Radical Management:

Making the Entire Organization Agile

The LEADER'S GUIDE to Radical Management

REINVENTING the WORKPLACE for the 21ST CENTURY

How to Inspire Continuous Innovation, Deep Job Satisfaction & Client Delight

STEPHEN DENNING

AUTHOR OF *The Secret Language of Leadership*

Coming Nov 2010

The Agilista PM
...helping you add tools to your tool-belt !!
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PMI Project Management Institute
Agile Community of Practice

Steve Denning

These slides are available at http://www.stevedenning.com/Workshops/webinar-may-6-2010.aspx

Let's start with a poll and find out "who's here?"

I have been implementing Agile
practices in my work for:

More than five years
3-5 years
1-3 years
Less than one year
Not at all

The case of

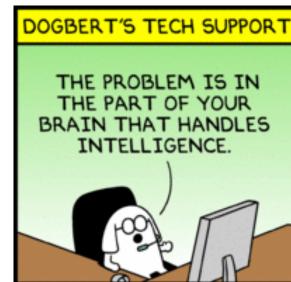CEO Ed Scanlan

http://www.totalattorneys.com/

In 2001, seventeen software developers met in Snowbird, Utah to discuss a basic problem.

Most software was:
- Delivered late, if it was delivered at all.
- Often way over budget
- Full of bugs
- A nightmare for the software developers.

Life was a Dilbert cartoon or worse.

DOGBERT'S TECH SUPPORT

THE PROBLEM IS IN THE PART OF YOUR BRAIN THAT HANDLES INTELLIGENCE.

Agile was a reaction to traditional management

"Management was originally invented to solve two problems: the first—getting semiskilled employees to perform repetitive activities competently, diligently, and efficiently; the second—coordinating those efforts in ways that enabled complex goods and services to be produced in large quantities.

In a nutshell, the problems were efficiency and scale, and the solution was bureaucracy, with its hierarchical structure, cascading goals, precise role definitions, and elaborate rules and procedures."

Hamel, G. "Moonshots for Management."
Harvard Business Review, Feb. 2009, p. 92.

Traditional management is well-known..

	Traditional management
Goal	The purpose of work is to produce <u>goods and services, or a result</u> (i.e. **things**)
How work is organized	Work is done by <u>individuals</u> reporting to bosses
Plan	Work is done according to <u>a comprehensive plan</u>
Measuring progress	As work proceeds, provide <u>progress reports</u> of what is accomplished
What is communicated	Communications cover <u>what people need to know</u>.
Improvement	<u>Bosses</u> are responsible for productivity
How it is communicated	<u>One-way communication</u>: send messages and tell folks what to do

Traditional management is an integrated
self-reinforcing set of attitudes and practices.

These attitudes & practices are pervasive…

Traditional management

The purpose of work is to produce <u>goods and services, or a result</u> (i.e. **things**)

Work is done by <u>individuals</u> reporting to bosses

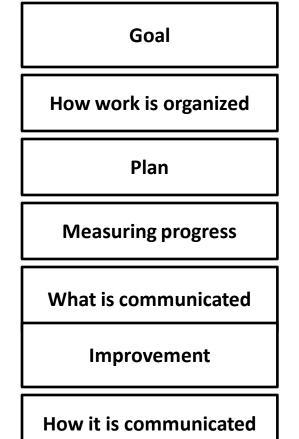Work is done according to <u>a comprehensive plan</u>

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The world of Dilbert cartoons
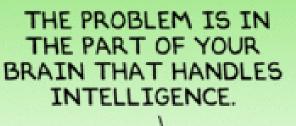
The world of traditional management

Manifesto for Agile Software Development

We are uncovering **better ways of developing software** by doing it and helping others do it. Through this work we have come to value:

Individuals and interactions over processes and tools
Working software over comprehensive documentation
Customer collaboration over contract negotiation
Responding to change over following a plan

That is, while there is value in the items on the right, we value the items on the left more.

