

Towards an Agile Culture

Agile Culture and Leadership



"We are what we repeatedly do" – Aristotle

1.0 Introduction

The Agile Business Consortium has been developing its thinking on culture, and specifically what Agile Culture means for organisations of all shapes and sizes. This paper takes the results of our comprehensive research into Agile Culture and sets out a vision of what it could mean for your organisation.

Business Agility

Business agility is concerned with the adoption and evolution of values, behaviours and capabilities that enable businesses and individuals to be more adaptive, creative and resilient when dealing with complexity, uncertainty and change, leading to improved well-being and better outcomes.

To be truly Agile, an organisation needs to operate in a very different way, with leadership, values and norms all reinforcing the culture. To help define and create Agile Culture is one of the objectives of the Agile Business Consortium.

About the Agile Business Consortium

The Agile Business Consortium is a global leader in promoting Business agility, with unrivalled expertise in the field. It was an early pioneer of Agile and continues to provide thought leadership and inspire new developments as Agile moves into mainstream business thinking.

Our mission is "Leading, promoting and enabling business agility" by offering advice, guidance and accredited products and services to organisations through an international network of trusted partners.

The Consortium is a "not-for-profit" organisation, and works with a range of training and consulting partners who deliver Agile services to businesses globally.

The Culture and Leadership Workstream

Culture & Leadership is essential for an organisation to function effectively both on a day to day basis as well as during times of change. The Agile Culture and Leadership workstream was established to develop the Agile, people-centric foundations that underpin and contribute to the wider business agility agenda and the Consortium's Framework for Business Agility.

Our first paper on Agile Culture and Leadership explained how the concepts of Communication, Commitment and Collaboration were key. These concepts were further developed by the "9 Principles of Agile Leadership" that define the ideal behaviours shown by Agile leaders.

This paper defines and describes Agile Culture based upon research undertaken, underpinned by robust theories and the work done so far by the Agile Culture and Leadership workstream. The paper also explains the symbiotic relationship between culture and leadership and how it shapes and influences change within organisations.

2.0 Defining an Agile Culture

Here we propose a working definition of an Agile Culture:

Agile Culture is about creating an environment that is underpinned by values, behaviours and practices which enable organisations, teams and individuals to be more adaptive, flexible, innovative and resilient when dealing with complexity, uncertainty and change.

(Based on the works of Ed Schein, Frederick Laloux, Vlatka Hlupic, Peter Senge and Alan Furlong)

The core values that the Consortium espouses are:

- Innovation & Learning over the status quo
- Inspiring Leadership over conservative management
- Collaboration and Autonomy over hierarchical control
- Collective purpose over self interest

Guided by the Agile Culture DNA:

Agile organisations are guided by deep, underlying assumptions, beliefs, and ways of working that permeate all levels within an organisation, and are replicated and passed on to other members. This cultural DNA, over time, will become deeply embedded, guiding “the way things are done here”.

Agile culture represents a complex variable that can bring people together, pull them apart or do both!

We define this DNA as being made up of the following elements:

1. **Unleashed purpose & Meaningful results** – a clear, compelling and inspiring purpose that focuses on results that matter to all stakeholders
2. **Agile leadership** – supportive leadership over directive, command and control style
3. **Well-being & Fulfilment** - happy and positive over fear - based, stress, fatigue and burn-out. Providing a deep sense and feeling of achievement to individuals
4. **Collaborative communities & Distributed authority** – a network of collaborative teams with more autonomy for decision making as appropriate
5. **Trust & Transparency**– loyalty, integrity and commitment to transparency, openness and honesty on day to day working
6. **Adaptability to change** – a strong core that provides stability with flexibility to adapt and change
7. **Innovation, Learning & Personal mastery** – psychological safety, thoughtful experimentation, learning and reflective practice moving towards personal strengths and mastery

Any organisation that has (most of) these elements of DNA in its make-up will be well on the path to behaving in an Agile way across all aspects of its business. This Agile Culture DNA resides amongst the people in an organisation and not as much in the structure, processes and systems.

3.0 Describing an Agile Culture

Culture in a general sense can be described as “The way things get done around here”; a glue that binds an organisation together and is a source of lasting competitive advantage (Handy 1999, Mankins 2013).

“Culture eats strategy for bring breakfast.”
- Peter F. Drucker

Culture is about the basic underlying assumptions, values and belief systems that are prevalent across the entire organisation and its functions. Culture ultimately influences the actions of people and work groups and vice versa.

