Making Companies Nimble—From Software Agility to Business Agility

A Conversation With the Authors

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From the Editors
Companies are facing turbulent times. Markets are changing or being disrupted, customers expect individualized products, and the demand for products seem to change continuously. These turbulent times require not only information technology departments but whole companies to be agile. In this installment of “Insights,” Thomas Ronzon talks with Jutta Eckstein and John Buck on what is needed for company-wide agility. You can learn more about their collected experiences in their book Company-Wide Agility With Beyond Budgeting, Open Space & Sociocracy: Survive and Thrive on Disruption.1

Thomas Ronzon: In your experience, what does company-wide agility imply?

Jutta Eckstein: Company-wide agility is the organizational answer to today’s challenges. We’re living in a volatile, uncertain, complex, and ambiguous (VUCA) world. Customer needs are changing rapidly, markets are disrupted, and digitalization hits every industry. Companies that aren’t agile (in the literal sense, meaning adaptive, responsive, flexible, and nimble) struggle keeping up with these challenges. In our experience, for example, in (the) car manufacturing or banking (industries) agreeing on yearly budgets is too slow. The same mentality that likes yearly budgets advocates a process of developing job descriptions and looking for people to fit the jobs. This process ignores the need to find people—regardless of their job assignment—who have the power to innovate and learn continuously. Without high priority for continuous learning on all levels and in all areas, processes that were adequate in the old world stabilize and quickly become inadequate in today’s world.

Thus, company-wide agility combines proven principles by synergizing Beyond Budgeting, Open Space, Sociocracy, and Agile (in short, BOSSA nova) into an overarching theory of agility, as detailed in “Background and Meaning of Budgeting, Open Space, Sociocracy, and Agile Nova.” This synthesis of four disciplines provides a framework for implementing safe probes that can address all the aforementioned challenges. This way,
Company-wide agility means everyone is included in agile processes, strategies, and structures. However, agility, as practiced by information technology (IT) departments, includes unique requirements of software development and, therefore, doesn’t generalize easily to the C-suite. The BOSSA Nova synthesis seems better equipped to align spirit and inspiration.

**John Buck:** Company-wide agility means the whole company is in sync, including and especially the board of directors and even the shareholders and customers. For example, I recently encountered a striking example of a company with a significant disconnect between top management and the workforce. I was a speaker at a special daylong conference for employees at a large company. I had a hunch that while the staff and even the chief information officer were quite alive with inspiration and creativity (operating in an agile way), there was a disconnect with the board, the chief executive officer, and most of the C-suite. I decided to do a quick check of my intuition by asking my audience to give me words and phrases that would describe the spirit of their corporation. The audience offered some inspiring descriptors, but I noted that none of the words or images matched the words of the company’s purpose and vision statement that appears in large lettering at the entrance to the company’s cafeteria! When I pointed out the discrepancy to the audience, they looked sheepish. It added credence to my hunch of a disconnect between the top and everyone else.

**Thomas:** How does your approach differ from approaches to scaling agile such as DAD, SAFe, and LeSS, to name just a few?

**Jutta:** Our approach is not about scaling Agile, it is about helping companies become agile. The difference is scaling Agile comes from an IT perspective and uses the (proven) software development approaches for scaling these to, for example, the portfolio level. BOSSA Nova regards Agile as one discipline among several, and it takes a holistic perspective toward the company not one coming from IT. Thus, BOSSA Nova focuses not only on the process(es) but also on the strategy and the structure.
BOSSA NOVA PRINCIPLES

Budgeting, Open Space, Sociocracy, and Agile (BOSSA nova) (Figure S1) is based on four values:

- self-organization
- transparency
- constant customer focus
- continuous learning.

As mentioned previously, today, companies live in a volatile, uncertain, complex, and ambiguous (VUCA) world. According to Cynefin, managing in complex environments calls for an approach of “probe, sense, respond.” In other words, if you face a complex situation, there is no recipe or formula you can follow. You can make reliable predictions in complicated situations but not in complex ones. Rather than simple recipes, we suggest probes to help you start experimenting to test possible solutions. The probes can be used either as-is (if appropriate) or as an inspiration for your own best-fit probe. Note there is no failure, because no matter if the probe is failing or succeeding, the emphasis is always on the learning. Thus, you need to stress that the goal is learning, not whether the probe will be a success. This marks the probe as being “safe to fail.”

As an example, here is the(148,443),(855,804) probe: How can we leverage the existing network?

BACKGROUND

According to Karen Stephenson, in every company, there are many trust networks in place for different kinds of work. The leaders of these networks often powerfully

FIGURE S1. The four values of BOSSA nova.

