

Learning Consortium Webinar Questions & Answers—January 21, 2015

What is the Creative Economy?

Q. Where did the term "Creative Economy" come from? – Sue

Richard Florida credits [Business Week](#) with introducing the concept of the Creative Economy in August 2000. Florida expanded on the theme in his book *The Rise of the Creative Class* (2002). "Today's economy," he wrote, "is fundamentally a Creative Economy." Although, as Peter Drucker had argued, the basic resource is knowledge, ahead of the traditional resources of capital or labor, it is, wrote Florida, creativity—"the creation of useful new forms out of that knowledge" that will be the key driver of the 21st-century economy. "None of this is totally new: humans of course have engaged in creative activities since antiquity. What we are doing now is mainstreaming those activities; building an entire infrastructure around them."

In his book *The Creative Economy* (2001), John Howkins wrote about 15 "creative industries" that had emerged. Don Tap Scott discussed the growing scope and potential of these phenomena from an economic perspective in his books *Wikinomics* (2006) and *MacroWikinomics* (2010).

The "Creative Economy" was a central theme of one of the world's leading management conferences, the Drucker Forum, in November 2014 in Vienna, Austria:
<http://www.forbes.com/sites/stevedenning/2014/11/16/takeaways-from-the-drucker-forum-2014/>.

Q. Is the term "the Creative Economy," understood outside this forum? – Sue

Our experience so far is that the term does resonate well with most audiences. Yet the term is not very precise and is sometimes misunderstood to mean something related to the entertainment sector or the arts.

Q. The term "Creative Economy" is not very self-explanatory. Is there a better term? E.g., "Customer-Centric Economy" or "New Economy"? – Armin

We are not wedded to using the particular term "the Creative Economy." Other potential labels include "the Innovation Economy," "Innovation Management," "the Entrepreneurial Economy," "the Economy of Scalable Learning," "the Flat Army," "the Elastic Enterprise," among others. If members of the Learning Consortium converge on a different label, we will switch to that.

The Shift to the Creative Economy

Q. So what needs to change at the "C" level of a public company to align the paradigm shift starting at the Scrum team level and propagating up? – Kurt

As outlined in the webinar, many things need to change to achieve the paradigm shift. The most important constraint at present in publicly owned companies is the widespread acceptance of the goal of the firm as maximizing shareholder value as reflected in the share price, and the massive compensation in stock that is offered to senior executives to achieve that goal.

Q. Do you think traditional leadership is willing to lose power by moving to Agile, where the power resides in the team? – Fernando

It is a very significant shift and power holders often cling to power. Nevertheless, as the webinar pointed out, the new economics of the marketplace are driving the change forward, whether executives are willing to give up power or not. The choice for the firm is really change or die. Some organizations may decide to die rather than change.

Smarter executives see that they will have more power in the Creative Economy than in the Traditional Economy. Their power in the Traditional Economy is related to power to make decisions in organizations that are becoming increasingly moribund and sclerotic. It concerns the trappings of power, rather than actual power, to get things done. Leadership in the Creative Economy will have real power over organizations that are Agile and flourishing in real terms.

Q. A key blocker in organizations is that iterative development with a potentially shippable product is impossible in an environment of legacy code and complex products. Can you advise on how to approach this in particular, and are there any reference resources on thi? – Dominic

A. You might try Michael Feather's book *Working Effectively with Legacy Code* and the article at <https://agilewarrior.wordpress.com/2011/05/05/working-effectively-with-legacy-code/>. Do other readers may have further leads?

Q. When senior management does not understand Agile and seems unwilling to understand it, do you have any suggested methods to get them to want to learn? – Michael

A. The main incentive to learn is coming from the steadily deteriorating economic position of their firm, as bureaucracy finds itself unable to cope with rapid change and the need for innovation.

Q. What we have been experiencing is that customers don't want to be involved in the (Scrum) process. It takes up too much of their time. Have others run into this problem? – Michael

This is a common problem with Scrum. It is always the case in software for mass-market products. In the short run, the workaround is to have the product owner figure out what the customers would decide if they gave it some thought and knew what they wanted. In some settings, the use of platforms can be a market-based solution.

Q. How do companies adjust to defeat the "unholy alliance"? It doesn't seem you can just stop trying to please the shareholders. – John

We need to educate managers and shareholders that the corporate goal of maximizing shareholder value as reflected the share prices is, as Jack Welch pointed out, “the dumbest idea in the world.” This goal systematically *destroys* shareholder value. Thus it achieves the opposite of what it sets out to do: <http://www.forbes.com/sites/stevedenning/2013/06/26/the-origin-of-the-worlds-dumbest-idea-milton-friedman/>.

The idea is actually quite recent, and there is a growing consensus that it is a very bad idea and needs to be abandoned: <http://www.forbes.com/sites/stevedenning/2014/06/17/why-the-worlds-dumbest-idea-is-finally-dying/>.

