



# ACHIEVING SUSTAINABLE ORGANIZATIONAL AGILITY WITH

## CULTURE-LED TRANSFORMATIONS



June 2014

# **1. Introduction**

Many leaders feel increasingly overwhelmed by the pace of change and are being constantly challenged to understand the causes of major disruptions in the marketplace and in their organizations. The rate of change will only increase as their organizations and their marketplaces become more networked and technology continues to advance. The ability of an organization, as a whole, to respond in a healthy and disciplined manner to these constant changes and disruptions is what we refer to as Organizational Agility (or Enterprise-level Agile).

The purpose of this whitepaper is to introduce a transformation approach for achieving sustainable organizational agility. In this whitepaper we present the organization ecosystem, which plays a key role in the culture of an organization and subsequently in its agility. Next we explore a couple of common agile transformation approaches while highlighting sustainability challenges with both. Next we present the Culture-led Transformation Approach, which focuses on changing organizational habits in staged approach leading to sustainable changes. Lastly, we will present how to design an Agile transformational roadmap for the Culture-led Approach. As we conclude we will briefly discuss how Culture-led Transformation Approach relates to the Agile Adoption Framework (Sidky, 2007).

## **2. Organizational Agility**

We define Organizational Agility as a culture (a) based on the values and principles of Agile, (b) supported by the organizational ecosystem (which we define as an organization's leadership, strategy, structure, processes and people) and (c) manifested through personal and organizational habits (how work really gets done in the organization).

The first part of this definition is the notion of a culture based on the values and principles of Agile. When the word Agile is mentioned, many people immediately think of Scrum, eXtreme Programming or some other Agile methodology in the IT space. Agile, itself, is not a process, framework or any particular methodology; it is a mindset, a culture, a way of thinking. This mindset is all about learning and discovery. Agile is about a culture of continuous learning. The idea, therefore, is to frame Agile as the mindset, values and principles behind various methodologies, rather than as the practices associated with any methodology.

Understanding Agile as a mindset is foundational to discussing the transformational effort needed to achieve organizational agility. When organizations view Agile as just another process (even if it is viewed as an efficient process that enables a team to embrace change) then the

transformation journey is simply about adopting a new process. But when agile is correctly viewed as a set of cultural habits, then the agile transformation now entails the change of the entire organizational culture.

**2.1.Important Question: Agile Teams or Organizational Agility**

The analogy for achieving organizational agility is that of creating strawberry jam. Think of one team doing agile as a single strawberry – where it is sweet and it has benefits, just like an agile team. However we can all agree that a single strawberry (one agile team) is obviously not strawberry jam (where jam represents organizational agility), however it is a clear ingredient of the jam.

The confusion and challenge arises when we want to “scale” agile. When an organizations sees success with the one strawberry (one agile team) it develops a desire “scale agile” by starting-up more agile teams in the hope of achieving organizational agility. That is like adding more strawberries to a bowl and hoping that the result will be strawberry jam. The reality is that by starting more agile teams, you end up with agile teams within a non-agile organization. This is very different from bringing strawberries and going through a transformational process to change the strawberries to jam.



**Figure 1. Creating Strawberry Jam: An analogy for Scaling Agile Teams**

As depicted in Figure 1, there is a chasm between team-level agile (a bunch of strawberries) and enterprise-level agile or organizational agility (the jam). The chasm exists because usually team-level agile is achieved by a change of process and roles, and perhaps in some cases the “culture” and behaviors of the team members, but that is very different from changing the organizational

culture. For organizational agility to happen, and be sustainable, it must entail a transformation of culture.

One of the first discussions that need to happen when an organization wants to “transition to Agile” or “Scale Agile” is to decide whether the goal is to establish multiple agile teams (just a bunch of strawberries) or organizational agility (creating strawberry jam). One might argue that establishing multiple agile teams is a necessary step towards achieving organizational agility. While that is true to some degree, the scaling approach for agile, or in other words the transformation approach, will greatly depend on what you want as the end result; a change of culture or a change of process. Table 1 highlights briefly the difference between the approaches utilized for process changes verses cultural transformations.

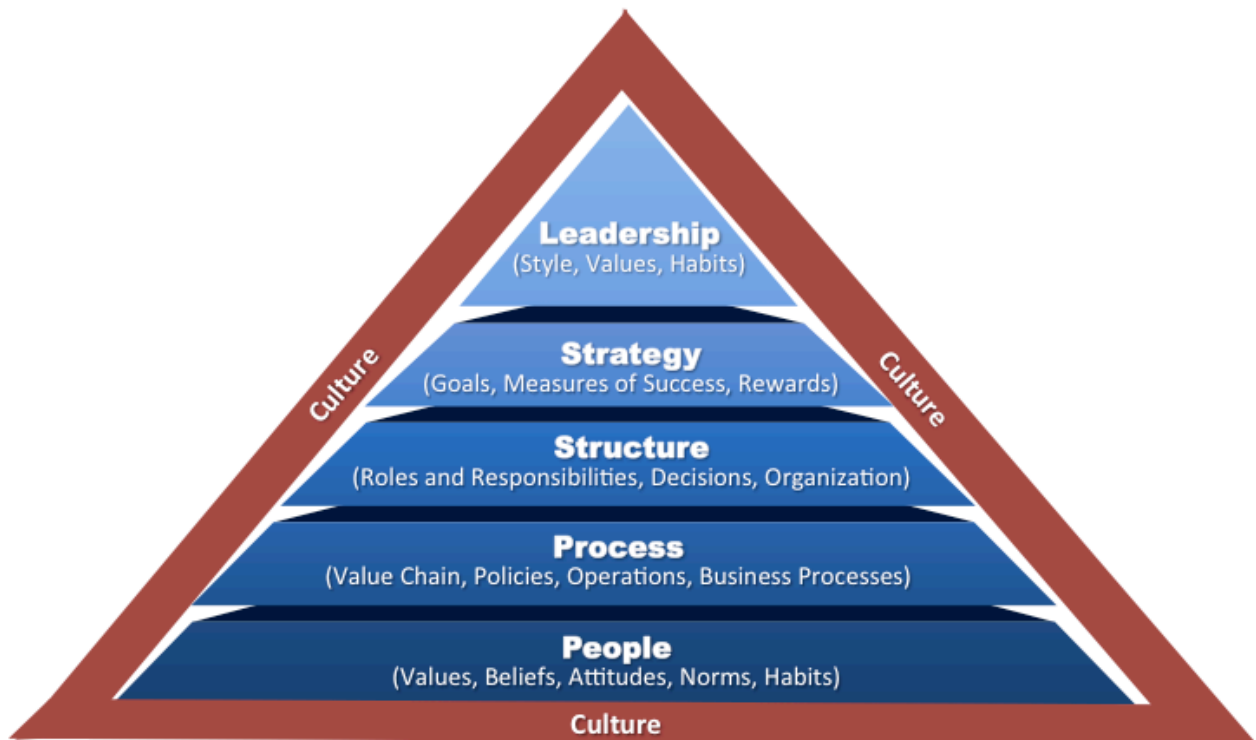
<i>Process Change / Incremental Change</i>	<i>Organizational and Culture Transformation</i>
Focus on Process and Technology	Focus on People
Cascading Decisions	Shared Vision
Training	Educating
Communication	Buy-in
Compliance	Commitment

**Table 1. Difference between process changes and cultural transformations**

The approach discussed in this whitepaper will serve those who desire to start a transformation that wants to truly change the culture and establish organizational agility. That brings up an important question, how can we transform culture? For the sake of simplicity we view culture as result of the organization’s ecosystem – its Leadership, People, Strategy, Processes, and Structures – and we will discuss this in the next section.