(Continued on next page)
John: If I hear someone talking about “scaling Agile,” I hear them saying, ‘I am trying to develop something new without leaving my familiar framework.’ In the world of education there is a concept called transformative learning, which means gaining new insights by jumping out of your familiar worldview. By synthesizing different streams of management development, BOSSA Nova encourages “framework surfing.” The synthesis is something new and encourages you to be aware of your chosen “box.” Once you are aware of it, you can think outside that box.

Thomas: So you describe how to bring the agile idea throughout a whole organization. Who will benefit from reading your book then? The management or the staff?

John: Both! All four BOSSA Nova disciplines are pretty consistent in valuing everyone’s voice and encouraging everyone to take leadership initiatives.

Jutta: Actually, not only management and staff, but also consultants and coaches; everyone can influence a huge change like this. The key thing is, it has to start somewhere. And, exactly where and by whom doesn’t really matter. (See “BOSSA Nova Principles.”)

Thomas: Okay, but how can you get people to care about agility when they’ve never heard of it? When I think of some of my customers in certain old-fashioned companies, the managers are unfamiliar with it. How can they be “awakened”?

John: That’s simple. Give them a copy of our book (laughs). Hmm … you’d probably like a serious answer, too. Personally, I really like the change-management framework of Diffusion of Innovations. There are whole books about it and a good Wikipedia article. In diffusion-of-innovation parlance, the managers you’re talking about are probably “late-majority” folks.

Jutta: Well, before any kind of change starts, there has to be a need for a change. In my experience, also in

HYPOTHESIS
If we identify hidden trust leaders and get them together, they will, together, be able to improve the company’s alignment for customer focus.

EXPERIMENT
Conduct surveys to determine “Who in the company do we trust the most regarding our relationships with our customers?” The survey process should identify persons who “know how the system really works,” “won’t blab if I share a problem or mistake with them,” “have a good relationship with the customers,” and/or “intuits the customers’ needs.” The persons identified are now visible. They build the trust network that aligns with customer focus. Introduce the people identified to each other and invite them to participate in an ad hoc cross-functional team. The team builds the company’s culture by coming up with improvements, such as decreasing the response time for customers’ requests, repeating business, or minimizing waste (for example, unsold inventory, unnecessary or very complicated processes, output rather than outcome, and so on). All of these improvements should pre and postmeasured.

ALL IN ALL
So, BOSSA Nova, in short, means “to never stop trying, learning, changing.” The next step is for you to try this or other experiments. You can do so even if your organization is confronted with budget and workload challenges; in fact, that might be the best time to start!

REFERENCES

BOSSA NOVA PRINCIPLES (CONTINUED FROM PREVIOUS PAGE)
old-fashioned companies, people talk about, for example, digitalization and how this will impact their business. This means that currently all companies are wondering how they need to change to survive and thrive the disruption that’s going on right now. And yes, as this is related to change, as John points out, there might be people (and thus companies) who will try to ignore the need for change as long as possible, and maybe for too long. And note, we talk about company-wide agility, not about using Scrum or something of the like, because a stand-up meeting doesn’t necessarily help a company become more adaptive, flexible, responsive, and nimble.

Thomas: I agree. And what do early adopters of your principles and the probes report?

John: For instance, Titansoft in Singapore and Taiwan is experimenting with the whole BOSSA Nova synthesis. However, a number of companies contributed insights sections to our book that describe how they have been probing and experimenting, looking for better ways to organize, which is a core message of our book. The companies include ING, Walmart, Ericsson, Spotify, and Statoil.

Jutta: The great thing about the BOSSA Nova synthesis is that all these principles are tried and proven. Many were created starting in the 1970s (Beyond Budgeting and Sociocracy). However, what’s new is the synthesis of these principles. We are aware of many companies (and our own clients) who have combined the principles of two or three of the four disciplines (such as Agility, Sociocracy, and Open Space; or Agility, Beyond Budgeting, and Open Space), but not many are combining all four of them. We can only wonder where Titansoft’s “Never Stop Improving” journey will take them next! (See “Feedback from the Early Adopter Titansoft.”)

Thomas: How did these early adopters get started and become successful?

John: The earliest adopters have strongly valued (the notion of) always developing. You can’t learn to dance by being a shy wallflower.

Jutta: Early adopters experience that it is more and more difficult to stabilize on structure, strategy, or processes.

FEEDBACK FROM THE EARLY ADOPTER TITANSOFT

A 12-year-old company with 200 employees in Singapore and Taiwan, Titansoft offers games as well as software development and systems services in 10 languages and 50 countries. Its motto is “Never Stop Developing.”

