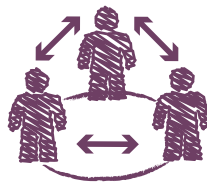


# REIMAGINE TRANSFORMATION

## THE



## APPROACH



EXCERPT: CHAPTER TWO

# Where are we now?

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## **Synopsis**

The reality is that Agile methods and frameworks do not ensure agility. Organizations view Agile as a process to be installed rather than recognizing that it requires a fundamental shift in how we think, work, and organize. Human collaborations are plagued with competing priorities, and reinforced by our limited perspectives. We are blocked from developing collaborative abilities that aren't outlined in our job descriptions. We are discouraged from leveraging our unique individualities. We are unable to see our impact on the big picture. We are discouraged from investing in the long term.

**"If I had to list the top five mistakes in learning from Toyota, they would be:**

- 1. Giving it a name, e.g., lean six sigma, and making it a program.**
- 2. Trying to PowerPoint and road map your way to lean.**
- 3. Assigning the program to middle managers to deploy.**
- 4. Failing to see this as a major cultural change that takes a lifetime to effect.**
- 5. Senior management failing to take responsibility for leading the culture change."**

**Freddy Ballé, The Lean Manager<sup>1</sup>**

# A TALE OF AGILE, CONTINUED: THE OTHER AGILE

The successes across three international markets featured prominently in the Company's newsletter. Executives retold the story in town hall meetings, and they held it up as a case study of how Agile would get things done.

## **DAY: 1**

At one of those town hall meetings the CIO presented the case study and announced the roll out of the same product to the domestic American market.

Afterward, the CIO told a Senior Vice President "This is the most important thing you will be working on." A few levels below that SVP was a senior team of twelve coaches. They were all instructed to "**swarm** this one project."

Across the following weeks the coaches connected with the business leaders and technology leaders, and together they came up with a plan for how to best support these teams.

The coaches identified where they could be cross functional, assessed their agility, and assigned coaches to the team-of-teams areas.

The teams pulled out the business features, ran prioritization, created definitions of ready, and definitions of done.

Across the entire program they prioritized the features, defined business value, established technical risks, trained the leaders, and prepped for a big planning session that was being coordinated across all of the impacted groups.

Then the problems began to become apparent.

## **DAY: 22**

After a few weeks there had already been a lot of meetings about the assessment of the features, and they had determined which platforms and which teams were going to be involved.

Across so many large teams communication becomes critical to success, so the coaches asked all of the groups to join a common workspace under a few Agile tools that had been set up for the initiative.

Four of the most critically impacted groups refused in favor of using the tooling to track their internal capacity and spend.

Since they each intended to operate in a silo, there would be no clear understanding of their progress. This would obligate someone to continuously and manually stitch all of the individual plans together before anyone could understand the progress of the project as a whole.

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## **DAY: 31**

Once the impact analysis had been completed, various teams began reporting that they had no room in their backlogs.

It was never made clear what was on their backlogs that could have been a higher priority than the CIO's.

When the coaches attempted to escalate the issue up the leadership chain, they were met with silence. It wasn't even clear who among leadership even knew of the block, but it was clear that nothing was going to be done to change it.

### **DAY: 32**

The coaches worked alongside a traditional management group that had also been assigned to get the project done on time and on budget. When the coaches tried to get the teams scheduled for a big room planning session, the management group argued that it would be too expensive for the developers to stop working for two days to plan this Initiative.

The coaches argued that it would be too expensive not to; the cost-benefit of two days far outweighed the costs across the months ahead.

The management group persisted, offering no alternative.

The coaches again tried to escalate the issue, but to no avail.

## **DAY: 37**

The SVP eventually brushed aside the unresolved capacity issue and requested an estimate. If the numbers worked, they would greenlight the project. Then the managers would be forced to figure out their capacity issues.

Still unable to communicate directly, the coaches tried to stitch the teams together, and continue the work. In this manner they helped the teams to break the business features into customer facing user stories, and then broke those stories into the technological slices appropriate to each platform. These were entered into the Agile software to help provide visibility.

Then came an unexpected success.

## **DAY: 40**

Just as the stories are getting put together, the big room planning event was scheduled.



