



Kurt Nielsen, CST  
kbn@agileleanhouse.com



AgileLeanHouse presents Agile Lean Leadership -  
the key to sustained organizational agility  
31<sup>st</sup> October 2017

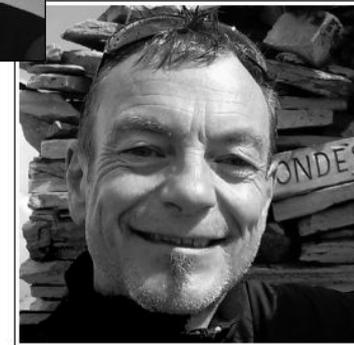
See how the Agile Lean Leadership model can be applied when  
scaling Agile and Scrum out in the organization

- For years we have helped teams
  - Achieve better results, create more value
  - Improve the workplace
  - Handle challenges better
- We are now challenged at the organizational level
  - Many are experiencing being lost in the complexity of modern organization, they cannot see why and how things work
  - Dissatisfaction with the Neo-Taylorist approach to management is growing
  - There is disintegration, polarization and dismantling of trust.
- Now is time to scale Agile and Scrum out in the organization
- Agile Lean Leadership is our pattern for facilitating that change

Kurt B. Nielsen



Arne Åhlander



Geir Amsjø

# We live in a context of declining trust



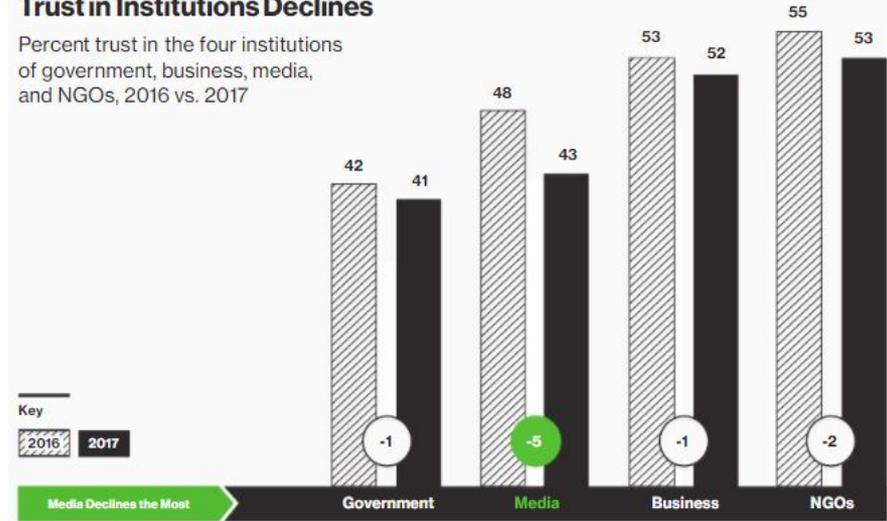
- The 2017 Edelman Trust Barometer reveals that trust is in crisis around the world
- With the fall of trust,
  - The majority of respondents now lack full belief that the overall system is working for them.
  - In this climate, people's societal and economic concerns, including globalization, the pace of innovation and eroding social values, turn into fears...
- To rebuild trust and restore faith in the system,
  - Institutions must step outside of their traditional roles
  - and work toward a new, more integrated operating model that puts people – and the addressing of their fears – at the center of everything they do.

Richard Edelman  
president and chief  
executive officer



## Trust in Institutions Declines

Percent trust in the four institutions of government, business, media, and NGOs, 2016 vs. 2017



# A growing problem of lack of transparency

"It ain't what you don't know that gets you into trouble. It's what you know for sure that just ain't so."

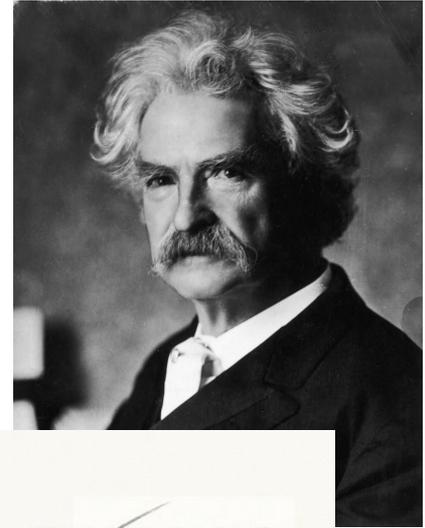
Mark Twain

"The greatest obstacle to discovery is not ignorance - it is the illusion of knowledge."

Daniel J. Boorstin

"Our comforting conviction that the world makes sense rests on a secure foundation: our almost unlimited ability to ignore our ignorance"

Daniel Kahneman



THINKING,  
FAST AND SLOW



DANIEL  
KAHNEMAN

WINNER OF THE NOBEL PRIZE IN ECONOMICS

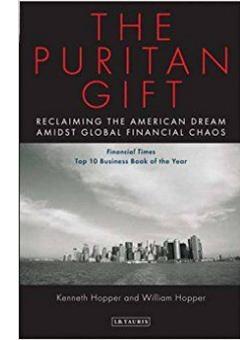
# Neo-Taylorist Management



- A primary focus on expert driven efficiency
  - Running at lowest costs and full utilization of resources
  - Sub optimizes at the task level
  - The offset is taken from production domains
- Optimization and improvement
  - Expert driven, mostly discontinuous
- The manager as a special generalist profession
  - The expert that can design the perfect organizational machine
  - Separation of thinking and doing
  - Hierarchical supervision a power based ladder to climb
- Control and compliance to plans, budgets and procedures
  - Fear becomes a management instrument
  - People learn to game the system
- Relies on extrinsic motivation
  - Competition among employees, suppliers etc.
  - Competition is believed to provide the optimal results. Quotas, measurements and KPIs
  - Actually this creates adversary relationships and prevents teamwork and learning



