



Business is Going Agile*

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** Agile research project is with Anna Tavis at NYU*

The Media Has Generated Many New Worries ...

- Robots are taking our jobs
- The pace of technology change is so great we all need new skills
- Millennials are very different, and the workplace has to adapt

But the Powerful Factor Driving Business is *Ideas...*

- Scientific management and the design of jobs – assembly lines
- The multi-division firm
- Business strategy as an active process
- Top-down control systems
- Japanese management practices
- “Financialization” and shareholder’s first



The next big idea change
appears to be “agile”



What is “*Agile*?”

Agile doesn't mean flexible...
there are lots of ways to adjust, adapt, flex

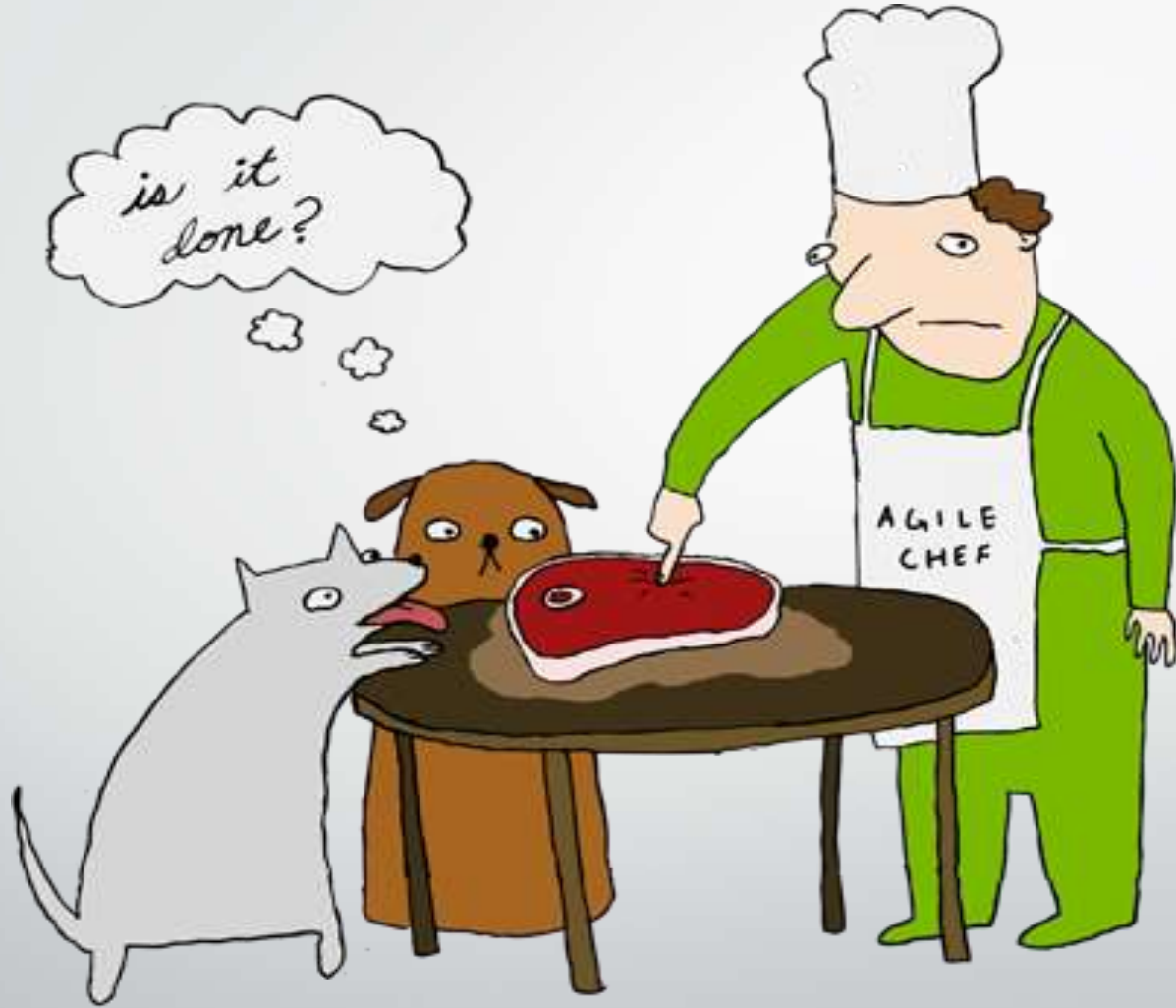


It's a process for organizing projects and, in turn, businesses

- The 2001 **Adobe Manifesto**
 - A faster, simpler, cheaper approach that leads to better outcomes
 - Especially innovations
 - Note: Almost all software is an innovation
- The essence of agile = “**putting people and their interactions above processes and planning**”
Agile pioneers Alistair Cockburn and Jim Hightower, 2001
 - *Q: If there was a conflict now between the CFO/financial plan and the team managing a project, who would win?*
- Let that sink in.....

General agreement on these components...

