A Holistic Model for Agility

Elements for future-fit organizations

Fast prototyping instead of detailed concepts, iterative steps, early results for reflection and learning, involving customers, self-organized teams, inspiring working environment, Kanban boards and some more aspects form the core of agile working. During the past few years, many organizations have made substantial progress in adopting agile methods in their way of working.

by Eva Grieshuber and Franz Schwarenthorer

Based on the learnings from our close collaboration with these successful projects, we have further developed our model »more agile organizations,« published in 2017. One of the key learnings from recent years is that organizations need a common basis before starting the journey towards more agility. Agility is not just a way of working, but a special kind of mindset. People in agile organizations share certain values and attitudes and act accordingly.
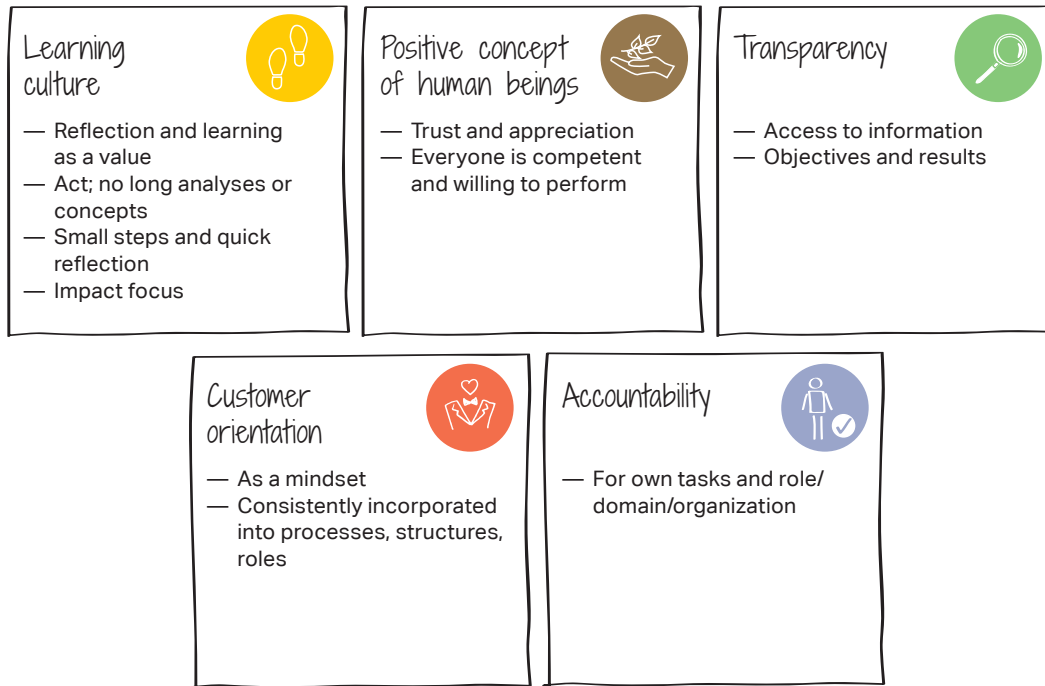
As long as the agreement on agile principles and beliefs is strong, agile organizational structures, tools and instruments (described later in the »seven elements«) can show the desired benefits. For more information, see the illustration on the next page.

Principles and beliefs

Learning culture
Team goals, transparency, iterative steps and early results are the basis for common reflection and learning. In regular loops (e. g. on a weekly basis), teams review the status and, if necessary, adapt their approach. Once every four to six weeks they systematically review goal achievement and reflect on their cooperation in the team (retrospective). What counts most is the attitude of trying things out, being curious and seeing failures as a source of improvement and learning. ►

Principles and beliefs as fundamental building blocks for future-fit organizations

Learning culture	Positive concept of human beings	Transparency
— Reflection and learning as a value — Act; no long analyses or concepts — Small steps and quick reflection — Impact focus	— Trust and appreciation — Everyone is competent and willing to perform	— Access to information — Objectives and results

Customer orientation	Accountability
— As a mindset — Consistently incorporated into processes, structures, roles	— For own tasks and role/domain/organization

Positive concept of human beings

Agile teams define the goals they want to achieve and the way to achieve them on their own. Trust from the organization, and most notably, from the leaders, is required so that teams and individuals are able and willing to perform. Self-organized teams have to act highly autonomously within a specific framework. They need a common purpose and objectives, a clearly defined scope and conditions regarding infrastructure and resources. Our concept corresponds to »Theory Y – Concept of Human Being« (management professor at MIT Sloan D. McGregor). He states that »People want to grow and achieve goals.« Nevertheless, most companies are organized along »Theory X« (»People don't like to work and have to be forced«), which results in a leadership style of command, control and mistrust.

