Dominik Maximini

AGILE LEADERSHIP in Practice

APPLYING MANAGEMENT 3.0
Dominik Maximini

Agile Leadership in Practice

Applying Management 3.0
I once invited my team to do a code review in the sun. The weather was beautiful; we had a habit of discussing source code each week; there was a nice patch of green grass just outside our office, and I was in a joyful mood. So why not?

I also organized lunch meetings where employees shared their vacation photos. I invited colleagues to cook dinners in my kitchen. (Food is a recurring theme in my work-life.) I convinced our office manager to put up a bell that we could ring to mark celebrations (with cake or cookies, of course). And I used my office chair as a wheelchair while visiting teams across the entire office, a practice that I consider naming Management By Rolling Around (MBRA). Some people thought I was a silly manager.

Several years later, when I quit my job as a development manager to become a writer and speaker, one team member told me that I was “the best manager he had ever worked with”. Another person said I was “the first manager who didn’t suck”. Some experts say that, when employees quit, they usually do so because of their managers. But not in my case. I had evidence that, in my part of the organization, turnover dropped to nearly zero. Sure, I was probably a silly manager, but my team members stayed! And my CEO was pleased.

Whether I was indeed a good manager, or just the first one who didn’t suck, it was clear that I managed things differently compared to others. I had no fear of experimenting with unconventional ideas. I wasn’t interested in implementing management practices just because they were the norm in other organizations. I cared much more about practices that had a positive impact on people’s happiness, engagement, and productivity.

When I started writing about my alternative approach to management, which I
named “Management 3.0”, some managers in other organizations started copying my practices with their own teams. A few of them even wanted to know all the details, variations, and exceptions for each practice. I received questions similar to “How long does it take to do a code review in the sun?”, “Is it OK for the team to sit in the shade?” and “What do you do when it’s raining?”

As a writer and speaker, I share management practices that worked for me (and some practices used by other managers and their teams). What worked for me could work for you. But there are no guarantees. And I cannot share all the details, variations and exceptions, because I don’t know them. You will have to try for yourself and see if you can replicate the successes. Every good practice for me is an experiment for you! That was always the best advice I could give to anyone who asked for more.

Until now.

It was with great pleasure that I learned about this new book written by Dominik Maximini. Dominik has been experimenting with nearly all Management 3.0 practices as described in my works. With many of them, Dominik succeeded. With some, he failed. But when Dominik failed, he figured out how to change the practices and make them work in his situation. And with other ideas, he was able to venture far beyond what I had experienced or even imagined myself.

Managers are like chefs. (I warned you about my food obsession.) Chefs use standard recipes from books, but they always change things depending on their guests and the environment in which they need to cook. Great dishes should first be credited to the chefs who prepared them, and only second to the original recipes that they used while cooking.

In this book, Dominik shares all he knows about experimenting with Management 3.0 practices. Managers (and chefs) are best advised to improve their work, not just by reading more recipe books, but by learning how other managers have experimented with and improved upon those recipes.

I am convinced that this book will help you be a better manager.

*Jurgen Appelo, Creator of Management 3.0*
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Changing Processes

We have taken a broad look at the organization so far. We always investigated the same topic, leadership, but we viewed it from different angles. In doing this, I already described some of the process changes in detail. While I hope you got some ideas for your own situation from this, I do believe you should know about some other process changes we also made. Some of the following topics were not mentioned at all so far, others were briefly grazed. All of them should be interesting nevertheless. Let’s shine a light on them!

9.1 Who Gets to Decide What?

One of the biggest challenges we encounter is the question of who gets to decide what. Having intransparent rules on this leads to dissatisfaction of employees, conflicts between individuals, people overstepping invisible borders, hitting a “glass ceiling”, or not living up to the expectations of their managers by not taking decisions they are allowed to take. Management 3.0 offers a neat practice for this issue: Delegation Boards (cf. Management3.of).

A Delegation Board is basically a decision grid with eight columns and a possible infinite number of rows. The columns show the extent of delegation, the rows state the types of decisions that are being delegated (cf. figure 26).

The process to fill the board is quite straightforward. The first thing we did was to print out Delegation Poker cards (cf. Management3.ofg). Then we put a brown paper onto the wall and created the 7-level-grid on it (cf. Table 11).

<table>
<thead>
<tr>
<th>1-Tell</th>
<th>2-Sell</th>
<th>3-Consult</th>
<th>4-Agree</th>
<th>5-Advise</th>
<th>6-Inquire</th>
<th>7-Delegate</th>
</tr>
</thead>
</table>

*Table 11: Seven Levels of Delegation*
We discussed what each level means until we reached consensus. In the beginning, this was not easy, because we were not clear about the perspective from which the levels must be seen. Once we added the perspective (the one sharing his power), consensus followed quickly (cf. Table 12).