F. Winslow Taylor



The original PRINCE2 cycle illustrates the mindset of Neo-Taylorist thinking

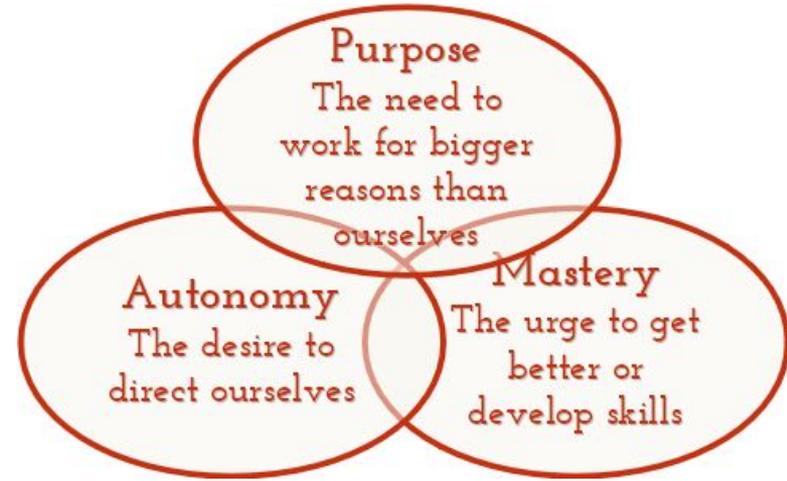
- Douglas McGregor
  - **Theory X.** People are lazy and will try to avoid work and responsibility. Leaders need to motivate and control the employees
  - **Theory Y.** People want to do good work and can even enjoy it. People do have an inner motivation
- Matthew Stewart added
  - **Theory U** (Utopian)
  - **Theory T** (Tragic)
  - Explaining the origin of conflict
- The biggest conflict is on the diagonal
  - Stalin versus Flower Power
- We need Theory “Y”
  - But some constraints to keep checks and balances
  - We must prepared to handle conflict
  - A constitution for the organization must exist

## The Human Relations Theory Matrix

Viewing McGregor's Theories X and Y in combination with Theories U and T provides a richer view of executive options for effecting change.

<b>Theory T (Tragic)</b>	<i>Controllers, aka Hobbesists, in honor of the English philosopher Thomas Hobbes. Human beings are both self-centered and unintelligent. Left to their own devices they will steal what they do not destroy. Total control is the only way to get anything done.</i>	<i>Constitutionalists, aka Madisonians, in honor of James Madison and his fellow framers of the U.S. Constitution. Human beings thrive in freedom. Under the wrong system, they will actualize themselves by seeking absolute power. The answer is a system of checks and balances and due processes.</i>
<b>Theory U (Utopian)</b>	<i>Programmers, aka Taylorists, in honor of Frederick Winslow Taylor, the father of scientific management. Human beings are like machines. They generally don't know what they want or how to coordinate their activities. Given a scientifically established scheme of rewards and punishments, they can be prodded into perfect alignment.</i>	<i>Freedom Lovers, aka Petersians, in honor of management guru Tom Peters (though many other gurus would do). Human beings are inherently self-starting and self-organizing. They will achieve miracles if only their bosses would stop telling them what to do. So just let freedom reign.</i>
	<b>Theory X</b>	<b>Theory Y</b>

- New Scientist 9th April 2011 pp 40-43
  - “Economists and workplace consultants regard it as almost unquestioned dogma that people are motivated by rewards, so they don’t feel the need to test this. It has the status more of religious truth than scientific hypothesis.”
  - “The facts are absolutely clear. There is no question that in virtually all circumstances in which people are doing things in order to get rewards, extrinsic tangible rewards undermine intrinsic motivation”
- Is extrinsic motivation good or bad, or doesn’t it matter?
  - Presented at the Annual Meeting of the Academy of Management, Philadelphia PA October 2014 by Kuvaas, B., Buch, R., Dysvik, A.
  - Data from over 11242 respondents from more than 100 organizations.
  - Conclusion. The more inner motivation the: better job performance, higher organizational commitment, less turnover intention, more additional role behavior and less job stress and sick leave



Intrinsic motivation

Professor  
Anders Dysvik



# The objective is to build an organization, that



- Is fast
  - Delivers value fast and
  - Learns fast
  - Changes fast and inexpensively when needed
- Has a consistency in Purpose
  - Has a commitment to the long term and sustainability
- Is reliable and resilient
  - Keeps promises and commitments
  - Have high quality standards in all aspects
  - Is able to react and recover quickly to the unexpected
- Is innovative
  - Can handle complex challenges
  - Have motivated, energetic employees
  - Explore and experiment
- Have balanced focus on, and creates value for
  - The customer
  - Employees
  - Other stakeholders and society at large

- Decides fast, based on fragmented information
- Detects market changes fast
- Fails and learns fast

- A constant purpose drives decisions

- Commits but at the latest responsible moment
- Allow and nurtures quality craftsmanship
- Has built up resilience

- Teams with mandate and commitment
- Sufficient slack
- A direct line of sight to the customer

- Driven by a serving attitude



舍

The History of Agile Lean Leadership

# A timeline of Management and Leadership



F. Winslow Taylor



James McKinsey



Henri Fayol



Henry Ford



Alfred Sloan

Power,  
plan and  
numbers



Robert  
McNamara



Donald  
Rumsfeld



Michael  
Porter



Bjarne  
Corydon

Rise of  
The MBA

Neo-Taylorism dominates  
Imperial leaders

Lean

1900

1950

2000

US Railroads,  
steel etc.

Forming the  
Automobile industry

WWII

Japanese quality  
revolution

Knowledge Work

Scrum



Henry V.  
Poor



Pierre S.  
Dupont



Water A.  
Shewhart



W. Edwards  
Deming

US Railroads,  
steel etc.



Tachi  
Ohno



Peter  
Drucker

Peter  
Scholtets

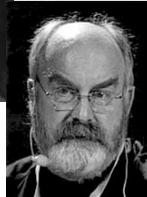


Tom Gilb



Jeff  
Sutherland

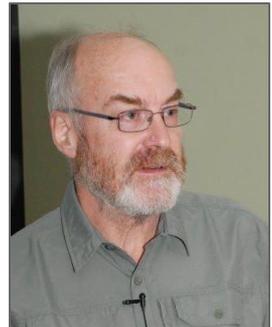
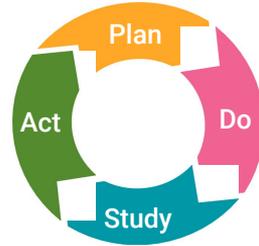
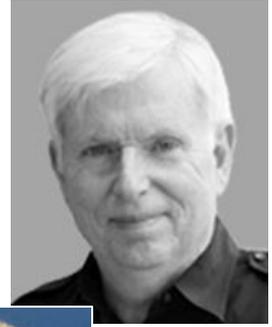
Ken  
Schwaber