Transparency

Self-steering without transparency concerning results is impossible. Committed teams need to know the actual status of progress and achievements on every level. Transparency supports coordination and alignment, and fosters self-steering. Furthermore, when information is no longer an instrument of hierarchy but accessible to everyone, it can become a powerful tool to work with.

Customer orientation

In a fast-changing environment, the constant involvement of customers in innovation and delivering processes is key. Find out what the customers need, present minimum viable products, receive feedback, improve and get a good product. This shifts the mindset from »we assume we know what the customer wants« to »we understand what the customer needs.«

Accountability

In order to earn trust, teams and individuals have to show accountability for objectives, their own area of responsibility, as well as for the organization as a whole. They are able to fulfill their commitments and rise above their own »silo« to keep the common goals in mind.

Model of seven elements

There is neither one unique vision of an agile organization nor a single path to agility. Each organization has to find its own approach. Before you are able to define the future picture of »your agile organization,« you will have to ask: What should agility be the answer to? What do we want to achieve?

On the one hand, you will find several reasons outside the organization (VUCA, ever-faster changing environment, more demanding customers, …). On the other hand, you can identify reasons inside the organization (Generation Z, more demanding employees concerning an attractive purpose of the organization, the leadership style, their involvement in goal setting and decisions, …). These conditions form the basis for applying the seven elements of our model (see illustration on the next page). What could be a good vision of our company being more agile? Which elements could be helpful for us to head in this direction? Where should we start?

Strong purpose

We don't just randomly start our journey through the model at the center. The purpose forms the foundation for collaboration in the organization. It provides answers to the important questions: »What do we want to bring to the world and to our stakeholders?« »What is our contribution to society?«

EXAMPLES

- ➤ **IDEO:** »We create positive impact through design.«
- ➤ **Google:** »Organize the world's information and make it universally useful and accessible.«
- ➤ **Singularity University:** »We want to make a better living for 1 billion people.«

Strong purpose, a clear strategic ambition and shared values serve as the guiding framework for teams and individuals to act in a self-directed manner within these clear boundaries.