Behind the scenes, a VP from the business had become involved. The executive exerted a lot of pressure and influence.

With their push, the last of the stories would be entered, dependencies would be mapped, and over 80 teams would have configured their backlogs by the end of the two day, big room meeting.

But something else had occurred behind the scenes while this was happening.

### **DAY: 47**

The amount of money requested by each platform was so high that leadership did not believe the amount of work reported was realistic. They pushed back on the high cost, forcing the teams to replan and to get back to them with "better numbers."

### **DAY: 63**

The teams spent another couple of weeks on their estimations. They sent back fresh numbers and were finally ready to go, but nobody started. The capacity was cleared, and the plan was in place, but

no one could start working because the budget remained in limbo.

### **DAY: 67**

After a period of uncertainty they got their reply. Leadership had determined that the estimated cost was still too high, and had put the entire initiative on hold.

This hold meant that the teams had been planning, and doing their analysis, against an imaginary budget. They had billed at this point about \$800,000.

The project then sat on hold for over a year and a half before the company picked it back up. At this point there had been so many changes and reorganizations across platforms and teams that the \$800,000 plan was useless. **The whole effort was planned once again in a new budget cycle, and the product was eventually launched, but not until more than 2 years had passed.**

# HOW DO **ORGANIZATIONS** **LOSE THEIR WAY?**

“The work of every workman is fully planned out by the management at least one day in advance and each man receives in most cases complete written instructions, describing in detail the task which he is to accomplish as well as the means to be used in doing the work”

Frederick Winslow Taylor<sup>2</sup>

In the first half of the tale, the coach enjoyed the support of leadership, and leadership actively enrolled management. Together they took calculated risks, and together they worked to reach the same unified goal.

The second half of that tale chronicles a well intentioned but dysfunctional effort. One that faced a common series of organizational problems.

The domestic teams tried to repeat the success of their international counterparts, but they insisted on doing it their own way, which was ultimately and unfortunately the old way. Leadership issued a directive and then was largely absent. Management left the business of being and doing Agile to the coaches. The coaches were largely successful in overcoming resistance in the end, but it didn't matter.

If the second half of the tale sounds like a story about Waterfall, that's because it is. But this company was using Agile, along with an Agile scaling framework that was well established. They had the power of the CIO behind them. They had every reason to succeed.

There were a lot of things missing from this organization's Agile culture, so the predictable behavior was then to default to the Waterfall behavior -- to push on anyway because it's important. There was a lack of organizational alignment. There was a lack of connection between capacity and planning. There was a lack of team engagement in the planning process. They forged ahead anyway, but they did so blindly.

# Agile practices do not guarantee agility

*'Agile for Agile's sake'* is the name commonly given to the practice where organizations adopt Agile without understanding its purpose. They focus on the rules of their frameworks instead of the underlying values and principles concerning better quality, clarity of process, and improved results for teams and customers.

Since 2007 there has been an unbroken trend. The highest ranking obstacles to adopting and scaling Agile are consistently linked to **organizational culture**, or to **individual growth and support**.<sup>3</sup> Organizations primarily invest in process, structure and tooling, but these are not the factors that block Agile.

## **What are we missing?**

We live in a VUCA world, and in this world, building in support for change can no longer be considered optional. Applying a process without redefining your culture in line with Agile values and principles inevitably leads to an outcome like the Company in the two tales above.

# Agile is incomplete

Agile works. It has transformed software engineering as an industry, and because every company is in essence a technology company, it will continue to transform organizations across all types of industries. However, agility often fails, and frequently frustrates -- usually in predictable patterns.

Frameworks are very clear on what you should do; and in many cases, how you should do it. But they lack an approach that systematically describes how to make it work.

Though Agile is often blocked by managers from the middle, this is not simply a management problem. Many leaders only push agility for technology teams. Limiting agility to a few technology teams creates problems in organizations with rigid systems, processes, teams or leaders. The reality is that the PMO team, the sales team, the marketing team... all teams must become agile teams. Those that don't, will continue with out-dated cultures that actively conflict, or may even be entirely incompatible with, the culture and goals of the agile teams they interact with and depend on. That friction results in repeated

compromises that push companies like the one in the two tales, further from an Agile result.