### **3. The Organizational Ecosystem**

Figure 2 below illustrates the relationship between culture and the elements of the organizational ecosystem (Leadership, People, Strategy, Processes, and Structures). The culture of an organization is represented as the red “bungee-cord” or “rubber-band” that is shaped as a result of all the elements of the ecosystem and at same time culture creates a “container” that holds all these elements in alignment with each other. Next we will explore each of the elements of the organizational ecosystem to see how they impact the culture.



**Figure 2. The Elements of the Organizational Ecosystem and its Relation to Culture**

### ***3.1. Leadership***

When we refer to leadership, we are interested in various elements of leadership, starting with the overall style of leadership. Is it collaborative, or command-and-control, or something else like consensus-driven? We are also looking at the values that leadership holds. What are the things that leadership truly aspires towards every day in practice, not what is published in some brochure as the “values?” Do leaders really aspire towards transparency, creativity, sustainability, or do they aspire towards perfection, compliance and protection? Do they value effort or do they only value getting it right the first time? What are their habits when it comes to dealing with challenges or constraints? How do leaders react naturally (and automatically) when problems start to surface? Do they automatically coach and mentor or direct and command? All these elements of leadership play a critical role in shaping the culture of an organization.

### ***3.2. Strategy***

The second element we believe is important is the strategy of the organization. With strategy we are looking at how (not what) an organization sets its goals and how they achieve alignment to work together towards meeting those goals. What are their measures of success and do they

ultimately drive behaviors that achieve those goals? What do people get rewarded for; do they get rewarded for successes only, or also for learning? What is the decision making process in the organization? Are decisions made to be inclusive of all stakeholders, or are only specific stakeholders allowed to be part of decision making? Again all of these strategic-level elements have a substantial impact on the organization's culture and also are greatly influenced by the culture.

### ***3.3. Structure***

Once the values of leadership become apparent, along with the manifestation of those values in terms of how the strategy is laid out, another element that shapes the culture of an organization is the organizational structures that exist. How are people organized to achieve the strategies that are laid out? Are they structured into isolated silos or overlapping teams? Are people working in silos encouraged to compete or collaborate with each other? Are teams only concerned with their own objectives or are they really concerned with the success of the entire organization? Is the organization keen on building networks or hierarchies? How are roles and responsibilities determined in the organization; task-based, outcome-based, or seniority-based? Are people given large spans of control to promote empowerment or narrow spans of control to ensure control? All of these elements related to how the organization is structured shape (and are shaped by) the culture of the organization.

### ***3.4. Process***

The next element that shapes the culture is the established business processes of the organization. A business process is a collection of related, structured activities or tasks that are performed by one or more roles to produce a specific service or product (ultimately serve a particular goal that is in line with the strategy). Within processes we are interested in the policies and procedures (written or implicit) that govern the operation of the organization. We look at the operational processes that constitute the core business and create the primary value stream. This element includes the processes that define how requirements are gathered, how design is created and reviewed, how software is developed, testing, and deployed. How are things procured and purchased when needed? How are customers engaged and how often? We are also looking at the supporting processes, like account management, technical support, and even reimbursement processes. Are they built on an assumption of trust or mistrust and abuse? The way processes are designed and implemented and governed shape (and are shaped) by the culture of the organization.

### ***3.5. People***

The remaining item in the organizational ecosystem is perhaps the most foundational, and that is the people themselves. People have beliefs, values, norms and habits that are all influenced by the culture of the organization and ultimately contribute to the culture of the organization as well. What do people believe their impact and contribution is to the company? Do they feel like assembly-line workers that are told what to do? If so, then sayings like “Just tell me what I need to do.” will be heard frequently, and will not be odd. Does the culture fear failure and therefore doesn’t attempt new creative and innovative approaches? Do people value collaboration or competition? That value will have an impact of how people approach success in the organization.

Even beyond the values and beliefs people hold, there are habits that people have developed over the years that kick-in automatically when they want to succeed and get things done. Those habits are manifested in terms of how work really gets done in the organization. The power and danger of these habits is that habits are what people do “automatically” usually without much thought. People fall back on habits and do what they have tried before and succeeded “automatically” to get work done in the company. In other words, it is what they do to succeed WITHOUT thinking because it has proven to work time and time again.

For example, some people may have a habit of circumventing the process when they want to get things done. Why? Because they have done it repeatedly, or they have seen others do it, and it has worked, so it becomes an organizational habit to circumvent processes. Even people that are just joining the organization will look at what other people do to succeed and they start to develop those habits. Habits become an integral part of the “culture” of how things get done. Other organizations may have habits of collaboration. People have developed an organizational habit that makes them automatically and without thinking reach out to others and work with them (even across organizational boundaries) because they have seen that work before. An effective agile transformation aims to change these “default” ways people work; essentially changing the personal and organizational habits, and changing the way people think about work and their norms.

## **4. Scaling Agile to Reach Organizational Agility**

The sum total of all the five elements presented in the previous section (Leadership, Strategy, Structure, Process and People) creates the culture of the organization and the culture keeps these five elements in alignment and harmony.

### ***4.1. Importance of Maintaining Cultural Alignment at all times***

Research conducted by Jim Collins and Jerry Porras (in their book Built to Last: Successful Habits of Visionary Companies) (Collins, Porras, 2004) shows that the key distinguishing factor

for high performing organization (see Figure 3) is the existence of a strong aligned culture. An aligned culture is where all elements of the organization work in concert together.

**Collins & Porras studied:**

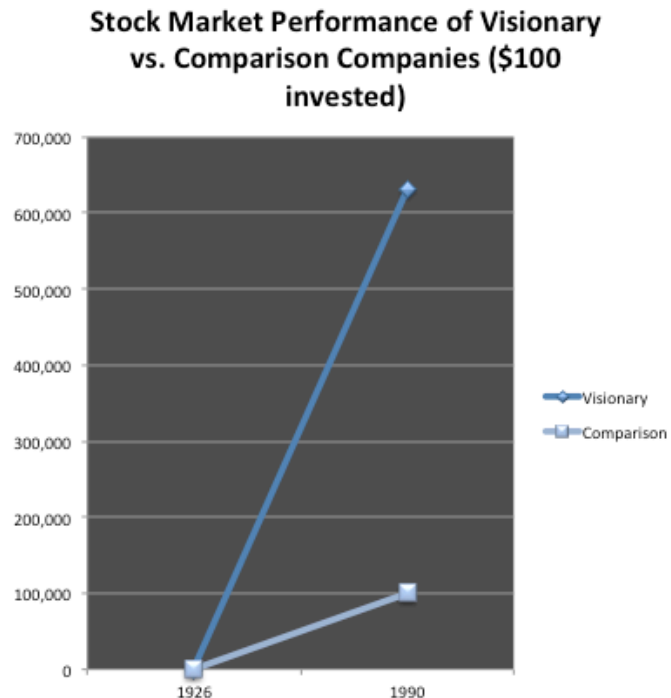
- 18 “visionary” vs. comparisons

**Key distinguishing factor:**

- presence of a **Strong, Integrated and Consistent Culture**

**Most critical differentiating factor:**

- **Alignment** – where all elements of the organization work in concert



**Figure 3. Research by Jim Collins & Jerry Porras around alignment of culture and performance**

For example, if the leadership style is command-and-control and that is aligned with the strategy and measures of success, then the structures are designed to promote command and control. Additionally, the policies, procedures and processes are all in alignment with promoting and supporting the command and control culture. It is therefore not surprising that the people in the organization believe that command and control culture is best for the organization. At that point, when all the elements are in harmony together, then we have an aligned culture.

