THE BIG PIVOT

THE FUTURE OF AGILITY & INNOVATION

Brad Murphy & Dr. Carol Mase
AGILITY IS THE FUTURE, REQUIRING ORGANIZATIONS TO PIVOT AWAY FROM STABILITY AND HIERARCHY TO SELF-ORGANIZING NETWORKS AND SELF-MANAGED TEAMS.

Leaders create Adaptive Enterprises when they focus on how people work together in communities, tribes, teams, guilds, networks, and, yes, corporations.

Successful leaders design and build networks that cross organizational boundaries to balance innovation and operational excellence. This accelerates organizational learning, collaboration, and the speed with which new products and services are brought to market.

The challenge for leaders is one of scaling relationships and networks to create an ecosystem built to foster human creativity, speed of learning, and long-term corporate performance.

It’s time to pivot.
DRIVING OPERATIONAL EXCELLENCE & INNOVATION USING HUMAN NETWORKS

In today’s hypercompetitive business environment, every corporate powerhouse is at risk of being displaced by tomorrow’s nimble start-ups. Firms that do not foster operational excellence and sustainable innovation are vulnerable to industry-wide disruptions from new adaptive players.

Agile teams disrupt the artificial structures and boundaries that Industrial Era organizations built and now protect – agility verses stability, operations verses innovation.

Every industry leader is faced with an urgent question: How do we balance operational excellence and disruptive innovation in order to excel in a dynamic market ecosystem?

Agile teams and practices are one answer. Successful adoption of these practices requires participation from an ever-expanding number of organizational stakeholders to learn and embed new behaviors, processes, and methods.

Agility at the enterprise level is another answer. Adaptive Enterprises build structures and workflows that enable collaboration by multi-skilled people to form intentional networks and pursue ambitious collective goals. Agility balances innovation and operational excellence even when the market is complex, uncertain, and turbulent.

Adopting and scaling Agile techniques and practices are not trivial challenges. Barriers to adoption are more interpersonal than process, reducing social distance is more critical than the tool, practices, or methodology used. Ultimately, Agile is not a differentiator in the marketplace, but agility is – creating a financial and competitive advantage.

Leaders and managers must deal with social and emotional factors that limit interpersonal relationships, network development, and information flow. Culture, change, and managing uncertainty are the core work of leaders. Moving beyond your experiences and outside your personal comfort zone is key to building organizations that lead markets with both innovation and operational excellence.
HARNESSING THE POWER OF HUMAN NETWORKS FOSTERS CONTINUOUS INNOVATION BALANCED BY HIGH PERFORMANCE OPERATIONS - CREATION OF AN ADAPTIVE ENTERPRISE

Unlocking the potential of highly participatory conversations and cross organizational relationships is the work of scaling agility.

Because every company has a unique culture and set of informal networks, the viable paths to agility drastically vary from firm to firm. Merely scaling Agile teams, without understanding what kinds of teams, tools, and structures are appropriate at all levels of the organization, can create outcomes that are not just negative, but catastrophic.

Understanding which Agile practices to deploy, when, and how to integrate them at the Working Surface, Program, Portfolio, and Business levels is the difference between transformation and a technology fad.

At scale, the agile network of networks forms an ecosystem. It arises from trust forged by shared experience, common identity, diversity of ideas, and unifying personal connections.

Everyone participates and contributes, teams and networks capture and disseminate learning, which drives innovation while protecting operational excellence and creating business value.

When you ignore networks, you create restraining forces that delay, derail, and defeat transformation.

Merely scaling Agile teams throughout the organization can create outcomes that are not just disruptive, but catastrophic.

Often the transformational challenge isn’t the technology being adopted, but rather the lack of relationships required to bring stakeholders together, focus their efforts, and keep them aligned.

Developing human networks generates ownership, commitment, and a corporate identity that enables transformation.
AGILE TEAMS REQUIRE AN AGILE ENTERPRISE

In the rush to deliver Agile practices, people all but ignore the critical ways in which human relationships and informal networks determine the dynamics of organizational systems. Agile training that substitutes process for truly understanding the organizational system and how it functions, is not scalable.

Implementing Agile teams and frameworks erects operational and ideological barriers positioning Agile in conflict with the rest of the organization. Scaling Agile principles and processes by grafting them onto existing organizational structures creates several dangerous and unnecessary organizational adversaries.

Here are a few examples:

• By transitioning hundreds of in-flight projects, the company creates confusion, resourcing challenges, and accidental adversaries.

• Because Agile teams learn to self-manage, they come to perceive managers as obstacles to progress. Managers in turn confirm this fear when, in spite of their conceptually embracing Agile practices, they revert to command and control at the first sign of trouble.

• Because teams are given total autonomy for their work, everyone around them must blindly find ways to contribute or else risk becoming obstacles.

The common methods for scaling Agile ignore the fundamental law of systems composed of people: People Are the Process.

AGILE TEAMS CONNECT A SMALL, SPECIALIZED PART OF THE ORGANIZATION - AGILITY ConnectS THE WHOLE SYSTEM

When you scale Agile in a copy-paste fashion, adoption will nearly always break down. Autonomy and trust are displaced by culture clashes, intra-organizational wrangling, and often a reestablishment of the outmoded command & control process that Agile was meant to eliminate.