An organization doesn't make the shift toward agility unless they can bring into reality both Agile culture and Agile behaviors. It is the behaviors that make agility work, not the process.

### **What are we missing?**

Agile is missing an understanding of what prevents Agile from working, and the tools to address that.

Agile answers the many of the problems it was tasked with answering, but only within the right context. This leaves organizations with problems that they are struggling to solve. Agility as a goal can be achieved if we can learn how to understand these problems.

## **Agile doesn't scale because of people**

With its economies of scale, why is it so difficult to do even better work at ever larger scales?

At larger scales it becomes impossible for any person to handle the full volume of all available information, to be involved in every decision, or to influence every team's dynamic. The larger an organization grows, the faster it operates and the more leaders are forced to 'manage by numbers'.

As the complexity grows, metrics become a proxy for interaction, communication, and even influence. Those elements of the organization's world that cannot be easily measured instead become increasingly less visible, and eventually invisible. The most valuable skill that members of these organizations' can develop is the ability to change their particular metric in whichever direction will produce a reward.

Move the lever, get the reward. Repeat.

Agile was created for implementation with teams. At the team level of scale it is easier to understand the problems we are faced with. It is easier to recognize issues more quickly, as they arise. It is easier to keep work in sync with team members. It is easier to switch roles. It is easier to be transparent, and to build trust. It is easier to learn each other's quirks and strengths. It is easier for your efforts to be recognized. It is easier to recognize the impact of our decisions and actions on those around us. It is easier to keep the rules



simple and less formal which means responsive behaviors, and more agile behaviors.

Each additional person increases the difficulties. Each additional team adds new layers of both individual and team dynamics. Within the team level, these differences are assets and resources that power problem solving, quality control and innovation. At the organizational or enterprise level, these differences become layers of complexity and uncertainty that hinder agility.

Agile was built for teams and developers, by team members and seasoned developers. Scaling Agile to teams-of-teams, managers, leaders, and entire organizations has never really worked, but agility and agile thinking can be scaled once we realize that it must be adapted to a more complex set of circumstances. Circumstances that are as unique to each company as each individual is.

The company in the twin tales is offered as a warning. If leadership is not willing and able to invest in and push for change at all levels, then only engineers will be held to Agile principles. Product owners, stakeholders, and managers will continue to fall back on old familiar habits when faced with uncertainty. They will be unable to understand what developers are trying to accomplish with their new Agile behaviors. More importantly, they will be unable to understand why.

In the second half of the tale, many of the parties are focused on whatever lies within their own domain. They have no power beyond their 'borders,' and they are disincentivized to risk looking for synergies. Every effort is instead optimized locally. Having fulfilled the requirements within their domains, they are free to blame someone else for everything else.

### **What are we missing?**

Leaders don't necessarily understand what has to change. An organization cannot simply apply a coach or scrum master to a problem area and effect a 'cure.'

Organizations need the right tools in place to make *cultural* change. This includes the empathy to understand that everyone will have to experience the uncertainties, the challenges, and the pain of change; and they have to embody that change in order to reach the new state.

Simply focusing on KPIs and results and getting things out the door means treating workers like robots and forgetting that there's a human component to rules, to processes, and to the outcomes.

# Agile for all the wrong reasons

Why do organizations choose to adopt Agile?

Organizations seek Agile to improve their processes, but Agile values “individuals and interactions over processes and tools.”<sup>4</sup> This values misalignment has hidden consequences that run very deep.

- Managers tell their teams to focus on the process and the outputs, while quietly holding them responsible for the outcome.
- Organizations selectively adopt Agile practices that align with their current ways of working, yet neglect valuable practices that represent a truly new way of working.
- Leaders myopically focus on teams on getting stuff done at the expense of having visibility to strategic goals that lead to the right stuff getting done.

Many leaders hear that Agile will make better workers, or get developers to produce better software. What does that translate to them as? Faster time to market, more sales, more profit.

An effective Agile team certainly can cut costs by catching errors or identifying opportunities earlier, when it is cheaper to address them. Agile methods improve communication which often leads to better predictability. But revealing flaws in a plan, or opportunities for improvements can also extend the time and increase costs in the pursuit of a better outcome.

