

Business Agility

as a part of

Organizational Agility

presented by: Gene Gendel

of



<https://www.keystepstosuccess.com/>

About Us

Gene Gendel is an organizational design consultant, adaptive & lean coach and trainer, and independent adviser to senior leadership. Gene is a widely recognized, world-class trainer/instructor, and is mainly focused on organizational design and product centricity, the experience for which he has gained, over the decades of deeply embedded coaching and consulting. Gene's [clients](#) represent a wide industry spectrum. Almost 15 of 20+ years of his professional experience Gene has dedicated to working with companies of various sizes and lines of business, trying to help them improve internal dynamics, organizational structure and becoming a better place for people to work in. Gene engages at *all* organizational levels: senior- and mid-level management, teams and individuals. In his work, Gene uses various methods, tools and techniques to amplify learning of other people and to ensure that his followers gain autonomy after Gene “coaches himself out of the job”. Over the last decade, Gene’s big focus has been on large financial institutions and consulting companies that struggle with moving away, from traditional budgets and portfolio/program/project work decomposition, towards more adaptive/flexible budgeting and better clearly products (product-centric, customer-focused development).



Gene is the co-founder of **KSTS Consulting**, *the only company in the United States that has the credential of a [Certified LeSS Coaching Company](#)*. Gene’s, highly in-demand LeSS [classes](#), both private and public, are based on advanced system modelling and rich exosystemic perspective that includes intra-organizational dynamics and market realities.



About Us



Your choice of partnership matters

One Stop-Shop For:

- ❖ Organizational and team structure and dynamics
- ❖ Executive coaching and consulting
- ❖ Individual, single team and multi-team coaching
- ❖ Upskilling Scrum Masters and Product Owners
- ❖ HR advisory: building talent and defining careers
- ❖ Training: Agile, Kanban, Scrum, Large Scale Scrum
- ❖ Workshops: product discovery & business agility
- ❖ "SAFe Recovery" Program (gradual improvements)
- ❖ Complimentary lunch & learn sessions



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Original Synopsis

- Who gets to say what an agile transformation should look like?
- Who should play a leading role in setting system-optimizing goals of a big organizational change?
- Who should take a main seat at the table, where real products are defined?

Of course, business people!

Business agility is paramount to success!

Ability of the business to 'turn on a dime for a dime' is critical for organizational adaptiveness.

But of course, adaptive-ness of a business alone is not sufficient to achieve success.

Many other organizational structures should be striving to become more adaptive, in unison with the business: HR, budgeting, site strategies, R&D, vendor management etc.

Altogether, this is referred as eco-systemic (a.k.a. organizational) agility - united and indivisible, and this is what Gene Gendel is going to talk about in this session.

Today's Main Goals

- 1. Resetting Understanding of Agility**
- 2. Explaining & Justifying Business Agility**
- 3. Warning About and Advising to Avoid Known Anti-Patterns**
- 4. Defining a few “MUST-HAVE” Systemic Conditions for Business Agility**

Resetting Understanding of Agility

Understanding Terminology

Avoiding jargon, understanding the meaning...

- “Implement Agile”
- “Adopt Agile”
- “Introduce Agile”
- “Accept Agile”
- “Follow Agile”
- “Move TO Agile”
- “Transition TO Agile”
- “Transform TO Agile”
- “Install Agile”
- “Administer Agile”
- “Leverage Agile”
- “Upgrade to Agile”
- “Practice Agile”
- “Establish Agile”
- “Experiment Agile”
- “Standardize Agile”
- “Execute Agile”

agile :

Overview

Usage examples

Pronunciation

Similar and opposite words

Similar and opposite words

From [Oxford Languages](#)

adjective

nimble

lithe

spry

supple

limber

sprightly

acrobatic

dexterous

deft

willowy

graceful

light-footed

nimble-footed

light on one's feet



[Source: Bad Choice of Verbs Associated with “Agile”, by EFL People](#)

Understanding Terminology

Who is more agile and who is going to be able to turn quicker (on a dime for a dime)?



USS America (CVA/CV-66)
(one of three Kitty Hawk-class supercarriers)

VS



Navy Seal Team 6
Speed boat

Understanding Terminology

Avoiding a 'verbal abuse':

Top-3 Abused Words

1) Agile

2) Enterprise

3) Scaling



Avoid This:

When put together, in the same phrase, they become **“Enterprise Agile Scaling”** – what seems to be the most popular and frequently used phrase, nowadays.

