AgileLeanHouse presents Agile Lean Leadership -
the key to sustained organizational agility
31st October 2017

See how the Agile Lean Leadership model can be applied when scaling Agile and Scrum out in the organization
The Challenge and the Value

- For years we have helped teams
  - Achieve better results, create more value
  - Improve the workplace
  - Handle challenges better

- We are now challenged at the organizational level
  - Many are experiencing being lost in the complexity of modern organization, they cannot see why and how things work
  - Dissatisfaction with the Neo-Taylorist approach to management is growing
  - There is disintegration, polarization and dismantling of trust.

- Now is time to scale Agile and Scrum out in the organization

- Agile Lean Leadership is our pattern for facilitating that change

Brought to you by the Trio of Scandinavian CSTs

Kurt B. Nielsen

Arne Åhlander

Geir Amsjø
We live in a context of declining trust

- The 2017 Edelman Trust Barometer reveals that trust is in crisis around the world
- With the fall of trust,
  - The majority of respondents now lack full belief that the overall system is working for them.
  - In this climate, people’s societal and economic concerns, including globalization, the pace of innovation and eroding social values, turn into fears...
- To rebuild trust and restore faith in the system,
  - Institutions must step outside of their traditional roles
  - and work toward a new, more integrated operating model that puts people — and the addressing of their fears — at the center of everything they do.
A growing problem of lack of transparency

“It ain't what you don't know that gets you into trouble. It's what you know for sure that just ain't so.”
Mark Twain

“The greatest obstacle to discovery is not ignorance - it is the illusion of knowledge.”
Daniel J. Boorstin

“Our comforting conviction that the world makes sense rests on a secure foundation: our almost unlimited ability to ignore our ignorance”
Daniel Kahneman
Neo-Taylorist Management

- A primary focus on expert driven efficiency
  - Running at lowest costs and full utilization of resources
  - Sub optimizes at the task level
  - The offset is taken from production domains

- Optimization and improvement
  - Expert driven, mostly discontinuous

- The manager as a special generalist profession
  - The expert that can design the perfect organizational machine
  - Separation of thinking and doing
  - Hierarchical supervision a power based ladder to climb

- Control and compliance to plans, budgets and procedures
  - Fear becomes a management instrument
  - People learn to game the system

- Relies on extrinsic motivation
  - Competition among employees, suppliers etc.
  - Competition is believed to provide the optimal results.
  - Quotas, measurements and KPIs
  - Actually this creates adversary relationships and prevents teamwork and learning
Theory X, Y and more

- **Douglas McGregor**
  - **Theory X.** People are lazy and will try to avoid work and responsibility. Leaders need to motivate and control the employees
  - **Theory Y.** People want to do good work and can even enjoy it. People do have an inner motivation

- **Matthew Stewart added**
  - **Theory U (Utopian)**
  - **Theory T (Tragic)**
  - Explaining the origin of conflict

- **The biggest conflict is on the diagonal**
  - Stalin versus Flower Power

- **We need Theory “Y”**
  - But some constraints to keep checks and balances
  - We must prepared to handle conflict
  - A constitution for the organization must exist

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**The Human Relations Theory Matrix**

Viewing McGregor’s Theories X and Y in combination with Theories U and T provides a richer view of executive options for effecting change.

- **Controllers**, aka Hobbesists, in honor of the English philosopher Thomas Hobbes. Human beings are both self-centered and unintelligent. Left to their own devices they will steal what they do not destroy. Total control is the only way to get anything done.

- **Constitutionalists**, aka Madisonians, in honor of James Madison and his fellow framers of the U.S. Constitution. Human beings thrive in freedom. Under the wrong system, they will actualize themselves by seeking absolute power. The answer is a system of checks and balances and due processes.

- **Programmers**, aka Taylorists, in honor of Frederick Winslow Taylor, the father of scientific management. Human beings are like machines. They generally don’t know what they want or how to coordinate their activities. Given a scientifically established scheme of rewards and punishments, they can be prodded into perfect alignment.

- **Freedom Lovers**, aka Petersians, in honor of management guru Tom Peters (though many others would do). Human beings are inherently self-starting and self-organizing. They will achieve miracles if only their bosses would stop telling them what to do. So just let freedom reign.