An attractive and meaningful purpose brings orientation to teams, helps prioritize their resources and defines how they can best contribute to fulfiling the common goal. In (more) agile organizations, so much time is spent on dialogue. This serves as a reminder of purpose and strategic ambition and helps translate it into more concrete goals. It is also necessary to pay close attention to the organizational culture by reflecting and further developing the norms, values and basic beliefs regularly. Which aspects of our culture support our purpose, strategy and agility? Which aspects hinder living this purpose? Can we implement trust, transparency, accountability, appreciation and openness to support agility?
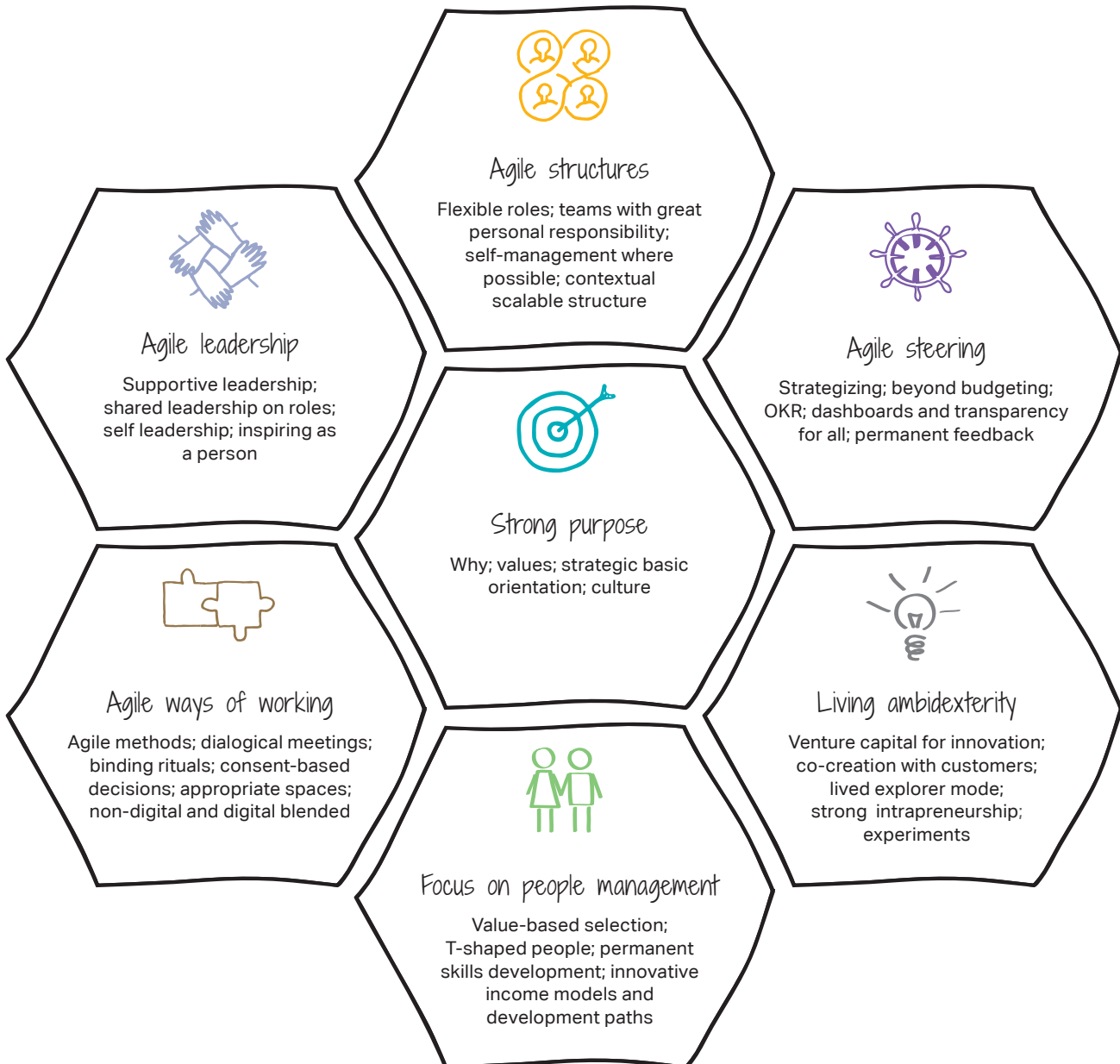
Agile structures

With the second element of our model, we describe an organizational setup that combines the »best of both worlds.« We aim to operate efficiently and effectively (OPEX) while being able to quickly adapt to changing needs with a combination of stable and flexible elements. Stable elements are, e. g. clear roles and responsibilities combined with a small set of core processes. This allows quick reactions since there is no longer the need to agree on »who is doing what« every time. These roles and processes are certainly not carved in stone; they are reviewed regularly and changed if necessary.

We create (high-)performing, self-organized teams with end-to-end perspective and full accountability. Teams can be seen as organizations' smallest building blocks. Ideally, the whole organization works as »a team of teams« (see book recommendation). By focusing on the support and development of the team structure – if necessary, break up teams or kick off new teams – agile organizations can adapt more quickly to changing needs. Multiplication and the coupling of teams allow you to scale the organization quickly.