Instead of using this phrase obsessively (titles, job descriptions, etc.), please consider the following:

❖ *If “Agile” != “Adaptive”, the word is probably misused*

❖ *“Enterprise” – does not always mean “huge”. A 50-person company (HR, Finance, Legal, Vendor Management, Business, Operations, IT) – is an enterprise. A 500-person IT Department alone – is NOT an enterprise.*

❖ *In order to SCALE goodness, you may need to DE-SCALE (remove) badness. Therefore, by obsessively focusing on scaling, you might be increasing (scaling up) levels of badness in the system (organization) ☹*

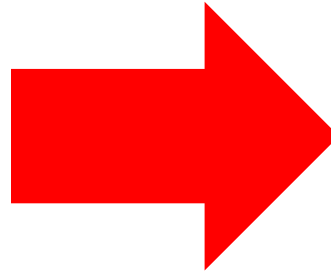


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Understanding Terminology

Changing our language slightly and identifying important elements:

**Business
Agility**



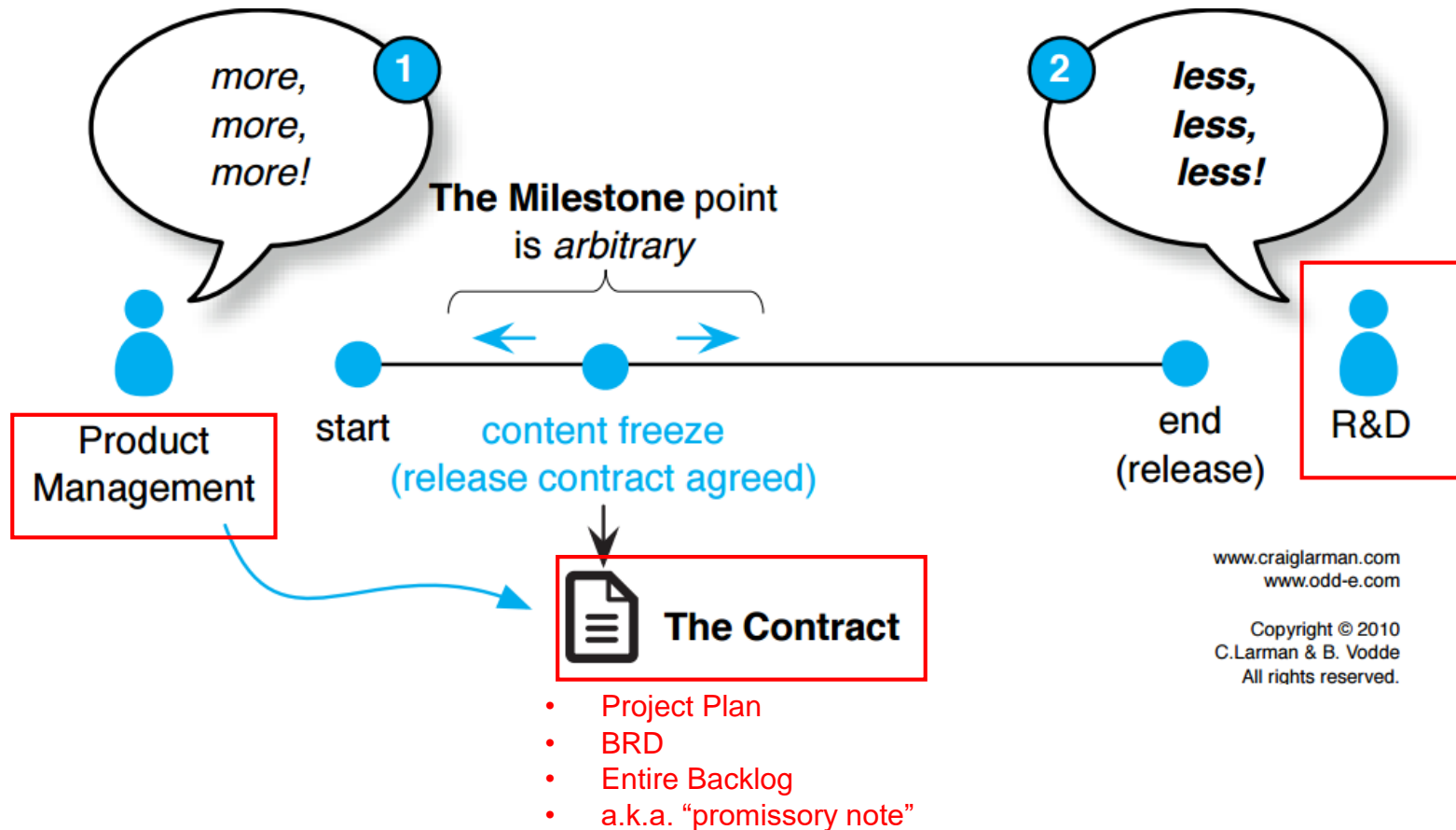
**Business
Adaptiveness**

- Implementing very adaptive sales and marketing techniques
- Handling quarterly financials, without dramatic impact on employees
- Reacting adaptively (quick & cheap) to market shifts and trends
- Responding quickly to customer demands (feedback, complaints, surveys)
- Defining products based business outcomes and customer needs ← !!!!!
- Dynamically budgeting products, not projects, portfolios, etc. ← !!!!!

Explaining & Justifying Business Agility

Hypo: Why Did Business Agility Become a “Thing”?

Seeing a historical friction between business and technology (R&D)



[The “Contract Game” \(22-44min\)](#), by Craig Larman

Sourced from: <https://less.works/resources/graphics/index.html>

Hypo: Why Did Business Agility Become a “Thing”?

Sometimes, not seeing it clearly....