Whether the culture is command and control or collaborative does not matter as much as whether all the elements in the organization are aligned and consistent with the culture. A strained or unaligned culture occurs when one or more elements are not in harmony with the others.





**Figure 4. Depicting an Unaligned Culture - As a Result of Change Efforts Focused only on Process**

When we look at a large sample of organizations trying to adopt agile, we see that due to their understanding of agile as a process, the change efforts focus on changing the process element of the organization (as depicted in Figure 4). As teams adopt agile they introduce more collaborative processes and practices (for instance, daily stand-ups, group estimation, collaborative planning, and team rooms). However by only changing the “process” element of the diagram they have thrown the organizational culture into a state of misalignment and unsustainability. The misalignment comes from the fact that now the processes are pushing towards a collaborative culture but the remaining elements of the culture are not in sync. For example, it is common to see that leaders’ values and habits have not changed to be more collaborative, nor have the reward systems changed to encourage the new collaborative processes. The misalignment then leads to lack of sustainability of the change because the culture will eventually “push back” on the processes element and try to align it with the rest of the elements making-up the culture.

If you change one or even two elements but keep the rest the same, the same results can be expected. For example, Scrum teams change the process element to introduce collaborative practices and also change the roles and responsibilities of a typical team by introducing two roles; the ScrumMaster and Product Owner. However, those changes may still be at odds with the rest of the organization if none of the other elements change. You can see this misalignment manifested in behaviors such as teams constantly complaining that they can’t get “buy-in” from

leadership to dedicate people to certain roles and even the people in those roles may have habits and beliefs that don't enable them to be effective in their role, and don't help them facilitate collaboration between the team.

Another example. Many agile adoption efforts change process elements and introduce new processes and practices that encourage learning and discovery (e.g. early feedback and retrospectives) but again, are the rest of the organizational elements in alignment? Do the people value learning and discovery or do they see learning as indicator for the lack of competency. Does leadership encourage learning and reward it, or is there a culture of “get it right the first time” and learning is viewed as a lack of proper planning? Is learning and discovery included as part of goals, strategies and rewards?

These are the real challenges that confront agile adoption and transformation efforts that only (or primarily) focus on changing one or two of organizational ecosystem elements without truly focusing on changing the entire culture.

The other interesting phenomenon is that once the change agent or sponsor exerting the pressure to change the process element (depicted by the arrow in Figure 4) goes away, the culture (represented in the bungee cord or rubber band around the triangle) pushes the process element back into alignment with the rest of the organization and all that investment in “change” turns out to be not sustainable.

For transformations to be successful they must be sustainable and live on to become the new culture of the organization. For that to happen successfully the culture as a whole needs to transform by evolving and changing all of the elements of the ecosystem together as part of a shared journey.

## ***4.2. Common Transformational Approaches***

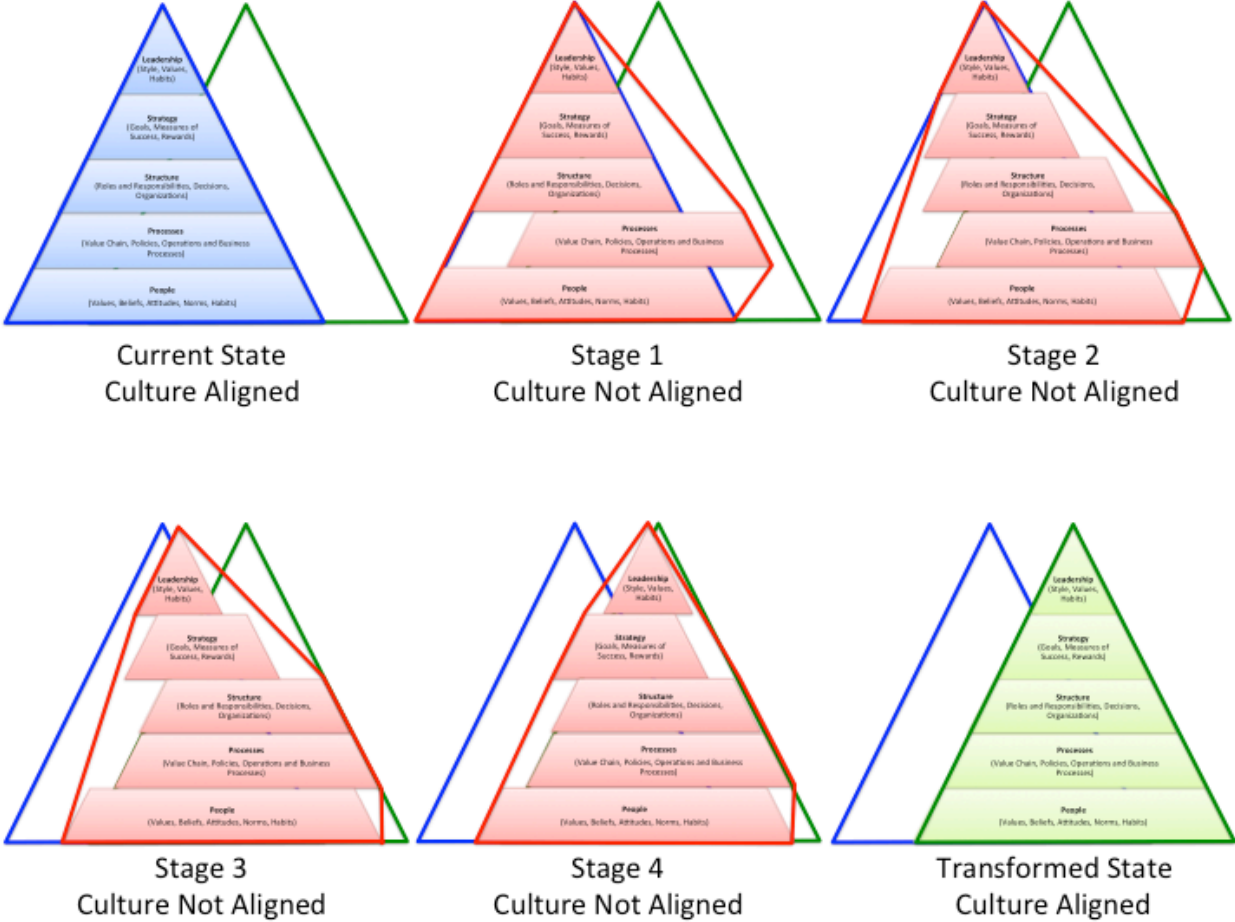
In this section we will illustrate two common transform approaches – approach #1: process-led and approach #2: organization-led. While these are very common transformational approaches, they both cause the organizational culture to be misaligned during the transformation, thereby putting the transformation effort at risk, and more importantly usually resulting in an unsustainable agile transformation.

As we present these two approaches, the diagram we use will show the different stages of the transformation from the current state (represented by the blue triangle) to the end state (represented by the green triangle). The color red will be used to show how the culture becomes misaligned. After presenting the two common approaches for transformation, we will present a

third approach (culture-led) that transforms the culture in a manner that keeps the alignment of culture intact (not red) as much as possible during the transformation.

**Approach #1: Process-led Transformations**

The term agile was coined and made popular through the software industry and, unfortunately, many people have boiled agile down to a set of practices and processes for developing software. Some have extended it beyond the software world and even then limited it to a management process or methodology. Therefore naturally the agile transformation will start with changing the process element of an organization.



