

Directing the Agile Organisation

A lean approach to business management

Evan Leybourn

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IT Governance Publishing

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Evan Leybourn is an internationally renowned leader, coach and speaker in the developing field of Agile Business Management. He has held executive, board and advisory positions in private industry and government, and worked with clients developing lean business practices across Australia, South East Asia, Europe and America.

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About the Case Study Authors

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CONVENTIONS USED IN THIS BOOK

Throughout this book, I have used specific styles and icons to draw your attention to term definitions, tips, examples and case studies. Watch for the following:



Quotations are used at the beginning of each chapter and section to provide context and invoke thought.



Term definition: These are new, or specific, terms that relate to Agile, or Agile Business Management. These terms will always appear capitalised in the main body of the book. A complete list of terms and definitions can be found in the glossary.



Tips will provide helpful advice, suggestions or caveats to help implement Agile Business Management.



Examples: Each example illustrates the possible uses of the methods, techniques or processes described in the section.



Case study: A case study is a detailed account of how actual organisations have used these methods. Each case study examines the drivers for change, the solution and its implementation, and the ultimate outcomes. In many cases, the case studies are written by, and attributed to, the reference organisation.

ACKNOWLEDGEMENTS

The seeds of this book started in Canberra, Australia, when, as a software engineer, I first discovered this ‘new-fangled’ idea called Agile, and loved the focus on rapid, iterative delivery. Later, as a team leader and project manager, I came to appreciate the close engagement with the Customer and related workflow management processes. It wasn’t until I started managing companies, and later as a director in the Australian Public Service, that I realised that Agile could go further. Existing processes were inefficient, decisions were made at the wrong level, and nobody seemed to get what they needed, when they needed it. Agile had already solved those problems and could do it again.

This book would not have been possible without the support and assistance of the Agile community. First and foremost, those pioneers in the field who provided the foundational principles on which Agile Business Management has grown. While there are too many to list here, I have referenced them throughout the book, where possible.

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Finally, I dedicate this book to my young daughter, Priyanka Anne Leybourn. My hope is that you grow up in a time where you, and all your generation, are empowered to change the world.

TTFN

Evan Leybourn

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CONTENTS

Introduction	13
What is Agile?	16
Common misconceptions	30
Governance and Agile Business Management	32
Successful Agile Business Management	35
Relationship to other management styles	38
Chapter 1: You, the Agile Manager	50
Management responsibilities	57
The Agile mindset	60
Chapter 2: Integrated Customer Engagement	63
What is a Customer?	67
The Customer Representative	69
Requirements and the Requirements Backlog	70
Chapter 3: The Structure of an Agile Organisation	80
Internal departments	98
The Board and executive governance bodies	106
Pair Work	121
Team Facilitator	126
Managing Teams	129
Managing Distributed Teams	133
Risk management	136
Chapter 4: Work, the Agile Way	142
Phases of delivery	154
Kanbans	169
Quality control	184
The Daily Stand-up and Agile meetings	190
Effort estimation	192
Measuring progress	198
Visualising progress	202
Chapter 5: The Agile Budget	226

Contents

Funding models	226
Quoting for Customers	230
Chapter 6: Reflection, Retrospectives and Kaizen	237
Chapter 7: The Shape of Things to Come	243
Pre-Agile › Learning Agile	244
Early Agile › Agile management	246
Agile practitioners › Continuous improvement	249
Glossary	251
Bibliography	264
ITG Resources	269

CHAPTER 1: YOU, THE AGILE MANAGER



‘Knowing others is intelligence; knowing yourself is true wisdom.

Mastering others is strength; mastering yourself is true power.’

Laozi, ~6th Century BCE

Aim of this chapter: To make you think about your role as a manager. We investigate what makes a good manager, as well as examining your new, and changing, responsibilities under Agile Business Management. By the end, you should have the techniques you need to manage your staff, while empowering them to take direct responsibility and authority for their outcomes.

If you skipped the *Introduction*, Agile Business Management is a set of adaptive, lightweight, high productivity, and low waste business processes, designed to deliver regular outcomes for your Customers. As an Agile Manager, you need to understand, and embody, these concepts, and continuously develop, and encourage them, within your staff. Whilst it might be bad for the ego, you need to understand that you don’t deliver anything, your Teams do.

Your primary job as an Agile Manager is to encourage and empower your Teams, therefore the first question becomes, ‘How do you empower your Teams?’ At a superficial level, it requires a simple, organisational change, to give each

Team Member sufficient personal responsibility, accountability *and* authority, to deliver the Customers' Requirements. Whilst that may be sufficient for some staff, getting others to *accept* that accountability and authority can be difficult, and requires an attitude change, as well as the organisational change.