Agile methodology is designed to help teams solve problems and communicate progress more effectively, and more frequently. Agile is designed to allow for rapid changes and course corrections. Agile is not designed to cut costs, or to speed developments. **Agile is designed to help developers work in a way that leads to better results -- for customers.**

### **What are we missing?**

Most leaders cannot honestly say what the end-state of transformation looks like. They've never seen it. All suggestions of what that state looks like and how it will be successful are fantasies fabricated to sell a vision.

Transformation is innovation. It requires learning, discovery, creativity, empiricism and experimentation. It is a journey of change that requires a set of tools that can guide the right kinds

of change. It requires tools built to handle uncertainty and the realities of the human experience.

The pursuit of better outcomes is a big-picture/long-term strategy that benefits the organization by improving the lives and experiences of people first.

## Un-Agile ways of doing Agile

Spotify made waves after sharing changes that reportedly made them more agile and created successes for them. Spotify told others not to copy *what* they had done. Still, organizations began using the 'Spotify model,' never seeing the same degree of results. [X]

Most of these organizations didn't even realize that the 'Spotify model' that they were using, was something they themselves had created. It was based on the outcomes of a journey toward agility, not on the journey they would each need to make for themselves.

Many Agile implementations strongly exhibit fake-it-til-you-make-it behaviors. Workers shuffle through Agile practices without an understanding

of the intended purpose of the ceremonies or metrics.

Many organizations view Agile as a process to be installed rather than recognizing that it requires a fundamental shift in how we think, work, and organize.

When organizations treat Agile as a process to be installed:

- Agile is made into a compliance initiative by leaders.
- Frameworks are selected because they offer observable tools and measurable artifacts.
- People are trained and certified, but only in the process of Agile. They have no idea how to achieve results from that process.
- Organizations hire those people thinking they'll get Agile results. They blame workers for falling short of expectations.
- Sprint planning creates a bunch of tasks from a work breakdown structure that was created by the PO instead of the development team.
- The purpose of team members is to do the things on the sticky notes.
- Leadership sets dates without knowing what is working.
- The uncertainty around iterative learn-as-you-go work feels like a threat to bonuses, status, and career ladders -- mostly

because it would be threats under the previous (and persisting) Waterfall system.

- Maintaining the old status quo of command-and-control brings comfort to those who fear losing their positions if the new processes don't work as expected.
- Managers who had vocally embraced Agile, now use it to force longer hours and to micromanage teams.
- The new methods become little more than new names for the old processes and culture.
- Even the donuts and bagels make a return as the daily stand up meetings become 45 minute long status reports.
- Everyone can technically say "I did the Agile [fill-in-the-blank]. If the magic didn't happen, blame someone else."

The earlier twin tales show us that Agile thinking can work, but even in cases when it initially delivers results, transformations become corrupted or subverted. Even when organizations understand that agility requires a fundamental shift in planning, cooperation, and execution, old traditional Waterfall behaviors labeled with the new Agile terminology become more common than new Agile behaviors.

## **What are we missing?**

Agile-in-name-only is the foreseeable outcome of an invisible pattern of organizational responses to change.

- When we begin to re-organize teams, roles, and responsibilities, where do the old leaders with their knowledge, influence and expertise go?
- How do we ensure that change is only led by servant leaders who deeply respect their teams?
- How can we incentivize an alignment around the thing that matters, which is to transform the existing culture before we can expect to achieve Agile results?
- Even when we think we are prepared to change how we organize and how we do work, what tools do we have to guide people (individuals and teams) as they navigate a culture change?
- How can we be agile about the ways in which we change their mindset, their ways of thinking, and their opinions?



# WHY DO **ORGANIZATIONS** **LOSE THEIR WAY?**

The problems that our Approach is designed to address are the ones that persist because they are difficult to solve if we only know how to make changes to our processes.

Broadly, these issues concern culture, behaviors, and the realities of our human nature. Many of these issues can feel risky or may be considered off-limits because they are challenges pertaining to cultural and human specific qualities. We avoid or accept them, but not because they cannot be addressed. We avoid them because:

- Organizations lack the tools to address them in a healthy manner.
- We are unequipped to understand and address subjective issues objectively.
- The leaders tasked with addressing them are part of the experience without realizing it.
- Many of these problems are assumed to be inevitable and unchangeable.