**Figure 5. Process-led Agile Transformation Approach**

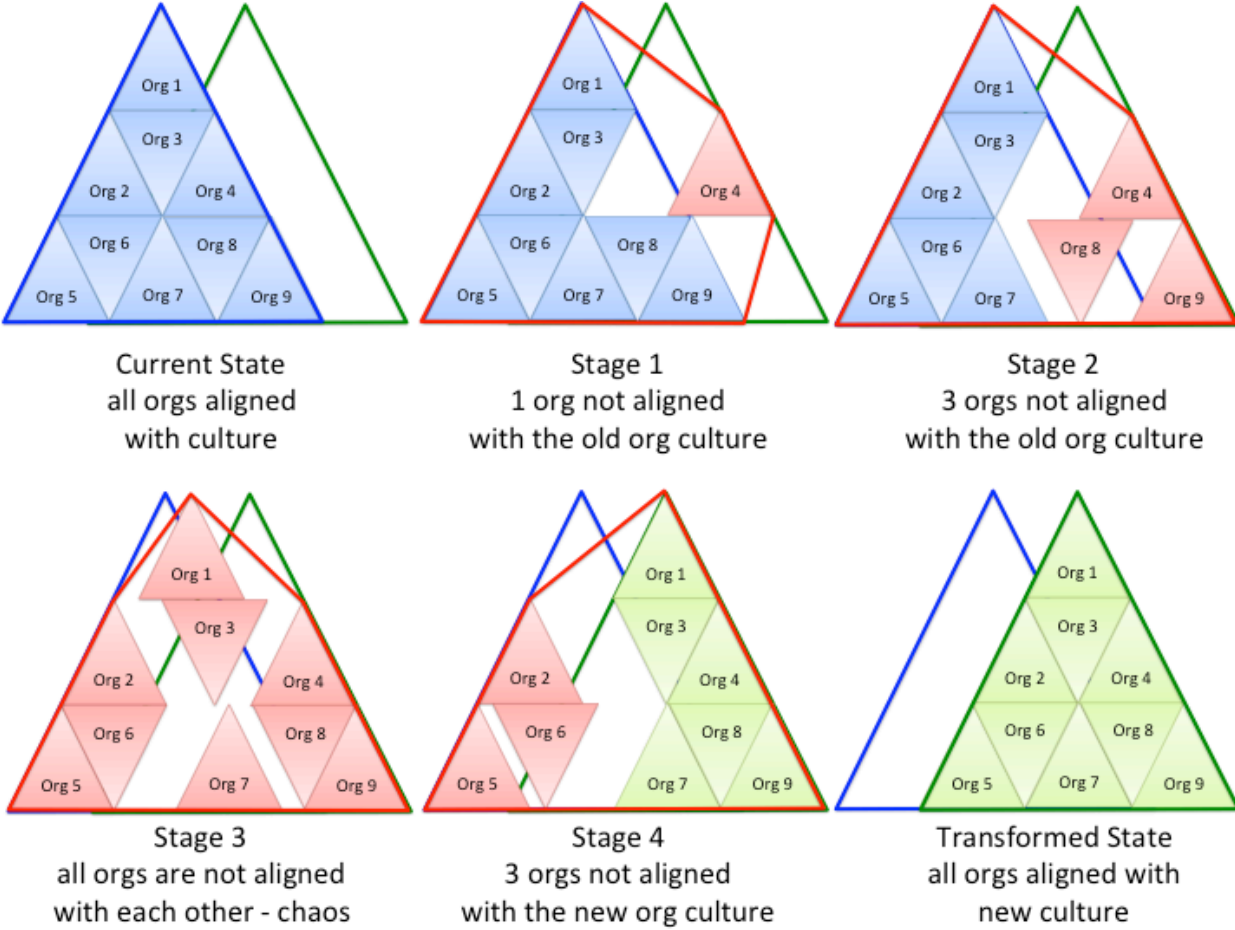
Figure 5 shows that once you change the process element to support agility, and no other elements change (as in Stage 1 of Figure 5), the organization’s culture becomes misaligned. As soon as the change agent stops “pushing” the change goes away because the culture (the red bungee cord around the triangle) will push the Process element back into alignment with the structures, strategy, leadership style, and the people’s beliefs.

However the change agent may persist and push harder, thereby changing some of the peoples’ beliefs as well as some aspects of the structure and strategy (as in Stage 2 of Figure 5). It will take a lot of effort to keep pushing the change forward (as shown in Stages 3 and 4 of Figure 5) until gradually the remaining elements of the organization transform.

While this approach is not impossible, it is risky because throughout the entire transformation the organizational elements are not in alignment (the triangle is red) and the culture will keep trying to “push back” all the changing elements to their original state of equilibrium. Organizations need to have strong change champions and lots of patience and perseverance to achieve sustainable organizational agility through this approach. I personally have not see this approach succeed in organizations.

**Approach #2: Organization-led Transformations**

Another view for organizational transformation is what we call the organization-led transformation. In this approach we look at the entire organization as a bunch of smaller nested organizations as indicated in Figure 6 below.



## Figure 6. Organizational-led Agile Transformation Approach

Since agile started in the software industry, we usually see the IT organization as the only part of the organization that adopts the new way of thinking (as depicted in Stage 1 of Figure 6). This is assuming that they (the IT organization) embark upon a proper transformation, which includes moving all the elements of its triangle (leadership, strategy, structure, process and people). However, when we look at the big picture, which is the agility of the entire organization or enterprise, the question arises, how sustainable can the IT organization be with a culture that is not in alignment with the rest of the enterprise? Can they sustain the cultural tension between them and rest of the entities in the enterprise (represented in the red bungee cord) that are trying to pull them back)? As much as we tend to believe that parts of organizations operate in silos and can act as separate entities, the reality is for the enterprise as a whole to be high performing, its entire culture needs to be aligned.

Sometimes the organization (whether IT or some other part component) pioneering the transformation is successful enough (and influential enough) that it becomes a beacon attracting other parts of the organization to transform (as depicted in Stage 2 of Figure 6). While it may promote transformations to happen across other parts of the organization, all those entities are still subject to the “pressure” of conforming to the rest of the organization. The overall organization will remain misaligned until it reaches a critical mass, such that enough entities in the organization start to transform to the new way of working and that becomes the new dominant culture (as depicted in Stage 4 of Figure 6).

## **5. Culture-Led Transformation**

After looking at the two common approaches to transformation (Process-led and Organizational-led), it becomes apparent that sustainable transformations may need to find a different approach to increase the probability of success for the transformation. This is how we combined the best of both approaches in what we are labeling “Culture-led transformation.”

Before we proceed it is important to note that both the process-led approach or the organizational-led approach are common approaches to transformation, even for organizations that know that the journey to agile is more than just process change or just changing one of its business units. The reason they pick a process-led approach or an organizational-led approach is that the organization is worried about changing too much too quickly – they are worried about the high risk of change and its impact on its performance. So they decide to change just the process aspect of the organization, or decide to change one sub-component within the larger organization or enterprise.

In a culture-led transformation we assume that the organization understands the reality of the transformation being about mindset and culture, and that they realize that to reap all of the benefits of organizational agility, the transformation needs to go beyond one part of the organization (usually IT) and span the entire organization. At the same time, the organization wants to reduce the risk of the transformation and minimize the impact on day-to-day operations. It is based on that mindset (reducing risk while striving for complete transformation) that we present the culture-led approach.

In culture-led transformation the organization designs a values-based roadmap that aims at transforming the entire organization, together, in small increments (we will show how to design such a roadmap in 6 of this whitepaper). These increments focus on instilling specific agile behaviors, values and habits across the entire organization. The key is that these small increments of change span all the elements of the organizational ecosystem (its leadership, strategy, structure, process and people). In Figure 7 you can see how all the elements of the organizational ecosystem are changing together in small increments.