February 11-13, 2001
http://agilemanifesto.org/

Twelve Agile Principles

1. **Our highest priority is to satisfy the customer through early and continuous delivery of valuable software.**
2. Welcome changing requirements, even late in development. Agile processes harness change for the customer's competitive advantage.
3. Deliver working software frequently, from a couple of weeks to a couple of months, with a preference to the shorter timescale.
4. Business people and developers must work together daily throughout the project.
5. Build projects around motivated individuals. Give them the environment and support they need, and trust them to get the job done.
6. The most efficient and effective method of conveying information to and within a development team is face-to-face conversation.
7. **Working software is the primary measure of progress.**
8. Agile processes promote sustainable development. The sponsors, developers, and users should be able to maintain a constant pace indefinitely.
9. Continuous attention to technical excellence and good design enhances agility.
10. Simplicity--the art of maximizing the amount of work not done--is essential.
11. The best architectures, requirements, and designs emerge from self-organizing teams.
12. At regular intervals, the team reflects on how to become more effective, then tunes and adjusts its behavior accordingly.

Agile became a huge global movement…

Companies with experience in Agile/Scrum software development

Alterian Technologies		Leapfrog Online	Reaktor Innovations
IDC Technologies	CIBER, Inc	Lexis-Nexis	Red Hat
1&1 AG	Citerus AB	LMCO	Renew Data Corp
24.com	CitrixOnline	Löwenfels Partner AG	Saba
Acquia, Inc.	ClearChannel	Lulu.com	SAIC
Adelaide Bank	Commerce360	Lunar Logic Polska	Salesgenie.com
Adobe Systems	Computer Associates -	Marshall Wace LLP	Sammy Studios
Adobe Systems	Wiley Div	Medtronic	SAP
Advanced Micro Devices	Conchango	Merrill Lynch	Security Benefit - SE2
Agfa Healthcare	Connected Innovation	Microsoft	Siemens Austria
Allianz Germany	CoreTrek AS	Midway	Siemens Medical
American Express	Crisp AB	Mobile Fun Limited	Solutions
Publishing	Cubika	mondora.com	ShopLocal
Argo	Dept of Housing	mondora.com	Smith Seckman Reid, Inc.
andrena objects ag	Dicom	Motley Fool, Inc	Softhouse
Artinsoft	The Economist	Motorola	SoftServe
APL	Newspaper	Motorola Poland	Softtek
Ariba	eFunds, Inc.	Myllerup Consult	SolutionsIQ
ASPgems	eGain Communications	Nokia	State Farm
Atlantic Dominion	Trifork	Nokia NET	State Street Bank
Solutions	Eviture Limited	Nortel	Sun
Attenex	Federal Reserve Bank	Océ	Symphony Services Corp.
AvidXchange	FormScape	Ohio State University	(India) Pvt. Ltd
b+m Informatik AG	FPF	OnCast Technologies	Synapse Technologies
Bank of America	French Post Office	OpenLogic, Inc.	Ltd
Barentz	Fruition Interactive	OpenSource	Syntechnologies AB
Bantrel	Funambol	Connections	SysOpen Digia
Baufest	Gestalt	Outformations, Inc.	Systems Support &
BBC	Google	Outsource Partners	Services
Beenox (Activision)	Hogeschool van Arnhem	International	TechMahindra
BenQ	en Nijmegen (HAN	Palewar Techno	Telegraaf Media Group
Bentley Systems	University)	Solutions (PTS)	NV
BeotelNet ISP	HP	Patientkeeper, Inc.	TexelTek, Inc.
BMC Software	IBM	Philips Electronics India	TransUnion
BNA Software	IDX	Philips Research	TransCore
Bose	Infopark AG	Miplaza/SES	Ultimate Software
British Telecom	InterAct Public Safety	Pinesoft	University of Richmond
California State	Systems	Polycom	Valtech
Automobile Association	InterBusiness	Primavera	Vanguard Group
(AAA) - It Department	Technologies	Qpass/Amdocs	Vertical Communications
CAN	JDA Software Group	Qpass/Amdocs	Verve Wireless, Inc.
Capital One Financial	Key Bank	Qualcomm	Vision Service Plan (VSP)
C.E.S.A.R	Knowtec	Quantum Leap	Vision Software
CENI2T	Korbitec	Innovations	Wizard Information
Chumby Industries, Inc.	Kronos		Services
Ci&T	Lagash		Xerox
	Lash Group		Yahoo
			Zilliant

