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From Taylorism to Agile Organization

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Gosei Ltd

Ran Nyman

Ari Tikka

20 + years in software business

Agile adoptions in large and small organisations

Customers in Telecom, Medical, Game, Heavy metal, Financial, Sales&Marketing and Public sector

LeSS coaching company

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Taylorism

Taylorism

Taylorism also called ad Scientific management

Theory of management that analyzes and synthesizes workflows

Focuses on finding one best way and force it

Separation of work and thinking

Invented by Frederick Taylor

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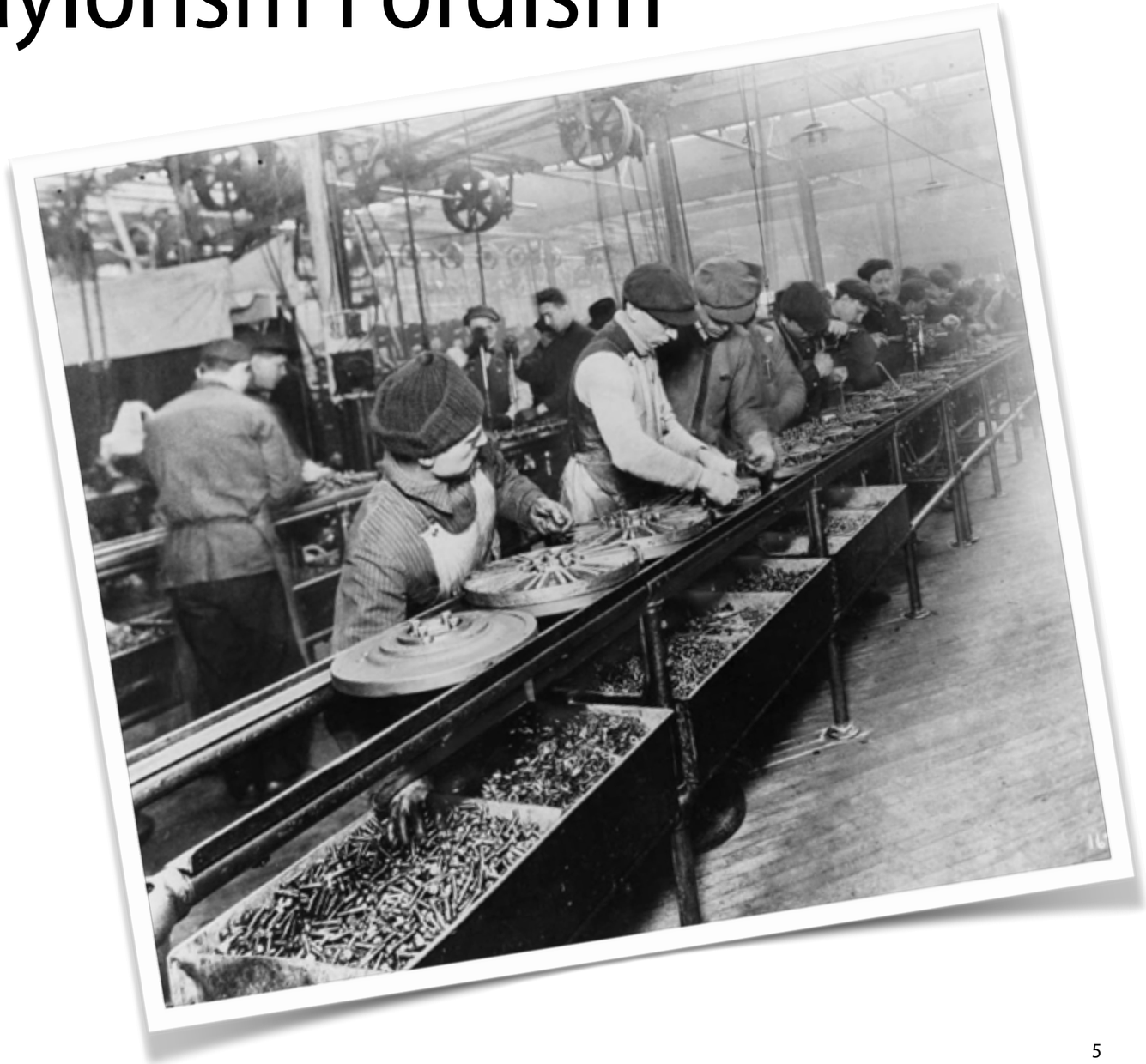
Extreme Taylorism Fordism

Context

- Huge market and demand
- Winning product
- Lack of skilled workforce

Solution

- Automation
- Detailed standardization
- Proper wages



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Modern Taylorism

Split responsibilities

- Others promise, others deliver
- Others perform, other judge
- Others plan, others execute
- Others implement, others test
- Others decide, others follow

Task / role specialization

- Top management
- Project/program managers
- Resource manager
- Quality manager
- HR manager
- Line manager
- Specifier
- Architect
- UI designer
- Quality manager
- Fault manager
- Feature owner
- Release Manager
- System Team
- Portfolio manager
- Customer Experience Manager
- Process and tool development
- Release train engineer

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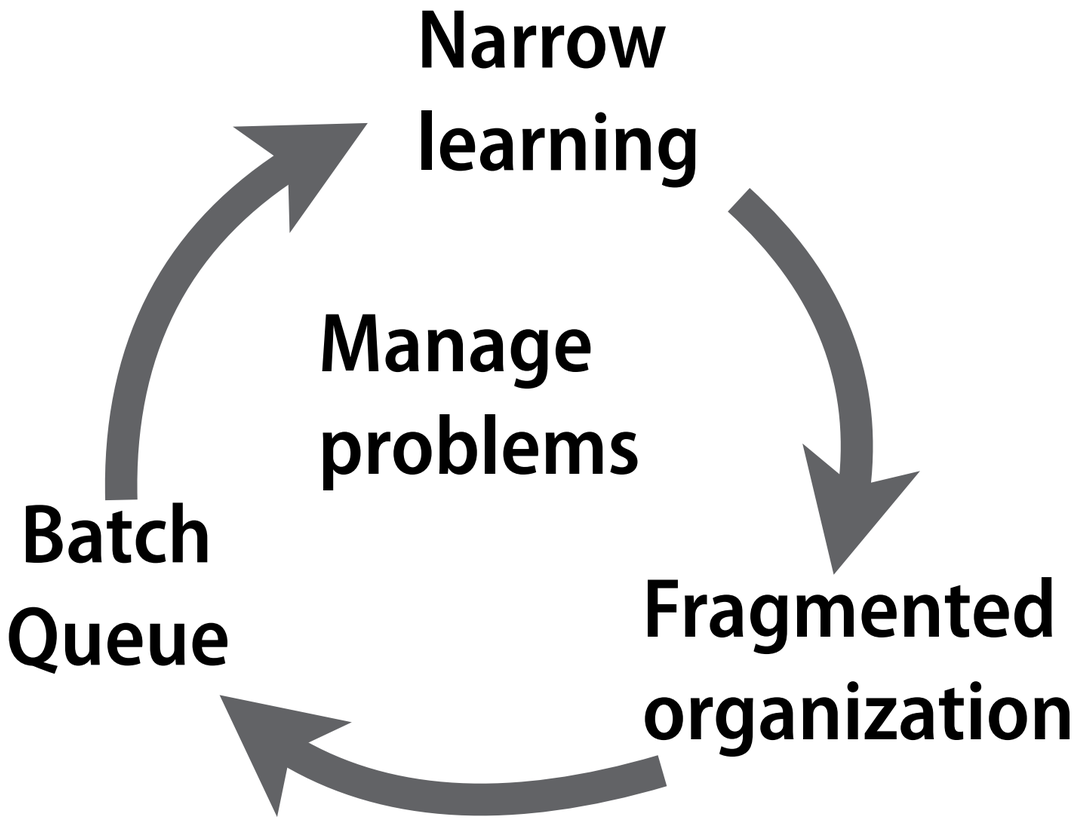
Everyday Experience



"Pressure. Must. Should."

"No time to jump on the bike."

"Power and wisdom are always elsewhere."

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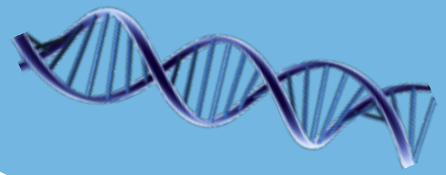
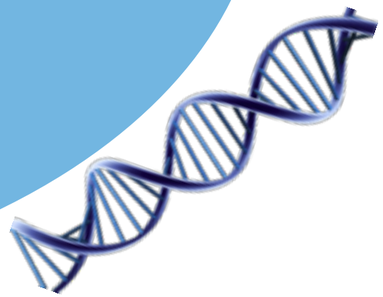
Lean Product Development

Organization's DNA
False management assumptions

Knowledge

Implementation





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Another View to Taylorism

Konosuke Matsushita (1)
Entrepreneur of 20th Century

"We will win and you will lose. You cannot do anything about it because your failure is an internal disease. Your companies are based on **Taylor's principles**. Worse, your heads are **Taylorized**, too. You firmly believe that sound management means executives on one side and workers on the other, on one side men who think and on the other side men who can only work. For you, management is the art of smoothly transferring the executives' ideas to the workers' hands."