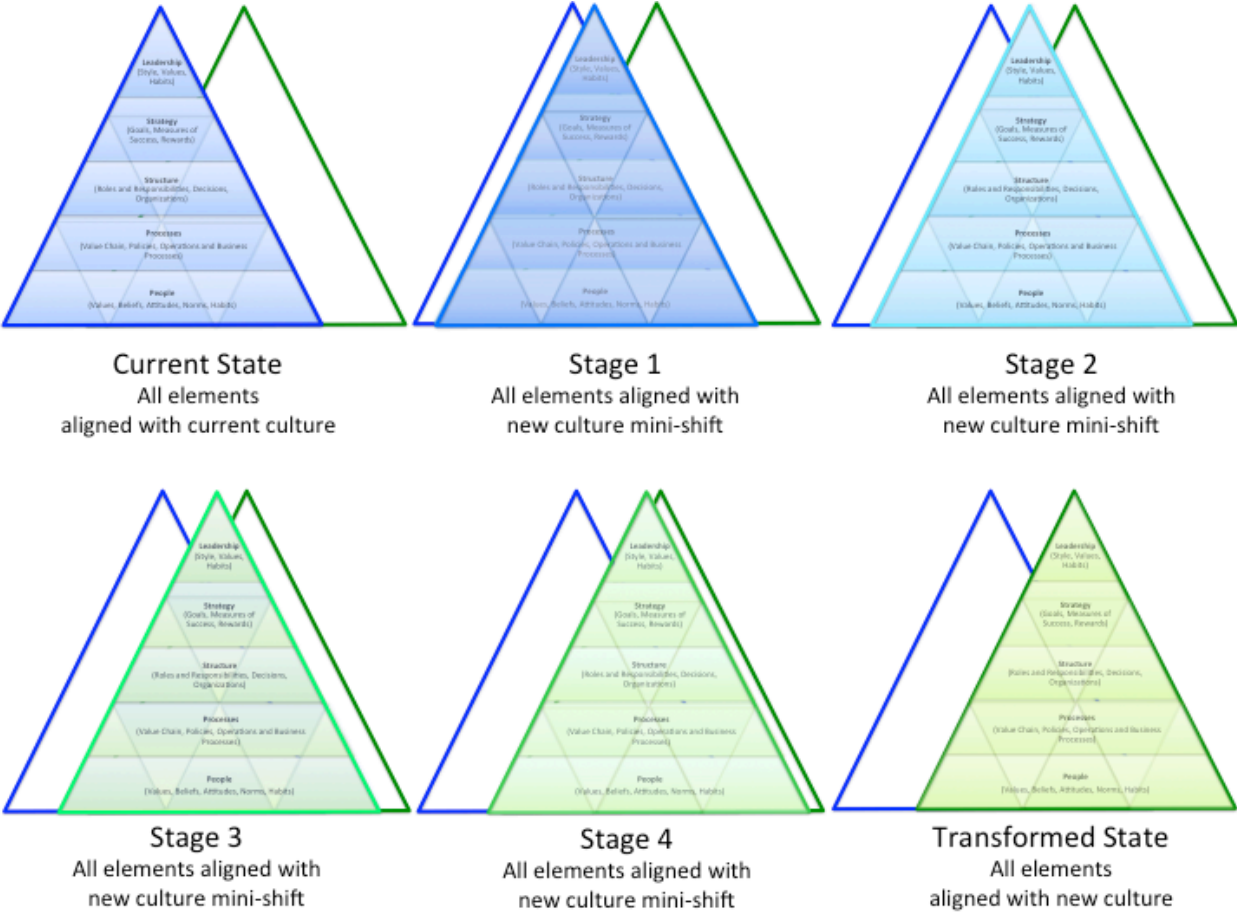


Figure 7. Culture-led Transformation

For example, think of a case where we are focusing the transform on one thing – embracing the agile value of collaboration and effective communication. We will not think about iterations or WIP limits. We will not think about Test-Driven Development or Continuous Delivery for now. We will simply try to create a new organizational culture that embraces and manifests higher levels of communication and collaboration. In this case, the roadmap for change will highlight the changes that need to happen to each element in the organizational ecosystem to promote and support this new habit and culture.

As seen in Stage 1 in the previous diagram, the entire “triangle” moves (transforms) together. You create a shared vision for the entire organization. You create a common journey. The transformation is not for some people and not others. You are enforcing an important concept; this affects all of us, and we are all in this together. Contrast this approach with what we commonly observe in organizations transforming to agile. They change the process to be more collaborative but the rewards system still promotes individual heroics. How sustainable is that? How long will it take before teams go back to their old habits – which are supported and enforced by the rest of the organizational elements?

The remaining sections in the whitepaper will show you how to create an agile transformation roadmap to achieve a culture-led transformation.

### ***5.1. Important considerations for the culture-led transformation approach***

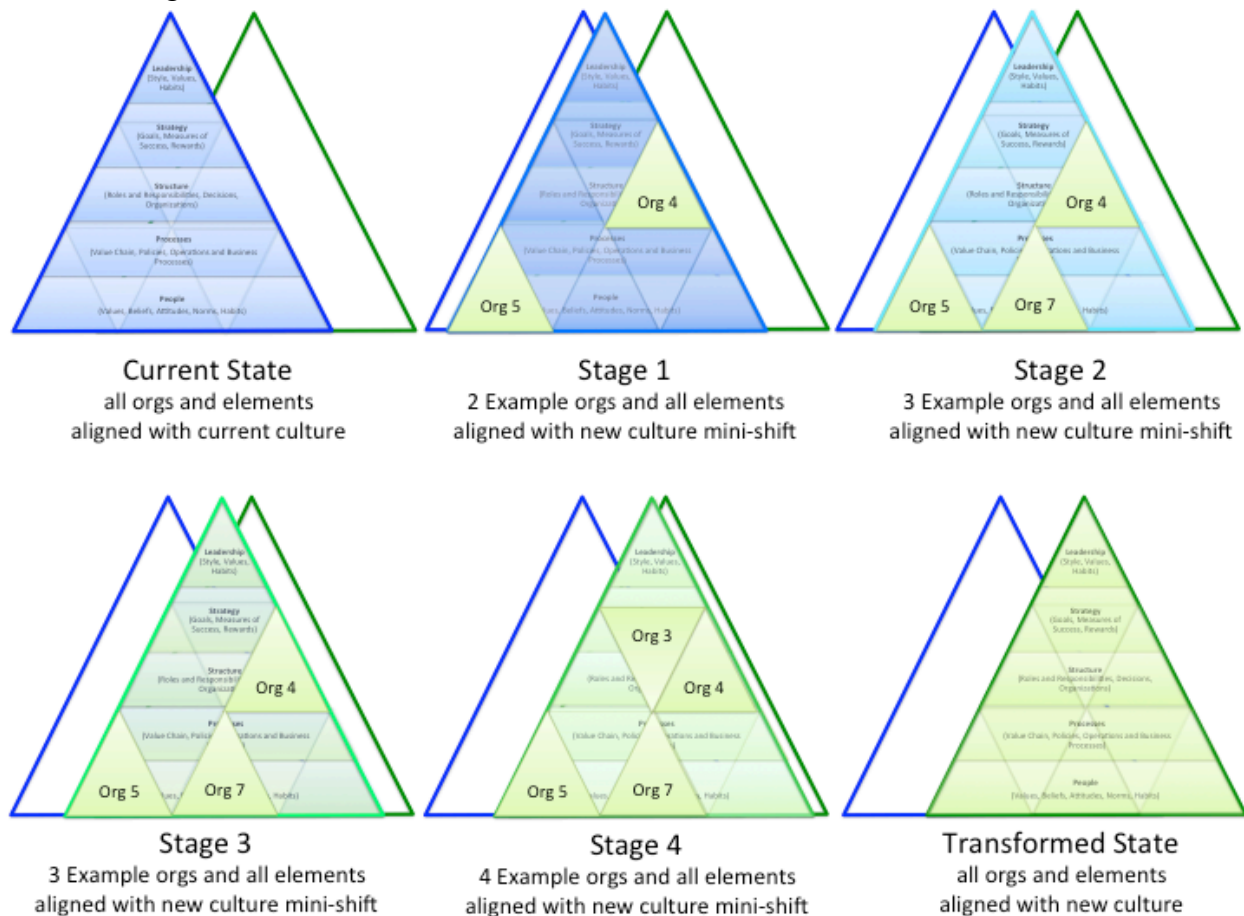
While the culture-led transformation approach described above has its obvious merits there are things that people need to be aware of to avoid some of its pitfalls.