GAP Between Town Hall Fireside Chat and Real Life



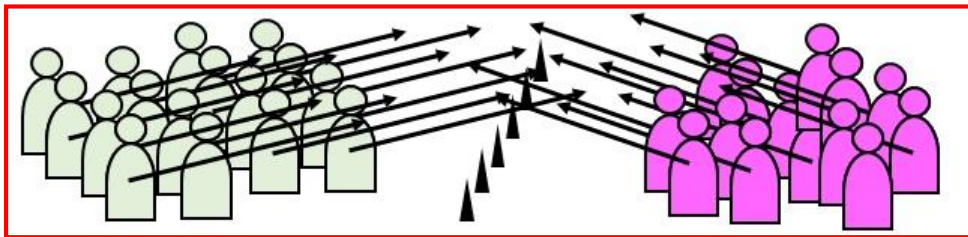
Senior Executives are in full agreement:

- Similar goals, mission and vision
- Full alignment on strategy and execution
- Shared norms, values and principles
- Consistency of management styles
- Same views on efficiency and productivity

...yet...

Organizational silos are bound by '*internal contracts*' and people are drafted into '*us vs. them, lose-lose competitive gaming*'.

Can **GEMBA WALK** fix this?



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Hypo: Why Did Business Agility Become a “Thing”?

Seeing a historical friction between Business and Technology

*more,
more,
more!*

BIZ

*less,
less,
less!*

R&D



Source: <https://www.istockphoto.com/illustrations/pulling-rope?page=5>

Hypo: Why Did Business Agility Become a “Thing”?

Understanding very basic economic concepts:

Profit Center

BIZ

\$\$\$ MADE

Cost Center

R & D

\$\$\$ SPENT

Hypo: Why Did Business Agility Become a “Thing”?

Historically, who has defined “agile” for the whole organization?...

- CTO group
- “We are gonna do agile now” PMO group
- Agile Center of “Excellence”
- Centralized Agility Office (yeah, right... ex- PMO)
- R&D Delivery management



Historically, who has sponsored everything?...

- LOBs
- Product groups
- Sales & Marketing



Hypo: Why Did Business Agility Become a “Thing”?

A typical agile transformation, historically, is focused on...

- **Maturity Metrics and status reports**
- **Velocities, capacities and status reports**
- **Project and workflow management tooling**

While ignoring...

- **Strategy, mission, vision and business impact**
- **Return on investment (ROI): monetary or other**
- **IRONICALLY: engineering excellence and clean code**

Did Business Get The What They Expected?

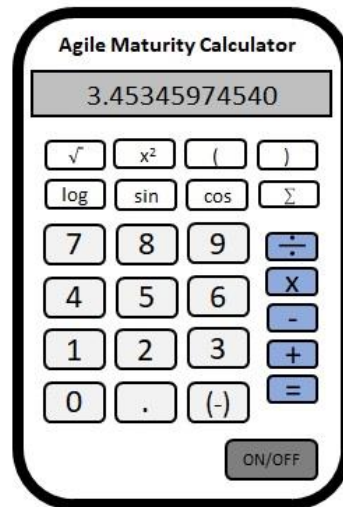
Were measurements and calculations anywhere near reliable?



Avoid This:

“Agile Maturity” Calculator

$$\text{Agile Maturity ("Level")} = \sum_{n=1}^{\infty} \left(\frac{\sum_{0}^{\infty} \left(a_n \cos \frac{(\# \text{ teams per SM}) * (\# \text{ backlogs per team})}{(\# \text{ team coaches} + \# \text{ enterprise coaches})} + 0.5_3 \cot \frac{\# \text{ people using agile tool}}{(\# \text{ best practices}) * (\# \text{ teams in agile registry})} \right)}{\sum_{0}^{\infty} \left(a_n \sin \frac{(\# \text{ products levels}) * (\# \text{ sub-products})}{(\# \text{ people per team}) * (\text{story points per developer})} \right) * \left(\frac{3\sqrt{(\text{average team velocity})^2 - 2(\# \text{ sprints per release})}}{\% (\text{used team capacity})} \right)}$$



Enterprise Agile
Center of Excellence

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Did Business Get The What They Expected?

Understanding ROI: did business get the biggest bang for the buck?

TRUE? or FALSE?

for any company

$$\left(\begin{array}{c} \text{Return} \\ \text{From} \\ \text{"Agile} \\ \text{Transformation"} \end{array} \right) \div \left(\begin{array}{c} \text{Investment} \\ \text{in} \\ \text{"Agile} \\ \text{Transformation"} \end{array} \right)$$

should be

> 1

(otherwise, why bother?...)



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Why Should This Be Surprising To See?

...business, raising its voice and reclaiming what rightfully belongs to it:

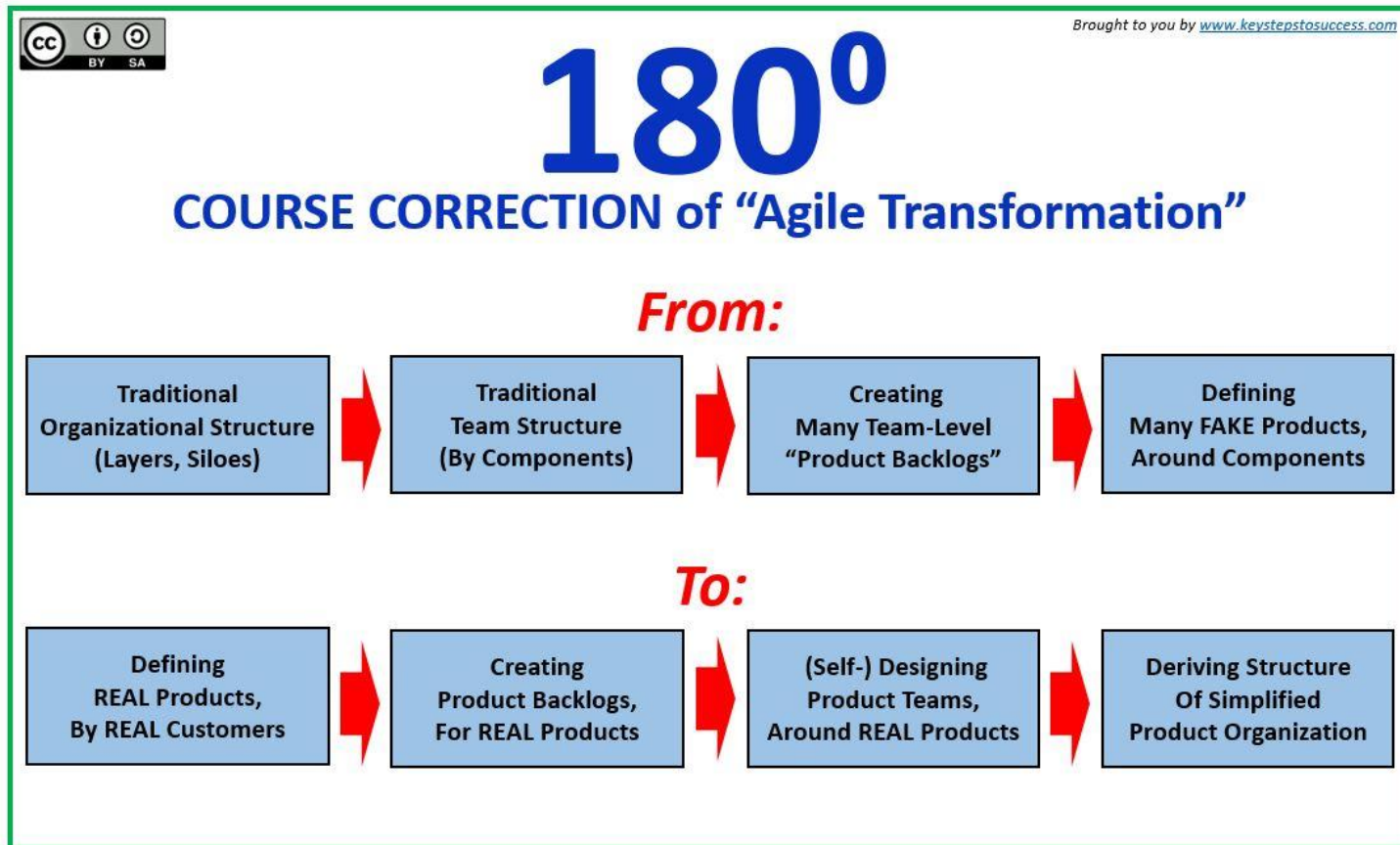


Source: <https://i.ytimg.com/vi/rUddyIKHyxw/maxresdefault.jpg>

Let's Rethink Adaptiveness (Agility)

Products & Services Defining Org Structures

...and therefore, trying to course-correct agile transformation efforts...