In 2014, Titansoft started to adopt Agile and Scrum because “Agile seems faster.” Production improved, and they also found themselves facing new problems such as communications across departments. They next began experimenting with Open Space. There was a day when the entire company took a break from work, came together, and discussed topics related to the theme of communication. They were delighted with the outcome and later in the year held a second Open Space gathering with the theme of “How can we create the most impact in the next three months?” The difficult part emerged after the Open Space happened, for example, “How do we sustain momentum for the action topics generated?”

Among other problems, the action arenas did not fit into teams’ daily tasks, and there were no official chains of controls from departments to teams. They introduced the Sociocracy framework to the organization in early 2017 to address these issues, with an initial focus on creating the circle structure and double linking for a more transparent flow of information. The key driving factor behind this adoption was the need to scale effectively. They found that the double-linking model encouraged participation in policy decision making by members of both circles; each circle had its own focus and in-links to encourage the team to drive forward. Yet, Sociocracy had its limitations, such as its complex framework consisting of many patterns and principles.

Titansoft has started experimenting with the 12 principles of Beyond Budgeting to integrate its personnel and financial management systems into its agile philosophy and reap the productivity benefits that can flow from a deep trust culture. They believe it will provide an infrastructure vital to the company’s future growth.
Because things are changing so quickly, companies need to be able to adapt and adjust constantly. So, for the early adopters, it is key to be open to experimentation and this requires courage. For example, like many of my fellow Germans, I like to plan things out thoroughly. However, it is important to be able to let go of the plan! Today’s world requires responding to today’s needs and not sticking to a plan based on yesterday’s needs.

Thomas: If I want to follow the early adopters, how do I get started?

John: Set aside some time to reflect. Do it regularly. Reflection leads to “wondering about” thoughts. (The BOSSA Nova synthesis can help stimulate lots of “wondering about” thoughts.) That wondering can lead to the idea that “we could implement experiments that probe alternatives to current management practices.” And now you’re on the BOSSA Nova dance floor.

Jutta: The good thing is you can start anywhere—strategy, structure, or processes—because, wherever you start the other two, one will be influenced by the change you’re making. And yes, as we sketch in the following picture, you start by reflecting on your situation, the needs, the pain points, and then design a probe, consisting of a background, a hypothesis, and one or several safe-to-fail experiments that help to improve your current situation by addressing the earlier detected needs and pain points. After having tried at least one experiment, an important final step in the spirit of being a good scientist or reflective practitioner, is to publish the results of your experiments to your peers—both internally and externally. For example, for the public, you can present at conferences, write an experience report for the Agile Alliance, or submit to IEEE Software’s “Insights” department (Figure 1).

Thomas: Do you think that it is a problem if an agile company wants to work with a “classic” one? What should they do or avoid?
John: The dimension of inspiration can help. Find what spirit and values inspire you the most. A common inspiration is the basis of great partnerships, such as the one I mentioned previously about the company with a significant disconnect between top management and the workforce. Although that example describes an internal partnership between top management and the workforce, the principle of common inspiration is the same, (for example, between a classic company and its agile supplier).

Jutta: I think it doesn’t make a difference. Any company is acting in its environment. If the supplier of an agile banking company is working in a classic way, then that classic company is also part of the environment of the banking company. The environment of companies is defined not only by the companies they interact with but also by society and the regulations enacted by agencies like the Food and Drug Administration; all of these influence the way an (agile) company acts and can act.

Yet, companies also influence that environment. We compare this to dancing—probably because of the bossa nova metaphor—while on the dance floor you adapt to other dancers and to the music, but the way you dance will also influence the other dancers and the music being played.

Thomas: Did you get feedback from managers?

Jutta: Indeed we do get feedback from managers. Currently, it seems that mostly the finance and retail industry is looking for ideas to become more agile as a whole company. At least, most of the management feedback is provided by these industries.

John: We published the book in time to announce it at the Business Agility Conference in New York in March 2018, and we’re following up on a number of expressions of interest from that and subsequent conferences.

Thomas: What are your plans for the future?

Jutta: We hope that people will understand and leverage the power of company-wide agility. We provide, a home for the book, on the one hand, and, on the other hand, a platform for sharing experiences on company-wide agility. Currently, these experiences are shared through our blog but also via articles from colleagues. We hope that this platform will enable mutual learning.

John: Besides social media and articles such as this one, we will present at various conferences in the coming months. A colleague recently asked me when we will offer BOSSA Nova training. We need to mull over that strategy.

Also, I have a dream of a system or network where people from lots of different companies and industries publish the results of their continuous improvement experiments the way scientists do in other disciplines. It would mean that everyone would be governance-system scientists as an adjunct to their regular work; all society would benefit from their regular sharing of their innovations. I have no idea at this point if that dream will ever materialize.

Thomas: Thank you for this very interesting discussion. Best wishes to you!

References