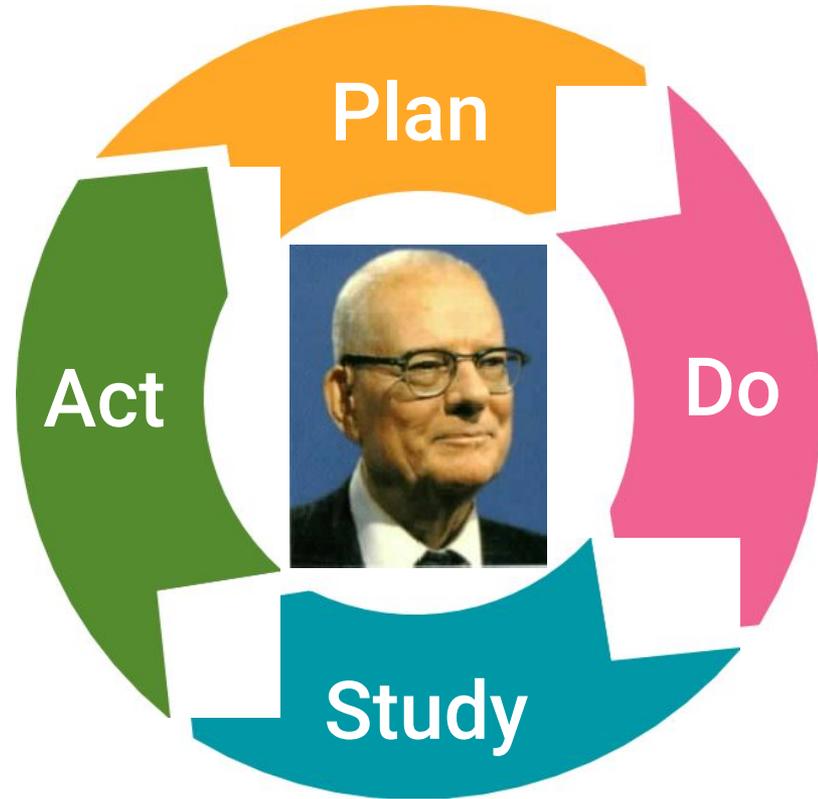
Dave  
Snowden

Value,  
people and  
innovation

- Empirical Process Control
  - Ken Schwaber & Jeff Sutherland
  - Defined Scrum in the Nineties
- The Deming Cycle, PDSA
  - W. Edwards Deming
  - Helped Japan get up after WWII
- The Learning organization
  - Amy Edmondson, Harvard
  - Has studied teamwork and learning during a lifetime in health care
- Complexity, Cynefin
  - Dave Snowden
  - Developed Cynefin as a model to understand different causal domains



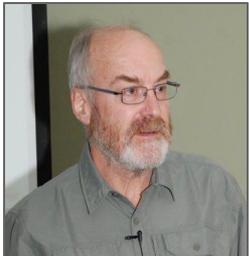
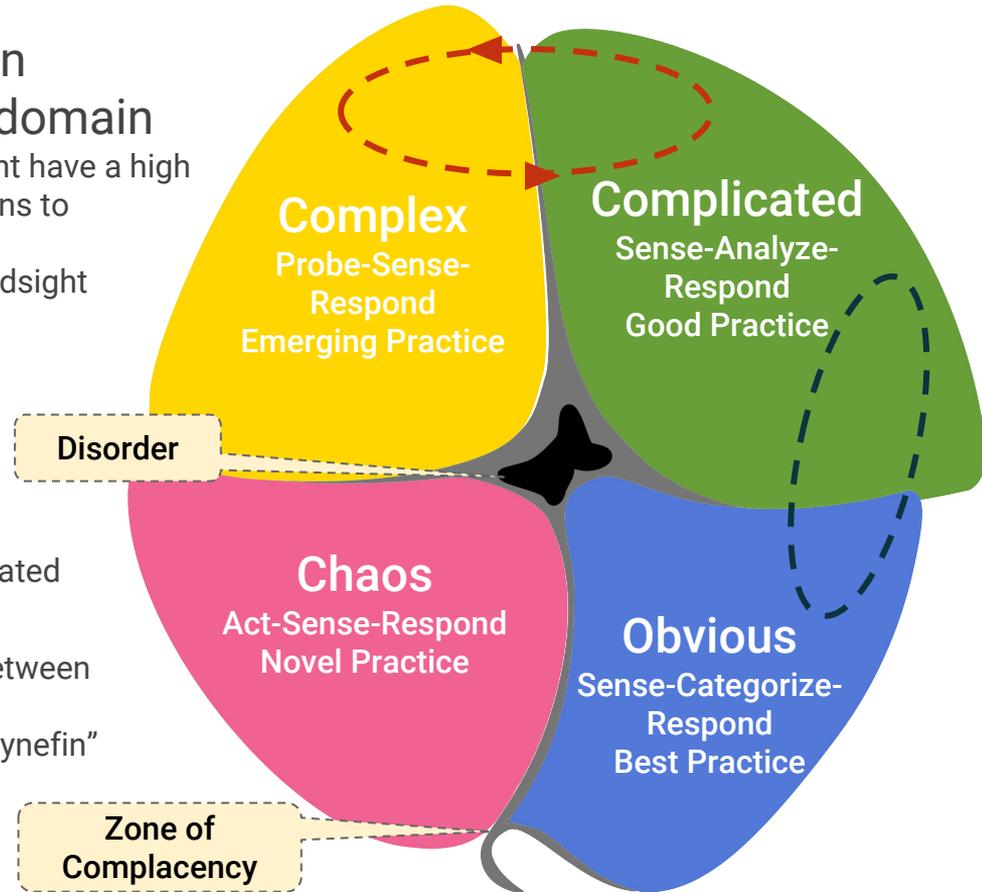
- Empirical Process Control
  - Inspect and Adapt
- The Deming or PDSA Cycle
  - **Plan.** Make the best plan you can. Carefully define interpretation of results
  - **Do.** Execute the best you can, using your skills
  - **Study.** Carefully try to understand and make sense of results
  - **Act.** Then decide what to do next, improvement or experiment
- The Japanese connection
  - 改善 – Kaizen, constant improvement.
  - 改革 – Kaikaku, radical change. Larger organizational or process changes