In describing an Agile Culture, it is helpful to view it as a construct comprising of three different levels (adapted from Schein 2016):

Levels	Description	Agile Culture Attributes
Level 1	Artifacts - visible and tangible signs of an organisation’s culture. They can be seen, heard and felt	<ul style="list-style-type: none"> Observable Agile values and Culture DNA Published values, methods, guidance etc Agile practices and methods in use Visible Agile artifacts – charts, graphs and other visible items Observable Agile rituals and ceremonies Observable Agile leadership behaviours Observable behaviours of people and working groups Agile governance practices Agile team organisation Physical environment – look and feel Language used in day-to-day affairs – verbal and written
Level 2	Espoused ideals, goals, values, aspirations and beliefs (stated and unstated) of the organisation	<ul style="list-style-type: none"> Stated organisational values, philosophy and characteristics 9 principles of Agile Leadership Stated Agile values and culture DNA Unstated values and beliefs need to be observed and studied in action before they can be described
Level 3	Unconscious, taken-for-granted beliefs and values	<ul style="list-style-type: none"> Implicit taken-for-granted assumptions which determine behaviour, perception, thought, and feeling These basic assumptions cannot be stated and need to be deeply observed, explored and understood in practice

The aim should ideally be to see as much congruence as possible between “Artifacts, Espoused Values and Beliefs”. This is often not the case and leaves many behaviours unexplained. The unconscious assumptions often become non-debatable, form “mental models” of people and are hard to change.

Agile Culture is also contextual, especially when it comes to behaviours, suitability of practices and cultural influences across the globe, which need to be taken into consideration. The nature of Agile Culture in different national contexts is an area that the Consortium wants to explore more fully with partners from different countries.

The Competing Values Paradox

(Adapted from Competing Values Framework, OCAI Model, Denison Culture Model & Schneider’s Culture Matrix & McKinsey)

The Competing Values Framework is based on research conducted by Quin & Rohrbaugh (1981) which helps explain a paradox that is at play when it comes to defining the characteristics of an Agile Culture. Their research demonstrated a tension between four competing values: **internal vs external orientation and stability vs flexibility**

- a. **Internal orientation** – focusing inward on development, collaboration, integration of activities, coordination
- b. **External orientation** – looking at the market, competition, customer needs, diversifying activities
- c. **Stability** – values clear structures, planning, budgets, reliability and assumes it can be controlled
- d. **Flexibility** – prefers a flexible attitude and way of organising to adapt quickly to changing circumstances

The table below represents key characteristics of these four dimensions based on the above “competing values” – **Create vs Control, Collaborate vs Compete**. No one cultural dimension is better than the other. Organisations will typically have a dominant cultural dimension, with aspects from all the other dimensions also present in varying degrees. Furthermore, different departments, functions and groups within the same organisation will have these cultural dimensions in varying degrees as well.

The “competing values” nature prevents an organisation from being both internally-externally focussed or being stable-flexible at the same time. Cultures emerge from these values, change over time and help us in understanding a variety of organisational phenomena such as structure, quality, change, leadership and management skills.

Collaborate	Create
<ul style="list-style-type: none"> ● Build teams, do things together ● Commitment, empowerment, cohesion and engagement ● Human development ● Collective wisdom, long-lasting partnerships, and relationships ● Capability development 	<ul style="list-style-type: none"> ● Create, innovate, envision the future ● Handle discontinuity, change and risk ● Freedom of thought and action, rule-breaking ● Thoughtful experimentation, learning from mistakes, failing fast ● Customer focus ● Organisational learning
Control	Compete
<ul style="list-style-type: none"> ● Better, cheaper ● Eliminate errors ● Increase consistency and reliability ● Better processes and efficiency ● Attention to details, careful decisions, precise analysis ● Conservative, cautious, logic driven ● Coordination and Integration 	<ul style="list-style-type: none"> ● Compete, move fast, play to win ● Monitor signals from the market and customers ● Deliver shareholder value ● Speed: results-right-now ● Getting things done, achieving goals ● Strategic direction and Intent ● Vision, goals and objectives

It takes both leadership and management to strengthen, maintain, change, or create a culture in all of the above dimensions. Change without stability is chaos; innovation without productivity is a waste. An Agile Culture therefore is not typified by just one dimension but is about having an appropriate balance to achieve its purpose. The dominance, preference and orientation towards one or the other dimensions will change over time, heavily influenced by geographical and local socio-cultural factors.