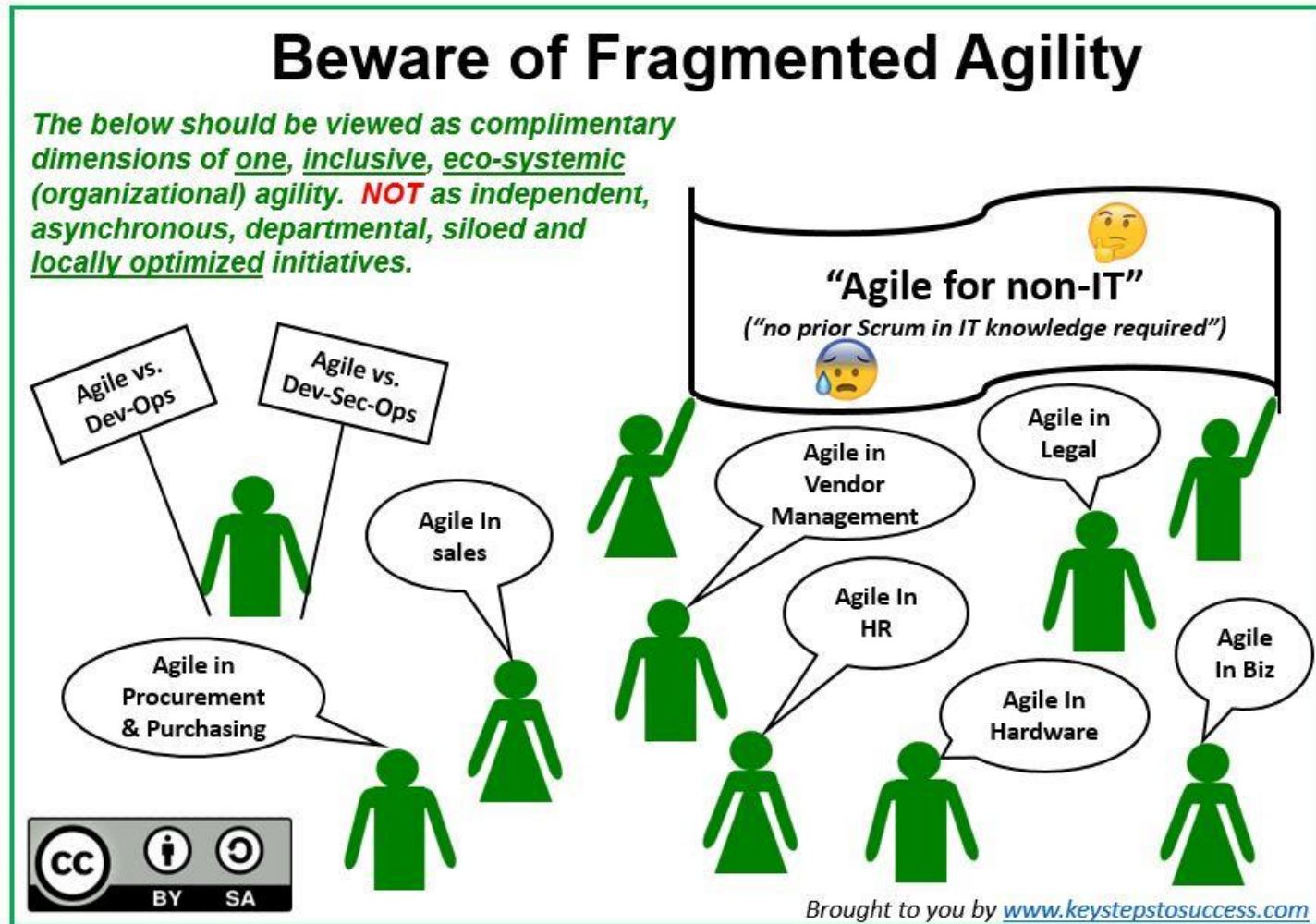


- Defining products based business outcomes and customer needs ← !!!
- Dynamically funding products, **NOT** projects, programs, portfolios ← !!!

Warning About and Advising to Avoid Anti-Patterns

Anti-pattern: Fragmented Agility

Beware of fragmentation and silos



Anti-pattern: Idea-Repackaging

Beware of plagiarism and “re-packaging”

The “Freedom” of Idea-Repackaging

The **Agile Theater** is so forgiving 😊:

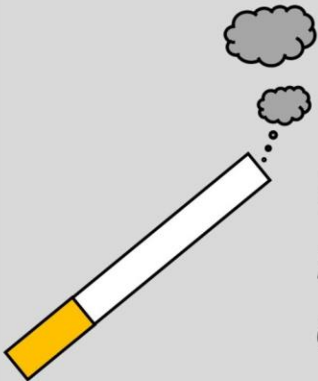
*Unlike the tobacco and alcohol industry, the agile marketplace is not tightly regulated, so **there is no license or permit required to create *things***.*

Anytime, anyone, can fabricate almost anything and give it a name (border-lining with plagiarism), without creating a unique idea. This leads to confusion, dilutes authenticity of ideas, while making them less useful.

Beware of secondary market “products”.

Study origins of ideas.

Pursue authenticity.



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Anti-pattern: Fake “Product-ization”

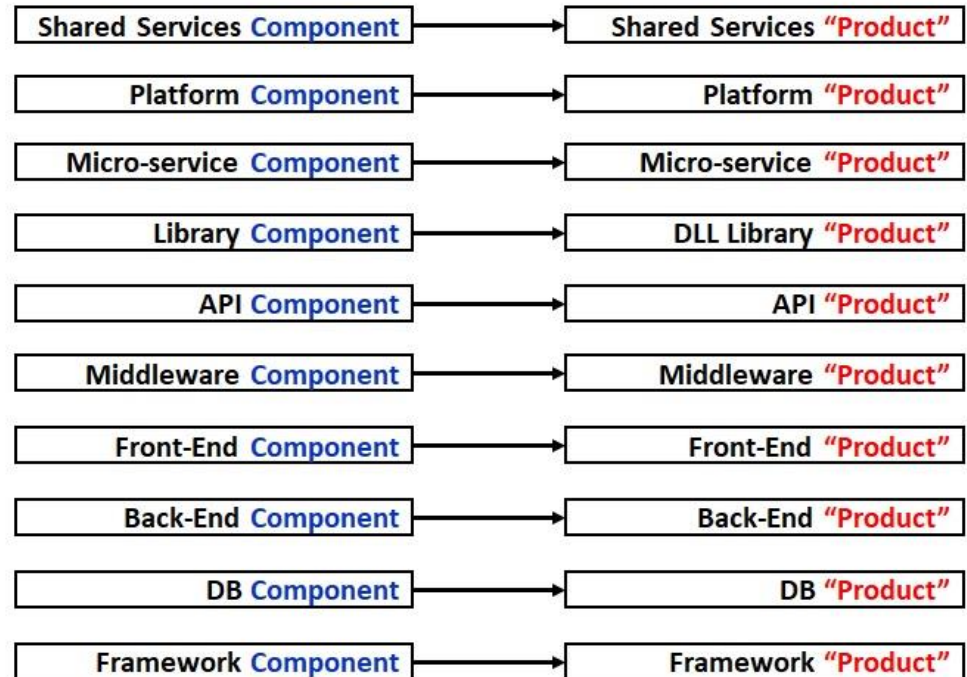
Beware of relabeling old into new, without making any meaningful changes...



