

## QUESTIONS AND ANSWERS FROM THE WEBINAR APRIL 15, 2015

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### Membership in the Learning Consortium

#### **1. Is it still open to firms to register in the Learning Consortium? How can my company join the Learning Consortium?**

Although the original deadline for membership of February 28 has passed, members have continued to accept new members while the final formalities of membership are being sorted out. If your firm is interested, I would urge you to contact us immediately at [learningconsortium@scrumalliance.org](mailto:learningconsortium@scrumalliance.org).

#### **2. Have you done outreach to nonprofits to participate in the Consortium?**

We have done outreach to the whole world in multiple channels and encouraged all organizations in both the public and private sectors to join. We did have one-on-one discussions with several specific nonprofits, but ultimately they all decided, for various reasons, not to participate at this time.

#### **3. Can other companies join the consortium at a later time -- say sometime this year?**

Membership of the Learning Consortium for this year is closing in the next few days.

Scrum Alliance has taken no decision on actions beyond 2015. If another Learning Consortium were to be organized next year, based on the hoped-for success of this year's initiative, then obviously other organizations could apply to join at that time.

### Winning support for Radical Management

#### **4. How can I make a traditional CFO understand the value that enabling rather than controlling brings to the company?**

The first step is to reach agreement on the organization's goal. If the organizational goal is to make money for the shareholders and the top executives, then the C-suite will have to be in a controlling mode, because the goal is inherently uninspiring to those doing the work.

Steve Denning has written many popular articles explaining why a focus on making money for shareholders actually destroys shareholder value. See, for example:

<http://www.forbes.com/sites/stevedenning/2015/02/05/salesforce-ceo-slams-the-worlds-dumbest-idea-maximizing-shareholder-value/>

The article explains that delighting customers makes much more money than focusing the organization on making money.

You might also refer to this article, which suggests how to explain Radical Management or Agile to a CFO.

<http://www.forbes.com/sites/stevedenning/2011/08/16/how-do-you-explain-radical-management-or-agile-to-a-cfo/>

## 5. What is the best format for Leadership Storytelling? i.e., town hall, memos, keynotes, skits, etc.

The best format for Leadership Storytelling is face to face, in person, eyeball to eyeball, whether large or small groups or even one on one. That's because Leadership Storytelling is a vehicle for communicating human passion for a new idea. The story is simply the transporting vehicle. What does the work is the human passion.

Passion is harder to communicate in other formats, such as memos or emails.

Skits are tricky, because humor can wound and hence be counterproductive. Humor often depends on a set of shared assumptions, which is precisely what is missing in these settings. Skits should probably be a last resort, when all else has failed. They will require great skill to do well. It is much easier and safer to use springboard stories, as Steve Denning explained in his book *The Leader's Guide to Storytelling* (2011).

Successful stories for initiating and encouraging change (as described by Steve in his books) tend to include the following elements:

- Getting the audience's attention through, for example, a tale of adversity or by using humor. This activates the reptilian part of the human brain.
- Generating a desire for change by continuing with a positive story about a similar change elsewhere and what changed for the better. This activates the brain's limbic system, generating a warm, floaty feeling if done well.
- Following up with facts and figures on what happened as a result of the change. This activates the brain's neocortex.

It is important to craft the overall story using elements that the audience can relate to. Not necessarily something from your personal experience.

## 6. How do you break down the doors in large enterprises where they are taking advice from the big consultancy firms, i.e., PwC, etc., who do not advocate this approach?

This is a widespread problem. It is fueled by the fact that it is much easier for management to cut costs and make apparent short-term financial gains than to do the hard work of developing innovations that take time to materialize and pay off. Nevertheless, we do see notable work in this area by Deloitte's Center for the Edge, which has been a consistent advocate for the Creative Economy.

## The elements of Radical Management

### 7. Is pleasing the customer mutually exclusive from having managers?

On the contrary. Managers, in the broad sense of people who help get things done, are always essential in any organization. What has changed is *what* needs to get done.