<table>
<thead>
<tr>
<th>View:</th>
<th>1-Tell</th>
<th>2-Sell</th>
<th>3-Consult</th>
<th>4-Agree</th>
<th>5-Advise</th>
<th>6-Inquire</th>
<th>7-Delegate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Table 12: Delegation Levels Viewed from the Source of Power*
This might sound straightforward, but having tried this with many teams, it seems to be the major difficulty for everybody new to this practice. We defined the levels as described in table 13 (cf. Appelo 2014, p. 100 and Appelo 2016, p. 66):

<table>
<thead>
<tr>
<th>#</th>
<th>Level</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tell</td>
<td>I tell the team what I decided and they have to go with it.</td>
</tr>
<tr>
<td>2</td>
<td>Sell</td>
<td>I make the decision, but I explain why I made it this way. Still, the team has to follow.</td>
</tr>
<tr>
<td>3</td>
<td>Consult</td>
<td>While I still make the decision, I will ask my team before I decide.</td>
</tr>
<tr>
<td>4</td>
<td>Agree</td>
<td>Both the team and I have to agree. So effectively, each has a right to veto, only consensus leads to a decision being made.</td>
</tr>
<tr>
<td>5</td>
<td>Advise</td>
<td>I will give my opinion to the team, but they decide and I have to follow.</td>
</tr>
<tr>
<td>6</td>
<td>Inquire</td>
<td>The team makes the decision, but I will ask about it and will be informed.</td>
</tr>
<tr>
<td>7</td>
<td>Delegate</td>
<td>I don’t even need to know about the decision, the team handles such matters themselves.</td>
</tr>
</tbody>
</table>

Table 13: Delegation Levels Defined

Once we understood all levels, a discussion on level four and higher embarked: Who exactly was the one being empowered? “The team” is such a vague term that it could mean anything and nothing. We reached the conclusion that, for our purposes, we needed three different groups who could be empowered:

- Each individual
- Everybody affected by the decision, as a team
- The full team

Whenever a group was empowered, we decided that the group could only exercise it with a “consent”, meaning that every single person has the right to veto a decision, but not everybody has to agree. The difference to “consensus” is,
that in a consent situation it is okay to be neutral while in a consensus situation every single person has to actively agree. We then started figuring out what level of empowerment was appropriate for what kind of decision.

The Management 3.0 rules of Delegation Poker state, that the manager has the final say on what delegation level to choose. This makes sense since the whole process wouldn’t work if the one holding power was deprived of it, without any chance of having a say in it. At the end of the day, the manager will still be accountable to the outside world for what happens in her area of influence, no matter how much power she delegates or not. Still, I didn’t like this rule, because we would start a new practice exercising old beliefs while trying to establish agile management thinking. Therefore, we started pokering the question: “Who has the final say about delegation levels?”

It took a while to get used to Delegation Poker, but finally we agreed on “Agree”. Now both the team and I have a veto right, and neither they nor I can decide on a specific level without the other party. This felt better and more democratic than just leaving the power with the manager. However, we still had to figure out who exactly would get the right to veto. The whole team? A subset of the team? Each individual?

We used three different corners in the room and started with multi-dimensional Delegation Poker: We not only had to show the card reflecting our opinion in numbers, we also had to walk to the corner signifying the group being empowered. This worked very well, and we soon had our first entry on the board (cf. Table 14). With each new entry on the board, I would have one vote and the team would have one vote.

<table>
<thead>
<tr>
<th>View: Manager</th>
<th>1-Tell</th>
<th>2-Sell</th>
<th>3-Consult</th>
<th>4-Agree</th>
<th>5-Advise</th>
<th>6-Inquire</th>
<th>7-Delegate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deciding on delegation levels</td>
<td></td>
<td></td>
<td>Team</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

*Table 14: Deciding on Delegation Levels*

Now that we were familiar with the practice, we first identified all types of decisions we thought we should discuss, which resulted in table 15. We also
<table>
<thead>
<tr>
<th>View: Manager</th>
<th>1-Tell</th>
<th>2-Sell</th>
<th>3-Consult</th>
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<th>6-Inquire</th>
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<td>Deciding on delegation levels</td>
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<td>Team</td>
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<td>Vacation leave approval</td>
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<td>What to do to increase employability</td>
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<td></td>
</tr>
<tr>
<td>Education budget use</td>
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<tr>
<td>Project acceptance and staffing</td>
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<tr>
<td>Team membership</td>
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<td></td>
</tr>
<tr>
<td>Project / slack balance</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Release and Sprint goals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buy equipment &lt;100 €</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buy equipment &gt;100 €</td>
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</tr>
</tbody>
</table>

Table 15: Topics to Decide About
decided that whatever was not on the board would be left to common sense of the employee or fall automatically back to the manager. In other words, I encouraged the team to do the best they could, knowing that the decision officially resided with me and I could veto theirs, if needed.