Building a network of human relationships as you adopt and scale Agile creates the means for agility, innovation, and operational excellence to spread across the whole organization.
THE NETWORK SURGE: CREATING ENTERPRISE AGILITY

A surge is the ability of a network of people to fluidly flex and self-organize, using the experience and expertise of its members to sense and respond to opportunity or change by pulling together people and resources quickly and with minimal disruption.

Using their ability to surge, networks create financial value, encourage learning, stimulate collaboration, innovate and operate effectively.

Networks Surge across the enterprise by engaging multiple channels that enable leaders to design the organization to fit the market ecosystem:

Collaborate
- Working Surface Teaming
- Program Teaming
- Portfolio Teaming

Amplify
- Leadership
- Learning
- Culture

Imagine
- Business
- Strategy
- Value

Embed
- Management
- Structure
- Controls

Flock
- Community
- Connectivity
- Reach

The networked organization supports an Adaptive Enterprise in the following ways:

- Decisions are made closer to the working surface (those doing the core technical and design work) and are timely and clear.
- Management enables collaboration, encouraging connections across functional and organizational boundaries.
- Communication is relational (team-to-team and person-to-person) and networked, jumping rapidly across large organizational distances to solve problems and spread ideas.
- Networks tap the tacit knowledge of individuals and synthesize the explicit knowledge of the collective.
- Role-flexing enables people to respond quickly to changes in the environment, promoting collaboration and innovation.

Rapid response, to challenge and change, positions leadership INSIDE the network.

Networks that surge have clear goals, trust, and both strong and weak ties to the rest of the organization. These values unleash innovation AND operational excellence.
WHY IS THE “AGILE MISS” SO PREDICTABLE & PERVERSIVE?

Scaling Agile fails when practices used to establish Working Surface teams create conflict at the more complex levels of product development and portfolio planning and coordination.

A decade of Agile implementation has taught that successful scaling beyond the Working Surface level requires:

• New teaming models at the program and portfolio levels
• Embracing uncertainty, complexity and turbulence
• Moving self-organization into human networks not just small teams at the local level

A networked organization still requires guidance and design. Organizational Network Analysis (ONA) provides visibility into the informal networks that people use to collaborate, innovate, and get work done. ONA also enables leaders to perform intentional structural interventions without a full reorganization of the existing hierarchy.

A network approach can repurpose middle managers (whose roles are considered redundant by Agile) into network Connectors, Information Brokers, and Boundary Spanners.

Instituting self-managing teams across the organization is highly disruptive and requires:

• Managers to become internal change agents, taking on new roles and responsibilities
• Increased trust across organizational boundaries
• Tools and conversations that creatively link people, ideas, and resources from the working surface to the business

To prevent fallback to the status quo, involve people early and often. Give each person a stake in the outcome.

• Intentionally establish norms for networks and communities at every level of the organization.
• Purposefully state a clear vision of the value people are creating through their actions.
• Enroll people with ideas, knowledge, skills, and resources.
CREATIVE DESTRUCTION REQUIRES CREATIVE REASSEMBLY

Agile practices scale when people intentionally build human networks across internal and external boundaries. The result is an organization that is infinitely more flexible and responsive to opportunities, challenges, and changes.

Agility utilizes the ability of networks to combine and recombine into ever-adapting patterns of efficiency, productivity, and performance. In this way, human network ecosystems drive innovation while maintaining operational excellence.

Dynamic connections and interpersonal relationships between people from different teams and departments generate Program and Portfolio network ecosystems that drive sustainable innovation. Leaders who can bridge boundaries and build networks are essential to an Adaptive Enterprise.

Solutions that design, nourish, and connect existing networks also encourage new networks to form. Networks change the corporate environment and culture. When teams of committed people are linked together, the resulting enterprise is resilient, tolerant of experimentation, and able to use Creative Destruction and Creative Reassembly to generate a vibrant, inclusive culture.

Creative Destruction and Reassembly is a new recipe for transformation to agility that amplifies innovation and maintains operational excellence. This recipe is available to all organizations regardless of how they currently operate.

Organizational networks that intentionally Surge, leverage multiple channels to transform themselves into organizational systems that address five digital market ecosystems:

- Selling
- Making
- Growing
- Expanding
- Pioneering
FOUNDATIONS OF THE ADAPTIVE ENTERPRISE

The Agile movement has unearthed important and essential raw materials such as self-managed cross-functional teams, reduced batch sizes, iterative planning and releases, lean strategies and requirements, continuous integration, and concurrent testing.

These materials form the building blocks of the Adaptive Enterprise at the Team level, the core of how work gets done by individuals in cross-functional teams of highly-skilled knowledge workers.

However, these Agile building blocks create structural and cultural conflicts with the traditional organization in which they operate. These conflicts explain why most Agile adoptions amount to little more than pre-packaged engineering and IT improvement programs.

Agile, in its current form, is not the game changer that most companies and leaders desperately need.