Remember Agile value #1: **We value individuals and interactions** over processes and tools.

In order to accept their new accountability and authority, your staff need the support of the organisation in three ways.

- 1 Firstly, they need to feel safe. Everyone makes mistakes, and one of the traditional roles of management is to buffer staff from these mistakes. In an empowered Team, where that buffer no longer exists, staff and management need to understand that while they must take every effort to avoid them, mistakes are inevitable, and, except in the most serious cases, acceptable. By putting in place self-correcting and transparent processes (*see Chapter 4: Work, the Agile Way*), Teams can proactively avoid mistakes, and learn from those that do occur.
- 2 Secondly, if you are expecting Teams to take authority, they must have all the information necessary to make appropriate decisions. Teams will generally already know the technical details, but, as a manager, you need to keep them aware of the context, the 'why' of the Requirements they are undertaking. By providing this context, your Teams will make more appropriate, strategic, and long-term decisions. This, in turn, will

empower them to be personally accountable for those decisions.

- 3 Finally, staff need to be able to make decisions, confident that management will uphold them. The simplest mechanism for this is to allow staff to make decisions without approval, within agreed cost, time and scope tolerances. For example, a Team Member may take any decision within 10% of the allowed budget, such as outsourcing part of the work.

The point of this management approach is to engage staff at their level of need and motivation. Though it has its share of criticism, Maslow's hierarchy of needs¹ is a useful model of human psychological needs. Figure 4 shows the basic hierarchy, from basic physiological needs at the bottom of the pyramid, to abstract self-actualisation at the top of the pyramid. As people fulfil the requirements of each category of need, they begin to be motivated by the next level. Traditional employment exists towards the bottom of the pyramid (safety), so to fully engage and motivate your staff, requires you to meet higher, and more abstract, needs. Agile Business Management focuses on engaging staff at the level of 'self-actualisation', by emphasising creativity, problem solving and personal empowerment.

¹ *Motivation and Personality*, Maslow (1987).

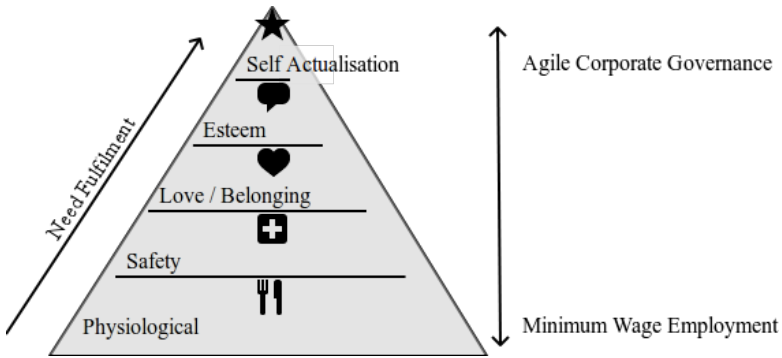


Figure 4: Maslow's hierarchy of needs



Remember Agile principle #5: Build projects [Teams] around motivated individuals. Give them the environment and support they need, and trust them to get the job done.

Consider for a moment, your management style. Dr W Edwards Deming² put forward two types of mistakes that you, as a manager, can make when dealing with 'variation' in process and outcomes. Interfering, or tampering, when everything is normal and within tolerance (common causes), which is indicative of micromanagement. Secondly, failing to intervene when a process is out of control (special causes), which is indicative of absenteeism. As an Agile Manager, or in fact any manager, you need to find the middle ground between these two extremes.

Micromanagers tend to be highly reactive to minor, expected, or manageable, issues without giving their Teams the authority to resolve them internally. If a process is

² *Out of the Crisis*, Deming (1982).

under control, and within allowed tolerances, Team Members should have the authority to deliver, without management intervention. This assumes a robust monitoring and reporting process, to identify when management intervention becomes required.

This brings us to the other extreme, an absentee manager. A manager is 'absentee', even if they are physically in the office, if they do not monitor or engage with their Teams to ensure delivery. Without a manager to eliminate external, and sadly sometimes, internal impediments, it becomes nearly impossible to meet any schedules or budgets.



Do not assume that a variation is due to special causes, when in fact it is due to common causes, or, more rarely, assume that a variation is due to common causes, when in fact it is due to special causes.

These are the attributes of a bad manager; but what attributes would make you a successful Agile Manager? While that could be an entire book in itself, I would condense them into 11 core attributes:

- 1 You have excellent problem-solving and decision-making skills, and can validate the pros and cons of a decision, while dealing with uncertainty and ambiguity.

Benefit: You take advantage of change, while reducing management overhead for your Teams.

- 2 You have excellent facilitation, communication and social skills, capable of presenting, negotiating, resolving, engaging and persuading. A quick wit and good sense of humour helps with this.