- **Small teams working collaboratively** using an approach called “Scrum,” where decisions are made in an open fashion.
- Priority to **face-to-face interactions**, as opposed to top-down decisions, and to iterations over plans. Autonomy for the team.
- **Customers/Users are involved all along** including in design.
- **Resources are allocated based on need as it emerges** – including “sprints” where they are used intensively to crack hard tasks – as opposed to based on plans.
- **Stand up prototypes quickly**, get feedback to improve them.
- **Feedback/tests everywhere.**



Previous “Revolutions”

- TQM and the quality movement
 - Front-line workers track info on their own quality, suggesting improvements
 - Teams matter
 - Find quality problems at the source and fix them
- “Lean” Production
 - Front-line workers get data on their quality and performance and control design of their jobs to improve
 - Teams are very important
 - Find quality and performance problems at the source and fix them: Includes between groups and with vendors. The team takes over execution processes
- Agile methods
 - Front-line workers take control of projects: can change goals, control schedules, to some extent control budgets and resources
 - Teams are almost everything
 - Find problems even in design stage, change anything that helps customers/clients

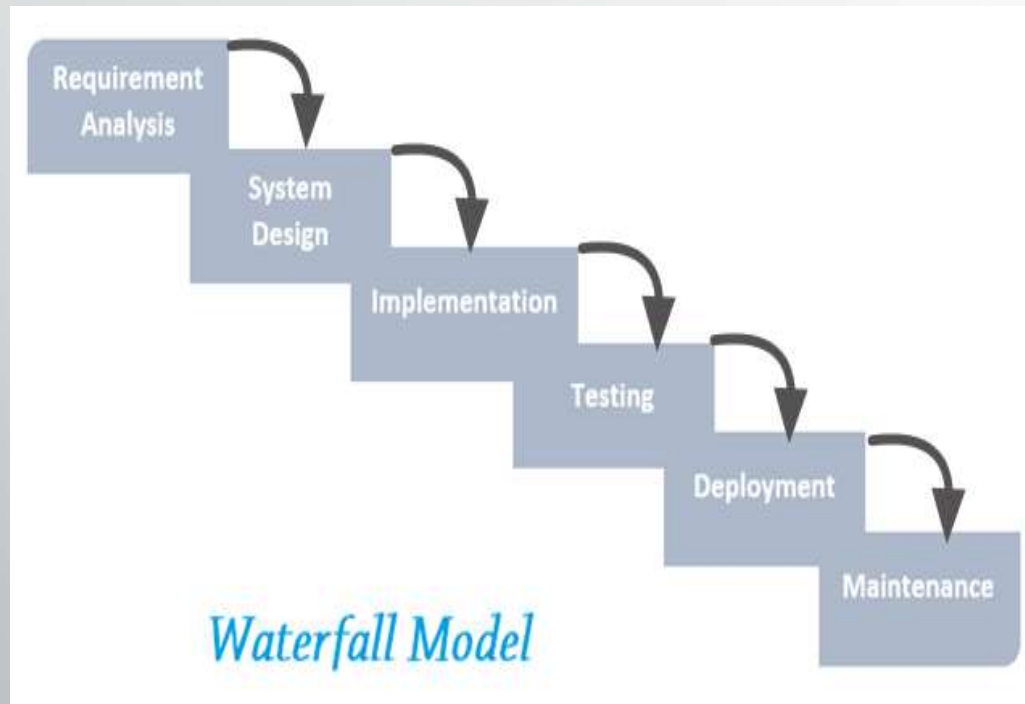
Who is Using It?