Agility, the ability to perceive and make effective organizational changes, that integrate operational excellence and innovation, tips the scale toward competitive advantage and financial performance aligned to a market ecosystem.

Enterprise agility is possible when human networks generate the free flow of ideas, talent, resources, and capital within an organization.

NOTE

The fact that a set of Agile practices are effective for teams does not mean that the same rules and structures are effective across the entire organization.

Simply grafting Agile principles onto traditional structures in anticipation of greater transparency, predictability, and productivity ignores the essential forces that culture and relationship impose.

TIP

The real game changer is surrounding Agile teams with an organization designed to support them and aligned to the market terrain.
AGILITY SCALED IS THE HUMAN NETWORK

What we know conclusively from the behavior of markets over time is that there can be no single method for successfully scaling agility. Success requires seeing the organization as a unique system, a distinct network of networks able to sense and respond to change in the market ecosystem.

The science of how human networks organize to collaborate, learn, and work make management of complex, unpredictable environments (companies and their markets) not only possible, but also economically enticing.

Managing organizational agility in ways that increase product delivery speed and responsiveness to change, generating productive innovation, is finally available at enterprise scale.

Enterprise ecosystems are flexible networks that provide structure calibrated to market dynamics and players.

Understanding the complex dynamics of the market ecosystem and using the five Surge networks to optimize operational excellence and innovation HOLISTICALLY is the scaled agility corporations are seeking.

Networks enable organizations to adopt new practices and restructure faster, and with less conflict.

Traditional hierarchies formalize relationships between people, roles, functions, and departments. Adaptive Enterprises focus on their position in the market ecosystem - contributing, co-creating, and competing with agility.

Human and Organizational Networks are high-order building blocks that reduce social barriers and promote both operational excellence and innovation.

Networks that Surge create market focused organizational ecosystems built on transparency and trust, incubators of innovation and operational excellence.

These market facing organizational ecosystems are flexible and provide just enough structure to enable all Surge channels to evolve with their market ecosystems - creating sense and respond agility.
COLLABORATIVE HUMAN NETWORKS
CRUSH PROCESS

For many organizations, Agile teams unintentionally increase hidden collaboration costs, lengthen decision cycles, and slow the diffusion of knowledge.

Rather than encouraging collaboration, the focus on process, tools, and methods actually undermines relationships, isolating people within discrete ideological groups. Networks at the Program and Portfolio levels overcome this challenge, enabling teams to freely collaborate, share knowledge, request skills, solve problems, and drive innovation.

Building an Adaptive Enterprise in which the organization is vertically and horizontally connected by networks of teams makes the company more responsive to change in their internal or market ecosystems. Understanding the power of flexible human networks, Program and Portfolio leaders can allocate and reallocate resources, disrupt and reassemble ideas and products, and continuously develop and engage the most fundamental building block of the Adaptive Enterprise—people.

THE ADAPTIVE ENTERPRISE

Creating the Adaptive Enterprise begins with harnessing organizational networks – finding pockets of acceptance, enthusiasm, and experimentation and linking them together into networks that drive transformation.

Companies need new ways of distributing power and decision-making to cross-functional teams woven into flexible, collaborative networks. By leveraging this approach to organizational agility, managers can focus intentionally on shaping individual networks to deliver successfully against strategic business objectives and marketplace opportunities.

The result is an Adaptive operating model that enables leaders to relinquish authority while staying in control. By ensuring that Agile teams operate within a network that is intentionally designed to foster operational excellence and innovation, these teams can directly influence organizational transformation. Everybody wins. Employees are engaged, happy, and productive. The quality of work improves dramatically. Customers enjoy products and services that engender passion and loyalty. And the company collectively creates a future proof organization - one that is resilient, profitable, and sustainable.

It’s time to pivot – to an Adaptive Enterprise.
ABOUT THE AUTHORS

BRAD MURPHY, FOUNDER & CEO
Brad is a serial entrepreneur with more than 30 year’s experience pioneering new innovations in product, service, and software development. Since 2000, Brad has focused on helping companies implement and scale flexible Agile and Lean-based collaboration models that radically improve business and innovation agility, time-to-market, and top-line revenue growth.

brad.murphy@gearstream.com

DR. CAROL MASE, PRACTICE LEAD & PRINCIPAL CONSULTANT
Carol is a global product and service innovation executive who for more than 30 years has leveraged creative deconstruction, ethnography, and user-centered design to foster collaborative models for continuous change. Integrating systems problem-solving and tailored Lean-Agile execution, Carol surfaces latent creativity and innovation, resulting in inspired products, empowered employees, and fast-growing revenues.

carol.mase@gearstream.com

ABOUT GEARSTREAM

Gear Stream helps enterprises and fast-growing entrepreneurial organizations deliver new products and digital services that create strategic advantage.

By helping companies holistically integrate business strategy with their own unique and tailored Lean-Agile collaboration and execution model, Gear Stream enables clients to deliver new products, services, and digital experiences that accelerate innovation, organizational growth, and performance improvement. The result is products, services, and software that customers love, and continuous, self-sustaining improvements that drive lasting impact on innovation, profits, and market position.

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