For much of the twentieth century, it was enough for managers to get out standardized products in an efficient manner. The traditional management practices that were associated with that goal were control, bureaucracy, efficiency, predictability, and top-down communications.

Then the balance of power in the marketplace changed in favor of the customer. Now in the Creative Economy, managers have to delight customers. This is a radically different goal, and it requires from managers different mind-sets, practices, attitudes, values, and communications. Now managers need to be enablers, with Agile coordination practices, transparency, continuous improvement, and horizontal communications. So the content of management has become very different.

The "old style" managers are not needed and in fact are counterproductive. The "new style" managers of the Creative Economy are needed more than ever.

## Shareholder value

### **8. How do you get buy-in from upper management to switch direction from "generating cash" to "delighting customers"?**

The substantive argument to make is that "delighting customers" generates more cash than a management focus on "generating cash." There is no tension between generating cash and delighting customers. They are complementary. If you want a spectacular example of this phenomenon, use Apple.

The mode of persuasion will be storytelling. That in turn will depend on finding stories that the upper management find compelling. Giving reasons is not only ineffective, it's counterproductive. This is explained in Steve Denning's book *The Leader's Guide to Storytelling* (2011).

### **9. Situation: A company is in the midst of significant change. CEO supports the need for change but is also responsible to stakeholder for profit. Problem: How would you engage the company about the promise that radical management offers?**

As explained in the answer to the previous question, the substantive argument to make is that delighting customers generates more cash than a focus on profit. There is no tension between generating cash and delighting customers. They are complementary.

### **10. My experience is that the company where I work is using Agile and Lean techniques for maximizing shareholder value. Agile and Lean exist but for the wrong reasons. What do you think of that?**

Cooptation of Agile and Lean for moneymaking purposes is a continuing danger. It may even be fueled by Agile/Scrum slogans like "Doing twice the work half the time." The result can be an organization at war with itself. This is very common. We saw in the poll during this webinar that more than 80 percent of participants saw a tension between their Scrum/Agile teams and the way the overall organization is managed.

Those situations are unstable and will have one of two outcomes. Either the shareholder value goal will crush the Agile/Scrum team, or the Agile/Scrum mind-set will eventually take over the whole organization. The former outcome is the more likely unless there is explicit action to change the organizational goal.

### **11. I see a pattern that many firms, especially larger firms, embrace Agile when they feel their position in the marketplace is threatened. Given this, are they setting themselves up for failure, because their ultimate goal has not changed from rewarding shareholders into delighting the customer?**

Yes. Implementing Agile or Radical Management without a fundamental shift in mind-set from a vertical, controlling mode to a horizontal, enabling mode is unlikely to succeed.

### **12. Our C-suite tends to twist Agile concepts to suit their own conflicting agendas. How do you initiate buy-in with the C-suite for real Agile values and practices?**

An organization with conflicting agendas at the top is a sick organization. Unless the conflict is resolved, its long-term prospects are unpromising.

As to how and when to initiate change, it totally depends on the context.

A crisis is sometimes a good opportunity to spark a dialogue, particularly if influential proponents have a well-prepared change agenda that is ready to launch and that has been already tested in parts of the organization.

A change in the CEO can also be an opportunity for change, both positive and negative.

Whatever the occasion, the most effective communication tool to be used will be Leadership Storytelling. Abstract reasoning and reasons will have a little impact in a contested situation. As explained in *The*

*Leader's Guide to Storytelling*, true leaders craft stories that rally everyone around a different vision of the future.

**13. Is it acceptable to pressure the team to delight customers? It happens at many places wherein managers/delivery leads put more pressure on teams to get more deliverables. At the end, customers are delighted because they get the product, but the team is not happy. How does Radical Management answer this?**

Those situations are not sustainable. The people doing the work will become dispirited; they will start going through the motions, producing low-quality work, building up technical debt, and failing to innovate. What you end up with is a travesty of Agile and Scrum, and in effect, a regression to traditional management. All the really good people will leave.