- This year, executives in PWC's annual CEO survey rated innovation as their top priority. <http://www.pwc.com/gx/en/ceo-agenda/ceosurvey/2017/us/key-findings/innovation.html>
 - *This is the driver behind agile*
- 90+ percent of IT departments are using versions of Agile 11th annual state of Agile Report. 2017. Versionone.com
- 79 percent of global executives in Deloitte's survey rated agile performance management as a high organizational priority 2017 "Redesigning performance management"
- From manufacturing to financial services to consumer products – anywhere innovation has become a priority

How it got adopted....

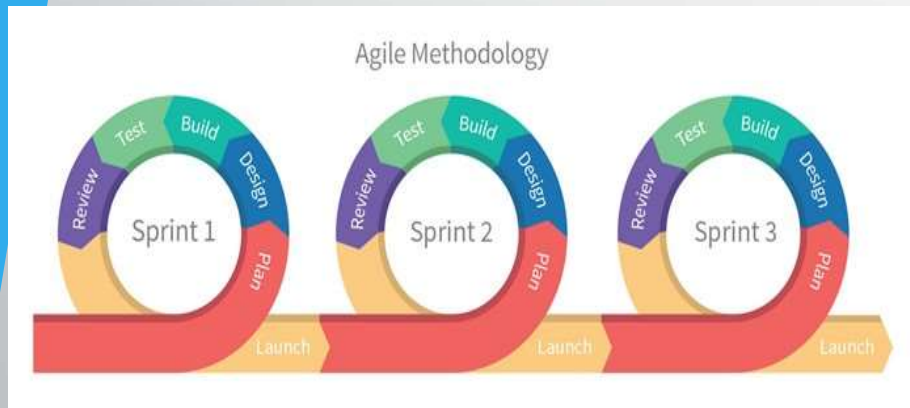
- In Silicon Valley IT –
 - there was no dominant project model for programming
 - no resources in start-ups for big plans
- ING and Bank of Montreal – by serendipity
- GE and IBM – by design
 - GE appliances

Where we Came From: The Planning Process



- Overall 5 year business plans –
- Plans for our division –
- Plan for specific project
 - Project outcome/goal
 - Project budget
 - Project timelines
 - Interim goals/interim budgets

What's Different About Agile



- Start with client/customer goal
- An overall budget, but few restrictions on allocation or interim targets
- Customer feedback in design / fast prototype-more customer feedback
- Scrums for redesign
- "Sprints" request extra resources for hard tasks as they appear



What does this imply for HR?

Performance management...

- Annual goals that cascade down?
 - Gone. Shift toward project priorities
- Annual review of performance against goals?
 - Dropped
- Single point of contact for reviews?
 - Feedback from project leaders, sometimes peers and clients
- Continuous feedback is the goal
 - Apps and constant conversations

Learning

- Coaching skills – Cigna’s coach training in learning “sprints,” peer-to-peer practicing
- Digital Ocean’s onsite professional coach – being coached makes us better coaches
- P&G rebuilding the supervisory function, feedback and coaching
- IBM – special agile training built on simulations, AI to customize training to individuals

Compensation – toward teams

- Move to spot bonuses at Macy's
- Start-ups Digital Ocean, Rent-a-Runway play down individual, merit-based pay, punish individual negotiating for pay
- Patagonia adjusts pay levels frequently based on projects and market, individual rewards are the exception

Recruiting

- “Agile recruiting” 1st at GE Digital Division – then IBM, Cisco
- “Headcount manager” represents hiring managers, “scrum master” oversees the process
- Cross-functional team works together on many positions at once – sharing information
- Nothing starts until all debates settled on hiring side. Vacancies prioritized by team
- “Kanban Board” charts open reqs, cycle time, bottlenecks
- Vendors like Ascendify/HackerRank move to agile
- AND Succession – don’t bother

What competencies have to change in HR?

- Teams are the focus, not individuals
- Team dynamics/OD are the key
- Organization change – trying to make all this happen
 - It may be a hard sell with many top executives who often believe that individuals are what counts and competition drives success
 - Will that beat the need for innovation?

This is a big change....

Many companies will try it,
Many will fail to execute it