#### **Example Teams/Organizations**

A key element of the Culture-led transformation is to establish what we call “Examples.” Examples can be teams, projects or organizations, but the key is that they go “all the way”. They show the organization what the end result could look like. They are the motivation for the organization to keep going through the long transformation journey.

Because transformation journeys are long in duration, organizations try to “accelerate” them to see instant (or very quick) results. While we support the idea of quick wins and showing success early, we also want to emphasize that sustainable organizational transformation is not something that can be achieved overnight (because we are changing mindsets, habits and culture of the organization to make sure it's sustainable). Therefore to balance between the need for quick wins that motivate us and show us the end result in a tangible way we can relate to and to give the organization the time and space it needs to truly transform, we see it as necessary to have

Examples during what can seem like a rather slow organization transformation journey of the rest of the organization.



**Figure 8. Culture-led Transformation with Example Organizations**

As you can see when comparing Figure 8 and Figure 6, a key difference between these Examples (Figure 8) and what we saw in the organizational-led transformation (Figure 6) approach is that Examples exist while the rest of the organization is also transforming. Everyone is changing but the Examples are modeling what the change will look like. We are also using the Examples to experiment and learn what will work and not in our organization.

It is important to keep in mind that Examples are not pilot projects or organizations that will start the journey first while the rest of the organization is “waiting” to see if they will work. It is also important to choose these Examples wisely so that they provide motivation and visibility to the end result across the entire enterprise, not just one part of the organization.

## Executive Support



As you can see, the Culture-led approach requires a high degree of executive buy-in and commitment since they (the leadership element of the triangle) are involved in the transformation and they need to enable change that will span the entire organization.

While we recognize that getting executive support may be a constraint, our experience has been that is something that cannot be skipped or watered-down. If an organization wants sustainable organizational transformation, they need to recognize that they are changing all the elements of the organization and impacting the culture and mindset, and that is not something that can be done (from our experience) without a high degree of executive support. Without that degree of executive support teams can adopt agile on a team level, but that team or sub-system exists within a broader organization that has a different culture and that will continue to “pull them back” to the old culture and current way of doing things (the organizational habits).

We are not saying this to demotivate or discourage people from adopting agile on a team or sub-organizational level, we just want people to have realistic expectations. Team-level agile can be achieved with and without a high level of executive support, and while it may be hard to sustain, it is not impossible. However, the journey for sustainable organizational agility and the transformation needed for that, based on our experience, cannot be achieved without a very high degree of ownership from the executives of the company.

## ***5.2. Changing and Establishing Organizational Habits***

Charles Duhigg in his book, *The Power of Habit* (Duhigg 2012), suggests that habits are not conscious decisions, but instead are routines. Once we start the routine, we go on autopilot and simply go through the steps of the routine—we don’t even think about it.

In his book, Duhigg, explains that the basic elements of a habit are: Cue, Routine and Reward. The Cue triggers the routine – which is executed automatically – and then a reward is realized that reinforces the habit and makes the routine trigger again when the cue happens again.

For example, take the habit of brushing your teeth in the morning. The cue is waking up in the morning. The routine is brushing your teeth. The reward is the feeling of a clean mouth and fresh breath.

Just like people have personal habits that they do as “automatic routines” without much thought (e.g. brushing teeth, exercising, smoking, etc.) there are organizational habits. Organizational habits are what people do in their day-to-day work life “automatically” (without much thought) to get work done in the organization. These may be very different than the policies, procedures or established processes of the organization – organizational habits are how work “really gets done” in the organization.

For any change to be sustainable, the organizational habits need to change to empower and manifest agility. Habits are powerful, whether they are good habits or bad ones. Today, organizations may have dis-empowering habits that inhibit the organization's agility. A successful transformation changes the personal and organizational habits to enable and empower agility.

While the ultimate goal is to change the personal and organizational habits, it is overwhelming to think of which habits to change; there are so many habits. This is where the concept of keystone habits started. Keystone habits are the answer to the question, which habit should we start changing?

Keystone habits are habits that have the power to start a chain reaction changing other habits across the organization. Keystone habits start a process that, over time, transforms everything.

For example, a non-keystone habit is turning the water off while you brush your teeth. While this is a great habit, there is little probability that this habit will change the rest of your life. On the other hand, Regular physical activity, is a keystone habit, because for many people it starts other habits like eating healthy, proper sleeping and so on. The key to a keystone habit is that it commonly has ripple effect beyond the original habit. The healthy eating and proper sleeping are not part of the original goal (the exercise); instead, these healthy changes are part of a chain reaction that happens when you incorporate the keystone habit.

## **6. Creating An Agile Transformation Roadmap based on Keystone Habits**

To summarize thus far, culture-led agile transformation focuses on changing all the elements of the organizational ecosystem at the same time (Leadership, Strategy, Structure, Process and People) but in small manageable stages. Each of these stages will focus on introducing a keystone habit into the organization.

The design of the stages needed for the transformation is what we label as The Agile Transformation Roadmap. This roadmap helps provide the organization with the bigger picture of the Agile transformation. The way we design a Transformation Roadmap is by creating a 2 dimensional table. One dimension will be the elements of the organizational ecosystem (Leadership, Strategy, Structure, Process and People) and the other dimension will be the stages of the transformation. For each stage in our transformation, we will identify a Keystone habit for the organization to focus on.

	Leadership	Strategy	Structure	Process	People
<b>Stage n:</b> Keystone Habit #n					
<b>Stage 4:</b> Keystone Habit #4					
<b>Stage 3:</b> Keystone Habit #3					
<b>Stage 2:</b> Keystone Habit #2					
<b>Stage 1:</b> Keystone Habit #1					

**Figure 9. Empty Framework for an Agile Transformation Roadmap**

To fill out each row in the roadmap, the following questions need to be answered.

- What does Leadership need to know, or do to enable, support and promote this keystone habit?
- What needs to change for our Strategies to enable, support and promote this keystone habit?
- What needs to change for our Structure to enable, support and promote this keystone habit?
- What needs to change for our Processes to enable, support and promote this keystone habit?
- What do People in the organization need to know, or do to enable, support and promote this keystone habit?

Every organization needs to consider what changes need to happen within every element of the organization to promote the new culture and turn it into an organizational culture that causes people to do something automatically because it has proven to help them succeed at work. It is when people in the organization do not view these changes as “the new process” or the “flavor of the month” To keep going with this example, what needs to change about processes to promote communication and collaboration? What policies, and activities need to be changed or introduced to guarantee more communication and collaboration and engrain that habit into the culture? What needs to change with regard to peoples’ beliefs, values and personal habits to support the new behavior of communication and collaboration? All these questions need to be answered by the organization to successfully shift the organization to the next step towards organizational agility.