http://scrumcommunity.pbworks.com/People+at+Firms

Agile was very successful
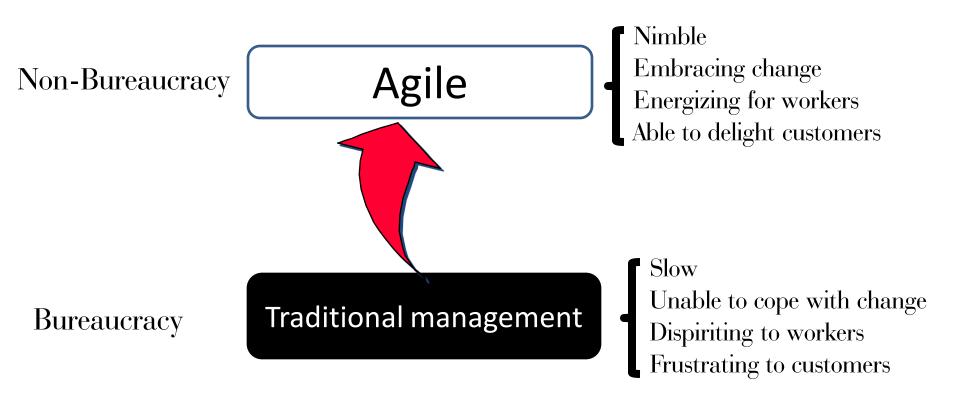
Software was delivered ahead of schedule, within budget and on time.

Customers got what they wanted in record time

The best teams experienced two- to four-times gains in productivity

Work became "more fun than fun" (Noel Coward)

Agile is a different way of managing

Non-Bureaucracy

Agile

Nimble
Embracing change
Energizing for workers
Able to delight customers

Bureaucracy

Traditional management

Slow
Unable to cope with change
Dispiriting to workers
Frustrating to customers
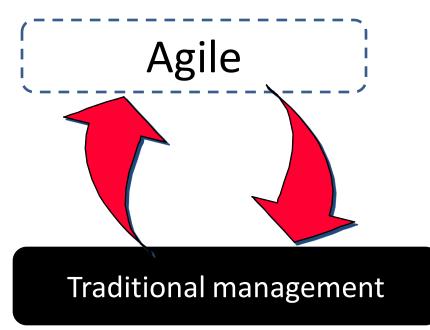
But there were problems…

Some Agile projects didn't work well at all:
(Fully successful projects: perhaps 10%)

Agile was in tension with the way the rest of the organization was run.

- Managers didn't understand it

- Managers tended to "bring the team back into line"

- Many Agile projects were closed down

When Agile is implemented in part of an organization:

Agile is not always stable

Agile

Traditional management

Agile tends to be sucked back into traditional management, which is like the force gravity

Poll #2

In my organization, there is tension between using Agile principles and the way the rest of the organization is organized and managed:
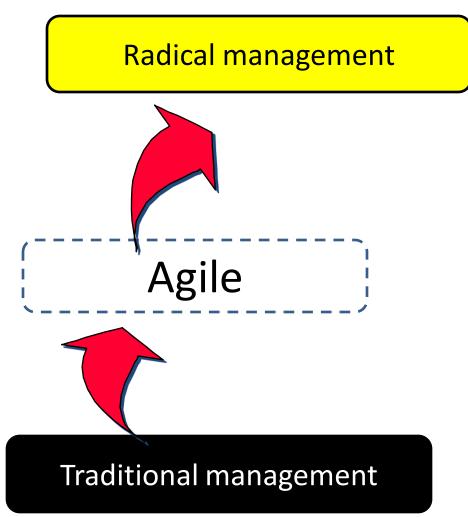
- A lot of tension