- Our own perspectives often make the root causes of these problems invisible to us

## Humans are complex

Legally, organizations are complicated entities. It would take many paragraphs to describe the boundaries and scope of one. But we should never confuse the organization with its context.

Humans are complex: “... *the main difference between complicated and complex systems is that with the former, one can usually predict outcomes by knowing the starting conditions. In a complex system, the same starting conditions can produce different outcomes, depending on interactions of the elements in the system.*”<sup>5</sup>

Humans build organizations in order to harness the value generated by a complex system of human interactions; between leaders, managers, teams, customers, marketing opportunities, unexpected illnesses, industry constraints, legal constraints, political uncertainty, technology trends, and even pure happenstance.

As a result we get company politics, innovative breakthroughs, branding mishaps, legal victories, and the real reasons no single Agile implementation

will ever look the same, or work the same, for every organization.

**There is no one-size-fits-all-process. We can't say this enough times or in enough ways.**

1. The outcomes of complex systems are primarily determined by the dynamics of the system, not the inputs.
2. Complexity has too many unknowns and too many interrelated factors to be contained by rules and processes.<sup>6</sup>
3. Complexity cannot be seen in its entirety, nor understood, using only one perspective.
4. Humans are complex creatures capable of thriving in complex systems if we let them.

## A lack of alignment

In companies with little to no alignment, organizational goals become a paradox. The strategic objectives of leaders are translated separately into distinct goals for each individual and team. These separate goals lose all connection to each other, and become completely localized with no awareness of their impact on the whole.

As long as each department or team completes its own goals, then given its incentives, and what it knows, it has every reason to believe that it has

helped achieve the organization's goal, regardless of the actual outcome or impact. Again and again, every goal at the organizational level becomes the same thing, blind meaningless compliance regardless of the consequences that may have.

When an entire organization is in alignment, the individual goals remain, but they are in a coordinated agreement with the organization as a whole and all of its parts. Their individual priorities remain, but they serve to uphold the unified purpose of the organizational whole.

On **Day 1**, the company above was not aligned. The Leadership threw coaches to "swarm" the project in order for them to enforce compliance, rather than the intended goal of coaching which is enablement.

## No line of sight to impact

Humans regard meaningful work as being more valuable. [X] This means work that makes sense, connects to purpose, and matters. [X] Without meaningful work, these workers and teams are left feeling disconnected -- siloed. The value of their efforts is hidden from them, and the ability to improve any part of the system beyond the boundaries of their cubicles is defeated.

When any part of an organization, especially leadership, lacks line-of-sight, changes are made in isolation leading to energy being wasted on local optimizations that cannot improve outcomes for the larger system.

*"Things are moving faster but I don't see anything getting to market any faster."*<sup>7</sup>

On **Day 22** the four most impacted platforms refused to coordinate with the others. They chose their own preferred tools at the expense of the project and the goals they shared.

## Everyone has their own priorities

Human collaborations are plagued with competing priorities. They influence our communication, our behaviors and even our perspectives.

Individuals are expected to have narrower priorities, but every group from teams to departments have their own priorities as well. Some of these are based on role descriptions that prescribe responsibilities for each individual. Priorities are also created by our value systems, our perspectives, and reinforced by expectations, career goals and incentives.

Priorities affect interpersonal communication and understanding. They also affect alignment and buy-in. If a proposed initiative threatens to upend the metrics that a worker's bonuses are based on, or if it fails to address the concerns their job description defines, it becomes self-defeating for them to offer their support.

Organizations often provide the wrong incentives for an individual or group, or they inadvertently offer incentives misaligned with the organization's goals.

On **Day 31**, teams felt the need to pursue their existing priorities over that of the CIO. Why would the organization expect engagement when the team's performance goals would be compromised by a new initiative that may never start? What if the lost time is held against them? If they can steal the extra time to advance their performance metrics, isn't the company effectively rewarding this behavior?

