Agile for all: The principles of agility and agile leadership

Your guide to agility and agile leadership
The term VUCA describes and environment characterized by a high level of volatility, uncertainty, complexity and ambiguity. You as a professional need management tools to excel in such an environment.

Agility is a management tool that allows you not just to deal with a VUCA environment, but also to use it to your advantage. Its principles have been successfully applied in almost any business area such as product development, operations, and crisis management. Now it is time to use them for your benefit.

This Management Toolbox *Agile for all: The principles of agility and agile leadership* is your key to learning the foundation of agility and agile leadership.
How will this management toolbox help you to succeed?

1. Understand why agility is needed more than ever in a VUCA environment
2. Know the OODA-loop as the fundamental concepts underlying agility
3. Identify when an agile approach can help you to increase performance
4. Know the 10 key principles of agile leadership
1. Understand why agility is needed more than ever in a VUCA environment
Magnitude, speed and frequency of communication increases at an unprecedented pace
Volatile, Complexity, Uncertainty and Ambiguity (VUCA) is the consequence.

**V**olatility

Volvility refers to the speed, volume, nature, magnitude of a phenomenon that may or may not be in a pattern form. Volatility increases complexity.

**U**ncertainty

Uncertainty occurs when there are no concrete trends or patterns, which makes it difficult to establish what will happen next and base decision on it.

**C**omplexity

Complexity describes the amount of different states a system can get into at a certain point in time. The more states a system can get into, the higher its complexity and the harder it gets to manage it.

**A**mbiguity

Ambiguity describes a situation where multiple interpretations are permitted and equally valid. This makes it hard to decide what to do in order to achieve a desired outcome.
The concept of agility was first defined in the military.

While agility has only recently found its way into the business domain, it has been around for a long time as decision-making framework in the military. However, it was never called agility, but rather applied the principles that constitute the core of agility today.

One of the first publications that applies those principles goes back to the ancient Chinese military strategist Sun Tzu. In his book “The Art of War”, he emphasizes the need for being one step ahead of your adversary in your decision-making cycle in order to succeed.

Jon Boyd, a US military strategist who was involved in the development of new generation of fighter aircraft, took a more formal approach to agility. He argued that agility is the ability of any living organism to perceive changes of its environment, make sense of it, take appropriate decisions and translate them into specific actions that ensure its survival (Enck 2012).
Agility is about gaining a competitive advantage through a superior decision-making process.
2. Know the OODA-loop as the fundamental concepts underlying agility
The foundation of agility: The OODA-Loop.

In a competitive environment, the survival of an organism is determined by whether it goes through the so-called Observe, Orient, Decide and Act-loop (OODA-loop) faster than competing organisms.

The Essence of Winning & Losing, John R. Boyd 1995
The OODA-Loop is the foundation of an effective decision-making process in a VUCA environment.

- Target oriented action in a VUCA environment requires a continuous adjustment and learning process
- Going through the OODA-loop in iterations makes sure that environmental changes are accounted for
- Every iteration is a learning opportunity that improves the decision making quality and result
- Comparable organizations that manage to go through the OODA-loop faster are more competitive
Traditional approach focuses on planning, agile approach on implementation, learning and adjustment.

**Traditional approach:** Focus on planning

**Agile approach:** Focus on implementation, learning, and adjustment
3. Identify when an agile approach can help you to increase performance
There is no black or white in agility: You can combine an agile with a traditional approach.

It does not make sense to strive for organizational agility by default. Whether an agile approach really adds value or is just a burden depends on two factors:

• What do you want to achieve (future state or objective)?

• What are the characteristics of the environment you are exposed to?

Both dimensions open up the opportunity to create an objective-environment matrix that help you to decide which way to go in terms of agility.
The objective-environment matrix: When to apply an agile approach?

When to apply an agile approach?

1. When the objective is not clear, but the environment characterized by a high level of stability and predictability, refine the objective and apply a traditional approach.

2. When both the objective and the environment is fuzzy and VUCA, apply an agile approach.

3. When both the objective and the environment is clear, stable and well known, apply a traditional approach.

4. When the objective is clear, but the environment is VUCA, apply elements of an agile approach.
Fuzzy and stable (1): Traditional approach with focus on objective refinement.

When the objective is not very well defined, but the environment is characterized by a high level of stability and predictability, it is most appropriate to refine the objective and to apply a traditional approach.

While this might sound straightforward at first glance, reality tells a different story. This especially applies when emotions and politics are involved, and people tend to prioritize fast results over sound planning and strategy.