**14. How do you overcome friction between teams using Waterfall and Scrum?**

That's what Radical Management is all about. It's communicating a way of managing that explains to traditional Waterfall managers that there is a better way, which includes Scrum.

**15. You mention that Agile/Scrum is customer-focused. There are many examples of companies implementing CRM, often with less-than-stellar results. What do you think is the reason for this problem?**

"Implementing CRM" (i.e., customer relationship management) can include a wide variety of things. At one extreme, you have organizations in which everyone is tightly focused on delighting their customers through continuous innovation (e.g., Apple). In other organizations, you have firms that are using CRM software but declare themselves to be principally focused on making money for their shareholders and their top executives. IBM might be an example of that. Finding out where any organization is on this spectrum will shed light on the answer to your question.

## Simon Roberts's examples from Germany

**16. How were the customers delighted in Simon's Example 1?**

Customer satisfaction was improved by optimizing the various touch points where the company and its clients interact. For example, by providing faster response times for requests. The company used the Kano model to analyze its services in terms of basic, performance, and excitement features -- making sure that it offered a balanced mix of these features as part of its interaction with customers. Kano is a very powerful tool for generating ideas for maximizing customer satisfaction.

**17. For Simon's Example 3, how much more time do the managers have? Ideally presented as a percentage of their time?**

The data collected was in the form of feedback from managers (actually the joint CEOs in that case) of what had changed. It was qualitative rather than quantitative data.

## HR issues

**18. How does Radical Management address hiring/supervising and other human resources issues?**

Steve Denning has discussed HR issues here:

<http://www.forbes.com/sites/stevedenning/2011/04/06/how-strategic-hr-wins-the-keys-to-the-c-suite/>

Of particular importance is that we need to hire for cognitive diversity as well as excellent technical skills. The evidence is clear that the best teams have different personalities in them -- people who think fundamentally differently. Scott Page in his book *The Difference* shows how diverse teams regularly outperform teams of handpicked specialists. Of course, the best teams always include women as well as

men! Many managers (as human beings!) hire people who are cognitively similar to themselves, and this needs to change.

**19. Our performance appraisal system is not based on a traditional hierarchy for the Scrum team members. As all rest of the departments (non-IT) do follow the traditional performance system. Should we have two different process systems in place for performance appraisals?**

The issue that you raise is just one of many that arise when part of the organization is operating on traditional management and another is operating in the mode of the Creative Economy. The ultimate solution is to have the whole organization operate in the Creative Economy mode. In the interim, it will depend on the context whether it is worth the hassle of having separate evaluation systems in the one organization, which could in turn become grounds for suppression of Scrum itself.

**20. Within Radical Management, how does the organization evaluate individuals?**

You can find some useful suggestions at:

- *Abolishing Performance Appraisals: Why They Backfire and What to Do Instead* -- by Tom Coens and Mary Jenkins
- Adobe has abolished the yearly performance review. <http://blogs.adobe.com/adobelife/adobe-life-magazine/v1/check-in/>
- Netflix culture: <http://www.slideshare.net/reed2001/culture-1798664>
- Jeff Sutherland: <http://www.scruminc.com/agile-performance-reviews/>

## Training in Radical Management

**21. Do you provide workshops/learning events on Radical Management in Canada?**

You can contact Simon Roberts and Peter Stevens at <http://radicalmanagement.org> to explore possibilities for organizing such training.

**22. Are there certification programs for Radical Management Coaches?**

Not currently.

*Comment from Simon:* Participants at Radical Management training events can receive a "Recognized and Committed Radical Manager" certificate. This is not a coach certification event but is a training event useful for coaches, managers, and other Agile change agents who want to know more about radical management and to start to apply it.

**23. Why do you have only managers in workshops on Radical Management? Why not include different people (also "workers")?**

This is a misunderstanding. Radical Management workshops often include those doing the work as well as managers. The webinar presentations today focused more on managers because of the tension between what is happening at the team level and what is happening in the organization as a whole. The presentations gave examples of what could be done about resolving that tension through Radical Management. Inevitably that discussion focuses on the upper management. You cannot resolve the tension through more workshops at the team level.

