



Update

Agile: Changing the Organization

by David Spann

In a recent discussion about introducing agile into an organization, a manufacturing company COO remarked, "I like agile methods, especially as they may apply to my R&D engineers and our IT group, but shouldn't we think about how to integrate those operations with the lean manufacturing process in the plant?" I was obviously impressed and excited by the COO's thoughts about integrating agile at a functional level and throughout the organization. But I was further impressed by his broader understanding of what such an endeavor might really entail (i.e., much more than simply training everyone in agile concepts and methods).

In my experience, regardless of how agile, or any significant change, is introduced into an organization, the shift requires broader organizational changes to sustain it. In the agile world, for example, any development team must eventually negotiate new agreements with those with whom they collaborate, especially if the team crosses traditionally sensitive organizational boundaries. Beyond training, what is needed to allow this to happen? Likewise, leaders who fall in love with the philosophies of agile and begin to espouse the values and benefits of managing projects in a different way will short-circuit the entire effort if and when their own leadership

practices do not change accordingly.

So what's a leader to do? Three critical goals must be accomplished initially and constantly attended to:

1. Creating a compelling set of reasons for the change and clearly articulating these reasons to those who will be affected
2. Providing motivation, discipline, and determination during the change process (i.e., in the transition from what was and what is to be)
3. Positively reinforcing the beliefs and motivations that will sustain the new set of behaviors

UNDERSTANDING AND COMMUNICATING THE NEED FOR CHANGE

The first step in a change process is to define and communicate the reasons for the change. Generally it takes an important but unmet need (i.e., a source of pain that acts as a lever) before the group, like a large rock on a hill, can be loosened. What might loosen an organization enough to change and, in this case, to apply agile in its projects and within the organization?

When asked this question, attendees of the 2003 and 2004 *Agile Development Conference's* executive

summits — as well as most of the executives with whom I work — offered a response similar to one of the following:

- The costs of development are too high; the ROI is negative.
- Competitors are gaining market share; customers are dissatisfied.
- The integrity/quality of technology is lacking; the software has too many defects and is hard to maintain.

(Note: these factors are by no means the only considerations, but conference participants consistently raised these issues.)

Simply understanding why the organization needs to change, however, is not enough. Those proposing change must also communicate that need openly and honestly with those who are involved. Just as important, leaders must find ways to solicit and receive open and honest reactions and feedback to the proposed change. Without honest dialogue and understanding, employees' fear of the unknown and negative feelings are simply driven underground and become proverbial hidden agendas. All leaders must remember that people inevitably do what is best for them. It is the role of a leader to tie the organization's needs to an individual's self-interest.

PROVIDING MOTIVATION AND DISCIPLINE

Imagine you are the COO of the manufacturing company previously mentioned. You have several project teams in IT and R&D that could benefit from agile concepts, and you believe that the same concepts can better integrate those teams with the lean manufacturing processes in the plant. Unfortunately, R&D, IT, and the plant all act as their own functional silos, with budgeting decisions, staffing issues, and so on all flowing

up and down the silo instead of being negotiated between units. And because each functional division is comfortable with this approach, anything that threatens to change how things are done — especially if it requires cross-functional interaction, as agile does — will create some concern.

The challenge in this situation is to simultaneously support those who want to try something new while remaining open to the concerns of those who don't want to change the existing way of doing things. Both groups have something to offer. The first offers a stimulant or catalyst for change, while the second can identify and resolve the organizational issues underlying the group's resistance.

A leader's job is to hold the vision of the future long enough for others to endure a period of uncertainty. Likewise, the leader must protect and support those who participate in the change exercise from potential organizational "antibodies," like the requirement to do two jobs at the same time, to serve more than one supervisor, and so on. There is no doubt, however, that this takes motivation and discipline from the leader and others as they cross the chasm between what is and what is desired.

REINFORCING BELIEFS AND BEHAVIOR

At some point, organizational leadership must realize that its decisions and actions, while motivated by good intentions, may have created some of the issues that agile is intended to resolve. For example, the COO could have encouraged changes in the budgeting process many years ago to make it more collaborative and cross-functional. By not doing so, silos not only persisted but became entrenched.

If you understand the benefits of an agile approach (or of other

improvement processes), and if you are determined not only to espouse the theories but to act on them, the best place to begin is with you and your behavior. The adage "Your actions speak so loudly, I couldn't hear a word you just said" enforces the point. Examine your beliefs and assumptions about leadership.