### ***6.1.Suggested Stages and Keystone Habits for Agile Transformation Roadmap***

A lot of agile experience, change management and organizational context is put into the design of the agile transformational roadmap and deciding what practices need to be introduced in each stage of the transformation to establish new organizational habits. From our experience and research we suggest that the first 4 Keystone Habits to be introduced are:

- Stage 1: Establish a habit of **communicating and collaborating**
- Stage 2: Establish a habit of working and **delivering in circular – evolutionary slices** to realize early value
- Stage 3: Establish a habit of **integrating all efforts** – integrated work streams, integrated work team
- Stage 4: Establish a habit of **gathering feedback from multiple levels** – truly open to change and learning

It has been our experience that these stages, done in this sequence, have yielded good results, however, during your agile transformation, these stages may be modified depending on what is deemed best fit for the organization. Figure 10 illustrates what an empty Agile Transformation Roadmap would look like populated with the 4 stages and keystone habits we recommend.

	Leadership <small>What does Leadership need to know, or do to enable, support and promote this keystone habit?</small>	Strategy <small>What needs to change for our Strategies to enable, support and promote this keystone habit?</small>	Structure <small>What needs to change for our Structure to enable, support and promote this keystone habit?</small>	Process <small>What needs to change for our Processes to enable, support and promote this keystone habit?</small>	People <small>What do People need to know, or do to enable, support and promote this keystone habit?</small>
<b>Keystone Habit #n</b>					
<b>Keystone Habit: Adaptation</b> <small>Establish a habit of gathering feedback from multiple levels – truly open to change and learning</small>					
<b>Keystone Habit: Integration</b> <small>Establish a habit of integrating all efforts – integrated work streams, integrated work team</small>					
<b>Keystone Habit: Evolution</b> <small>Establish a habit of working and delivering in circular – evolutionary slices to realize early value</small>					
<b>Keystone Habit: Collaboration</b> <small>Establish a habit of communicating and collaborating</small>					

Figure 10. Agile Transformation Roadmap with 4 Recommended Stages and Keystone Habits

## 6.2. Transforming Leadership and People

It is critical for the organization to realize that sustainable culture-led transformations cannot be outsourced or bought from a consulting or coaching company. While agile consulting and coaching companies can assist with the design of the transformation approach and roadmap, the major change has to come from within.

As illustrated in Figure 11, sustainable cultural transformation relies on transforming both the human elements (leadership and people) as well as the non-human elements (strategy, structure and process) of the organization. It is quite unfortunate that most (but not all) of the transformation efforts I have seen in the Agile industry have focused on transforming the non-human elements, even though I think most people would agree that true sustainable change happens when the human elements transform. Transforming the human elements is done through learning, education, coaching and mentoring.



### Human Elements:

*The keys for sustainably transforming the leadership and people elements:*

- A common education journey (not training) to change how people work and illustrate how to live the Agile Mindset in their job
- Leadership Coaching (how to inspire performance not mandate it)
- Mentoring and Coaching on an individual and team level.



### Non-Human Elements:

*The keys for sustainably transforming the strategy, structure and process elements:*

- Designing and Implementing a multi-stage roadmap to agility that changes all three of these element in synergy and harmony
- A combination of consulting, mentoring, organizational coaching, business process re-engineering and organizational change management to roll-out the changes across the organization

Figure 11. Distinguishing between the Human and Non-human elements of an Agile Transformation

## 6.3. Sustainable Transformation through Learning and Education

Education is a critical component in a sustainable agile transformation. Sustainable agile is realized when people have truly change the way they think – and this requires education. If we truly understand that we need to change the mindset of everyone in the organization, including its leaders, then we need a combination of education and coaching and mentoring to successfully equip people with the knowledge and skills they need to develop and execute the agile habits we talked about earlier. If we think of agile as a process, not a mindset, then we default to training instead of education.

There is a clear difference between education and training - education is about the changing of the way people think about their day-to-day work – how to govern an agile project, while keeping flexibility, how to build code while reducing the cost of change, to undertake analysis by focusing on vertical slices of business value.

Training is about the mechanics of how practices are done, such as a template for writing a user story. Education will focus on changing the thought process to focus on value and enable the educated to think and decide what works for them and for their team.

Lots of agile teams have gone through Scrum training, or even better, Agile training. While we believe there is value in these trainings, what we are illustrating here is way beyond that. Most of these training sessions discuss the practices and ceremonies of the practices, like how to do release planning, how to write user stories or how to facilitate a daily stand-up. While this training is needed, this is not education. Education goes beyond the practices and into the day-to-day, minute-by-minute thought process of people. Education will help people BE agile not just DO agile. Education illuminates their hearts and minds and helps them realize how an agilist acts and thinks in-between and beyond the daily meetings and work-sessions. It changes their beliefs, values and habits. That is truly when agility becomes sustainable – when it is embodied in the DNA of the people running the organization (at both leadership and staff levels).

	Leadership <small>What does Leadership need to know, or do to enable, support and promote this keystone habit?</small>	Strategy <small>What needs to change for our Strategies to enable, support and promote this keystone habit?</small>	Structure <small>What needs to change for our Structure to enable, support and promote this keystone habit?</small>	Process <small>What needs to change for our Processes to enable, support and promote this keystone habit?</small>	People <small>What do People need to know, or do to enable, support and promote this keystone habit?</small>
<b>Keystone Habit #n</b>					
<b>Keystone Habit: Adaptation</b> <small>Establish a habit of gathering feedback from multiple levels – truly open to change and learning</small>	Learning & Education  Coaching  Mentoring				Learning & Education  Coaching  Mentoring
<b>Keystone Habit: Integration</b> <small>Establish a habit of integrating all efforts – integrated work streams, integrated work team</small>					
<b>Keystone Habit: Evolution</b> <small>Establish a habit of working and delivering in circular – evolutionary slices to realize early value</small>					
<b>Keystone Habit: Collaboration</b> <small>Establish a habit of communicating and collaborating</small>					

**Figure 12. Agile Transformation Roadmap emphasizing the roles of Learning and Education**

The International Consortium for Agile (ICAgile) has gathered experts from around the world to define a learning and educational roadmap for various disciplines needed by organizations aspiring for sustainable organizational agility. ICAgile has published a set of learning objectives that creates a clear learning roadmap for what people need to learn within each discipline (such as Development, Testing, Leadership, and Coaching) to become knowledgeable and capable to work in a way that enables, promotes and manifests the organizational agility towards which the organization is transforming.

#### ***6.4. Transforming Strategy, Structure and Process***

In the previous section we highlighted an important missing element, in most transformations, is the learning and education component. The journey for the leadership and individual contributors (people) is mostly an educational journey. People need to understand why they are doing the routine of the habit and what they are getting out of it.

As for the strategy, structure, and process components of the roadmap these elements will need to change to support the Keystone habits. This is where a lot of the agile practices can come in and also this the place that can accommodate scaling models like the Scaled Agile Framework and Disciplined Agile Delivery.

Consider this example. Suppose we are going to introduce the keystone habit of “Enhancing Communication and Collaboration.” The entire organization will embark on a journey to change the ecosystem (leadership, strategy, structure, processes and people) to establish the habit and realize the benefits associated with that keystone habit.