ITG Resource

Benefit: You build relationships with Customers and colleagues, and reduce misunderstanding and conflict.

3 You are creative and innovative, and can develop, or recognise, new and unique responses to problems.

Benefit: You improve outcomes for your Customers, and reduce costs for your business. Creative managers also tend to attract talented staff.

4 You have strength of character when dealing with stress. You maintain self-control, and keep emotions out of professional interactions and decision making.

Benefit: You make appropriate decisions, and build a professional environment where your staff are comfortable around you.

5 You are aware of your strengths and weaknesses, and how they apply to your role as a manager. Staff will respond well to self-confidence, but not to a large ego.

Benefit: You can play to your strengths, and pro-actively improve your weaknesses. You can also avoid situations where others could exploit your weaknesses.

6 You are self-motivated, without needing constant supervision from others, and take accountability for organisational outcomes.

Benefit: You build trust with your superiors and colleagues.

7 You have the appropriate professional and technical knowledge needed to engage with your staff and Customers. You do not need to know how to do their job, but enough to understand their work.

Benefit: Your staff and Customers respect your opinion, which helps to resolve issues quickly.

ITG Resource

8 You understand the value of delegation or ‘getting things done through other people’. You trust your Team, and do not fear losing control.

Benefit: You will improve overall productivity, and promote personal development, by assigning work to the most appropriate people.

9 You manage your staff with honesty, fairness and integrity. You are willing to listen to, and seek input from, staff and are honest about performance, without being offensive or personal.

Benefit: Your staff feel trusted and empowered, leading to an environment where you can manage mistakes in an open and transparent manner.

10 You have flexible planning and time-management skills; visualising the short-, medium- and long-term requirements, while adapting to changing circumstances.

Benefit: You are in control of you, and your Team’s work, leading to an overall reduction of stress, and an increase in productivity.

11 You are aware of the organisational strategy and your role within it.

Organisational benefit: Decisions factor in organisational goals, thus ensuring that all staff are working towards the same outcomes.

How then is an Agile Manager different from a traditional manager? In many ways, they are not very different; both have administrative control over finances, customer outcomes and staff management. The differences are in priorities, a shift to the middle ground between

micromanagement and absenteeism; a hands off and consultative approach to your Team, and their duties.

Management responsibilities



‘Management of many is the same as management of few. It is a matter of organisation.’

Sun Tzu, ~6th Century BCE

At all levels, whether you are a team leader or CEO, as an Agile Manager you are responsible for facilitating day-to-day operation, managing risk, providing governance oversight, and directing the strategic outcomes of the organisation.

You will notice that I did not say you were responsible for the day-to-day operation, but rather you were responsible for *facilitating* the day-to-day operation. This distinction is important in Agile Business Management, as it is the responsibility of each individual Team Member to deliver on the day-to-day Requirements. I will explore this concept further throughout this book.

In the process of doing their job, Team Members will often identify business, technical, or personal issues that they cannot resolve, and need to be escalated. Given the flat structure of an Agile organisation, it does not take much to escalate an issue to the CEO, so processes need to be in place to resolve them as early as possible. If, as a manager, you can resolve a business or technical issue immediately, you should do so, and not postpone it until a *convenient* time. Meetings and discussions to resolve complex issues should involve appropriate parties from across the

organisation. However, it is important to invite only directly impacted Team Members, to reduce wasted time. Depending on the timeframe required to resolve the issue, Teams may move onto other Requirements, or put in place temporary workarounds, so they can continue to deliver to the Customer on a regular basis.

When your Team makes a decision, you still need to have the appropriate governance and oversight to validate that the decision was the ‘right decision’, in the context it was made. You need to be able to support the ongoing implications and outcomes of that decision, particularly where it impacts outside of your direct authority. Ultimately, you need to be able to trust your Teams, which may require appropriate guidance and coaching.

Interpersonal issues and conflict can arise within an Agile Team, just as easily as a non-Agile team. However, the impact of conflict is much greater, given the accountability and collaboration required for an Agile Team to work effectively. As a manager, you must identify, and resolve, these issues early, before they affect the Team’s productivity. Options available to you when dealing with interpersonal issues may include:

- Talk with involved parties, to identify grievances and potential, mutually agreed solutions.
- Bring in a professional conflict resolution facilitator.
- Put conflicting parties on formal performance management, or manage the conflict through corporate HR processes.
- Conflicting parties can be split across Teams; though this usually only transfers the issue to someone else.

- Terminate the employment of anyone breaching company policy.

Similarly, you should curb any negativity, even light-hearted negativity, about Customers or other departments. Though it is easy to complain, this does not help Teams to work with each other, and can quickly get out of hand. You should still follow up on the underlying cause of the complaint to improve overall organisational communication and productivity.