**Source:** Matthew Stewart
More about intrinsic motivation

- New Scientist 9th April 2011 pp 40-43
  - “Economists and workplace consultants regard it as almost unquestioned dogma that people are motivated by rewards, so they don’t feel the need to test this. It has the status more of religious truth than scientific hypothesis.”
  - “The facts are absolutely clear. There is no question that in virtually all circumstances in which people are doing things in order to get rewards, extrinsic tangible rewards undermine intrinsic motivation”

- Is extrinsic motivation good or bad, or doesn’t it matter?
  - Presented at the Annual Meeting of the Academy of Management, Philadelphia PA October 2014 by Kuvaas, B., Buch, R., Dysvik, A.
  - Data from over 11242 respondents from more than 100 organizations.
  - Conclusion. The more inner motivation the: better job performance, higher organizational commitment, less turnover intention, more additional role behavior and less job stress and sick leave
The objective is to build an organization, that

- Is fast
  - Delivers value fast and
  - Learns fast
  - Changes fast and inexpensively when needed

- Has a consistency in Purpose
  - Has a commitment to the long term and sustainability

- Is reliable and resilient
  - Keeps promises and commitments
  - Have high quality standards in all aspects
  - Is able to react and recover quickly to the unexpected

- Is innovative
  - Can handle complex challenges
  - Have motivated, energetic employees
  - Explore and experiment

- Have balanced focus on, and creates value for
  - The customer
  - Employees
  - Other stakeholders and society at large

- Decides fast, based on fragmented information
- Detects market changes fast
- Fails and learns fast
- A constant purpose drives decisions
- Commits but at the latest responsible moment
- Allow and nurtures quality craftsmanship
- Has built up resilience
- Teams with mandate and commitment
- Sufficient slack
- A direct line of sight to the customer
- Driven by a serving attitude
The History of Agile Lean Leadership
A timeline of Management and Leadership

1900
- US Railroads, steel etc.
- Forming the Automobile industry

1950
- WWII
- Japanese quality revolution

2000
- Knowledge Work
- Lean

US Railroads, steel etc.
- Henry V. Poor
- Pierre S. Dupont
- Water A. Shewhart
- W. Edwards Deming

Power, plan and numbers
- F. Winslow Taylor
- James McKinsey
- Henri Fayol
- Henry Ford
- Alfred Sloan
- Donald Rumsfeld
- Michael Porter
- Bjarne Corydon

Value, people and innovation
- Peter Drucker
- Tachi Ohno
- Peter Scholtets
- Ken Schwaber
- Jeff Sutherland
- Tom Gilb
- Dave Snowden
The Background

- **Empirical Process Control**
  - Ken Schwaber & Jeff Sutherland
  - Defined Scrum in the Nineties

- **The Deming Cycle, PDSA**
  - W. Edwards Deming
  - Helped Japan get up after WWII

- **The Learning organization**
  - Amy Edmondson, Harvard
  - Has studied teamwork and learning during a lifetime in health care

- **Complexity, Cynefin**
  - Dave Snowden
  - Developed Cynefin as a model to understand different causal domains

Plan
Do
Study
Act

11
Empirical Process Control

- Inspect and Adapt

The Deming or PDSA Cycle

- **Plan.** Make the best plan you can. Carefully define interpretation of results
- **Do.** Execute the best you can, using your skills
- **Study.** Carefully try to understand and make sense of results
- **Act.** Then decide what to do next, improvement or experiment

The Japanese connection

- 改善 – Kaizen, constant improvement.
- 改革 – Kaikaku, radical change. Larger organizational or process changes
Complexity - the Cynefin model

- Cynefin, developed by Dave Snowden
- Much work today is in the Complex domain
  - Modern product and system development have a high content of Complex items to find solutions to
  - We only have fragmented knowledge
  - Cause and effect can only be seen in hindsight
  - We have to learn while doing
  - Therefore, big upfront plans and linear processes are not helpful
  - There will be a high content of parallel experiments to build up knowledge

- Traditional Project Management
  - Is fine in the areas Obvious and Complicated

- Scrum, Agile and Lean
  - Are designed to cover the border area between Complex and Complicated
  - Described more in Snowden’s “Liminal Cynefin”
Scrum in the Complex Domain

The Scrum Playing Field

Artifacts
Visualizations

Activities
Ceremony, Meetings

Sprints
Iterations

Roles
Teams
How to scale Agile and Scrum out and build an Agile Lean Organization
The Circle - The fundamental concept when scaling