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Konosuke Matsushita (2)

“We have passed the Taylor stage. We are aware that business has become terribly complex. Survival is uncertain. Therefore, a company must have the constant commitment of the minds of all of its employees to survive. For us, management is the entire workforce's intellectual commitment at the service of the company.”

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Konosuke Matsushita (3)

"We know that the intelligence of a few technocrats—even very bright ones—has become totally inadequate to face these challenges. Only the intellects of all employees can permit a company to live with the ups and downs and the requirements of its new environment. Yes, we will win and you will lose. For you are not able to rid your minds of the obsolete Taylorisms that we never had."

Panasonic

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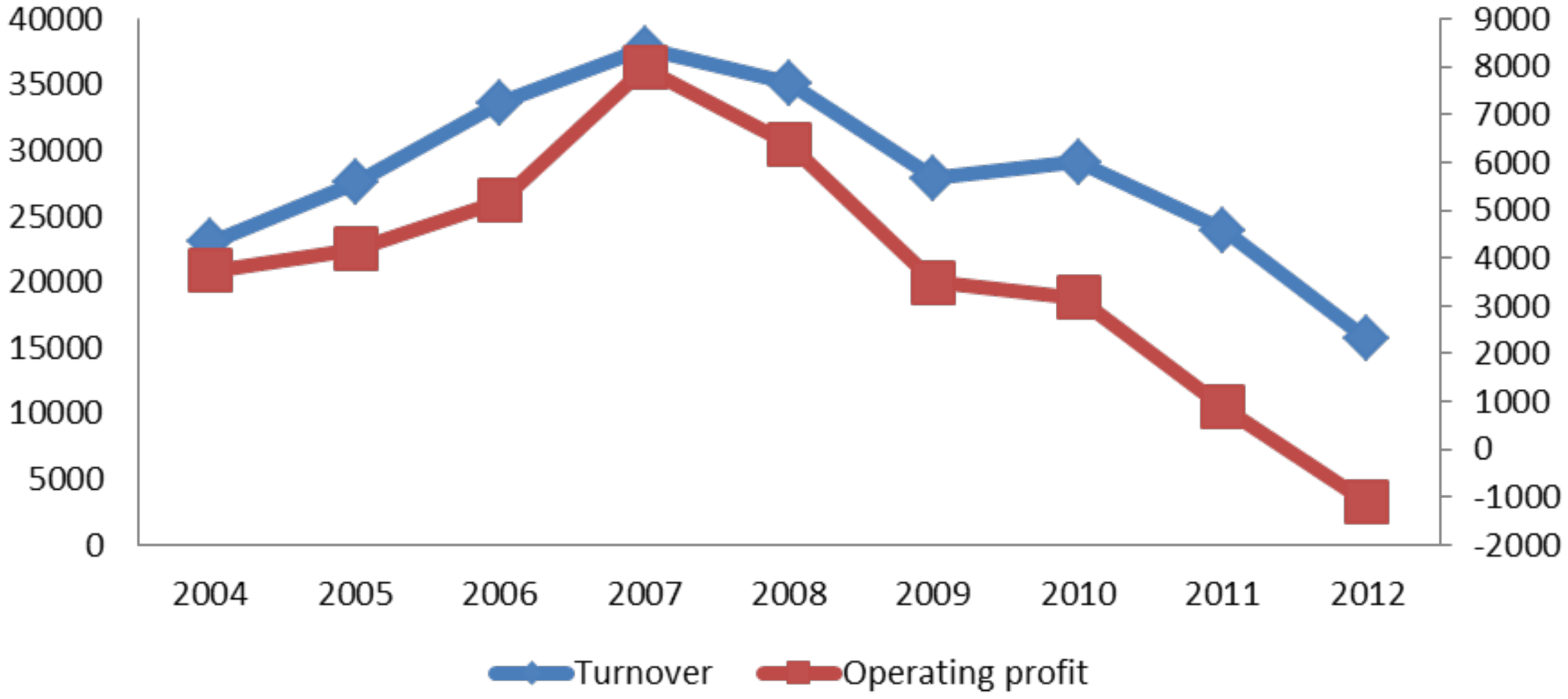
Case NOKIA

NOKIA mobile phone business 2004-2012 (million euros)



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NOKIA

Nokia Mobile Phones

Nokia Networks

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NOKIA opportunity 1990

Aggressively grab the opportunities

- ***Great success in the beginning***

"Just make it work" - engineers

- ***Trust and autonomy***
- ***Success during the growth phase***
- ***Ever increasing complexity***

Business opportunities

- Crumbling Telecom monopolies
- Detailed GSM standard
- Talented workforce in Finland
- Ambitious leader Jorma Ollila

Organizational background

- 100 years of heavy industry
- Lack of experience in leading SW product development
- Technology over design

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NOKIA Mobile Phones 2007

Aggressively grab the opportunities

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- ***Ever increasing complexity***

"Just make it work" - management

- ***Fear disconnected the organization***
- ***Superficial decision making***
- ***Failed to respond to competition***

Situation 2007-2011

- New competitors, new game
- Still technology over design
- Coordination chaos

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Taylorism at NOKIA

SW development challenge underestimated

- Attention in Radio, Hardware, Business, Coordination, Manufacturing, Supply chain

20% growth for 5 years in a row

- Others decide others do
- Codify competence into process
- Narrow task specialisation

Want to educate the recruits, but "Just make it work"

- Self-Organising - locally skilful
- Learn the emergent local habits
- Elite educated, others survive

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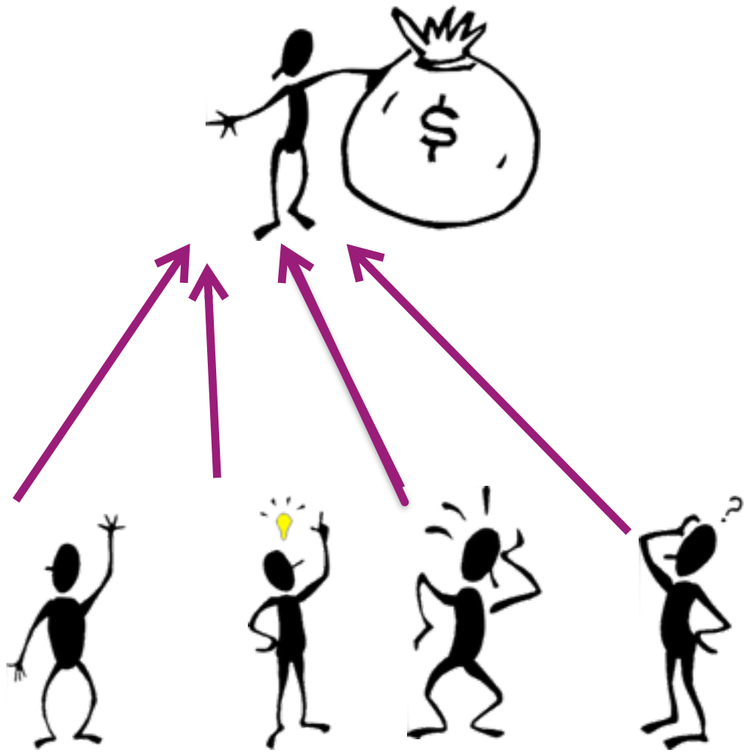
Coordination chaos

In the beginning



"Hey, We have business! And it is growing!"

"People just find their roles."

"Specialists are irreplaceable. We need to optimize their individual performance."

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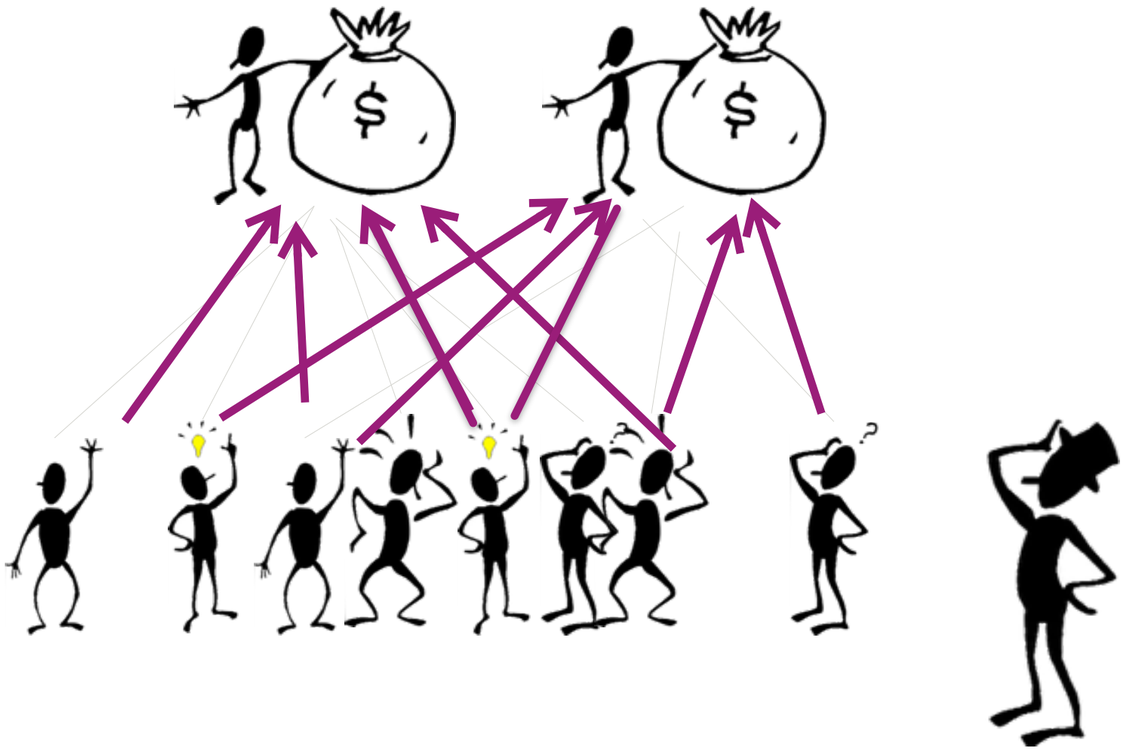
Growing using common sense



"It starts to get messy. We need someone to look after things."