The above statement is supported by research on Agile method adoption and culture (Spyad 2010), which observed that the dimensions of “Collaborate” and “Create” were best suited to Agile ways of working. The dimensions of “Control” and “Compete”, however, were also present, confirming the “competing values paradox” described earlier.

McKinsey (2015, 2016) conducted extensive research on this subject and found that truly Agile organisations, learn to be both stable (resilient, reliable and efficient) and dynamic (fast, nimble and adaptive) across three dimensions of People, Processes and Structure at the same time.

On the culture side, the stable backbone is about:

- Strong shared values, emphasis on accountability and collaboration
- Leaders aligned on behaviours and “how we run the place”

The dynamic ability (flexibility) is about:

- Helping people to ignite personal purpose and passion
- Live the idea of growth/innovation every day

Interestingly, the “competing values” nature prevents an organisation from being both internally-externally focussed or being stable-flexible at the same time. The McKinsey research however, highlighted that truly Agile organisations are both – stable and flexible as well as internally and externally focussed!

Agile methods suitability

Agile methods and practices may not be suitable for every situation. Rigby, Sutherland and Takeuchi (2016) identified the following favourable and unfavourable conditions for Agile methods:

Whilst the culture may share the universal Agile Values and the Agile Culture DNA, the prevalence of Agile methods and practices, and their adoption, will be dependent on the above factors.

Conditions	Favourable	Unfavourable
Market Environment	<ul style="list-style-type: none"> ● Customer preferences and solution options change frequently 	<ul style="list-style-type: none"> ● Market conditions are stable and predictable
Market Environment	<ul style="list-style-type: none"> ● Close collaboration and rapid feedback are feasible ● Customers know better what they want as the process progresses 	<ul style="list-style-type: none"> ● Requirements are clear at the outset and will remain stable ● Customers are unavailable for constant collaboration
Customer Involvement	<ul style="list-style-type: none"> ● Problems are complex, solutions are unknown, and the scope isn't clearly defined ● Product specifications may change. ● Creative breakthroughs and time to market are important ● Cross-functional collaboration is vital 	<ul style="list-style-type: none"> ● Similar work has been done before, and innovators believe the solutions are clear ● Detailed specifications and work plans can be forecast with confidence and should be adhered to ● Problems can be solved sequentially in functional silos
Modularity of Work	<ul style="list-style-type: none"> ● Incremental developments have value, and customers can use them ● Work can be broken into parts and conducted in rapid, iterative cycles ● Late changes are manageable 	<ul style="list-style-type: none"> ● Customers cannot start testing parts of the product until everything is complete ● Late changes are expensive or impossible
Impact of Interim Mistakes	<ul style="list-style-type: none"> ● They provide valuable learning 	<ul style="list-style-type: none"> ● They may be catastrophic

Socio-Cultural Factors

According to Meyer (2014), we are conditioned to see the world through the lens that is influenced by the environment and socio-cultural influences; it is in our biological DNA!

We live in a global economy and teams are often distributed across different countries. Only when we start to identify what makes one culture different from others, do we begin to understand, share and learn. Meyer (2014), through her extensive research identified a Culture Map that helps us understand how people think, lead and get things done across different cultures. The Culture Map comprises of:

1. Communicating - low-context vs. high-context
2. Evaluating - direct negative feedback vs. indirect negative feedback
3. Persuading – principles-first vs. applications-first
4. Leading – egalitarian vs. hierarchical
5. Deciding – consensual vs. top-down
6. Trusting – task-based vs. relationship-based
7. Disagreeing – confrontational vs. avoids confrontation
8. Scheduling – linear-time vs. flexible-time

Bains (2015), provides in depth commentary on Cultural DNA which explores differences and similarities in cultures across the continents. His research found each culture's instincts are finely attuned to the environmental challenges faced in different parts of the world.

The ecology of a new global world provides a unique context to further our understanding of an Agile Culture. We need a deep understanding and genuine empathy for the paradox that exists - differences and similarities across different world cultures.

Whilst an Agile Culture may share the universal Agile Values and the Agile Culture DNA, how it is played out will be heavily influenced by the cultural diversity across the globe.

4.0 Agile Culture and Leadership

According to Schein (2016), the primary role of leadership is in building, embedding and evolving culture. How Agile leaders of an organisation believe things should be done drives the kind of Agile Culture that is established.