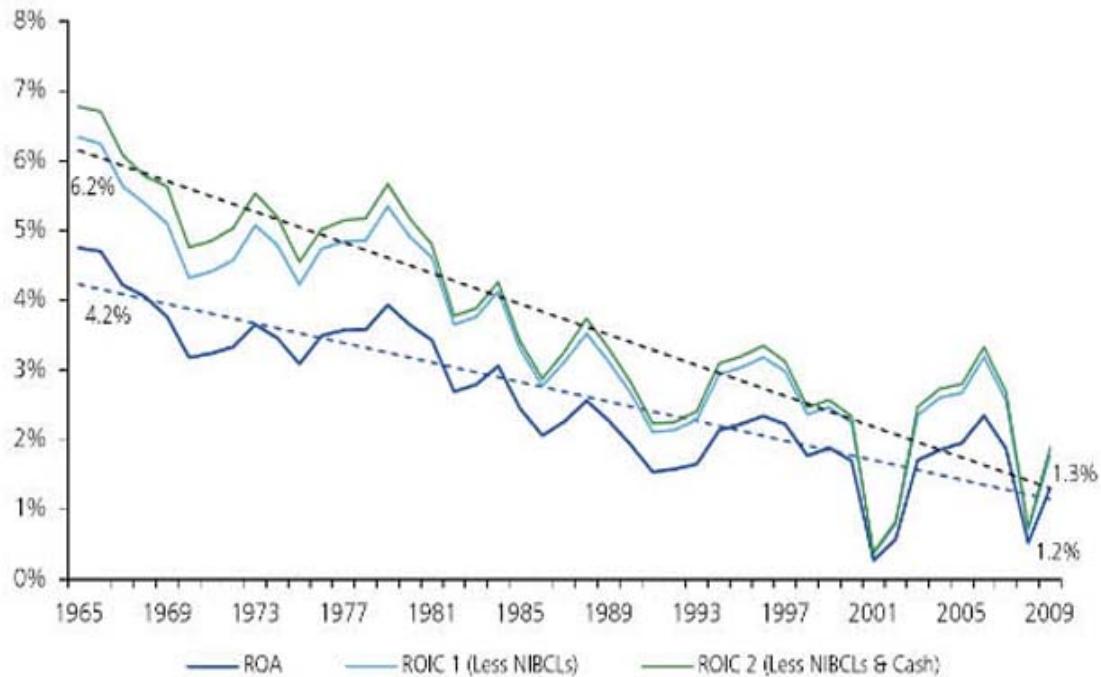
## Evaluating Radical Management

**24. Do you have any objective measures that "prove" that iterative/Agile/Scrum is better than the traditional/old-school methods?**

There is now a large body of evidence of the failure of Traditional Management in today's context. Steve Denning has summarized it here: <http://www.forbes.com/sites/stevedenning/2015/02/05/salesforce-ceo-slams-the-worlds-dumbest-idea-maximizing-shareholder-value/>

It can be depicted in an image here:

**Exhibit 6: Economy-wide Return on Invested Capital (ROIC) (1965-2009)**



Source: Compustat, Deloitte analysis

Is this scientific proof? No.

Is it a problem that it is not scientific proof? No.

The last refuge of the desperate traditional manager is to demand "proof" and to refuse to change in the absence of "proof."

When we look at the facts, we can see that there is a strong hypothesis that something has gone terribly wrong with the way organizations are being managed, along with evidence supporting a strong hypothesis that there is a better way. It is probable that many organizations practicing traditional management will be out of business long before scientific proof is available to show why they were dying. When your house is on fire, you don't ask for scientific proof: You act. The option for traditional managers is basically this: Change or die.

## 25. Can we have some examples of storytelling versus traditional management, please?

See Steve Denning's book *The Leader's Guide to Storytelling* (2011).

## Implementing Radical Management

### 26. What is the virtue of patience versus the virtue of impatience in trying to deliver these transformations from the middle up?