- Some tension

- No tension at all

- We are not using Agile principles

- I don't know

Q&A
on
Part I

Some firms have taken Agile to the next level

Radical management

Agile

Traditional management
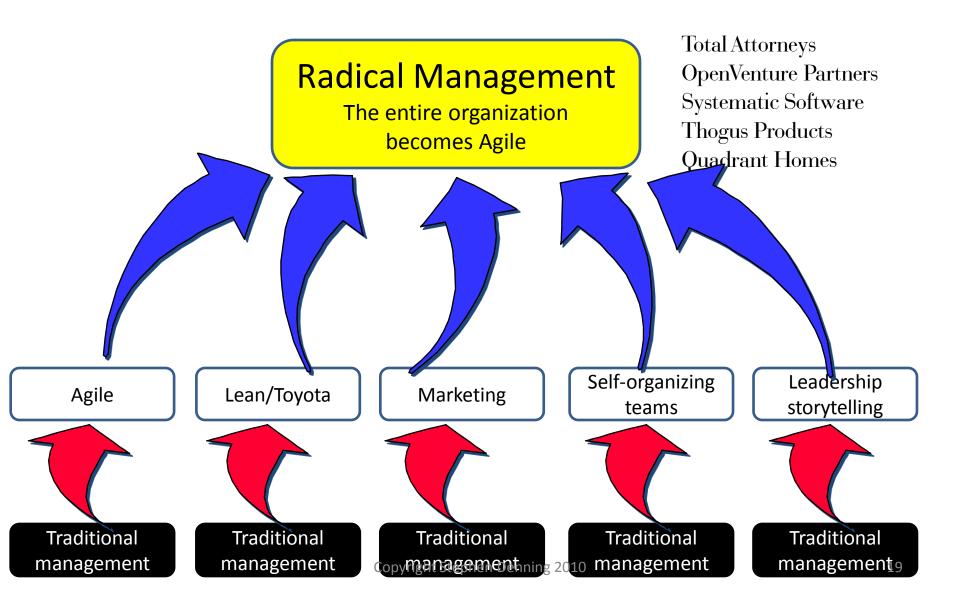
Principles, building on Agile, are applied to the **entire organization**

Total Attorneys
OpenVenture Partners
Systematic Software
Quadrant Homes
Thogus Products

Radical management has many roots…

Radical Management
The entire organization becomes Agile

Total Attorneys
OpenVenture Partners
Systematic Software
Thogus Products
Quadrant Homes

| Agile | Lean/Toyota | Marketing | Self-organizing teams | Leadership storytelling |

| Traditional management | Traditional management | Traditional management | Traditional management | Traditional management |

Some firms have taken Agile to the next level

To make the whole firm Agile, you need the support of the CEO.

To win the CEO's support, you need to reformulate the Agile principles so that they are meaningful to a CEO.

E.g. You have to get the CEOs attention by showing that there is a problem with traditional management

E.G You have to make a positive case for Agile in terms that make sense to the CEO.

Getting the CEO's attention:

Traditional management has big problems ...

Remarkably, the return on assets for U.S. firms has steadily fallen to almost one quarter of 1965 levels . . .

Very few [workers] (20 percent) are passionate about their jobs . . .

Executive turnover is increasing.

Consumers are becoming less loyal to brands . . .

The rate at which big companies lose their leadership positions is increasing.
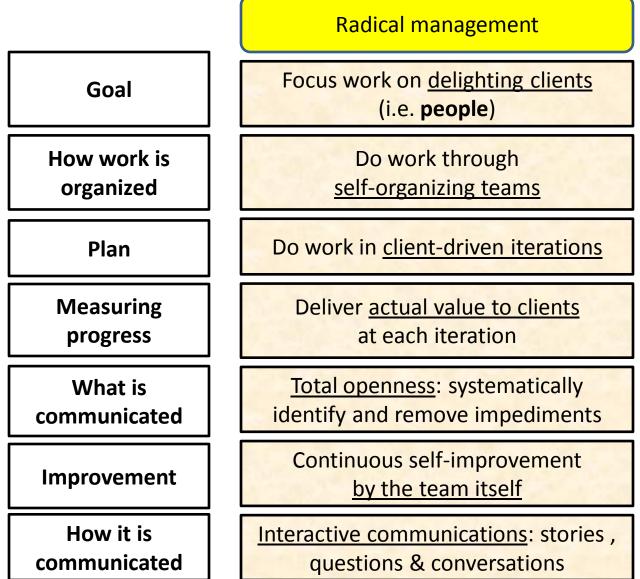
The Shift Index:
Deloitte Center for the Edge
http://www.edgeperspectives.com/shiftindex.pdf

Getting the CEO excited:

Translate Agile into business value ...

A CEO is interested in business results, not "working software".