- **Circle Name**
  - Descriptive label

- **Artifacts**
  - Circle Manifest: Who are we, what do we do, how to interact
  - Product Backlog: An ordered list of Circle deliverables
  - Tactical Backlog: Sprint Backlog if Scrum, or Kanban or both
  - Improvement Backlog: An ordered list of potential improvements

- **Roles**
  - Commanding Officer: CO, a generalized Product Owner in Scrum, looking out for customers and value, prioritizing
  - Executive Officer: SM, a generalized Scrum Master in Scrum, looking in for improvements/impediments
  - Team: Cross functional, self organizing. All the skills to deliver items from Backlog
Circles and relations - the Map

Customers
- Customer circle
- Relation Manifest
- What they need

Periphery
- Circle A
- Artifact Circle Manifest
- Relation Manifest

- Circle B
- Artifact Circle Manifest

- Circle C
- Artifact Circle Manifest

Center
- Circle D
- Artifact Circle Manifest
- Relation Manifest

- Circle E
- Artifact Circle Manifest

Suppliers
- Supplier circle
- What they deliver

Level 2
- Tactical resolution
  - Dependencies
- Strategic resolution
  - Priorities
- Operational resolution
  - Improvements
Scaling out in the organization

- **Start with the customers or beneficiaries, who do we serve?**
  - Identify and group them into Customer Circles.
  - Try to make a manifest for each Circle describing what we serve them with.

- **Identify the necessary Circles to serve the customer Circles**
  - We say these Circles are residing in the periphery of the organization.
  - Look for high internal coherence, low external coupling.
  - That is put as many of the skills needed as possible in the Circle Team closest to the customer.
  - Try to stay with small teams (5-9), if really, really necessary have more Teams, but that is way more complex and requires maturity.
  - Write a manifest for each these circles.

- **Write Relationship manifest describing the Customer relationships**

- **Identify necessary Circles to serve the Periphery Circles**
  - Some functions are best kept in the Center and shared among different Periphery Circles.
  - Again Look for high internal coherence, low external coupling and same principles as above.
  - Write manifests for these Circles and their relationships.

- **Identify necessary cross circle concerns to be dealt with**
  - Define Secondary circles for each, define Manifest.

- **Identify POs and SMs**
  - Define the Level 2 circles and their manifests.
What is Agile Lean Leadership?

- A set of 4 values
  - Mainly inspired by Scrum and Lean

- A set of 16 principles

- A set of constraints and methods
  - Constraints that are imposed in Agile Lean Leadership in order to create some order in the complex domain, so that people in the organization can have a sufficiently common understanding.
  - Methods to use in order to move closer to the Values and obey the Principles. They are a fusion of elements from Scrum, Kanban, Lean Thinking, complexity science and “The Learning Organization” and some freshly invented stuff
The Agile Lean Leadership Values

1. Purpose, clear and worthwhile
   - An organization must have an aim to work towards. The aim has to be bigger than anyone individual and it has to be more than just making money. If it is going to be useful to bind people together in the long term, its stakeholders must find its purpose worthwhile. The purpose will reveal the organization’s own values.

2. Sustainability in all things
   - An organization must have a long term view, more or less on all things. This implies being able to survive for a long time, removing waste, avoiding draining scarce resources, building up relationships and human capabilities for the long haul, not wearing them down.

3. Resilience in all things
   - An organization must expect change and unpredictability. The structures and communication channels must be capable of responding fast to new challenges and opportunities. Everybody must be on the lookout for new knowledge and disciplined reflection must be in place to make sense of things.

4. Respect for people
   - An organization must serve its customers, employees, shareholders and society at large with respect. That includes allowing people to grow, develop and have joy and pride in their work and contribution.
The Agile Lean Leadership Principles

**A clear and worthwhile purpose**

1. Always, at every level, be very clear about the purpose, values and constraints
2. Always balance the value for the client, the employees, society and shareholders
3. Always hold and display the moral high-ground with integrity
4. Always remember that the final judge of the product or service is the customer

**Transparency and visibility**

5. Always sustain an unrestricted flow of information up, down and sideways
6. Always be in dialog with the customer to fully understand how to benefit and serve him persistently
7. Always shorten the distance of understanding between customer and the organization
8. Always create optimal visualization of goals, status, progress and impediments