Agile Culture and Agile Leadership have a symbiotic relationship.

Leaders create new groups and organisations thereby creating new cultures. Once established, that culture will define what kind of leadership will be valued and tolerated. As the organisation grows, the role of the leader shifts to maintaining and consolidating the existing culture, which then defines what are the desired characteristics of leadership!

As the organisation grows further, the existing culture may become dysfunctional to some degree and the responsibility falls on the leaders to manage the direction of the evolution of the culture.

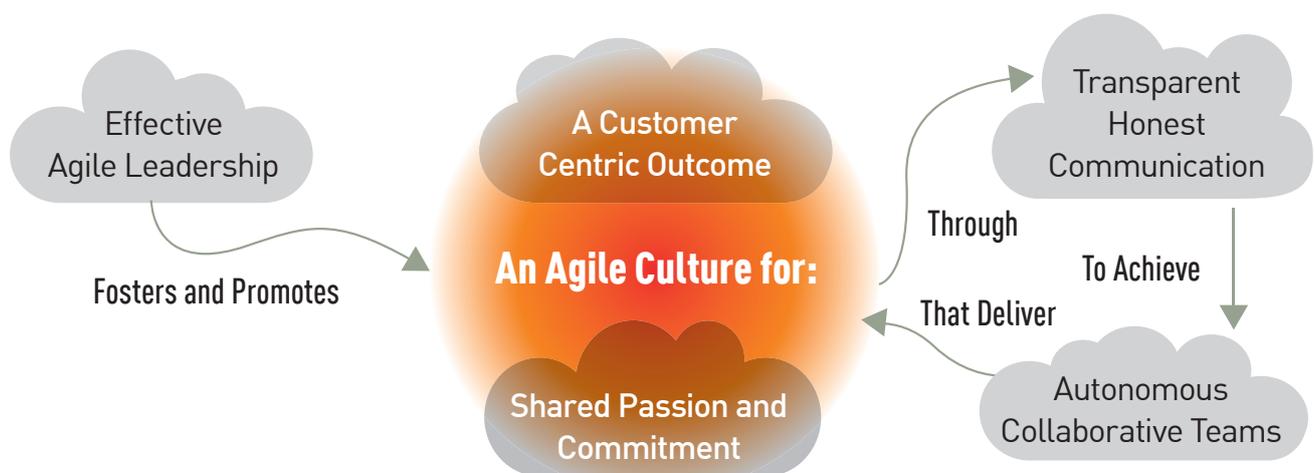


FIGURE 1: "Towards Business Agility"

9 Leadership Principles

The Consortium has published the 9 Principles of Agile Leadership that underpin the desired behaviours from leaders that set the tone for Agile Culture:

1. Actions speak louder than words
2. Improved quality of thinking leads to improved outcomes
3. Organisations improve through effective feedback
4. People require meaning and purpose to make work fulfilling
5. Emotion is a foundation to enhanced creativity and innovation
6. Leadership lives everywhere in the organisation
7. Leaders delegate appropriate power and authority
8. Collaborative communities achieve more than individuals
9. Great ideas can come from anywhere in the organisation

For more information on the 9 Principles visit: www.agilebusiness.org/resources/white-papers/cultural-and-leadership-the-nine-principles-of-agile-leadership

5.0 Agile Culture, Leadership and Change

Organisational change in general is a sum of various parts such as technology, processes, structure, people, culture and practices.

“Change is a necessary condition of survival and growth, be it for individuals or organisations.”
- Charles Handy

Changing culture however is a difficult endeavour and requires a great deal of commitment and dedication from the leadership team to make it work. Culture is a very powerful reinforcer and any change that is in direct conflict with the prevailing underlying assumptions, values and beliefs, will not work.

An Agile Culture should always be learning, developing and evolving so an end goal should never be reached. Agile values and culture DNA however, provide us with a solid foundation on which to build an organisation that is adaptable, flexible and responsive to complexity, uncertainty and change.

Agile Culture and Leadership principles are interrelated and are the base upon which effective change is built. Agile Leadership is essential to focus and navigate the change; without it, the current culture will prevail and a diluted form of organisational change will emerge. With Agile Leadership and sponsorship from key stakeholders and influencers, an Agile Culture can emerge and become embedded to the benefit of the organisation and all its people.

For further information on the work we are doing on Agile Culture and Leadership or to provide feedback on this paper, please contact:

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