“Productization” Gone Wild

If the marching order is “We Must Become a Product Organization **FAST**”, whilst there is no true commitment to challenge organizational design, teams’ structure and traditional status quo, then we might be facing a lot of relabeling and terminology overloading:

- Component teams → feature / product teams
- Technical tasks → “technical stories”
- Components → “products”
- And.... “tech for tech products” 😊



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Understanding Organizational Design (Structure)

Developing system thinking and ability to see the whole...

Organizational STRUCTURE –
is the 1st Order Factor (Variable) that
has impact on everything else in an
ECOSYSTEM: behaviors, norms,
values, principles, policies

Understanding Organizational Design (Structure)

Boing down to a few key points...

1. **Business Agility**, is not a sandbox or get-away playground for “non-technical” people that also “*wanna do agile*” . It is **NOT** agile for **NON-IT** 😊
2. True business agility elements that matter and make your business more adaptive, must be identified at a very early stage.
3. Business Agility, must be treated, as a part of an overall **Organizational Agility**, *not as an alternative or opposition.*

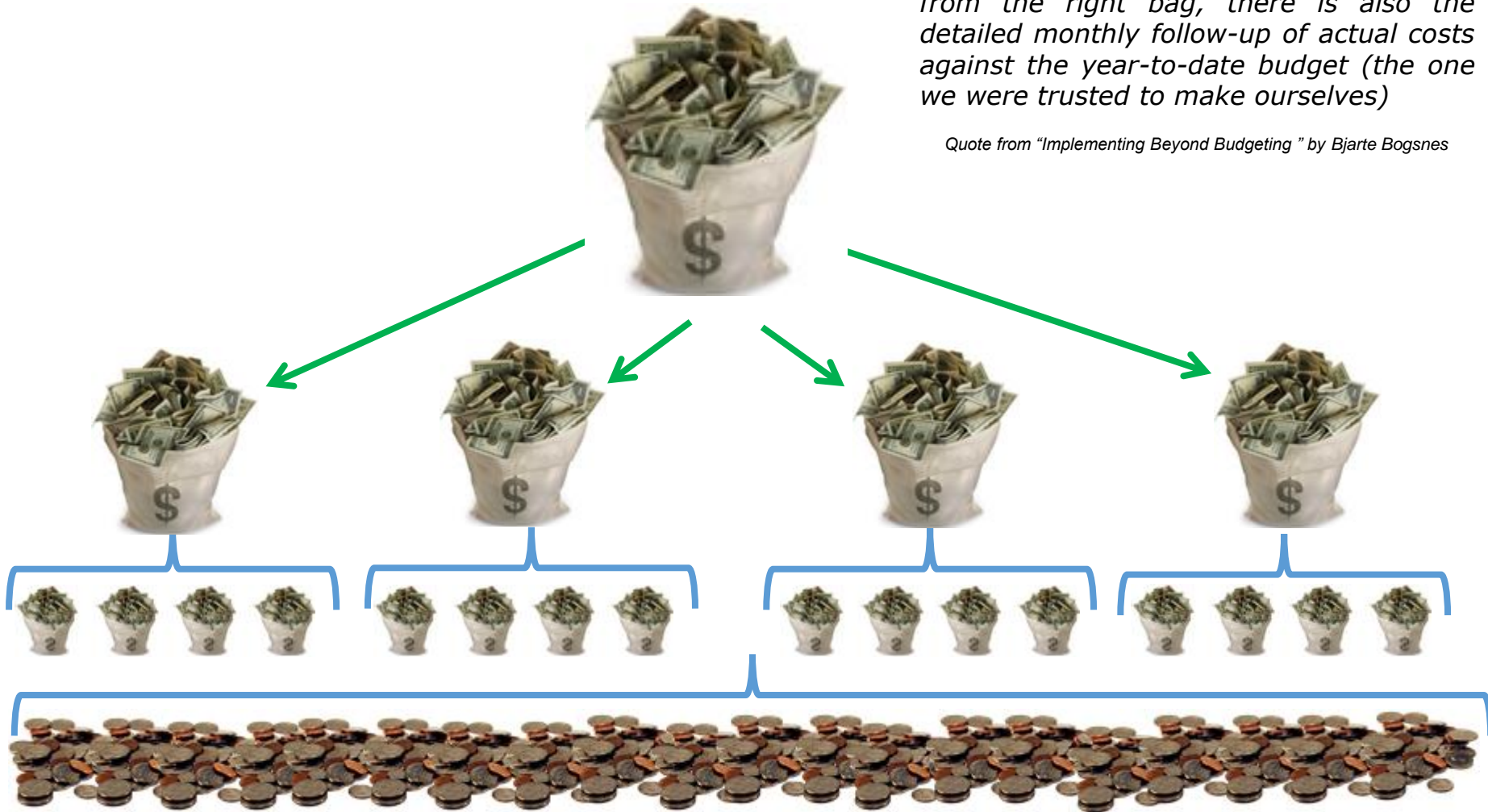
**Defining a few
“MUST-HAVE”
Systemic Conditions
for
Business Agility**

Change Your Budgeting Approach

Traditional splitting a bag of cash...