You need to have a zero tolerance policy towards bullying and harassment, from both staff *and* other managers.

It's not enough to be a reactive manager; you need to be proactive in building strong Teams. Teams need to learn how to work with each other, but more importantly, how to communicate with each other. Allocate time for Team Members to appreciate each other's skills, as people work best when there is trust and confidence in each other's abilities.

As an Agile Manager, you need to be part of your Teams. Make sure Team Members are not afraid to come to you with problems, and talk regularly with them, not just when things are going badly. Find out how they think and what they need, and always follow up. Finally, you can motivate each Team by ensuring they understand how their current goals and actions tie into overall organisational objectives.

The Agile mindset



‘So Mr Edison, how did it feel to fail 10,000 times?’

‘Young man, I didn’t fail, I found 9,999 ways that didn’t work’

Thomas Edison, anecdotal (on his invention of the incandescent light)

One of the concepts I will drill into you throughout this book is that of the ‘Agile mindset’. An organisation can be Agile as long as they *act* with the right mindset and values, regardless of specific management frameworks or processes. So the question becomes, ‘What is the Agile mindset’? Whilst there is a lot of discussion on this topic, and unfortunately no single answer, the core Agile values provide a good starting point.

- 1 We value **individuals and interactions** over processes and tools.
- 2 We value **working software** over comprehensive documentation.
- 3 We value **customer collaboration** over contract negotiation.
- 4 We value **responding to change** over following a plan.

Ask yourself; what does the ‘Agile mindset’ mean to you? My definition of an Agile mindset, is one that embraces change, accepts failure, and focuses on staff welfare and Customer outcomes.

Embraces change

An Agile mindset accepts that change can, and will, occur and that change can be caused by both internal and external factors. Where possible, you leverage this change directly for your Customers' benefit. You understand that change may be outside your control, but quickly adapt to take advantage of it.

Accepts failure

Failure is a necessary step in the process of learning. In the Agile community, there is an expression: Fail often; fail early. An Agile mindset would look at failure as an opportunity where 'There is no failure, only feedback'. This doesn't mean you need to think that failure is good. You still want to produce high-quality outcomes for your Customers. However, you do see failure as an opportunity for learning. You encourage staff to come forward with any failures as early as possible, without fear of recrimination, to avoid compounding the problem. Most importantly, you do not think of your staff as 'failures' when they fail, and do not react emotionally to failure (yours or other peoples). Finally, you are accountable for failure.

Staff and Customer focused

If your mindset is staff welfare and Customer outcome focused, you recognise that business is a partnership that needs continuous attention and support. You want to learn from your Customers, and innovate with their current, and future, interests in mind. You acknowledge that when your Customer has a problem, not only is it also your problem

until it is fixed, but your responsibility to ensure it never happens again. You work with your staff to build, measure, and reward Customer satisfaction activities, regardless of whether they followed process, or their job description.

Changing your mind

As amazing as the human brain is, at times of stress it often falls to irrational thinking, which breaks the Agile mindset. Irrational thoughts may seem truthful and realistic, but are actually exaggerated, irrational, or clouded by faulty perceptions. As an Agile Manager, it is especially important that you understand your own patterns of thinking, so you can identify thoughts that may affect your work, and the effectiveness of Agile Business Management.

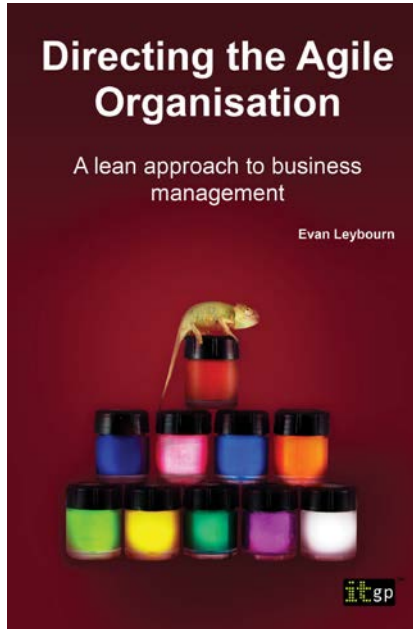


Examples of irrational thinking seen during Agile transformations include:

- ‘Our Customer was unhappy with our progress on an Iteration, therefore they are unhappy with us!’
- ‘Our Customer is happy with our progress so far, but I know it won’t last.’
- ‘Our first attempted implementation of Agile failed, therefore Agile does not work!’

Your staff will appreciate a manager who is in control, is honest and realistic. If you can be aware of your thoughts, you can identify and filter opinions not backed by evidence. This ultimately ensures stability and accuracy in you, and your Team’s work.

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