Agile belongs in the boardroom. Not with IT

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There is no doubt, agile is a must have competency that makes or breaks organisations in today's dynamic market context. Most executive teams express agile aspirations – for their entire organisation except for themselves. It feels like agile is sent back to where it came from, the IT and organisational departments, guided by holy grail style work methodologies. It's time to declutter agile and make it fit for the boardroom.

Agile, some call it manifestos, principles, beliefs, values or attitudes, centres around the customer, includes change, collaboration, excellence, conversation, self-organisation, and continuous improvement capabilities, and originated with IT around the need to develop better software faster. Social technologies such as Scrum, Kanban, Lean helped to establish new ways of working with improved delivery. The general idea was to increase response time by empowering teams to act self-organised within their own domain. Agile originated as a bottom-up culture change with those that do the work. But, culture change needs to be lead from the very top.



In essence, in world that is more volatile and uncertain, traditional planning performed by leaders at the top is not going to work anymore as the context has changed. Around the turn of the century, Beyond Budgeting originated with Jeremy Hope and Robin Fraser that proposed changes in managerial systems to address the miss-fit of industrial-type management with the current demands of a volatile and complex context. Their intent was the same as with agile: High responsiveness to customer needs through tight feedback loops and self-organised teams. Goals instead of plans was one of the dominating principles, more self-responsibility rather than bureaucracy the demand. Beyond Budgeting as a movement focused on what now call “work on the system” or altering managerial systems and rules to change behaviours. It is obvious that the design of managerial systems is a top executive decision. But system changes without a culture change is a waste of time.

In line with Peter Drucker’s initial definition, “Management is about human beings. Its task is to make people capable of joint performance”, Gary Hamel reaffirmed “Management (as) a social technology. It is the technology of human accomplishment”. In line with the general idea that leaders need to switch from a control & command style to enabling people to perform at their peak, over the years a billion-dollar training industry has developed with the intent to convert leaders from controllers into enablers. Leadership training certainly is a top executive concern. But, anyone would agree, leadership training without first fixing systems is a fruitless investment. You may recall the Monday morning after your last training seminar, the organisation is still the same. Nothing has changed. Systems change is a top executive decision.

Agile, Beyond Budgeting, and leadership development are well-intended and highly effective approaches to fixing the way we

work, the way we manage, and how we engage people to perform at their peak. They address culture, systems and leadership that are the cornerstones of the performance triangle. It combines the elements for superior agility, effective management systems and engaging leadership into a coherent model for the boardroom.

The dynamic model consists of organizational culture, systems, and leadership is powered by people through their shared purpose, relationships, and collaboration. Too often, leadership, systems and culture effectiveness are evaluated in isolation. We know from our research that there is a very high correlation among the elements of the Performance Triangle model. Unseen dimensions of the elements of the Performance Triangle either inhibit or enable success both of management and the organization as a whole. Boards are well advised to look at agility with a systemic and integrated perspective. Changing one element has influence on all others. This is why a conversation about agility needs to start with the board starting with people, culture, leadership and systems, purpose, relationships, and collaboration.

"*Agile with a systemic and integrated view belongs to the boardroom.*"

Culture of an organization creates shared context, enables or inhibits knowledge exchange, and defines invisible the boundaries of collaboration. A vibrant culture establishes shared context as the common ground with a shared agenda, language, mental models, purpose, and, relationships. Leadership, in the broadest sense, is characterized by effective communication and interaction with others at all levels throughout the organization. Effective leaders interact with people on a personal level, relate to others to facilitate meaningful collaboration, and establish a supportive work environment based on trust. The role of systems is to create meaning while balancing top down direction with bottom up creativity. Systems support implementation with the right balance between freedom and constraints to maintain control. To support collaboration among people, systems make information available to help people find purpose and support the decision-making process.

Agile with a systemic and integrated view belongs to the boardroom. It is the pure essence of what top leadership is all

about –one of these decisions that you cannot delegate. Diagnosing, sharing and discussing these attributes is the first step to turn agile strategic.

Perhaps the time has come for an agile conversation in the boardroom, for more research on agile in the boardroom and writers that elevate agile from the workshop in IT to an executive concern.

Beyond Budgeting: How managers can break free from the annual performance trap, Hope, Jeremy & Robin Frazer, HBS Publishing, Boston, 2003.

Read our book: *The Performance Triangle:* Diagnostic Mentoring to Manage Organizations and People for Superior Performance in Turbulent Times. Lukas Michel, LID Publishing, London, October 2013.

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Founded by Lukas Michel, Management Insights draws on more than 25 years of research and practice to help people understand how their organizations work. The Organization Twin brings organizational patterns into view for reflection, dialogue, and informed choice.

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