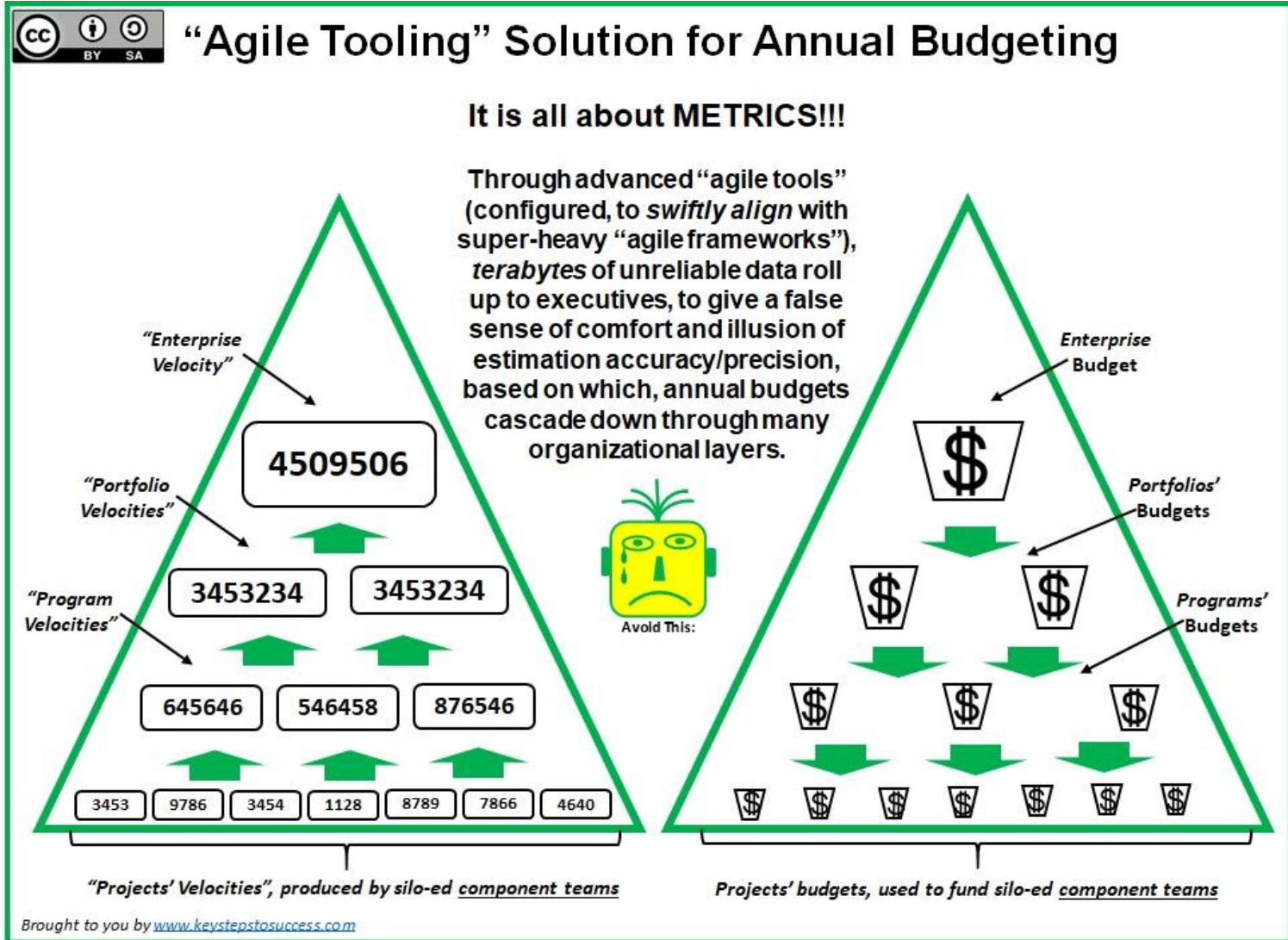
NB: To make sure that money is spent from the right bag, there is also the detailed monthly follow-up of actual costs against the year-to-date budget (the one we were trusted to make ourselves)

Quote from "Implementing Beyond Budgeting" by Bjarte Bogsnes



Change Your Budgeting Approach

Reducing Illusion of Pretension of Traditional Budgeting being Agile



Change Your Budgeting Approach

Recognizing Adverse Effects of Traditional Budgeting

- **Time- and energy-consuming (very high)**
- **Quickly outdated assumptions**
- **Illusion of control and false sense of precision**
- **System gaming (high balling estimates)**
- **Weapon during performance evaluation**



Change Your Budgeting Approach

Considering better ways of doing budgeting

- **Shifting from budgeting projects to budgeting products**
- **Shifting from calendar cycles to business cycles**
- **Rolling wave/cascading budgeting**
- **Owning forecasts locally (@ GEMBA)**
- **Disconnecting budgets from bonuses**