It depends on the context. The upper-middle management has an important role to play in terms of establishing the case for change and implementing experiments that demonstrate the viability of transformation. Ultimately, however, unless the very top is on board, the change will not be sustained.

However, as the examples today also showed, change led *solely* from the top is at great risk of failure, unless the top can genuinely inspire the whole organization to change. This will be hard to do that without the support of a segment (say one-third) of the upper-middle management.

**27. Who is the enabler in the organization that follows a hierarchical approach in implementing Radical Management? Does middle management make the decision to use Kanban/Scrum?**

The phrase "hierarchical approach in implementing Radical Management" raises issues. As the examples showed today, a top-down hierarchical approach to Radical Management ("Just do it!") is unlikely to work. The true role of management is to inspire the managers and to staff to embrace the new way, with shared learning.

There may be situations where a top-down decision is required. For instance, if a particular complex product requires collaboration and coordination among multiple development teams, it may be impractical to have some teams adopting Scrum and other teams pursuing Waterfall. In this setting, top management may have a responsibility to decide that not doing Scrum is not an option.

There may be other situations where the demands of coordination are less stringent and the management may be wise to allow flexibility in the pace of change.

Any pure top-down approach is doomed to failure, as is a pure bottom-up approach. Sustainable transitions involve management, teams, and individuals participating in the decision to become more Agile.

**28. What if you have some teams that are resistant to adopting scrum? Would you just transform everyone else and allow those teams to stay in their current process and then transition them when they see everyone else is doing well?**

As explained in the answer to the previous question, it depends on the context.

**29. I've experienced a strong resistance to, or failed adoption of, Scrum that I attribute largely to an unwillingness to establish stable teams. The typical scenario is that people are expected to move toward emergent projects and not projects prioritized and directed toward stable teams. Is this a common experience?**

Lack of stable teams is a frequent cause of failure in Scrum implementations. As you imply, it often involves a failure of the product owner to establish clear priorities.

The failure to establish stable teams is often based on the false premise that the way to better performance from the whole organization is handpicked, project-specific teams of specialists with maximally utilized individuals. This is almost always a local optimization and a global deoptimization. Coaches, trainers, consultants, and ScrumMasters (among others) all need to help within the company to understand this reality.

## Relationship to other approaches

**30. How does the PMO fit in with Radical Management?**

A project management office, or PMO, is a unit within an organization that defines and maintains standards for project management within the organization. It is normally found in traditional management and Waterfall environments, as a potential fix to the static bureaucratic procedures in the organization. It tends to operate in a hierarchical manner.

However, some PMOs transform themselves into an Agile coaching and training team. Such a team supports agility within an enterprise and can be highly valuable. "Agile PMOs" are problematic, unless they make this transformation.

In Radical Management, the organization is in continuous innovation, and there is less need for "the fix" that is represented by a PMO.

### **31. How does Radical Management relate to Management 3.0?**

"Management 3.0" is a term that my colleague Jurgen Appelo has used to describe a set of management practices that have many overlaps with the practices of Radical Management.

In general, Management 3.0 is focused on practices that are particularly relevant at the team level and has less to say to the top management.

By contrast, the practices of Radical Management are well adapted to all levels of the organization, particularly the upper levels of management.

Management 3.0 and Radical Management are complementary. Simon Roberts has used some of the Management 3.0 techniques in his Radical Management training (e.g. , "delegation poker" and "moving motivators").

### **32. How successful has Radical Management been in government agencies?**

In nonprofit sectors, some adjustment of terminology is needed. In education, the "customers" are the students, as opposed to the interests of the schools or the teachers. In health, the "customers" are the patients, as opposed to the interests of the doctors. In government, the "customers" are the citizens, as opposed to the interests of the ministries and the politicians.

So far, we have little evidence of adoption by government agencies. This is to be expected. Radical Management is still new. Government agencies are typically late adopters, not pioneers.

## **Use of the webinar slides**

### **33. Are these slides available for citation and use?**

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