The business results are:

- constantly increasing the value of what the organization offers to its clients

- delighting clients, not just satisfying them,

  i.e. turning them into supporters and enthusiasts
  for the organization

- creating a relationship with clients, not just selling them something

The principles of radical management

	Radical management
Goal	Focus work on <u>delighting clients</u> (i.e. **people**)
How work is organized	Do work through <u>self-organizing teams</u>
Plan	Do work in <u>client-driven iterations</u>
Measuring progress	Deliver <u>actual value to clients</u> at each iteration
What is communicated	<u>Total openness</u>: systematically identify and remove impediments
Improvement	Continuous self-improvement <u>by the team itself</u>
How it is communicated	<u>Interactive communications</u>: stories , questions & conversations

Poll #3

Where I work, introducing the principles of radical management throughout the organization would be:

- Easy
- Difficult but feasible
- Impossible
- Not sure
- I don't work in an organization

Q&A

on

Part II

Tradition and radical management are very different

	Traditional management	**Radical management**
Goal	The purpose of work is to produce <u>goods and services</u> (i.e. **things**)	Focus work on <u>delighting clients</u> (i.e. **people**)
How work is organized	Work is done by <u>individuals</u> reporting to bosses	Do work through <u>self-organizing teams</u>
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What is communicated	Communications cover <u>what people need to know</u>.	<u>Total openness</u>: systematically identify and remove impediments
Improvement	<u>Bosses</u> are responsible for productivity	Continuous self-improvement <u>by the team itself</u>
How it is communicated	<u>One-way communication</u>: send messages and tell folks what to do	<u>Interactive communications</u>: stories , questions & conversations

Traditional management vs radical management

A difference in <u>kind</u>, not a difference in <u>degree</u>

Traditional management	**Radical management**
A <u>linear</u> system focused on the manipulation of **<u>things</u>**.	A **complex** system aimed at inspiring **<u>people</u>**
Frederick Winslow Taylor (1911): "In the past, Man has been first. In future, the system must be first."	It's about inspiring the people doing the work to give their very best in order to delight clients.
Harold Geneen, the CEO of ITT (1965) "The goal of management is to make individuals as predictable and controllable as the capital assets for which they are responsible."	**Gary Hamel (2007)** "Initiative, creativity and passion are gifts. They are benefactions the employees choose, day by day, and moment by moment, to give or withhold. They can't be commanded."

Traditional & radical management: interlocking systems

Traditional management	Radical management
Goal: produce goods & services	Delighting clients
Command & control bureaucracy	Self-organizing teams
Do work in accordance with a plan	Do work in short iterations
Communicate on a need-to-know	Radical transparancy
One-way communications	Interactive communications
Workplace is dispiriting to workers	Workers are inspired
Not much fun for customers	Clients are delighted
Downward spiral of reorganizations, downsizings and outsourcing	Virtuous circle of continuous improvement and innovation.
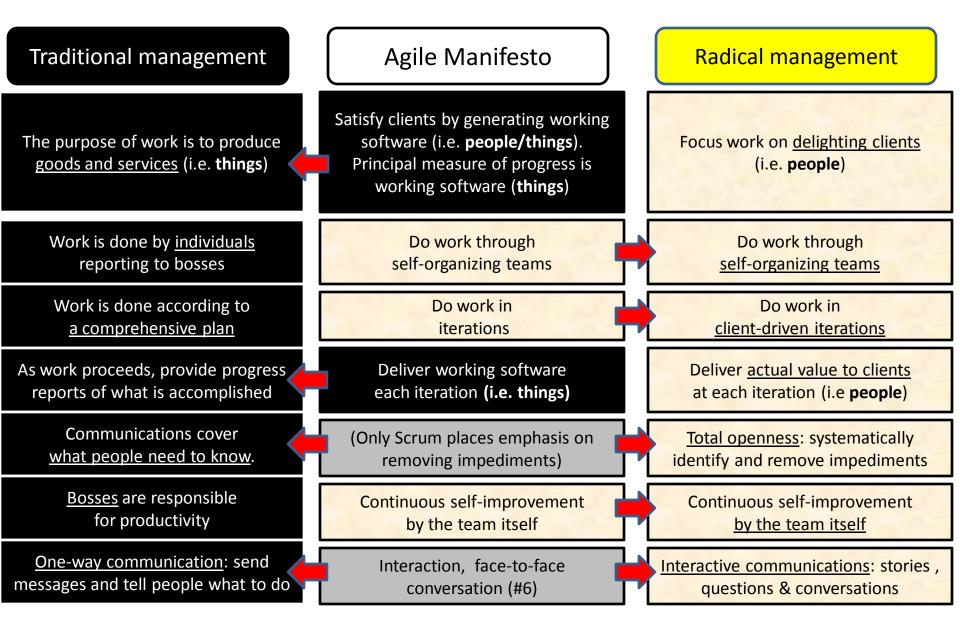
Agile is a mix of traditional and radical management