"Lets hire a coordination specialist - the project manager."

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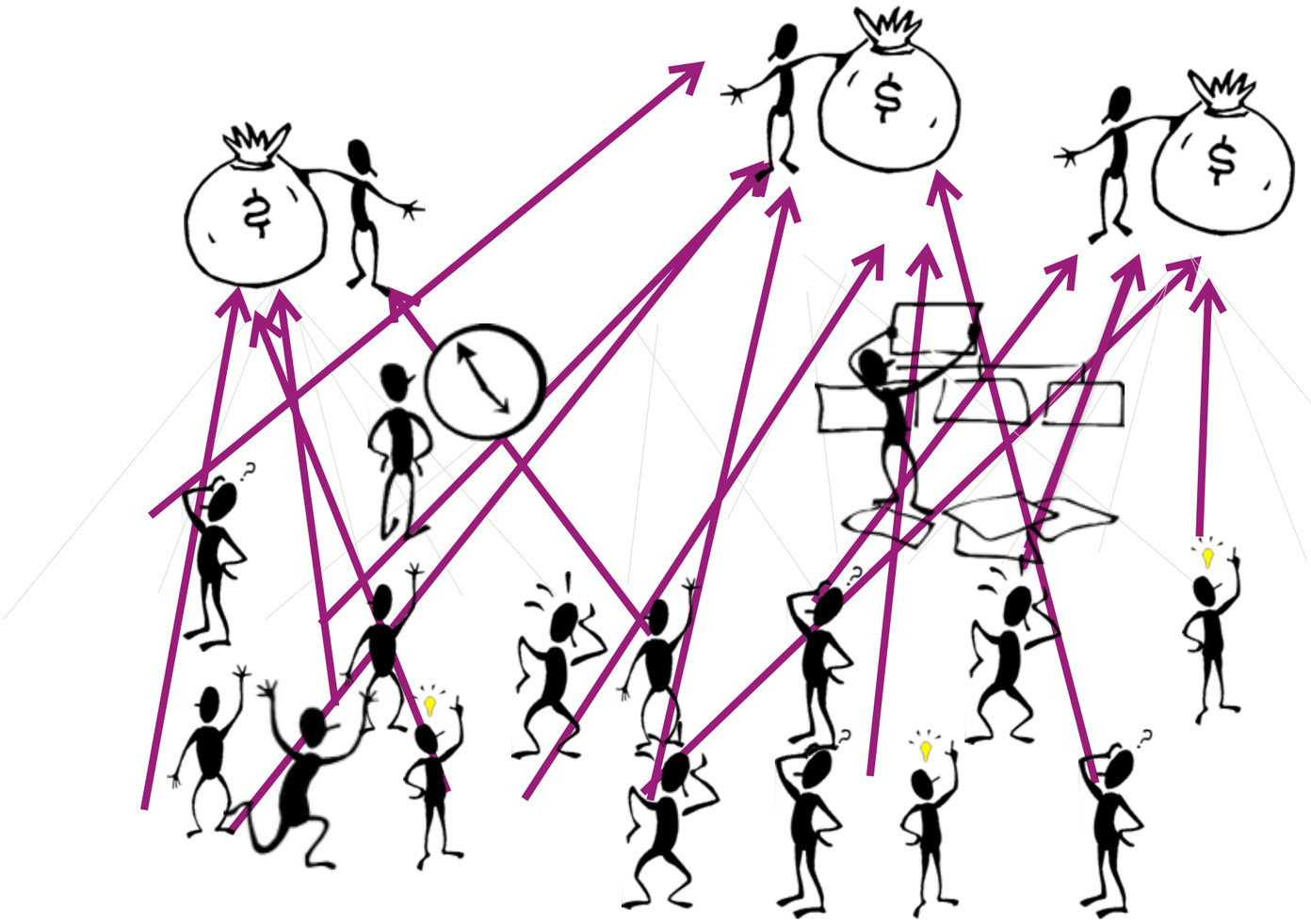
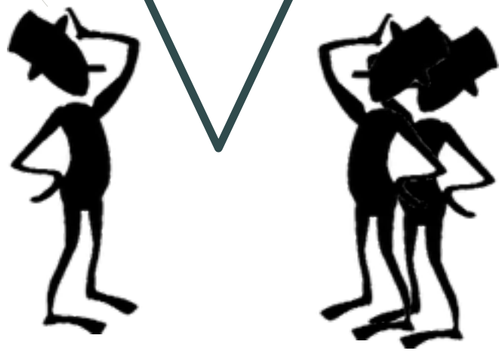
Growth continues - we make it work



"The project managers really do their job."

"Obviously it is best to give responsibilities to the specialized people."



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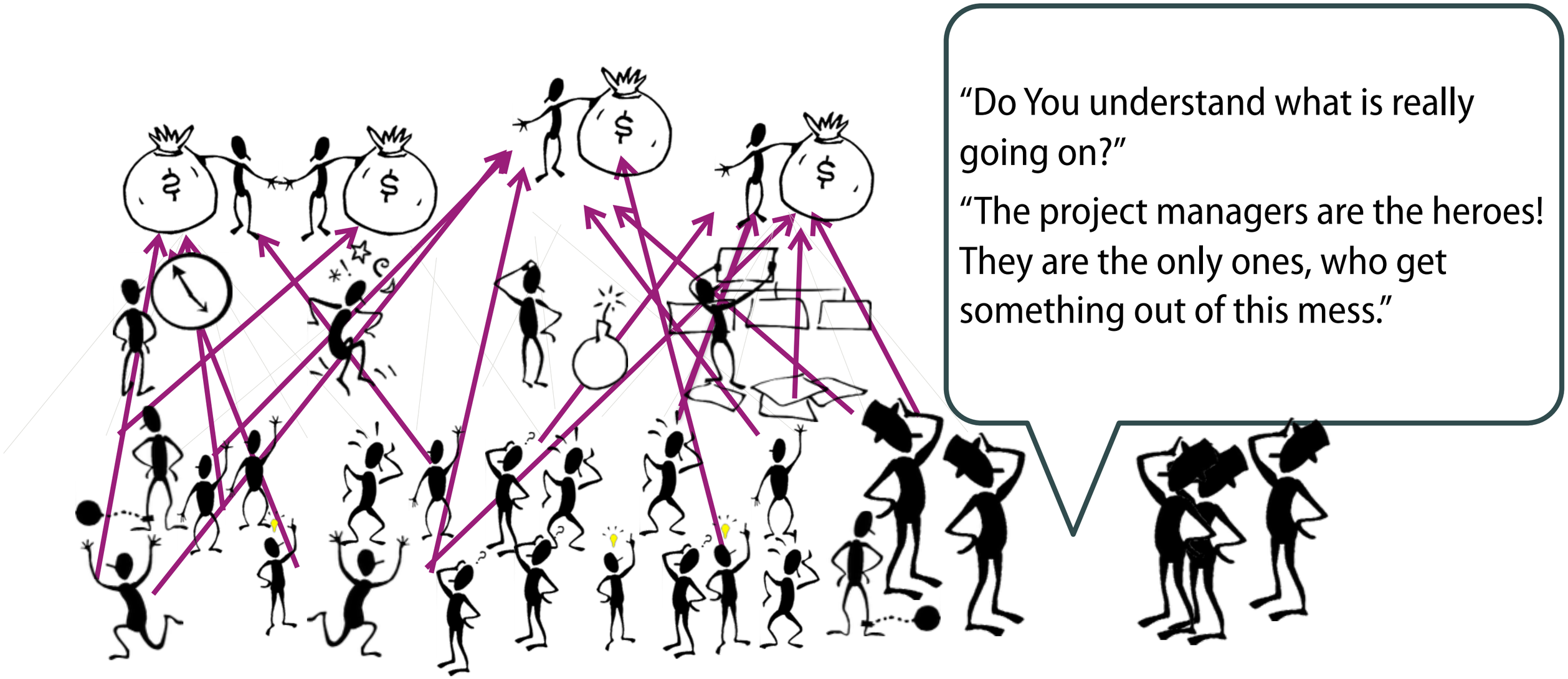
The coordinators become the heroes