**Institutionalized learning**

9. Always strive to see and understand the facts in their full context as a system
10. Always build up and sustain commitment to constant improvement
11. Always strive for collegiate decisions, pushing responsibility as far out as there are people to carry it
12. Always balance the need for structure and standards with the need for adaptability and innovation

**Respect and develop people and relations**

13. Always allow people pride of workmanship, build them up to their maximum potential
14. Always be willing to serve colleagues, subordinates, clients and suppliers
15. Always keep the long perspective on people and relationships
16. Always suppress fear as a leadership instrument, as it leads to distortion of data or systems
Summing up the elements

- Scaling the Scrum and Agile pattern out at the macro level
- Visibility for sustaining constant improvement
  - Empiric Process Control, PDSA
  - The Manifests
- Patterns for solving global resolution and decision making
  - Escalation
- Information flow secured
  - CO (CEO, Product Owner) and XO (COO, Scrum Master)
- Organization primarily after delivery
  - Secondarily after cross cutting concerns
Practical tools for an Agile Lean transformation
Each Circle/Team declares to the surrounding world, who and what they are
- Their Value Proposition
- Who they serve
- The values they deliver
- How to work with the Circle/Team, artifacts, meetings, delivery conditions

Team members

Team member competencies
- Often a good idea to show a matrix of competencies
- No titles
Daily general Taskboard

- A standard Scrum Sprint Backlog
- A standard Kanban board for “Fast Track” items
- An improvement / impediment backlog
- A place for keeping deliverables that has to be delivered periodically
  - Daily
  - Weekly
  - Monthly
- A landing strip for new requests

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A case study - RiksTV in Norway, Cemex in Mexico/Prague
The exercise at RiksTV in Oslo, Norway

- The started with a product development team
- Tobias was the resident Agile Coach
- Christopher was the CTO
- They persuaded their CEO to reach for the sky and go all agile
- Teams were created as we discussed
- Escalation and level 2 teams got to work quickly
- Secondary Teams were harder to get going
  - This challenged existing experts and other people were afraid of stepping up
- Some areas didn’t buy into the concept
  - Accounting for example
- They struggle in some areas:
  - Scrum Masters /Coaches find it hard to define their leadership role
  - In crisis it is very easy to take cover and fall back to the old ways
  - A change of CEO, disrupted the process
A value heat map

- We want to be agile
- Proper published project architecture
- Ownership of designs
- Clear, functional test environment
- Clear, functional development environment
- We value acquiring new technical knowledge
- Trusting environment (by management)
- We value transparency of management decisions
- Clear management support the clear path of escalation & communication
- We value all our teams in one location
- Good cross team communication
- Clear and open cross team communication
- Constant re-factoring
- Proud team
- Proud Customer
- Continuous Delivery
- Clear business requirements
- Trust between teams
- Good cross cultural understanding
- We value properly qualified people
- We value top quality UX/UI design
- There is a properly managed scope by the product owners
- Deadlines are OK if the scope can be discussed
A proposed Road Map - The road less travelled
A proposed road map for an organizational Rel. Map

- Assess the situation, involve people on the floor
  - The future Backwards or a value workshop
  - Value heat map

- Get people to volunteer for working on customer manifests

- Run a Circle modelling workshop
  - Identify competencies and capacities

- Have people describe what they think should be in peripheral circles
  - How many circles
  - What kind of people
  - Where would people see themselves

- Think about the center circles
  - How many circles
  - What kind of people
  - Where would people see themselves

- Think about suppliers

- Think about outliers, experts, compromises, special crews and transient circles

- Now draw the Organizational Relationship Map and iterate

- Then establish the Organizational Road Map and iterate
Our perception of the world

How we like to think of the world: nice and orderly, blue sky and clear mountain tops to navigate by

How it really is: Constantly navigating the rapids
More Information

- Visit our web-site [www.agileleanhouse.com](http://www.agileleanhouse.com)
- We are creating a network of people
  - Who want to help organizations improve
  - Are interested in developing and promoting Agile Lean Leadership, and perhaps making a living out of it
  - Open sourcing is considered
- If you want to move in this direction
  - Come up, sign up for participation
  - Get your free beta-copy of our book “Navigating the Rapids”
- Help us finalize
  - The training
  - The documentation
  - The tools
  - And the book

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I rest my case