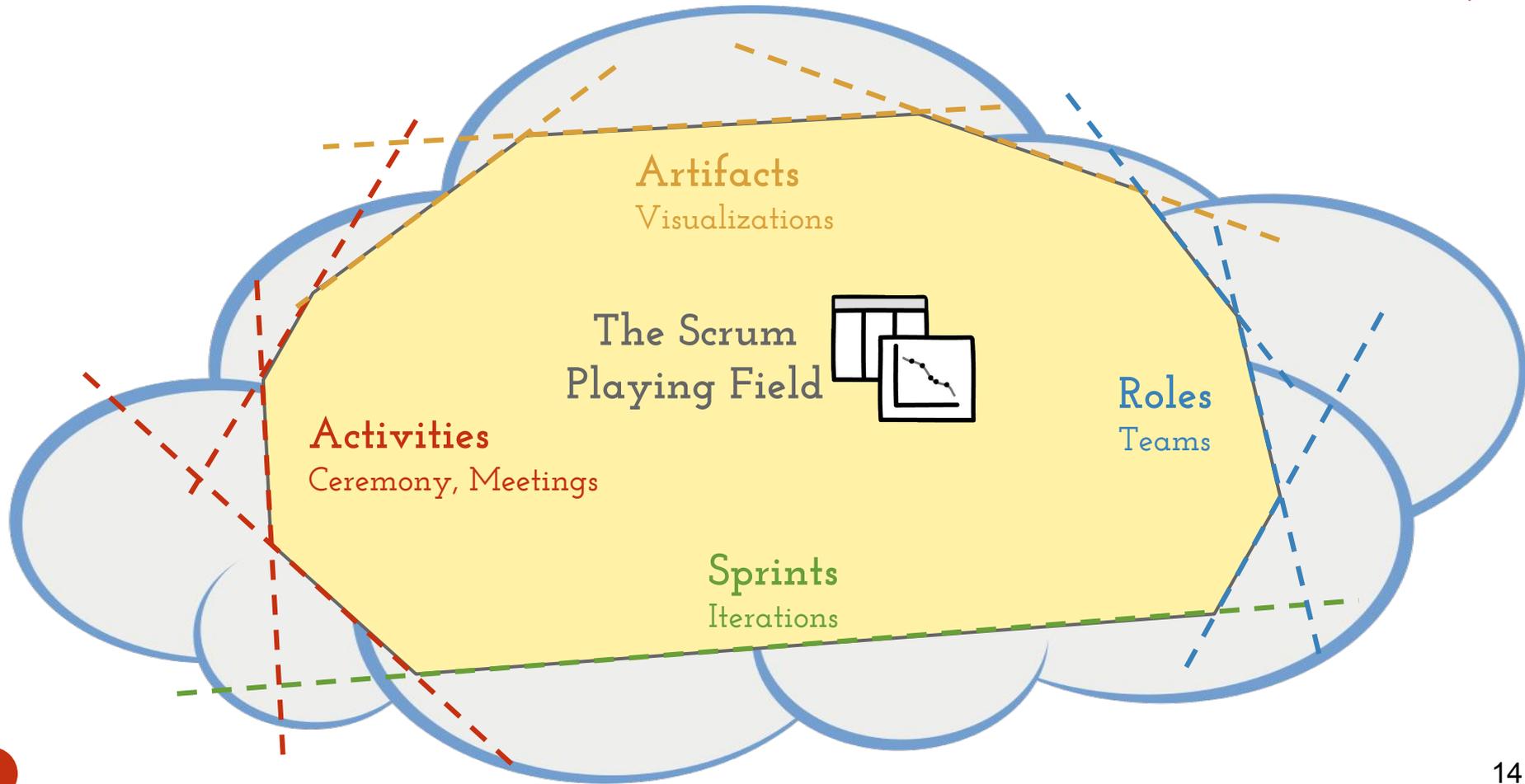
# Complexity - the Cynefin model



- Cynefin, developed by Dave Snowden
- Much work today is in the Complex domain
  - Modern product and system development have a high content of Complex items to find solutions to
  - We only have fragmented knowledge
  - Cause and effect can only be seen in hindsight
  - We have to learn while doing
  - Therefore, big upfront plans and linear processes are not helpful
  - There will be a high content of parallel experiments to build up knowledge
- Traditional Project Management
  - Is fine in the areas Obvious and Complicated
- Scrum, Agile and Lean
  - Are designed to cover the border area between Complex and Complicated
  - Described more in Snowden's "Liminal Cynefin"