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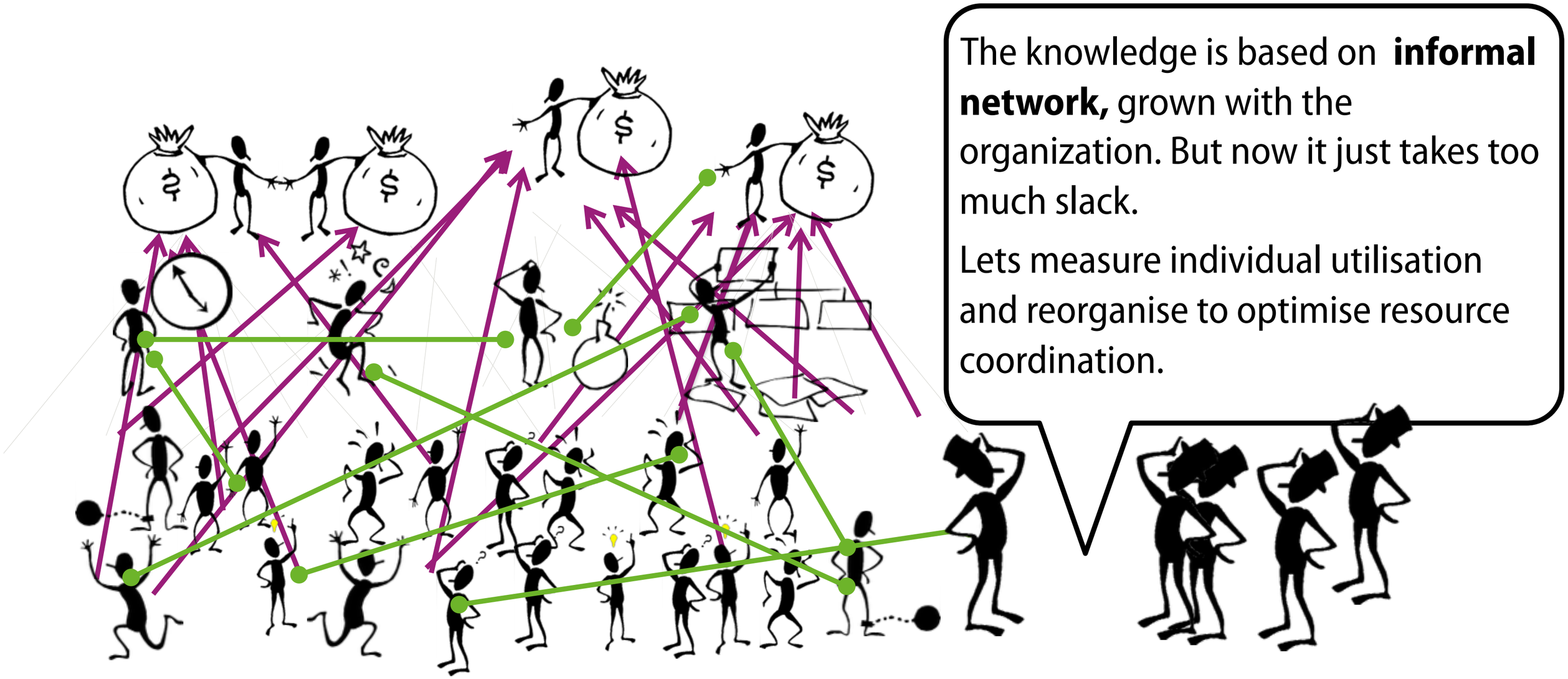
Hidden enabler becomes too expensive



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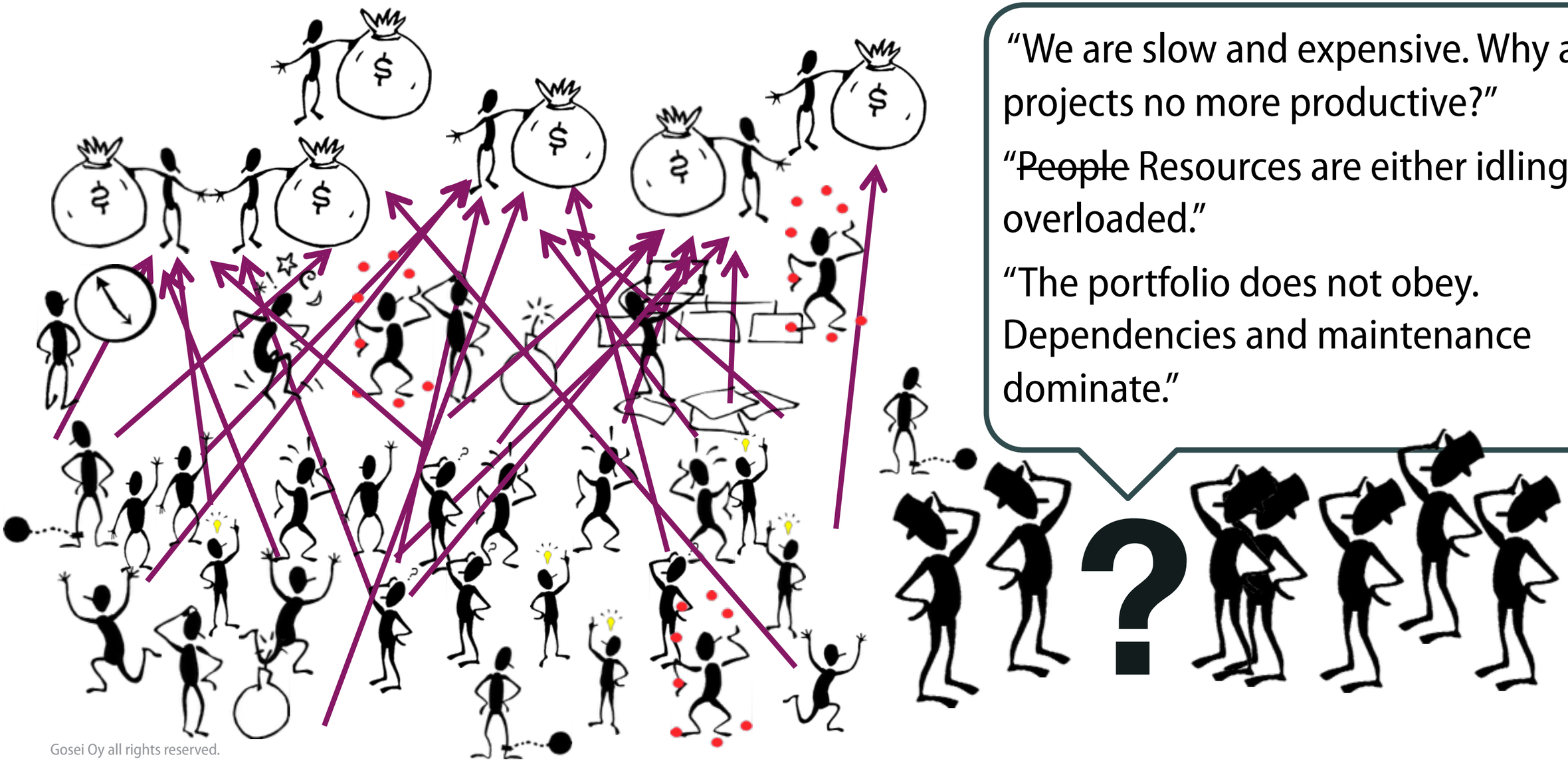
But… too much to be coordinated