Traditional management	Agile Manifesto	Radical management
The purpose of work is to produce <u>goods and services</u> (i.e. **things**)	Satisfy clients by generating working software (i.e. **people/things**). Principal measure of progress is working software (**things**)	Focus work on <u>delighting clients</u> (i.e. **people**)
Work is done by <u>individuals</u> reporting to bosses	Do work through self-organizing teams	Do work through <u>self-organizing teams</u>
Work is done according to <u>a comprehensive plan</u>	Do work in iterations	Do work in <u>client-driven iterations</u>
As work proceeds, provide progress reports of what is accomplished	Deliver working software each iteration (**i.e. things**)	Deliver <u>actual value to clients</u> at each iteration (i.e **people**)
Communications cover <u>what people need to know</u>.	(Only Scrum places emphasis on removing impediments)	<u>Total openness</u>: systematically identify and remove impediments
<u>Bosses</u> are responsible for productivity	Continuous self-improvement by the team itself	Continuous self-improvement <u>by the team itself</u>
<u>One-way communication</u>: send messages and tell people what to do	Interaction, face-to-face conversation (#6)	<u>Interactive communications</u>: stories, questions & conversations

How should the Agile Manifesto evolve

The Agile Manifesto was a conceptual breakthrough in 2001.

Nine years later, some aspects could do with some review:

1. Generalizing the goal beyond software

2. More emphasis on delighting clients as the goal of all work.

3. More emphasis on delighting customers vs working software.

4. Giving the rationale for self-organizing teams.

5. More explicit emphasis on radical transparency, particularly the identification and removal of impediments.

6. More emphasis on interactive communication: stories, questions, conversations.
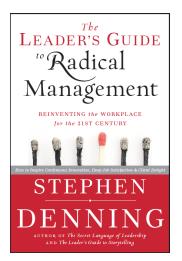
Q&A
on
Part III

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- URL: www.stevedenning.com
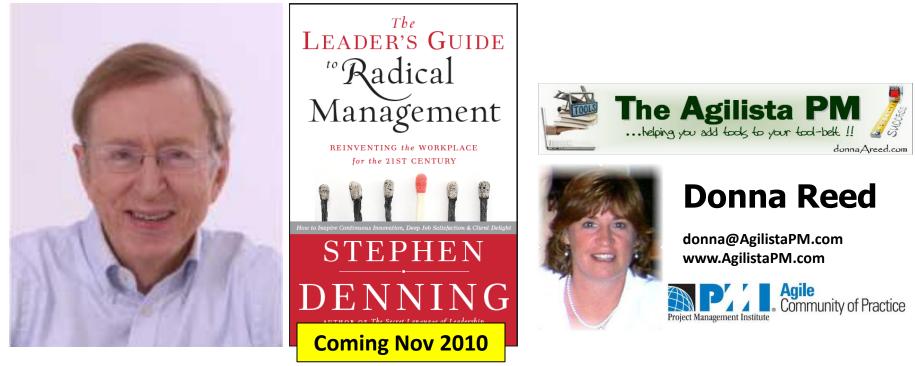- E-mail address: steve@stevedenning.com

Where to learn more about radical management

- *The Leader's Guide to Radical Management* will be published in November 2010

- Steve's website: www.stevedenning.com

- Another FREE webinar on May 11, 12 to 1pm EST
http://www.stevedenning.com/Workshops/webinar-may-11-2010.aspx

- In-depth two-day Masterclass in Washington DC on May 27-28, 2010:
http://www.stevedenning.com/Workshops/DCMasterclassMay2010.aspx

- These slides are available at
 http://www.stevedenning.com/Workshops/webinar-may-6-2010.aspx

Thanks for coming…

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