyone in a self-protective mode
Problems fester
Massive technical debt

A _semblance_ of control
Hierarchical bureaucracy
Lack of transparency
Reports go up and down chain
Everyone in a self-protective mode
Problems fester
Massive technical debt

Agile management
Total transparency
Finished work each iteration
“Information radiators”
Problems identified early
Little technical debt

A *semblance* of control

A *semblance* of control is replaced by *actual* control

10. It’s **not** about giving up control
10. It’s not about giving up control

The goal is balance
10. It’s not about giving up control

Too much autonomy?

Chaos!!!

Too much autonomy

Not enough rules!
10. It’s not about giving up control

Too much control?  
Too many rules!

Too much control

Nothing gets done!
Twelve lessons of the Learning Consortium

11. You need to get started!

Because the transformation takes time....

2008 to 2016

7 years

Microsoft
Because the transformation takes time....

7 years

2008 2016
Microsoft

It is urgent to get started

7 years

2016 2023
A firm starting today
12. The journey never ends

You never arrive!
Riot Games

It was born Agile in 2006
LEAGUE OF LEGENDS
LEAGUE OF LEGENDS STATS

67MILLION
MONTHLY ACTIVE PLAYERS

27MILLION
DAILY ACTIVE PLAYERS

7.5MILLION
PEAK CONCURRENT PLAYERS
2200+ RIOTERS
15 OFFICES

SANTA MONICA
ST. LOUIS
NEW YORK
SAO PAULO
SANTIAGO
MEXICO CITY
DUBLIN
MOSCOW
COLOGNE
SEOUL
HONG KONG
TAIPEI
SYDNEY
ISTANBUL
TOKYO
WE ARE DEFINED BY OUR AUDIENCE: CORE GAMERS
OUR MISSION

WE ASPIRE
TO BE THE MOST
PLAYER
FOCUSED
GAME COMPANY IN THE
WORLD
“No shallow promises or hoopla, no dancing at the surface or dismissing of the challenges and difficulties of the journey.

Suzanne Daigle, NuFocus Group

www.scrumalliance.org/salc15
Learning Consortium 2016

Microsoft
ERICSSON
Riot Games
C.H. Robinson
Barclays
BMW
Cerner
Spotify
Plus another look at
Microsoft
Ericsson
Riot Games
CH Robinson
Scrum Alliance
BMW
Cerner
An invitation to...

Learning Consortium 2017

- A safe space
- No competitors
- No selling of services
- No consulting firms
- Assured confidentiality
- Publicity if you want it
- Modest membership fee
- Rotating board of directors with reps from Ericsson, CH Robinson and Riot Games

- Site visits
- Retrospective
- Report
- Conversations
- Mutual learning
Learning: “I learnt more from the LC site visits than any training or coaching” -- Vanessa Adams, CH Robinson

Leadership confidence: Deep belief is key to winning the battles that lie ahead.

Relationships: Making connections with others dealing with the same issues
Learning Consortium 2017

This is for medium to large companies who are going through Agile transformation and want to learn.

How do you join? Contact steve@stevedenning.com

For individuals: read the report www.scrumalliance.org/salc15

Follow the Scrum Alliance monthly webinars
This presentation:

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- Two incredible stories
- One invitation
How organizations surprised us all

Stephen Denning

Board of Directors, Scrum Alliance
How to Make The Whole Organization Agile

Steve Denning

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The report of the Learning Consortium

The full report of the Learning Consortium is available on the Scrum Alliance website at: https://www.scrumalliance.org/SALC15

The videos of the Drucker Forum and the Learning Consortium

Videos of all of the presentations at the Drucker Forum are here: https://www.druckerforum.org/2015/the-event/video-library/

The monthly webinars of the Learning Consortium

Recordings of all the webinars are here: https://www.scrumalliance.org/why-scrum/learning-consortium/learning-consortium-webinars