During the Delegation Poker process, some interesting discussions took place. For example, I wanted to put the “What to do to increase employability” (so the decision which books to read, what trainings to choose, what to learn next, etc.) on “Delegate”, because I believe everybody should do this alone, not necessarily with the manager. The team however initially wanted “Consult” because they wanted to incorporate my thinking. We finally agreed on “Advise”, which leaves the responsibility with the team but allows them to consider my suggestions.

The final board had the following entries (cf. table 16):

*Glenn Lamming, Agile Coach and Professional Scrum Trainer*

After having worked through developing a delegation board in our team of agile coaches at NovaTec, this practice has become one of the most powerful I now use regularly in customer engagements. As new agile teams form, and individuals from different parts of the company come together for the first time in one team, it is critical that decision making and levels of responsibility are clarified. Viewing the delegation board as a practice to reduce leader work overloads by enabling the team to take on new responsibilities, is a win-win for both parties. Couple that with the interactive and engaging way the practice works, in which people really get to share their opinions openly, makes for a great way to build trust and develop communication at an early stage in the team’s formation.

This board remained valid for about two years. We often discussed if we should change something, but only after the two year period did we actually do so. The trigger was the change in the corporate procedure for overtime compensation (cf. chapter 6.3). We figured we should discuss how to handle this topic rather than leaving the decision with me. When working on the board, we quickly pokered everything on it again, which resulted in a couple of changes (cf. table 17). For your convenience, the table shows the first version values in brackets if today’s values deviate.
<table>
<thead>
<tr>
<th>View: Manager</th>
<th>1-Tell</th>
<th>2-Sell</th>
<th>3-Consult</th>
<th>4-Agree</th>
<th>5-Advise</th>
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<th>7-Delegate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deciding on delegation levels</td>
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<td></td>
<td>Team</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vacation leave approval</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Individual</td>
</tr>
<tr>
<td>What to do to increase employability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Individual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education budget use</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Team</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project acceptance and staffing</td>
<td></td>
<td></td>
<td>Everybody affected</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Team membership</td>
<td></td>
<td></td>
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<td></td>
<td>Team</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project/slack balance</td>
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<td></td>
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<td></td>
<td>Individual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Release and Sprint goals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Team</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buy equipment &lt;100 €</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Individual</td>
<td></td>
</tr>
<tr>
<td>Buy equipment &gt;100 €</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Team</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Table 16: Delegation Board Version One*
<table>
<thead>
<tr>
<th>View: Manager</th>
<th>1-Tell</th>
<th>2-Sell</th>
<th>3-Consult</th>
<th>4-Agree</th>
<th>5-Advise</th>
<th>6-Inquire</th>
<th>7-Delegate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deciding on delegation levels</td>
<td>Team</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vacation leave approval</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Individual</td>
</tr>
<tr>
<td>What to do to increase employability</td>
<td></td>
<td>(Individual)</td>
<td>Individual</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education budget use</td>
<td>Team</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project acceptance and staffing</td>
<td>(Everybody affected)</td>
<td>Everybody affected</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Team membership</td>
<td>Team</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project / slack balance</td>
<td>(Individual)</td>
<td>Team</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Release Goals</td>
<td>Team</td>
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<td></td>
<td></td>
<td></td>
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</tr>
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<td>Sprint goals</td>
<td>(Team)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buy equipment $\leq$ 100 €</td>
<td>Team</td>
<td></td>
<td></td>
<td></td>
<td>(Individual)</td>
<td>Individual</td>
<td></td>
</tr>
<tr>
<td>Buy equipment $&gt;100$ €</td>
<td>Team</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Take single-day leave for overtime, if holiday leave is planned for the rest of the year (max three days still open)</td>
<td>Team</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Individual</td>
<td></td>
</tr>
</tbody>
</table>

*Table 17: Today's Delegation Board*
This board is our most recent one and we still use it in our day-to-day business. As you can see, there is a trend for items to move to the right. Nothing was moved left so far. The last item was added to the table. The complicated way it is phrased implies correctly that it was not an easy discussion. We hit a major conflict within the team: One part of the team emphasized that they should be able to compensate for their overtime, no matter how the company fared and no matter what the consequences of their actions were. Another fraction of the team took the opposing stance and stated that they always needed to put the interests of the organization first, because if the organization suffered, we would all suffer. One person even stated that he didn’t need overtime compensation at all and we shouldn’t discuss it. We were unable to agree on how to solve the issue. This led to the rather complicated entry on the board and the removal of another card, stating how to deal with several days of overtime compensation at once. Since we couldn’t agree, it defaulted back to me, practically leaving it at level three (consult). We agreed to discuss it again when the need arose for somebody. Within the last year, this need did not arise. It will be interesting to see how this works out when we discuss it again after having had time to ponder it.