Dave Snowden





How to scale Agile and Scrum out and build an  
Agile Lean Organization

# The Circle - The fundamental concept when scaling



- Circle Name

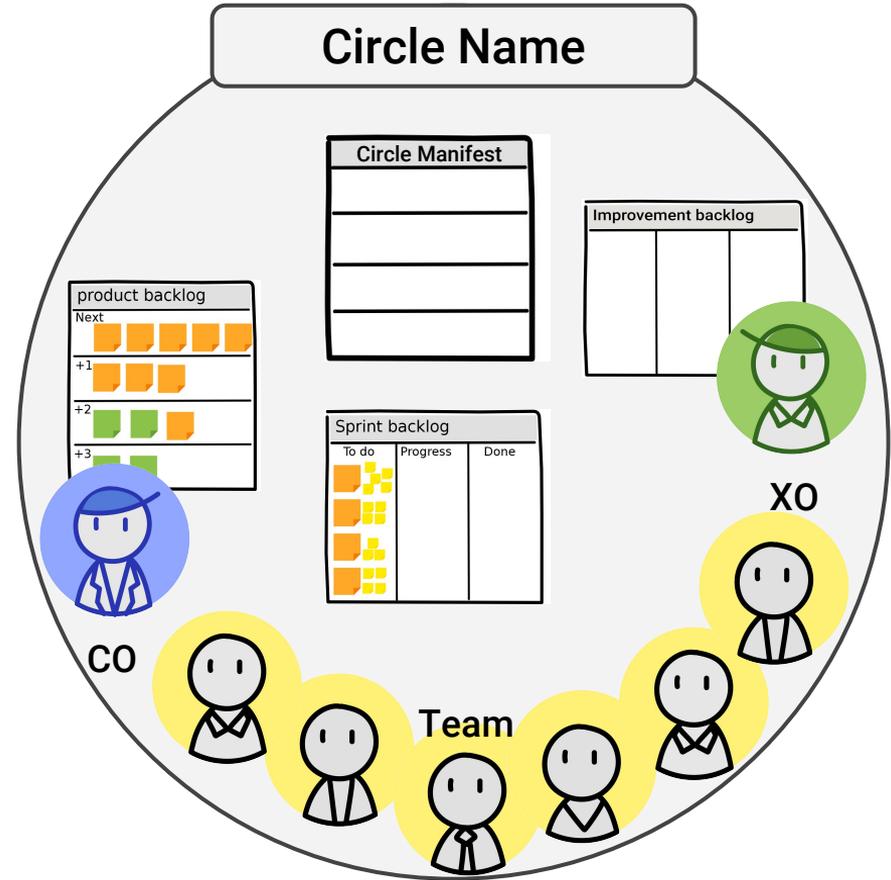
- Descriptive label

- Artifacts

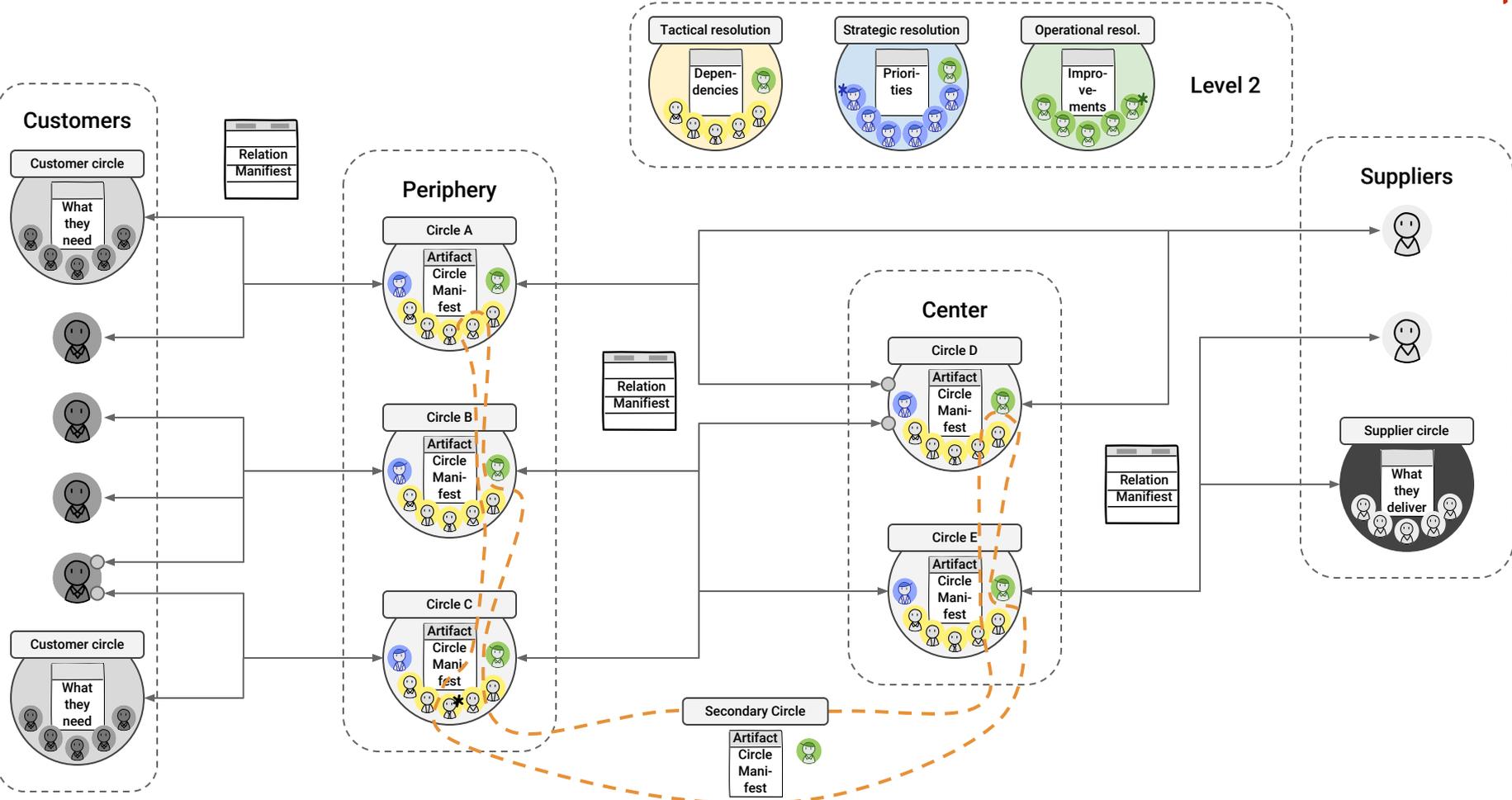
- Circle Manifest: Who are we, what do we do, how to interact
- Product Backlog: An ordered list of Circle deliverables
- Tactical Backlog: Sprint Backlog if Scrum, or Kanban or both
- Improvement Backlog: An ordered list of potential improvements

- Roles

- Commanding Officer: CO, a generalized Product Owner in Scrum, looking out for customers and value, prioritizing
- Executive Officer: SM, a generalized Scrum Master in Scrum, looking in for improvements/impediments
- Team: Cross functional, self organizing. All the skills to deliver items from Backlog



# Circles and relations - the Map



- Start with the customers or beneficiaries, who do we serve?
  - Identify and group them into Customer Circles.
  - Try to make a manifest for each Circle describing what we serve them with
- Identify the necessary Circles to serve the customer Circles
  - We say these Circles are residing in the periphery of the organization
  - Look for high internal coherence, low external coupling
  - That is put as many of the skills needed as possible in the Circle Team closest to the customer
  - Try to stay with small teams (5-9), if really, really necessary have more Teams, but that is way more complex and requires maturity
  - Write a manifest for each these circles
- Write Relationship manifest describing the Customer relationships
- Identify necessary Circles to serve the Periphery Circles
  - Some functions are best kept in the Center and shared among different Periphery Circles
  - Again Look for high internal coherence, low external coupling and same principles as above
  - Write manifests for these Circles and their relationships
- Identify necessary cross circle concerns to be dealt with
  - Define Secondary circles for each, define Manifest
- Identify POs and SMs
  - Define the Level 2 circles and their manifests

# What is Agile Lean Leadership?



- ❑ A set of 4 values
  - ❑ Mainly inspired by Scrum and Lean
- ❑ A set of 16 principles
  - ❑ Primarily derived from: “Lean Thinking” from the Toyota way. “Agile Manifesto” and generalized a bit. A dash of W. Edwards Deming's 14 points and the brothers Hoppers 24 points.
- ❑ A set of constraints and methods
  - ❑ Constraints that are imposed in Agile Lean Leadership in order to create some order in the complex domain, so that people in the organization can have a sufficiently common understanding.
  - ❑ Methods to use in order to move closer to the Values and obey the Principles. They are a fusion of elements from Scrum, Kanban, Lean Thinking, complexity science and “The Learning Organization” and some freshly invented stuff



## 1. Purpose, clear and worthwhile

- An organization must have an aim to work towards. The aim has to be bigger than anyone individual and it has to be more than just making money. If it is going to be useful to bind people together in the long term, its stakeholders must find its purpose worthwhile. The purpose will reveal the organization's own values.