Q. I am surprised that you do not include "fear" that the creative economy and a customer-centric approach threaten the power of the traditional managers and organizations. – Mark

When we pointed to the resistance to change, we were implicitly referring to fear of loss of power. As noted above, we need to educate managers that they will have greater—but different—power in the Creative Economy.

Q. Focusing the power from manager to team is a very dicey process that leads to power struggles. They feel left out of the decision-making process and they feel they are not in control. I mean the managers or bosses. – Piyush

These managers need to learn that there is more real power in enabling those doing the work, rather than second-guessing and controlling their every move.

Q. How do you address large corporations that simply play at Agile, like it's a cute fad, versus engaging for a full transformation? – Greg

It means better education of managers. We hope that the Learning Consortium will play a meaningful role in this education process.

Q. Would you agree that leadership today is like the technology Waterfall of yesterday and that we can leverage what's been done "beyond software"? – Suzanne

Yes.

Q. In school, the teacher is very much like the boss in the traditional economy. How do students come out of school with the ability to self-organize? – Nicole

You are right to point to these other elements in society that support the status quo of the command-and-control workplace. We need schools that embrace the philosophy of the Creative Economy in their own practices, not just organizations.

Q. How can traditional project management fit into the Scrum environment? – Piyush

It won't be an easy fit, particularly if the ideology of the project is that of command-and-control.

Q. Scrum does not gives much direction about scalability / how to scale the teams. – Saif

As noted in the webinar, organizations are finding their way in this new territory. There is no established “guide path.”

That is one reason why we are launching the Learning Consortium, so that we can learn together about possible guide paths.

It is also one of the reasons that SCRUM ALLIANCE® is introducing Scaling Scrum as an Added Qualification.

Scope of the Learning Consortium

Q. What about including other methodologies, like Scrum/Kanban? – Linda

They are already included, along with DevOps, Continuous Development, Lean, Design Thinking, and so on.

Q. What are the future plans to expand to other places? How big is SCRUM ALLIANCE® in emerging economic countries like Africa for example – (Tony) Latin America too! – Alexandre

The potential scope of the Learning Consortium is global. It is not restricted to any geographical area. The webinar simply flagged the location of the potential members who have contacted us so far.

Q. Are you strictly targeting organizations or would that include user groups as well? – Alex

At present, we are targeting organizations. Possible subsequent phases may have different scope.

Q. Please discuss how the Consortium will apply Scrum principles in its organization and product delivery. – Sean

The Learning Consortium is transparent and member-driven. The members will decide which sites to visit, what criteria to apply, and what has been learned. To the extent possible, it will also proceed in an iterative fashion in its work.

Q. Much of the value in the Creative Economy model revolves around individuals and teams working exceptionally well together. How will the Learning Consortium address individual and team communication/teamwork? – Jay

The Learning Consortium is related to organizations. Work with individuals and teams will continue in the main training activities of SCRUM ALLIANCE®.

Q. Is this new trend applicable to production support groups? In what way it is helpful? – Sagar

We believe that the shift to Agile methods will in due course touch every aspect of the global economy. For instance, the extension of Agile thinking from software development to software operations in the form of DevOps is included in the potential scope of the Consortium.

Participating in the Learning Consortium

Q. Are you looking for C-suite participants in the Learning Consortium? People lower down may not have needed influence. – Jeff

We are looking for organizations, not particular types of individuals. The typical organizational “representative” who has contacted us is someone in the upper middle parts of management, often the leader of innovation at the corporate level. However, we have also been contacted by some CEOs.

Q. Would participating in the Learning Consortium make sense for consulting organizations (where the product owner is an outside customer)? – Amy

Some consulting organizations have contacted us about becoming members. There is no sectoral requirement or prequalification. Consulting firms need to be aware of the code of ethics that there is to be no selling of services within the Consortium, i.e., “no pitching or poaching.” These consulting firms are interested in enhancing the journey they are experiencing in running their own organizations in an Agile fashion.

Q. I think you must include members of Latin America. We have a lot of companies in this region. – Alexandro

They will be very welcome, if they apply.

Q. I am interested in establishing and leading a community of practice in South Florida and members from South America. – Carlos

That’s great news. Let’s talk some more about that.

Q. Would be interested how you foresee Registered Educational Providers (REPs) being involved, too. They are not companies but are working across a range of companies as Agile consultants and trainers. – Donna

They are not focus of this phase of the Learning Consortium but could be involved in some sort of follow-up activity.

Q. If my organization decides not to join, can I join as an individual? – Iwona

No. Membership of the Consortium is for organizations, not individuals. However, each member organization will designate individuals to represent them in the Consortium.

Follow-up to the webinar

Q. How about using a LinkedIn group instead of a Google group? SCRUM ALLIANCE® groups on LinkedIn seem to be quite active. – Armin

We are open to both LinkedIn and Google groups.

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