Whenever we show our Delegation Board to someone, especially people working for big companies, it results in three critical discussions: How can it work that vacation leave is a seven? How can you handle a four in team membership? How is it possible that you give budget power to the team?

The first two questions will be explained in more detail in chapters 9.4 and 9.5. Let me share our view on delegating budget power to the team with you.

Neither our team members want to ask for approval for every single thing they need, nor do I want to have to validate every small item that needs to be purchased. My team consists of responsible adults who know their own and the team’s profitability, so they are fully capable of making such decisions. They have all the information they need. We chose 100 € as a reasonable amount everybody can spend on a single purchase, but we probably could triple the amount and it would still work. Bigger purchases are on “Agree”, because this forces the team to discuss the need amongst themselves first. This proved to be quite helpful, because more efficient and economical solutions were identified. One example: “I want to order a moderation suitcase.” – “Why don’t you take the team suitcase? We can reassign it to you.” – “Oh, I didn’t know we had one …”.

We have now used a Delegation Board for several years. I am not completely
sure whether we will discover new categories to improve us further still, and if we do, we are always happy making improvements when it becomes obvious that they make sense. In fact, I believe the Delegation Board is far more powerful than the information printed on it. We have not experienced any negative effects so far. On the contrary, clarifying the decision types and agreeing on delegation levels helped us tremendously to grow as a team. It also helped to speed up decisions and to save time for me as a manager.

We also taught this practice to the other competence area managers and some of them rapidly adopted it. Others are still hesitant and are waiting for more experiences to become evident. We also discussed using such a board for describing the relationship between the management board and our competence area managers. While we all agreed that this would be wise, we haven’t done it yet. The reason is due to the additional freedoms the competence area managers received in phases two and three. Today, they are allowed to hire their own people, to decide on salary, to design their own business unit processes, and much more. Living up to these new expectations drove our focus more than the need to clarify what other additional decisions we should be allowed to make. In time and with increased maturity, the scope of responsibility will very likely change again.

9.2 SMILE

You already read some information about SMILE in chapter 5.3. Let’s take a closer look at this very interesting topic, even though some of the information repeats again here.

SMILE is our employee-led improvement system. The word stands for the goal: We want to make employees smile by improving issues the employees care about. Every employee who wants to participate in this endeavor is welcome to join, there is no elitist selection process, and there is no manager on the SMILE committee. The idea was initiated by today’s feel-good manager, and in the early days I joined the endeavor upon his request to help nurture the young and beautiful plan. After a short period, I realized that my participation was no longer necessary because the other people in this group had gained so much self-assurance and routine in the process that my future involvement
C: Consultant
CA: competence area, a business unit inside NovaTec
CAM: competence area manager
CM1: Contribution Margin 1 (revenue minus direct costs)
CM2: Contribution Margin 2 (CM2 minus indirect costs)
C-Prod: Customer Productivity, the average number of days per week spent working for customers
ERP: Enterprise Resource Planning
HR: human resources, or human relations
IT: Information Technology
JC: Junior Consultant
KPI: Key Performance Indicator
MBA: Master of Business Administration
MC: Managing Consultant
NPS: Net Promoter Score
SC: Senior Consultant
SMC: Senior Managing Consultant
SMILE: No acronym, it’s our employee-led improvement system


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Dominik Maximini
AGILE LEADERSHIP in Practice

This book is a comprehensive experience report, describing the agile transformation journey we at NovaTec, a 200-person strong consulting organization, have taken to date and continue to endeavor upon. Leaders and agile coaches who read it will benefit from both our success and our failure stories. Revolving around nine main chapters, each one focuses on specific aspects of our change. These include establishing values in business, holistic people recruitment and retention, innovation of performance appraisals, re-thinking organizational structure, re-design of leadership roles, streamlining measurement and reward systems, and enhancing career paths. The ninth chapter takes you deeper into some specific processes we changed, such as company decision-making, SMILE (company improvement budget at the discretion of employees), project selection, holiday leave and career coaching. In changing all this, we relied heavily on Management 3.0, a collection of management principles and practices which fit perfectly in an agile world.
If you want to move beyond the theory and learn from other organizations on how they are approaching their agile transformation, then this book is for you. It is very hands on throughout and allows you to derive your own change experiments directly from it. This includes experiments that you might be best off avoiding.