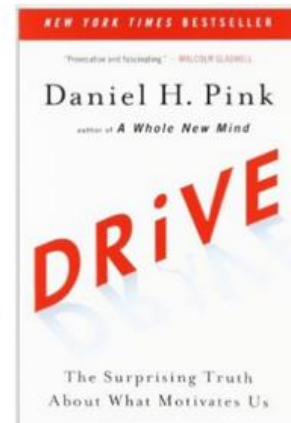
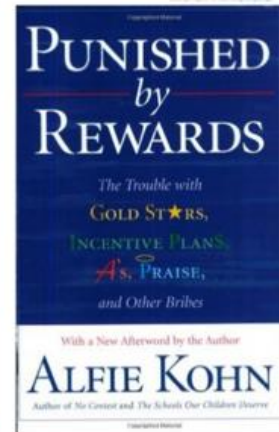
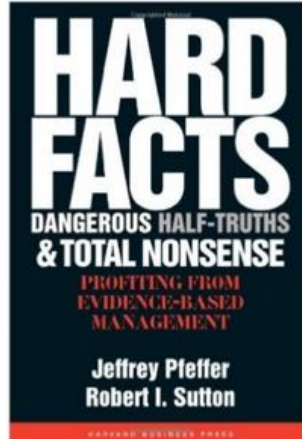
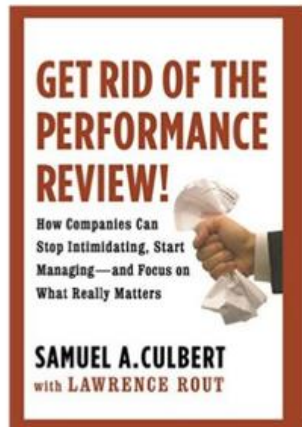
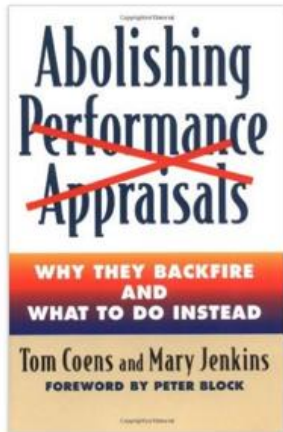
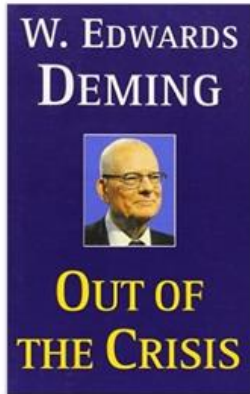


WHERE To Start Making Changes?

Discontinuing what is harmful and ineffective:

Gap Between Science and Business


“The idea of a merit rating is alluring. The sound of the words captivates the imagination: pay for what you get; get what you pay for; motivate people to do their best, for their own good. The effect is exactly the opposite of what the words promise.”



[RSA ANIMATE: Drive: The surprising truth about what motivates us \(Daniel Pink\)](#)

Change HR Norms and Policies

Discontinuing what is harmful and ineffective:

 **Bitterness of IPA**


It could be:

- Thirst-relieving
- Indulging
- Refreshing
- Smoothing
- Relationships-building


or

It could be:

- Threatening
- Demoralizing/Humiliating
- Leading to System Gaming
- Tension-building
- Relationships-destroying



“You can only elevate individual performance by elevating that of the entire system”
W. Edwards Deming



Individual Performance Appraisal

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Change HR Norms and Policies

Discontinuing what is harmful and ineffective:

- [How HR Can Save or Destroy Agile, by Frank Leong](#)
- [What HR Doesn't Know about Scrum, by Michael James](#)
- [Hitting the target but missing the point – myths about target setting, by Bjarte Bogsnes](#)
- [The "Sandwich Approach" Undermines Your Feedback, by Roger Schwarz](#)
- [Workers feel trapped by "rigid" workplaces, ILM finds, by Jo Faragher](#)
- [Agile Contracts, by Tom Arbogast, Craig Larman, and Bas Vodde](#)
- [Agile HR with SAFE, by Fabiola Eyholzer with Dean Leffingwell](#)
- [The impact of human resource and operational management practices on company productivity: A longitudinal study, on <https://www.researchgate.net>](#)
- [A big Dutch bank is replacing 5,800 people with machines, at a cost of \\$2 billion, by Eshe Nelson](#)
- [The Truth about Performance Reviews and Other Corporate Bullsh*t by Liz Ryan](#)
- [Why Your Best Employees Are Leaving For Your Competition, by Chad Halvorson](#)
- [You Could Lose Your Best Employees Because of These 7 HR Blunders, by Sujan Patel](#)
- [Performance Management for Agile People, by TechWell Contributor](#)
- [Rethinking the Review, by Julie Cook Ramirez](#)
- [Unjust Deserts?, by Mary Poppendieck](#)
- [Performance without Appraisal, by Esther Derby](#)
- [Unjust Deserts, by Mary Poppendieck](#)

Q & A

Synopsis

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- KSTS Consulting: <https://www.linkedin.com/company/ksts-consulting/>

On Meetup:

<https://www.meetup.com/large-scale-scrum-less-in-nyc/> (close to 6500)