In the agile world, assumptions about time, space, and human nature affect the behavior we exhibit and upon which real change is based. For instance, if the COO truly believes that more heads are better than one and then acts on this belief during budget planning by creating a successful cross-functional team solution, would the organization be encouraged to translate that belief into reality in resolving future issues? Maybe. But certainly, without challenging our beliefs, our actions are unlikely to change, and others are less likely to follow our lead to change. They will either wait and see or revert to that which is comfortable and familiar. A leader must adopt certain beliefs for the agile initiative to be successful, such as the following:

- **Time.** Time is a friend, not an enemy; the impact of time is minimized by short iterations so that lessons and results can be revealed sooner rather than later. For instance, a leader must analyze decisions based on the dollar value of time rather than strictly on the basis of the duration of a task.
- **Space.** Humans communicate better when they are in the same location than they do when they are separated; collocation is preferred over virtual settings because it fosters rich, high-bandwidth communication channels. Leaders must not only espouse the theory of close, "osmotic" communication but also invest in the technology to aid communication, be willing to travel (if appropriate), and

be willing to consider redesigning the physical work space if necessary.

- **Human nature.** People bring their self-interests to work; they are not cogs in a wheel. It takes motivation, determination, and discipline to work productively with others. Trust, a major component of agile practices, depends on familiarity, sincerity, and honesty. Leaders must be willing to ask for frequent feedback from the group.

ORGANIZATIONAL CHANGE AS AN AGILE PROJECT

Luckily for leaders, many of the agile methodologies contain strategies and techniques that can help leaders, team members, and other stakeholders manage the change process. The most applicable agile concepts include identifying the reasons for change (purpose); defining how the future might be different (features or deliverables); planning and working iteratively, incrementally, and concurrently; engaging stakeholders, end users, and/or customers; taking small bites through pilot projects and testing the results (prototyping); and reviewing the organizational impact with transitional teams after each iteration (retrospectives). These agile techniques help project teams parse a problem so that the most important components are considered first, the implications and possible breakthroughs are found early, and iterative reviews are conducted often so that new knowledge can be applied as soon as possible. A change process, however, is complicated by having to build a new way of doing things and at the same time having to sustain the old processes until a new process is designed, built, and tested.

One way to manage this need to keep an old or “legacy” process operational while simultaneously developing the new approach or application is to set up a three-team

change initiative. The first team (the L team) maintains the legacy application. The second team (the A team) builds the new application using agile and adaptive methods by focusing on customer demands and determining how the application will manage future change requests. Concurrently, a third or transitional team (the T team) identifies the barriers, helps resolve them, and, more important, helps align the motivations of an agile initiative with those of the organization. The key to this approach: the legacy application cannot be terminated until the A team’s final product proves it meets the customer’s and the organization’s needs. There is an appropriate reluctance to establishing such a pilot initiative, because historically most pilot projects receive significant resources, while those that follow are left to starve and make it as they can. In the case above, the T team is included to focus on how things really work and find organizational-level solutions to ensure that future agile initiatives are successful.

Utilizing the T team is therefore critical if an improvement process such as agile is going to find long-term organizational acceptance. In order to develop this acceptance and ensure that multiple perspectives are included in the determination of a solution, the T team should comprise a vertical slice of the organization. For example, a COO, after recognizing the unintentional financial consequences for functional budget preparation, should establish an initiative to analyze the situation and make the necessary changes to ensure cross-functional budget submissions in the future. You already have an L team in place that includes the accounting department and the CFO. The A team might comprise several functional division directors (cross-functional stakeholders). And the T team may include a few A team representatives as well as the senior VP of marketing, the

CFO, the COO, and the plant manager.

As you begin to think in this way, agile transforms from a functional practice used solely in the R&D and IT divisions to a change process for the entire organization. Agile strategies at this level should be as effective as they are in project or team work because they focus on the needs of the customer (in this case, the organization) and because they take the motivations of people and organizations into account. As our manufacturing plant COO said, “Agile and the change process to sustain it will really require me to think and act like a professional, and I’ve waited for that my entire career, as I’m sure many of my folks have as well.”

SUMMARY

Regardless of the improvement under consideration, an organization will require some change to sustain it. Likewise, change requires that leaders examine their own beliefs and behaviors and ask others to help them understand the associated impact. Without a compelling reason for change and the motivation to sustain change, even the best ideas, including agile, are likely to be overwhelmed by that which is historically comfortable and secure.

FOR FURTHER READING

Daniels, Aubrey C. *Bringing Out the Best in People: How to Apply the Astonishing Power of Positive Reinforcement*. McGraw-Hill, 2000.

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Mr. Spann has a master of science from Michigan State University with a focus on organizational development; a master's degree in business administration with a focus on financial management from Westminster College; and a bachelor of science degree in forestry and wildlife from Virginia Tech. Prior to joining the Ralston Group, Mr. Spann was the Director of Graduate Business Programs (including the MBA in technology) at Westminster College and was a District Ranger for the USDA Forest Service in the rugged mountains of north central Idaho. He can be reached at dspann@getralston.com.

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