## Siloed behaviors

How an organization responds to the VUCA elements can determine if its members recoil with fear or venture forward to explore new

opportunities. The organizations we work with are frequently trapped in cycles of power and safety. They often try to foster a culture of collaboration and learning that is built on trust and transparency, but they don't know how to unteach the pre-existing culture.

### **How do organizations define value?**

Leaders readily see potential gains from rewarding internal competition, but less apparent is the consequence of sacrificing actual collaboration. Leaders recognize that competition can pressure teams to innovate or improve, but local optimization also creates bottlenecks and waste. Competition can indeed be healthy, but only when the parts of an organization are aligned by a common purpose.

Through scarcity-driven budgeting, teams are rewarded for hoarding resources, information and learning, even when it comes at the expense of the organization they are a part of. We can also encourage collaboration by rewarding it; but only if we remove the more traditional incentives that drive each group to work independently or to play it safe.

On **Day 32**, the management group refused to make time for the proposed planning. Even the coaches were forced to rely on a hope that the authority of higher powers would intervene and

force compliance. There was no incentive to collaborate that was stronger than the incentive not to.

## Short-term/small-picture thinking

Third-party timelines, stakeholders invested in for short term returns, a shift from value creation to value extraction,[X] these are constant pressures for organizations. They drive an organization's focus away from the creation of long-term value. They unintentionally reward unsustainable practices focused on the small-picture.

"Businesses who focus on value creation and those who focus on revenue extraction look very different when you look at their priorities. And, really, that's all this is — a priority issue."<sup>8</sup>.

Increasingly customers are demanding corporate social responsibility because organizations are a part of the world's problems.

Leaders are asking the right questions but often delivering the wrong answers. They are narrowly



focused on optimizing for incomplete goals. They are failing to address the whole organization in the context of a larger world, or failing to see the whole market in the context of their long-term needs and values.

On **Day 37**, the SVP ignored the problem of siloed behavior. They forced a short-term, small-picture solution that demonstrated a long-term acceptance of the situation and the inability to avoid it.

## We are denied the power to make change

In a VUCA world, the pervasiveness of risk often results in an acceptance of the status quo in exchange for the stability it promises. But it is through experimentation and failure that uncertainty becomes a source of innovation. The costs can easily be managed if these explorations are kept small, iterative, and discovered early using Agile principles.

**In a game of chess, lost pieces, even valuable ones, are part of the winning game.**

So why don't people take risks, even when we want them to? Short-term thinking in leadership, a lack of clarity around goals, the wrong incentives, the inability to see our impact in real time... many factors rob us of the power to make changes, even when we are faced with the need and the opportunity to.

When teams believe they will not be penalized for small mistakes, their outcomes improve.<sup>9</sup> The risk of failure is an integral part of learning. Continuous learning (and therefore a continuous acceptance of managed risk) is an integral part of agility.

Organizations like the one above inadvertently discourage people from leveraging what they do best. They hire skilled workers for their judgment, but then hesitate to trust them to use it, even within the domain of their expertise. Organizations lack the tools to shape and guide behaviors for the modern world. They continue to rely on the archaic tools of dictating worker goals and worker methods.

Effective and aligned autonomy can address any foreseeable level of complexity by unlocking the judgment, creativity, and empathy of individuals; something that rules, processes, and 'management-by-numbers' cannot achieve.

On **Day 40**, a VP intervened to unblock efforts being made to gather the teams for planning. The VP demonstrated the power of an individual, but they did so by also demonstrating the powerlessness of every other individual involved to manage themselves.

## The persistence of bias

Organizations like the one above have a bias towards processes and tools because these are easier to understand, to communicate, and to measure.

Rather than embracing innovation and change, an organizational bias toward procedure will encourage behaviors around compliance and the avoidance of mistakes. *If I follow the procedure, a poor outcome is not my fault.* The organization shifts from a culture of doing what is best, to doing what is safe, or defensible.

We all have biases as individuals, and groups such as teams or departments will have their own. A bias can be a handy short-cut, a tool to keep us focused, or an expression of our priorities. The hidden problems that arise are:

- Our inability to see our own bias,
- That they are often unconscious and invisibly affect our objectivity, and the value of our conclusions,
- The blind spots they create to situations or needs that are interrelated,
- They prevent us from seeing the whole picture,
- They can trick us into finding problems where we expect them to be, rather than where they truly exist.