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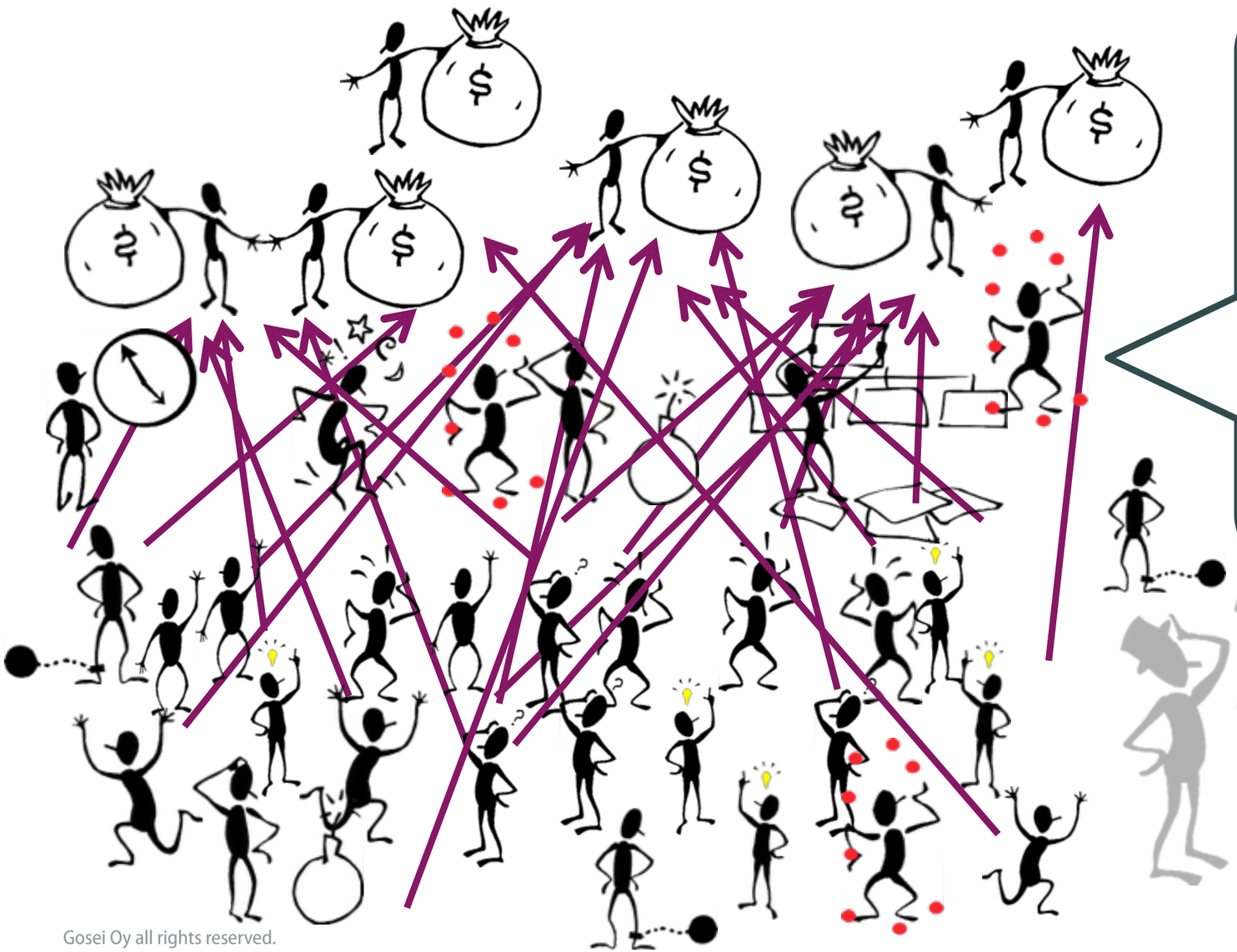
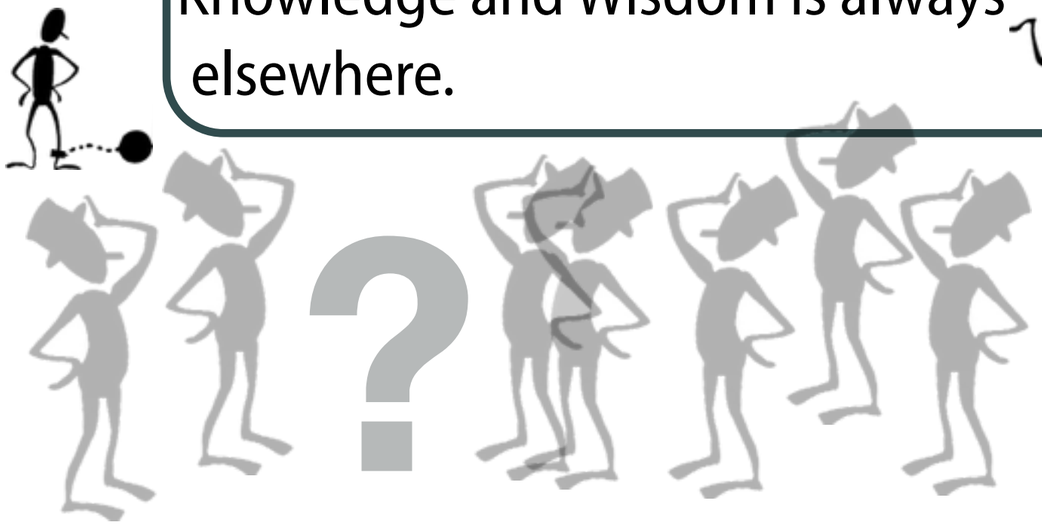
Not fun!



Fragmentation. Wait for decisions, budget, plan, knowledge, service, … Quick fixes and bad quality. WIP, batches and queues. Little learning. Busy with your queue. Problem escalations. Powerlessness.

Knowledge and Wisdom is always elsewhere.



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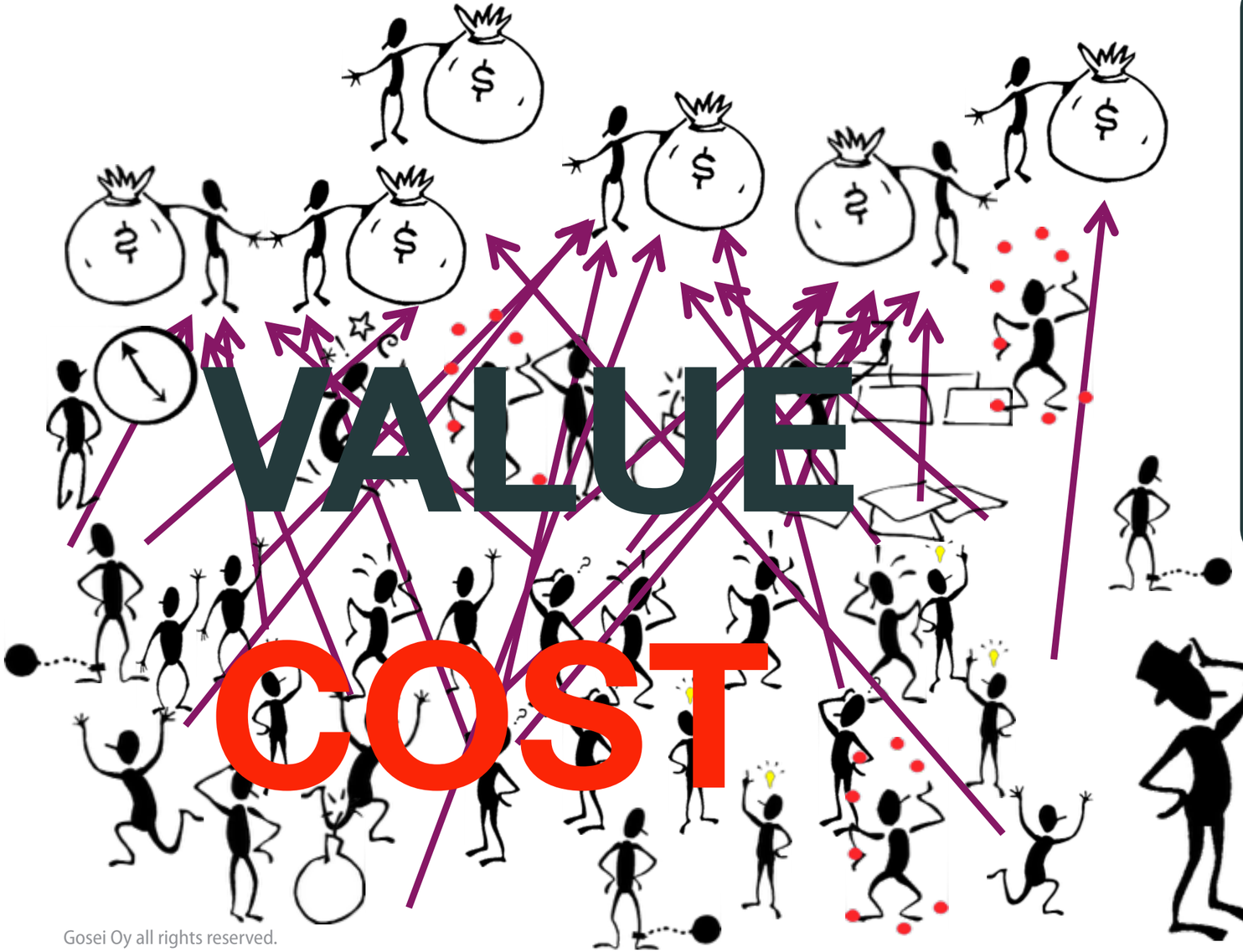
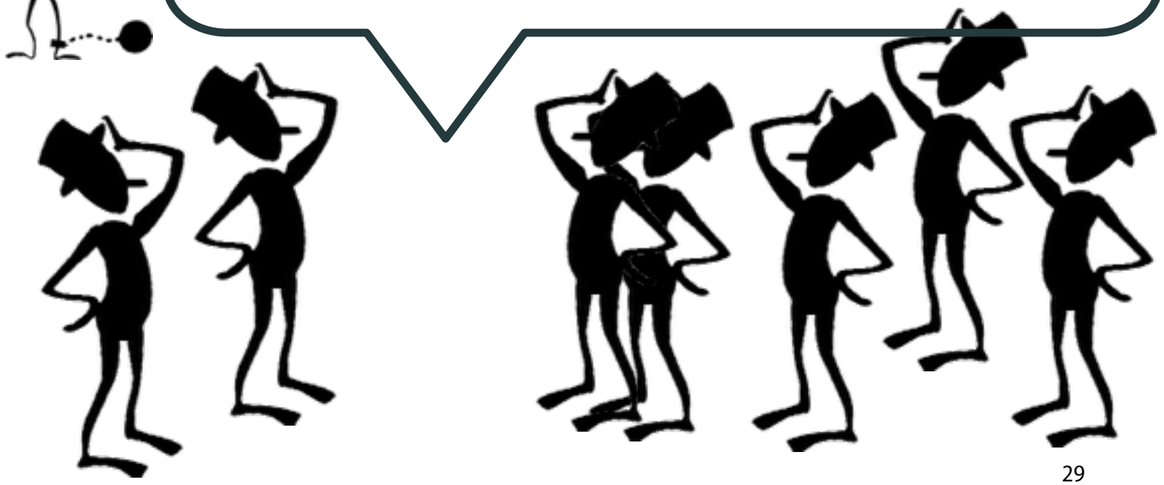
Outsourcing the leadership problem



"We still have the customers. And the middle layer coordinates the whole."