Agile steering

Steering in a (more) agile organization differs in various aspects, one of the most important ones being transparency. An agile structure needs openness and full access to all kinds of information as well as a timely and accurate overview of activities and results. Kanban boards or dashboards on objectives and results on individual, team and aggregate levels (OKR – Objectives and Key Results) help to achieve transparency. Additionally, it fosters a high level of self-steering in contrast to steering centrally (by superiors, by program or project managers, etc.). Based on the data provided, reflection and feedback are key for (self-)steering and learning. In agile organizations, feedback is anchored on various ▶

Our model of seven elements for more agile and future-fit organizations

Agile structures
Flexible roles; teams with great personal responsibility; self-management where possible; contextual scalable structure

Agile leadership
Supportive leadership; shared leadership on roles; self leadership; inspiring as a person

Agile steering
Strategizing; beyond budgeting; OKR; dashboards and transparency for all; permanent feedback

Strong purpose
Why; values; strategic basic orientation; culture

Agile ways of working
Agile methods; dialogical meetings; binding rituals; consent-based decisions; appropriate spaces; non-digital and digital blended

Living ambidexterity
Venture capital for innovation; co-creation with customers; lived explorer mode; strong intrapreneurship; experiments

Focus on people management
Value-based selection; T-shaped people; permanent skills development; innovative income models and development paths

»You get the best out of employees when you treat them as entrepreneurs.«

Jurgen Appelo

levels: mindset, culture, processes and tools. On the mindset level, this means giving and receiving feedback is seen as a value and gift; it is a natural part of culture. Feedback ideally takes place informally and timely, as well as in an institutionalized, structured way by using proper tools. Steering in an agile organization always relates to the strategy. Instead of long-term strategic plans and huge project portfolios, organizations need to focus on observing outside and inside developments, quick interpretation, regular reflection and, if useful, adaptation on the operative, strategic level.

Living ambidexterity

»It's not either or; it's both and more.« This principle is especially true when it comes to the question of whether to focus on operational excellence or innovation, a question we still frequently hear. In agile organizations, both can be achieved with an ambidextrous operating system. This does not only afford appropriate processes and roles, but is also a specific mindset. While many organizations have a strong OPEX mindset, the innovation mindset is often less developed. It includes a strong emphasis on co-creation with customers, intrapreneurship and exploring. Prototyping – and failing – is seen as normal and therefore appreciated. An agile mindset opens possibilities for innovative budgeting and funding. Venture capital is no longer steered merely by expected return and costs, but regarded as a bundle of investments.

Focus on people management

Good human resource management is a strong enabler for future fitness. Beginning with the selection and hiring process, focusing on attitude instead of skills and a strong fit between individual and organizational values supports team development. Ideally, teams are diverse. Individuals are »T-shaped,« ensuring the necessary depth of expertise in a special field as well as a kind of higher-level understanding of other fields of expertise. The feedforward process of permanent skill development in various learning formats and continuous performance management supports self-development to mastery. Combined with innovative development paths, like expert careers instead of hierarchical career paths, new income models and team or cross-team instead of individual incentives, you gain a highly attractive environment for committed people.

Agile ways of working

Agile methods foster creativity and the generation of ideas. Many methods like Design Thinking, or consistent and clearly structured development and deployment, e. g. SCRUM – i. e. working in sprints – play a crucial role. Dialogical meetings in a professional way – clear objectives, agendas, roles, time-boxed, adequately prepared and followed-up – and appropriate ways of decision-making, e. g. consent, integrative decision-making or systemic consensing – are key elements of agile working as well. Multi-usable spaces for collaboration, a digital mindset, tools and processes combined with non-digital ways of working in a »blended« mode top this off. Applied consistently and reflected regularly, it will not only improve the application, but also support the necessary mindset change.

Agile leadership

It is not true that agile organizations do not have leaders and hierarchy. But the understanding of leadership is quite different from the status quo in many organizations today. Agile leaders see their role as supporter, as servants of the organization and their teams. Their role is to coach, ensure the right framework and conditions, and take care of alignment instead of »order and control.« Leadership is not assumed by one single person, but »shared« by having different roles and accountability for different domains. It may happen that one attends a meeting in a leading role and the next meeting as a »normal« team member. Last but not least: A central concept of leadership in an agile organization is self-leadership: »lead yourself instead of being led.« Everybody feels accountable for doing the right things in the right way and for their own development. In this sense: there is no need to wait for your boss to become agile; you can start in your own circle of influence today. ●

Recommended reading

»Team of Teams: New Rules of Engagement for a Complex World« General Stanley McChrystal, David Silverman, Tantum Collins and Chris Fussell; Portfolio Penguin; 2015