On **Day 47**, leadership balked at the proposed estimates, assumed the figures were padded, and ordered the groups to essentially fabricate new numbers. This was not a dialog. The new numbers could raise the risk of (otherwise foreseeable) cost-overruns, and justify the impulse to pad estimates in the future. The expectation of padding creates the reality of it, justifying the expectation. Can we create a reality in line with our ambitions and not our fears?

## Individual engagement

Theory Y and Theory X describe how management's view of workers can impact the culture and performance.<sup>10</sup>

**Theory X** managers assume workers dislike their jobs, lack intrinsic motivation or aspirations, and that they require and even desire the direction of managers.

**Theory Y** managers assume workers are proud of their work, self-driven, and would rather contribute to decision making.

Agile believes in a Theory Y world. When managers hold a Theory Y perspective, the expectation itself has been demonstrated to result in better outcomes. But this can only be applied to industries that benefit from individual responsibility, creativity, and learning. The tools we use to manage modern organizational cultures are inherited from manufacturing companies. They are largely predicated on the view of a Theory X world.

**Contingency theory** extends the previous research by showing that the blend of management style that works best is the one that fits the organization and the work being performed.<sup>11</sup> Within an organization, different departments and teams may have a separate blend of management styles that best fit them.

On **Day 63**, the employees were in a state of limbo, waiting rather than doing. This is a sign that many of the factors of engagement such as meaning, autonomy, and the right incentives were missing.

An effective Approach would address the many facets of workplace motivation and demotivation regardless of the many existing managerial styles or the organization's goals. Any single one-size-fits-all approach to management (Theory X or Theory Y) will always fail to engage an entire organization. What is missing is a unifying philosophy to guide them.

## Decision making is hampered

In a letter to Amazon shareholders, Jeff Bezos described Type 1 and Type 2 decisions. **Type 1** Decisions are irreversible and hugely consequential. **Type 2** Decisions are changeable and short-lived.

He concluded that:

*"As organizations get larger..., [they] use the heavy-weight Type 1 decision-making process on most decisions, including many Type 2 decisions. The end result of this is slowness, unthoughtful risk aversion, failure to experiment sufficiently, and consequently diminished invention.... Any companies that habitually use the light-weight Type 2 decision-making process to make Type 1 decisions go extinct before they get large."<sup>12</sup>*

Insular priorities, invisible biases, inappropriate incentives, managerial demands, outside pressure and scrutiny, a lack of line-of-sight, and short-term thinking can all impact how we interpret or distinguish between type 1 and type 2 decision making scenarios. In the response to uncertainty and in pursuit of safety, we treat type 2 decisions as irreversible when they are not. We commit to our chosen paths despite the feedback or outcome. As a result the consequences of relatively minor decision making grows more severe, justifying our initial treatment of most scenarios as being type 1.

Leaders, managing by metrics, are unable to address the root cause of this. Instead they can only wait for a crisis to reveal the underlying problem. These too are treated with type 1 decision making, and new rules or processes are forcefully installed for everyone.

On **Day 67**, after an enormous Waterfall-style planning effort, leadership pulled the plug. A type 2 decision making process would have entailed leaner budgeting using relative estimation, and a more Agile planning process. It would have yielded the information needed to make this decision at a fraction of the cost. The lighter plan would have also been reusable, avoiding the additional waste of resources when the project was replanned years later. Even under the guise of Agile, the weight of the Waterfall traditions forced a Type 1 decision making process.

# How organizations will find their way again

This book challenges the belief that these problems cannot be solved. Siloes and resistance are not human nature. Collaboration is. Persistent miscommunication and conflict are not the unavoidable costs of dealing with human workers. They are the product of organizing ourselves around our rules and processes and not around our human interactions.



Agile-in-name-only is not the result of ineffectual teams. It is a repercussion of optimizing for fixed outputs rather than supporting the dynamic creativity that powers human outcomes.

Agile is incomplete because the problems that block it are not things we only experience as members of teams. These issues are interwoven with every level of the organization, from the individual to the enterprise. In this book we're going to show you how to see and understand these issues as they occur across the entire organization and in a way that allows you to address them completely.