"The development is too expensive and is difficult to manage."

"But we can outsource the difficulty to an affordable provider, which we then can control through the agreement.



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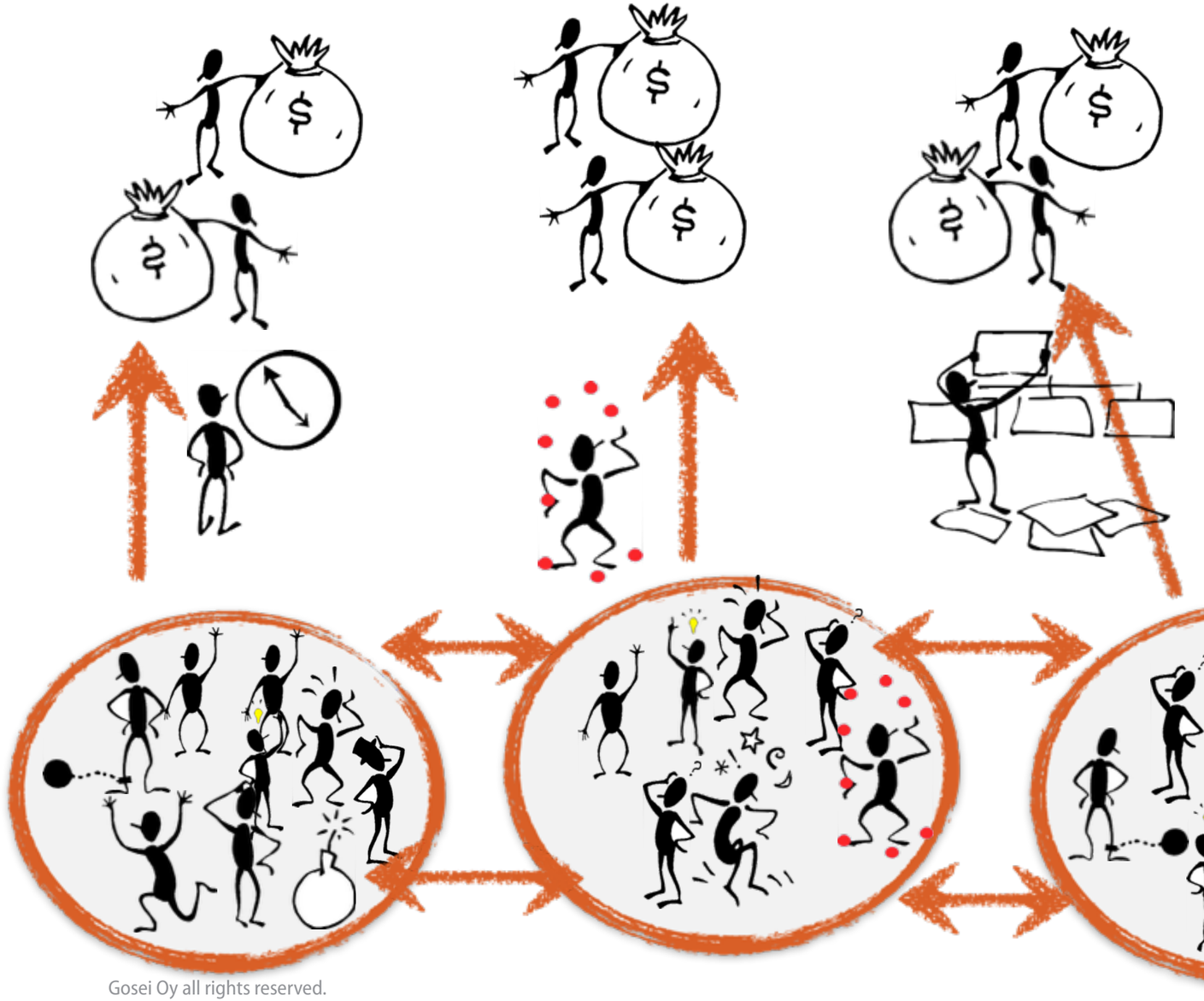
Or fundamental change in thinking



"Let people work in customer-oriented teams. First learn intimately what the customer needs, and then learn how to deliver. There will be discovery and innovation.

The end-to-end throughput will improve.

The coordination cost becomes investment in learning."

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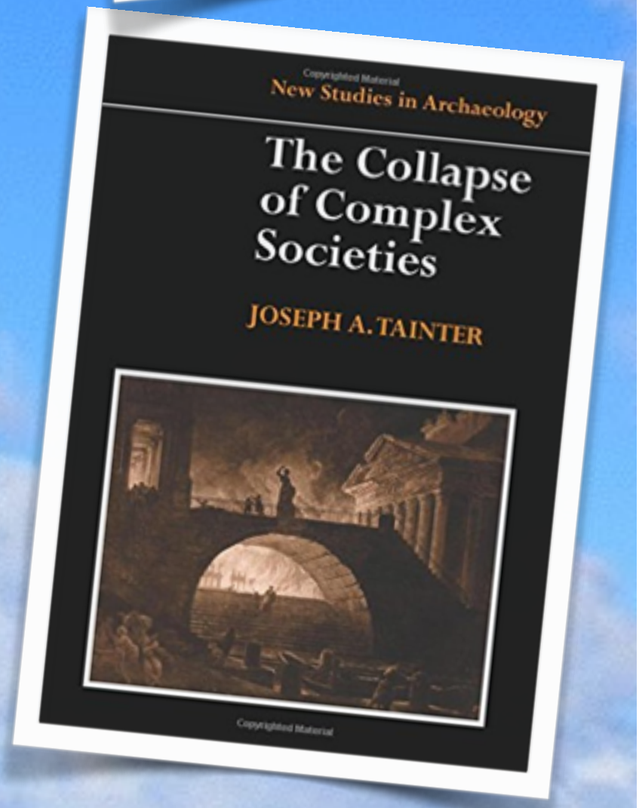
Collapse of Complex Societies

Joseph A. Tainter

Collapse of Complex societies:

- Mayas
- Chacoan
- West Roman Empire
- Western Chou
- Mesopotamia
- Egypt
- …



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Tainter's story in brief

Innovation increases local efficiency and complexity.

Complexity grows

- Elite creates wasteful rituals that maintain their status
- Moving capital instead of value creation

Abundant resources and innovation enable the growth of the Society.

The complex society can no more adapt and collapses.
The population drops dramatically.

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The root cause of the collapse is the complexity not the depletion of resources.

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Fear

Fear

Individual

- Exclusion from the tribe
- Internal conflict, punishment

Collective

- Death of the tribe
- External conflict, survival

Avoid conflict

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Case NOKIA Mobile Phones

Study

- Quy N. Huy at INSEAD and Timo Vuori at Aalto University
- Three rounds of interviews with 76 former senior managers

Sources:

http://www.enterprisegarage.io/2015/12/case-study-how-nokia-lost-the-smartphone-battle

http://knowledge.insead.edu/strategy/who-killed-nokia-nokia-did-4268

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From Top to Bottom in 5 Years

1. Top Management feared of competition and threatened the Middle Management
2. Middle Management misled Top Management because of internal fear
3. Top Management was over-confident and uninformed (Taylorism -> Fragmented organization)
4. Top Management was technically incompetent to grasp the situation (difference from Apple)
5. Wasted development effort, not acted on by top management