## 2. Sustainability in all things

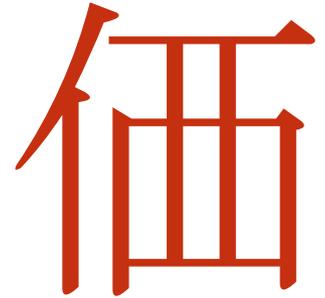
- An organization must have a long term view, more or less on all things. This implies being able to survive for a long time, removing waste, avoiding draining scarce resources, building up relationships and human capabilities for the long haul. not wearing them down.

## 3. Resilience in all things

- An organization must expect change and unpredictability. The structures and communication channels must be capable of responding fast to new challenges and opportunities. Everybody must be on the lookout for new knowledge and disciplined reflection must be in place to make sense of things.

## 4. Respect for people

- An organization must serve its customers, employees, shareholders and society at large with respect. That includes allowing people to grow, develop and have joy and pride in their work and contribution.



Value

# The Agile Lean Leadership Principles



## A clear and worthwhile purpose

1. Always, at every level, be very clear about the purpose, values and constraints
2. Always balance the value for the client, the employees, society and shareholders
3. Always hold and display the moral high-ground with integrity
4. Always remember that the final judge of the product or service is the customer

## Transparency and visibility

5. Always sustain an unrestricted flow of information up, down and sideways
6. Always be in dialog with the customer to fully understand how to benefit and serve him persistently
7. Always shorten the distance of understanding between customer and the organization
8. Always create optimal visualization of goals, status, progress and impediments

## Institutionalized learning

9. Always strive to see and understand the facts in their full context as a system
10. Always build up and sustain commitment to constant improvement
11. Always strive for collegiate decisions, pushing responsibility as far out as there are people to carry it
12. Always balance the need for structure and standards with the need for adaptability and innovation

## Respect and develop people and relations

13. Always allow people pride of workmanship, build them up to their maximum potential
14. Always be willing to serve colleagues, subordinates, clients and suppliers
15. Always keep the long perspective on people and relationships
16. Always suppress fear as a leadership instrument, as it leads to distortion of data or systems

- Scaling the Scrum and Agile pattern out at the macro level
- Visibility for sustaining constant improvement
  - Empiric Process Control, PDSA
  - The Manifests
- Patterns for solving global resolution and decision making
  - Escalation
- Information flow secured
  - CO (CEO, Product Owner) and XO (COO, Scrum Master)
- Organization primarily after delivery
  - Secondarily after cross cutting concerns

A large, stylized red Japanese character '舎' (Shed) is centered in the upper half of the image. The background is a warm sunset or sunrise over a range of mountains, with the sun low on the horizon to the right, casting a golden glow across the sky and the silhouettes of the hills.

舎

Practical tools for an Agile Lean transformation



# Daily general Taskboard



- A standard Scrum Sprint Backlog
- A standard Kanban board for “Fast Track” items
- An improvement / impediment backlog
- A place for keeping deliverables that has to be delivered periodically
  - Daily
  - Weekly
  - Monthly
- A landing strip for new requests

<b>NEW REQUESTS</b>	<b>PERIODIC DELIVERABLES</b>		<b>TO DO</b>	<b>PROGRESS</b>	<b>DONE</b>	
	Daily					
	Weekly					
	Monthly		90%		<b>BLOCKED</b>	<b>UNPLANNED</b>
	<b>READY</b>	Doing   Done	<b>PLANNING</b>	Doing   Done	<b>EXECUTE</b>	Doing   Done
					<b>CHECK</b>	<b>DONE</b>
	<b>IMPROVEMENTS</b>		<b>PROGRESS</b>		<b>DONE</b>	



# Organizational Roadmap



Organizational Roadmap	Q1	Q2	Q3	Q4	Q5
Markets & Customers					
Products & Services					
Organizational Infrastructure					
External Deadlines and Milestones					
Our own Milestones					
Other					

# Toolmaking - Agemba



Storymap

Outline

Organizational Relationship Map

The screenshot displays the Agemba tool interface with a dark top navigation bar containing icons for Dashboard, Outline, Story Map, List, Product Backlog, Sprint Backlog, and More. The main workspace is divided into three sections:

- Storymap:** A network diagram of nodes representing different organizational units. Nodes include Tactical Resolution, Strategic Resolution, Operational Resolution, Private sector, Private customer handling, Admin services, Bank, Corporate sector, Corporate and Public sector, Purchasing, Major supplier, Public sector, Public sector resale, Shipping, Common market, Relations to external parties, and QA.
- Outline:** A sidebar on the right showing details for the selected item, "#5 Purchasing". It includes fields for Created (Jeremiah Kiplagat - 24-10-2017, 14:41), Last Edited (Kurt Nielsen - 30-10-2017, 21:03), and State (Ready). It also has a "Detailed Description" section with text about purchasing components and a Kanban-based workflow.
- Organizational Relationship Map:** A pop-up window for the "#5 Purchasing" node, containing a description and a Competency Matrix table.

Member/competency	Tech analysis	QA receiving	Nego
abc	x	x	x
def	-	-	x
ghi	x	x	-
klj	-	x	-



A case study - RiksTV in Norway, Cemex in  
Mexico/Prague

# The exercise at RiksTV in Oslo, Norway



- The started with a product development team
- Tobias was the resident Agile Coach
- Christopher was the CTO
- They persuaded their CEO to reach for the sky and go all agile
- Teams were created as we discussed
- Escalation and level 2 teams got to work quickly
- Secondary Teams were harder to get going
  - This challenged existing experts and other people were afraid of stepping up
- Some areas didn't buy into the concept
  - Accounting for example
- They struggle in some areas:
  - Scrum Masters /Coaches find it hard to define their leadership role
  - In crisis it is very easy to take cover and fall back to the old ways
  - A change of CEO, disrupted the process