To support these changes the leadership will go through a learning program and possibly also some coaching and mentoring to learn what the Agile mindset is about as well as how to manage Knowledge Workers and how collaboration is not “touchy feel stuff” but truly the engine of an innovative, knowledge work, organization. Similarly the people need learn also what the Agile mindset is and why they should value collaboration (even if it takes longer). People need to belief that collaboration will yield better results and that it is worth the investment. This is how these new strategies, structures and processes can be supported. Then by having all the 5 elements of the organization promote collaboration it will become a habit in the organization. Figure 13 shows an example of how the roadmap may look like when starting with collaboration as the first Keystone habit.



	Leadership What does Leadership need to know, or do to enable, support and promote this keystone habit?	Strategy What needs to change for our Strategies to enable, support and promote this keystone habit?	Structure What needs to change for our Structure to enable, support and promote this keystone habit?	Process What needs to change for our Processes to enable, support and promote this keystone habit?	People What do People need to know, or do to enable, support and promote this keystone habit?
<b>Keystone Habit #n</b>					
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<b>Keystone Habit: Evolution</b> Establish a habit of working and delivering in circular – evolutionary slices to realize early value					
<b>Keystone Habit: Collaboration</b> Establish a habit of communicating and collaborating	<ul style="list-style-type: none"> <li>❖ Agile mindset</li> <li>❖ Knowledge work management</li> <li>❖ Facilitative leadership</li> </ul>	<ul style="list-style-type: none"> <li>❖ Create a cross-silo portfolio value team</li> <li>❖ Management level rewarding system for team collaboration not heroics</li> </ul>	<ul style="list-style-type: none"> <li>❖ Each project has a delivery team and a value teams</li> <li>❖ Establish team facilitators</li> </ul>	<ul style="list-style-type: none"> <li>❖ Chartering</li> <li>❖ Information radiators</li> <li>❖ Collaboration tools</li> <li>❖ 15 minute daily touch points</li> <li>❖ Retrospectives</li> </ul>	<ul style="list-style-type: none"> <li>❖ IC Agile's Agile Fundamentals (which includes the agile mindset)</li> </ul>

Figure 13. Agile Transformation Roadmap with first Stage populated with Agile Practices

### 6.5. Things to Keep in Mind about Your Roadmap

Since each organization is unique, each organization should have a different roadmap. The key to making sure that your roadmap is correct is to frequently inspect and adapt it. Just like in knowledge work you won't know if you got it right till you do it, similarly, your first roadmap probably won't be completely right and it is also probably the best starting point you have. The most important thing is to inspect and adapt and discuss what changes need to happen to the roadmap as execution begins. Don't try to take a "checklist mentality" or "linear approach" to agile transformation – that would be pretty ironic.

Here are a couple of important things to key in mind:

1. It's going to be a fairly long journey. The strategy, structure and processes of companies are established (and deeply rooted) elements in an organization. Sudden change to them may work in some cases, but in most cases it doesn't. So just as the educational journey for leadership is multi-stage and probably multi-year, the transformational roadmap for

the strategy, structure and process also will probably be multi-stage and multi-year – it actually should go hand-in-hand with the educational component of the roadmap.

2. The transformational journey should span the entire organization. The entire organization is engaged in a common journey to reach a shared vision. By having one part of the organization change and not the other we are creating misalignment again within the overall culture. Due to the size of the change it is very tempting to “try it out” in a “small contained group” within the organization first to see if the new changes work first. Our advice in this situation is to make smaller changes – if needed - but keep everyone in the organization engaged – not just one “pilot” group.

## **7. Measurements**

The final component that needs to be addressed in a culture-led transformation is measurement. One of the main reasons we promote a culture-led transformation is that we want to ensure that the culture doesn't get misaligned and strained during the transformation.

The measurement system is primarily established to:

- Validate quantitatively the progress of the transformation
- Validate quantitatively the impact of the transformation
- Validate quantitatively the alignment of the culture

### ***7.1. Progress of the transformation***

Any agile transformation, especially multi-year transformations like the one discussed in this whitepaper, need to show, via quantitative evidence, that the transformation people are investing time, energy, money, and other resources in is progressing. The team needs to define what progress means and establish a measurement system to show evidence of progress. While the impact of the transformation (as described in the next section) is really the more important measure from our perspective, measuring progress is still important, because for the impact to be substantial, it will take time, and if progress is not being tracked, funding for the transformation may get cut before the impact can be realized.

### ***7.2. Impact of the transformation***

While measuring progress is important to justify the investment put into the transformation, the true measure of the transformation is its impact. Measures need to be defined upfront for what

the anticipated impact from the transformation will be, and then measurement systems (how to measure) need to be established from day one to show the impact of the transformation – even if it is small. The challenge here is that defining the measurements and establishing a system to measure them is not easy, and so many transformation efforts skip doing it and just start the transformation. The power of starting the measurement of impact from day one is that first of all it forces the organization to think about what impact they expect the transformation to have, and more importantly how to measure that impact. Measures of impact provide a sense of accomplishment for the team and the organization along their journey, while at the same time they illustrate what the return on investment realized from the journey has been.

### ***7.3. Alignment of the culture***

The last piece of the measurement system needs to be a mechanism to monitor the mindset and culture that are changing across the organization. Basically, the organization needs to be aware when the “triangle” is not moving together and when one element is causing the culture to be misaligned or strained. Today most organization don’t “measure” this but rather experience its symptoms every day of the transformation.

When organizations start to measure impediments associated with the transformation like the lack of buy-in and lack of commitment to initiatives, what they are really doing is subtly measuring the strain on the culture (the rubber band) and its alignment. If the elements of the organization (leadership, strategy, structure, processes and people) are all aligned, why would there be lack of buy-in or lack of commitment? Lack of buy-in and commitment is an indicator that something is not yet aligned.

For example, if there is a complaint about buy-in, that could indicate that management is trying to do something and people are not aligned or vice versa. If “management” is not bought-in to something the team is doing then that is an indication that the elements of the “triangle” are not moving together. The lack of buy-in could be because the staff had started on the education journey but not the leadership, or vice versa.

The point is that when there is misalignment in the culture, all sorts of challenges appear during the journey. The organization should identify how they will measure the alignment of culture during the transformation and put in place the measurement system to gather that quantitative data. That way, the organization will be aware (and address issues) that come up once the culture gets out of alignment. The team should develop a hypersensitivity to the alignment of culture, because it is the key to protecting the company from a drop in performance during the transformation.

## **8. Conclusion**

Organizational agility is not an end state, but rather a continuous journey. The key to sustainable agility is to ensure that the organizational culture is aligned throughout the journey; thereby ensuring that the culture of the organization is not fighting back against the changes the organization is experiencing.

The journey to transform an organization and increase its agility is not a quick one. Transformations need time to be properly absorbed by the organization and by its people. In this whitepaper we present the keys to sustainable organizational agility. The keys are centered on the concept of Culture-led transformation where the goal is to transform all the elements that shape the culture (leadership, strategy, structure, process and people) together in a common journey so that the culture remains aligned through the transformation period.

The key to transforming the leadership and people aspect of the organization is to engage them in a common educational journey. The key to the strategy, structure, and process components is to establish a roadmap that spreads the transformation over a period of time suitable for the organization while highlighting key value-based milestones along the way. The last key to the transformation is to establish a strong measurement system that focuses on measuring the progress and impact of the transformation, and just as importantly, the alignment of the culture throughout the transformation.

By focusing on these three keys, we have seen organizations change the way they think and embody a culture that is aligned with the new way of thinking, thereby changing the organization itself, along with the habits of the people in the organization. Once the habits are changed, the new way of working becomes the normal way of working and that is how sustainable agility is achieved in organizations.

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