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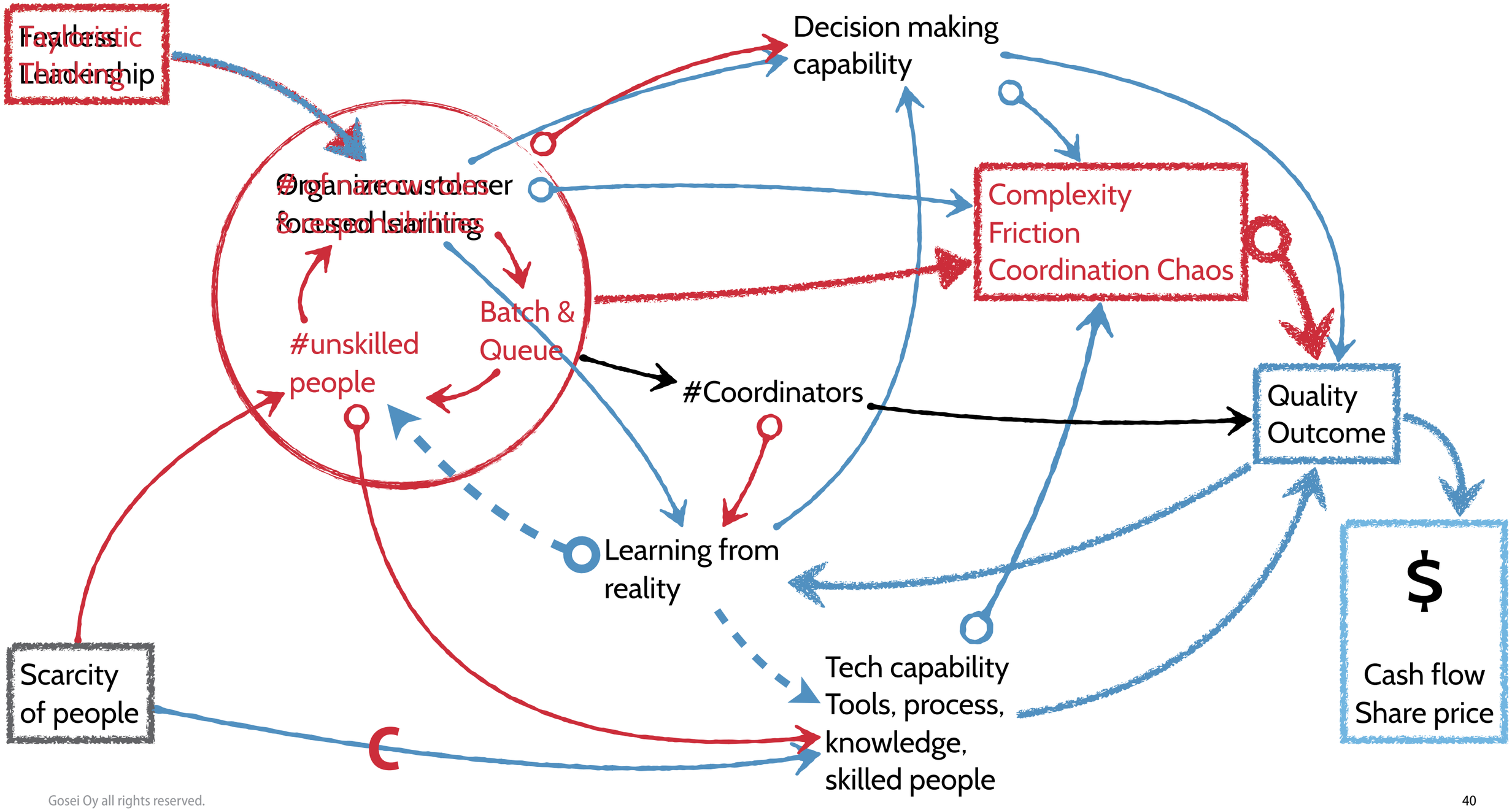
Systems Thinking



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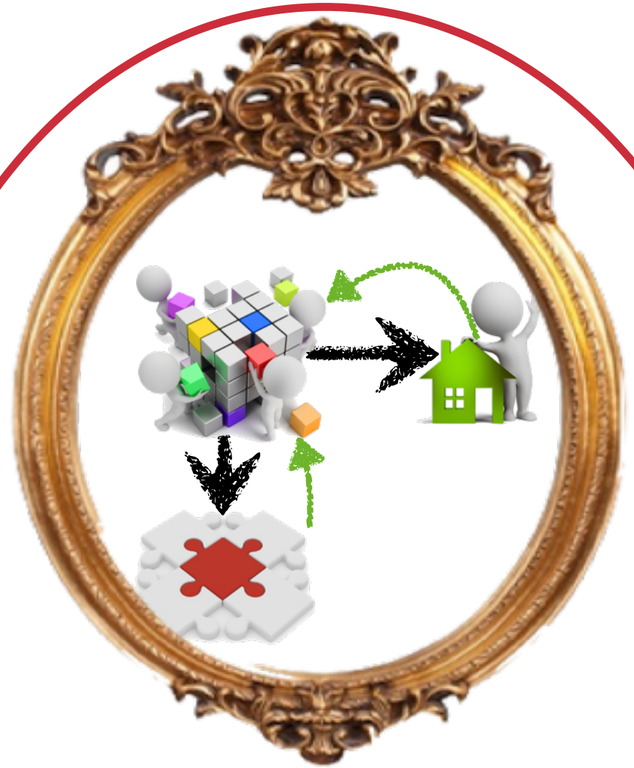
Actionable Fearless Leadership

Trust in Learning

Build the system of feedback from realities

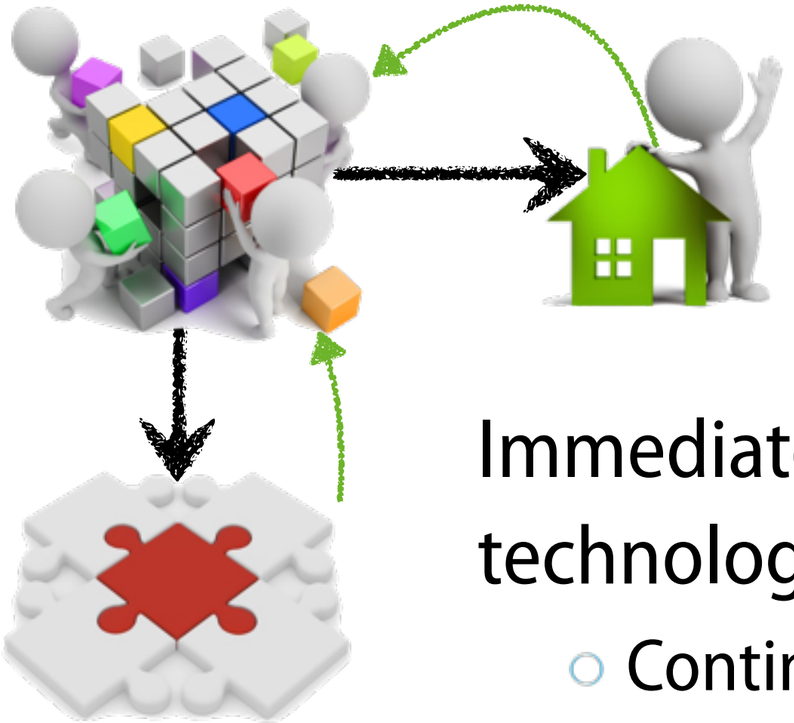


Study the system, Self

- Reflection
- Systems Thinking

Organise for customer oriented teamwork

- Find your product
- Dis-intermediated customer contact



Immediate feedback from technology

- Continuous integration

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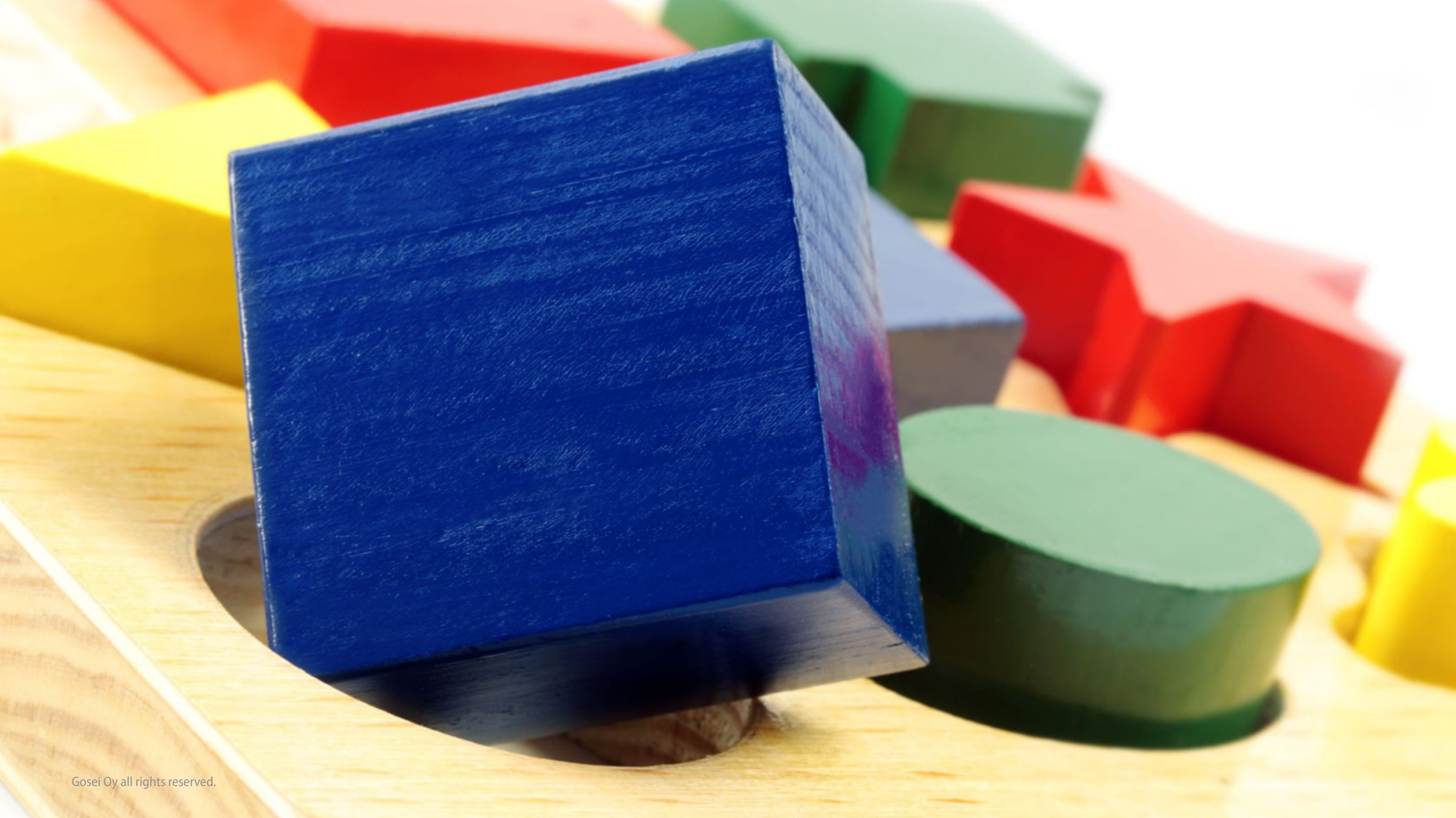