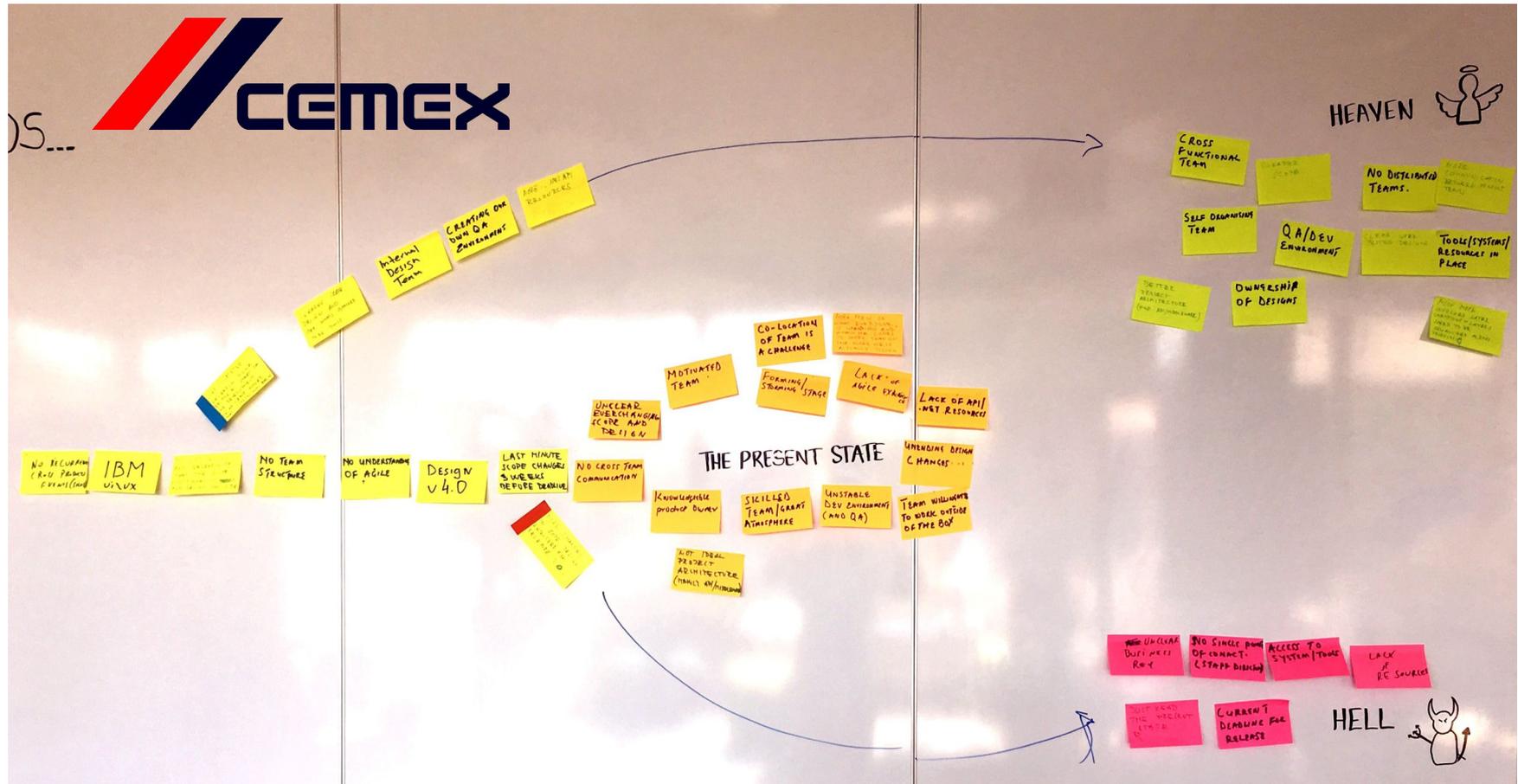


Christopher Knudsen

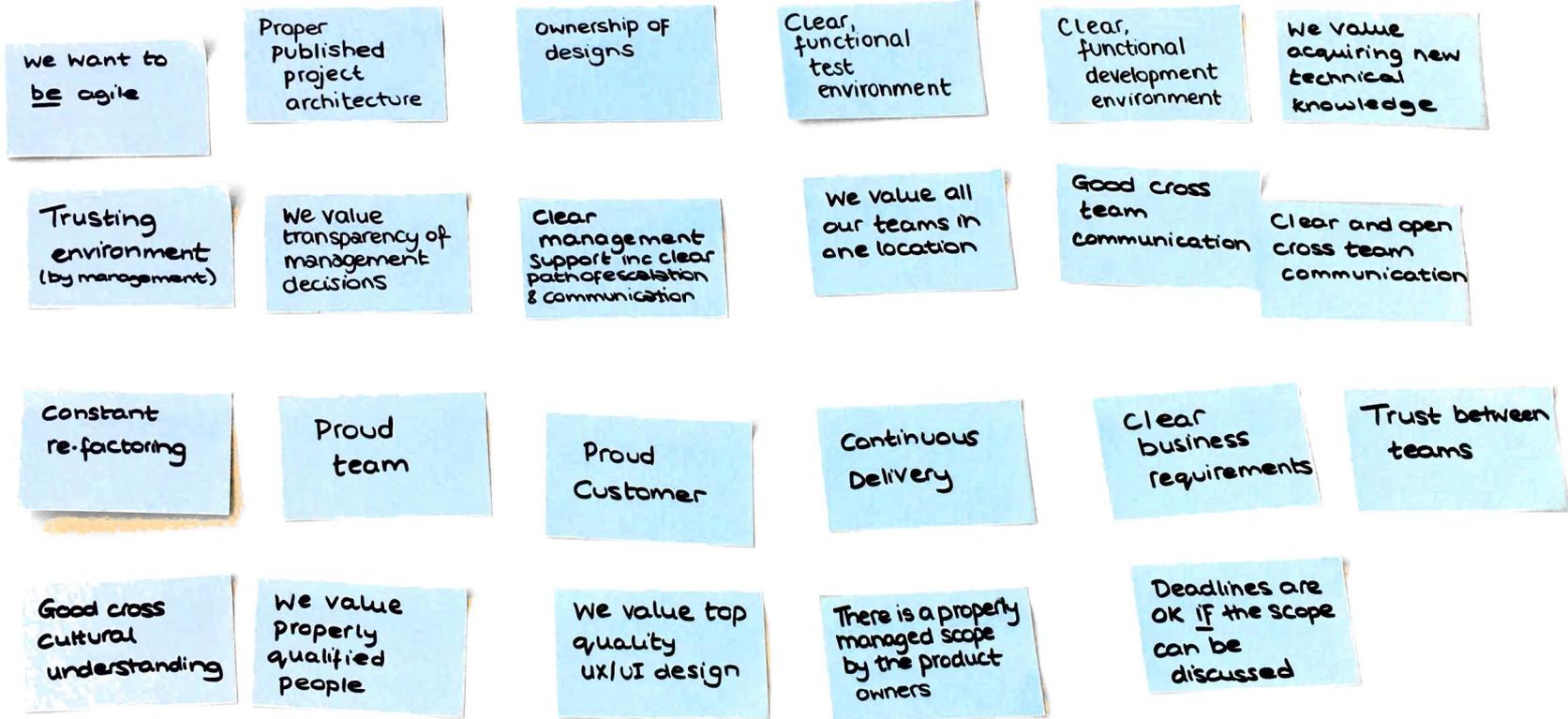


Tobias Falkberger

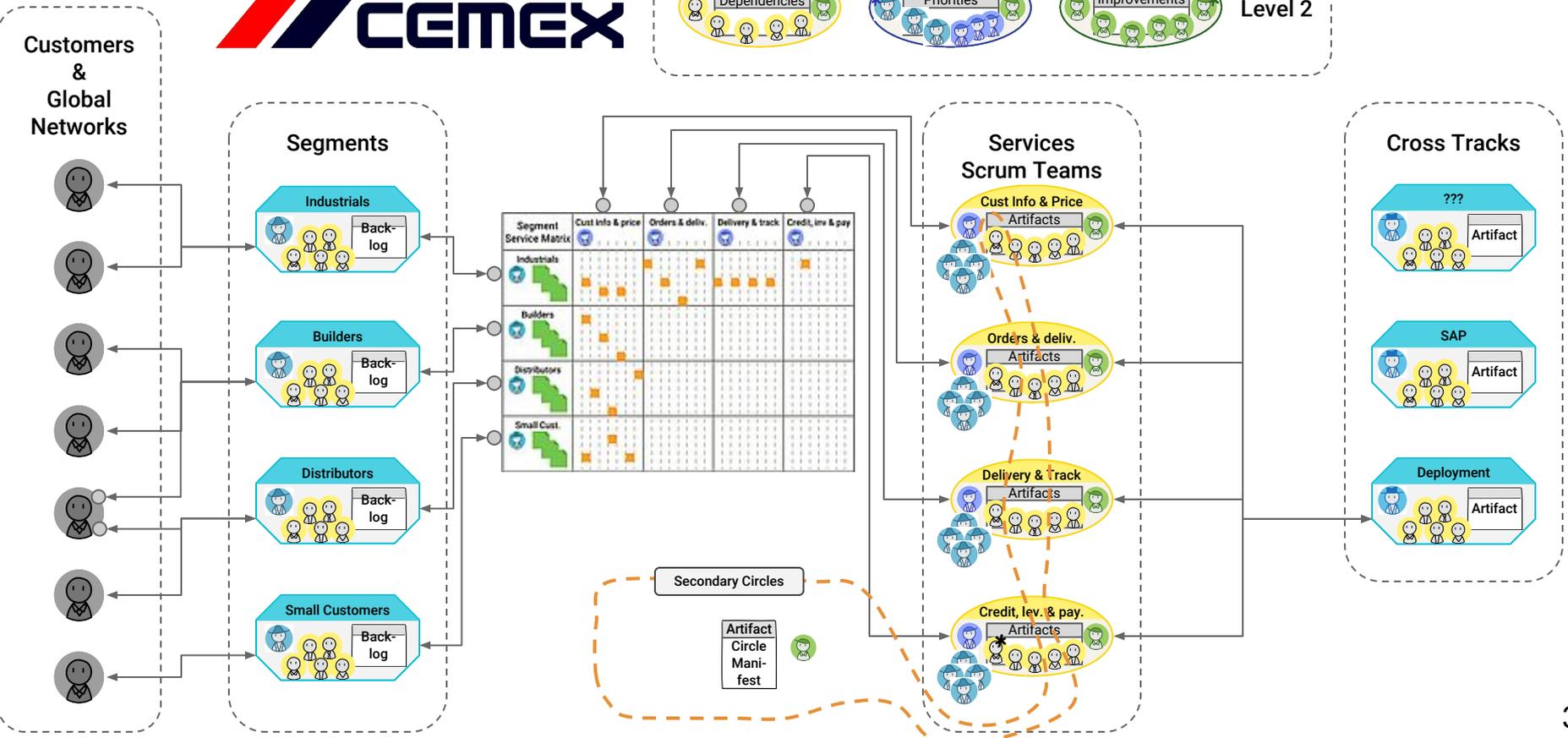
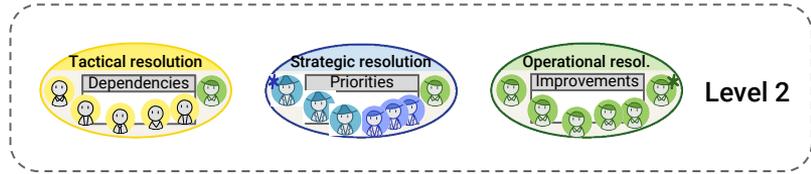
# CEMEX - The future backwards



# A value heat map



# Teams and relations - the Map





舍

A proposed Road Map - The road less travelled

- Assess the situation, involve people on the floor
  - The future Backwards or a value workshop
  - Value heat map
- Get people to volunteer for working on customer manifests
- Run a Circle modelling workshop
  - Identify competencies and capacities
- Have people describe what they think should be in peripheral circles
  - How many circles
  - What kind of people
  - Where would people see themselves
- Think about the center circles
  - How many circles
  - What kind of people
  - Where would people see themselves
- Think about suppliers
- Think about outliers, experts, compromises, special crews and transient circles
- Now draw the Organizational Relationship Map and iterate
- Then establish the Organizational Road Map and iterate



How we like to think of the world: nice and orderly, blue sky and clear mountain tops to navigate by



How it really is: Constantly navigating the rapids

- Visit our web-site [www.agileleanhouse.com](http://www.agileleanhouse.com)
- We are creating a network of people
  - Who want to help organizations improve
  - Are interested in developing and promoting Agile Lean Leadership, and perhaps making a living out of it
  - Open sourcing is considered
- If you want to move in this direction
  - Come up, sign up for participation
  - Get your free beta-copy of our book “Navigating the Rapids”
- Help us finalize
  - The training
  - The documentation
  - The tools
  - And the book



Kurt Nielsen, CST  
kbn@agileleanhouse.com



Beta 0.9

## Navigating the Rapids

Agile Lean Leadership for organizations in the complex space

AgileLeanHouse A/S | Lysholt Allé 6 | 7100 Vejle | Denmark  
info@AgileLeanHouse.com | www.AgileLeanHouse.com | +45 2783 6190



舍

I rest my case