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Psychological Safety

Employees who feel psychologically safe:

- Stay with the company
- Embrace new ideas from their colleagues
- Generate more revenue
- Rated as ‘effective’ twice as often by their managers.

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From
Conflict Avoidance
To
Greed to Learn

From
Conflict Avoidance
To
Radical Curiosity

Fascinating!!

Greed to Learn
~~Conflict Avoidance~~
Radical Curiosity

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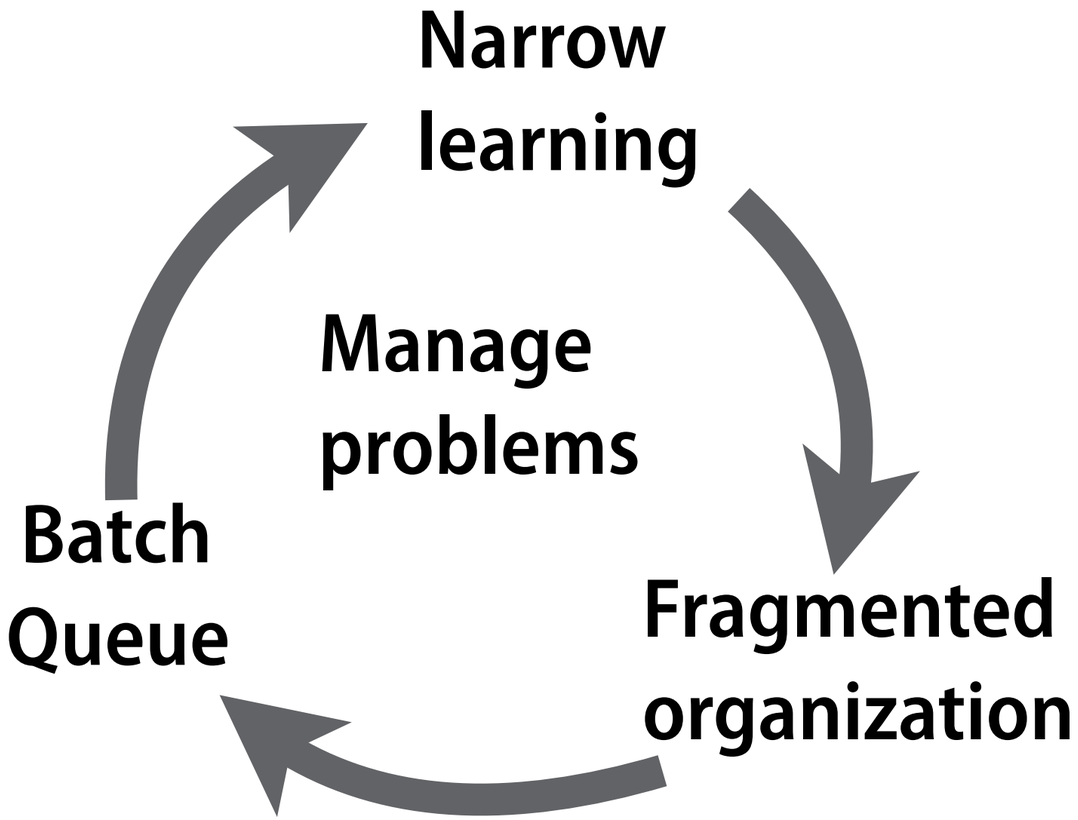
From Taylorism
To Agile

Everyday Experience



"Pressure. Must. Should."

"No time to jump on the bike."

"Power and wisdom are always elsewhere."

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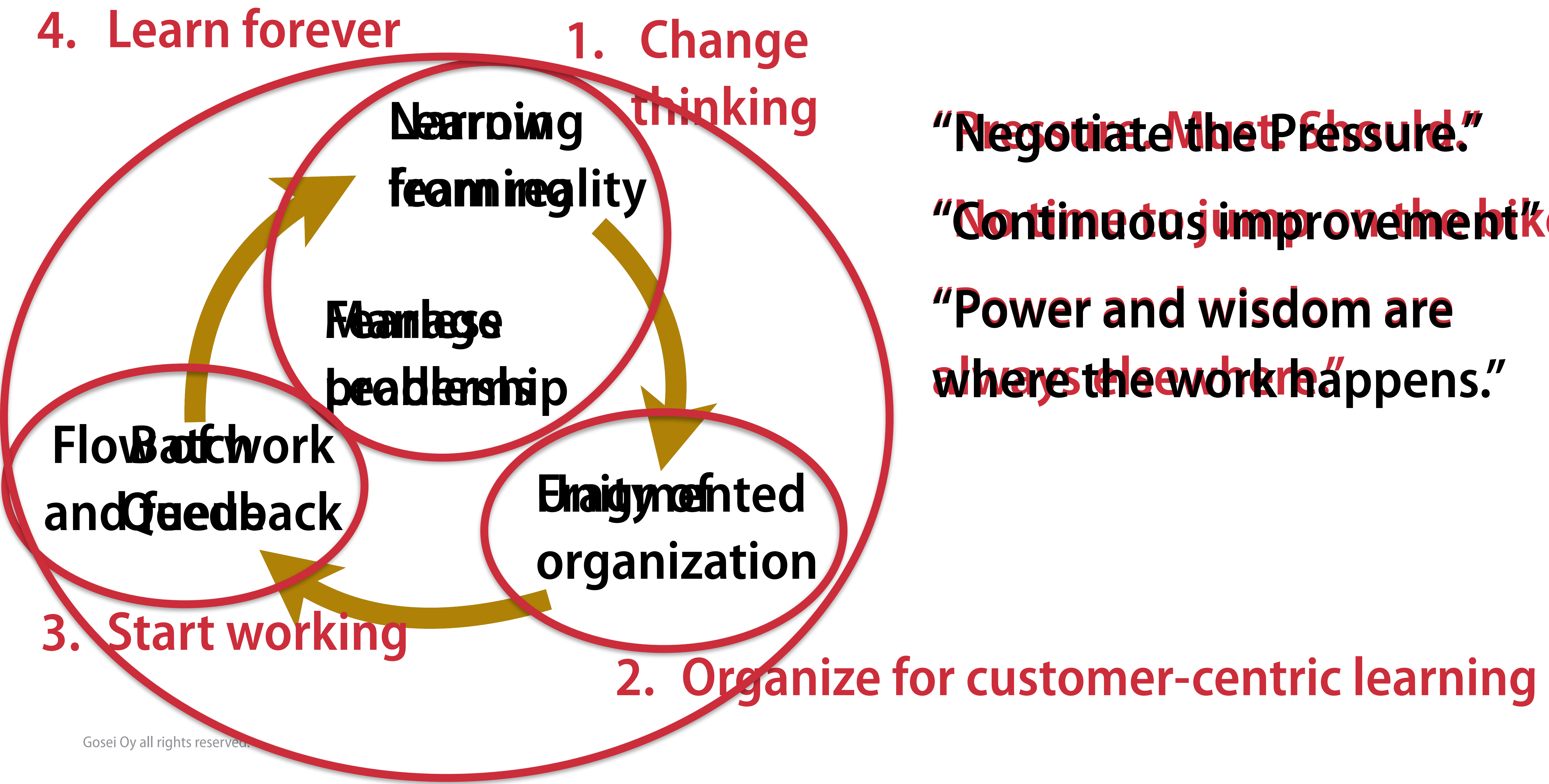
Adoption Path



"Pressure. Must. Should."

"Negotiate the Pressure."

"No time to jump on the bike."

"Continuous improvement"

"Power and wisdom are always elsewhere."

"Power and wisdom are where the work happens."

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Q/A

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