Problem-solving processes are one example that usually start as “fuzzy and stable”. Let’s assume you face an issue with a piece of machinery. You can observe the malfunction, but you don’t know yet where it comes from and what you can do to solve it. In such a situation, you can apply problem-structuring tools such as “five whys” or an Ishikawa Diagram to get to the root cause of the malfunction and to gain a better understanding of what you want to achieve.
Fuzzy and dynamic (2): Agile approach.

When you face a situation with an objective that is not well-defined and you are in a VUCA environment, an agile approach is most appropriate. Instead of investing a lot of energy into planning, you should focus on implementation, learning, and adjustment.

Complex natural disasters (Lubitz, Beakley, & Patricelli, 2008) such as wildfires usually unfold in a way that is best described by the VUCA concept. This makes an agile approach the only viable choice to manage such a situation in an effective way.

It all starts with an assessment of the fire, its location, environmental factors (e.g. weather), and the resources needed to achieve the desired objective. Going through the OODA-loop, you could conclude that the objective defined first is already outdated and must be changed.
Clear and stable (3): Traditional approach with continuous improvements.

When the objective is clear, and the environment is stable and predictable you might choose a traditional approach. As it is clear to you what you want to achieve and which levers you have to move, you don’t need to put much effort into planning, learning, and adjustment. This usually applies to routine tasks in a well-known environment.

Tasks in category 3 can easily be standardized and formalized. For instance, you could create checklists and standard operating procedures to efficiently implement them. Once you went through them a couple of times you can ask yourself where and how to improve the process to the next quality level.

Going through such a continuous improvement process (also referred to as CIP) can also be considered as a basic form of agility. You take one step back and work on the process rather than in the process. You do this again in a set of CIP iterations.
Clear and dynamic (4): Elements of an agile approach.

The fourth and last category 4 refers to a well-defined objective, but a dynamic environment. You know what you want to achieve, but you have to adjust your actions to environmental changes.

In such a situation, you will put even more emphasis on your “sensors” to understand how the environment changes and why it changes. These are elements of an agile approach.

Let us assume you want to produce a complex new product and you did some feasibility studies that make you quite sure that it is possible to produce the product. However, you know that you will face some difficulties during the prototype production process. In addition, you have little (but stable) time, and there are quality and cost restrictions to be met.

Consequently, you won’t re-consider whether you are going to produce the product at all or whether the time, quality and cost restrictions are right or wrong. Instead, you will put your focus on learning and adjusting your production process to issues, problems and challenges.
How can agility be applied in the practical domain?

**Product development**

**Objective:**
Develop a new product/service in a complex, competitive and fast changing industry

**Iterations:**
1. Define product vision
2. Derive basic functionality
3. Conduct development cycles

**Focus on:**
Product – customer alignment, product increments, speed

**Firefighting**

**Objective:**
Lead a firefighting crew to get a complex wildfire under control

**Iterations:**
1. Assess fire, location, wind, resources needed
2. Break-down objectives to teams and teams to sectors
3. Conduct objective-plan-progress alignment cycles

**Focus on:**
Environmental changes, team status, progress, speed

**Operations management**

**Objective:**
Manufacture a complex product within time, quality and budget restrictions

**Iterations:**
1. Define objective, product structure and resources
2. Break-down objectives to production & support teams
3. Conduct deviation management cycles

**Focus on:**
Deviations, problem solving, team status, speed
4. Know the 10 key principles of agile leadership
What is Agile Leadership (AL)?

Keeping in mind the OODA-loop, agile leadership is about building a high-performance team or organization that applies agile principles in its processes, structures and people development activities to increase competitiveness.

This form of leadership is not a traditional leadership approach on its own. Rather, it is a supplementary tool or extension to leadership approaches that is rooted in organizational psychology, including transformational leadership, trait-based leadership, and complexity leadership.
Agile leadership has an effect on two levels: the structural and the behavioral level.

**Structural level**

On the **structural level**, agile leadership affects processes, roles, responsibilities, key performance indicators (KPIs) and so on.

**Behavioral level**

On the **behavioral level**, it refers to specific actions taken by leaders in certain situations, that are underpinned by particular mindsets and abilities.

Taken together, structural and behavioral components mutually reinforce each other and culminate in a leadership tool that extends its influence on the entire organization.
Ten principles of agile leadership: Structures, processes and behavior.

1. Prioritize strong teams over dominant individuals
2. Conduct regular planning sessions and give focus to alternative scenarios
3. Focus on facts and KPIs (key performance indicators) rather than opinion and intuition
4. Empower and inspire people to take decisions based on their own knowledge
5. Communicate in cycles aligned with the speed of your industry and business model
6. Provide and seize opportunities for networking and information sharing
7. Step back and work on the system rather than in the system: 2nd level change
8. Develop an organizational vision or strategy and relate to it on a regular basis
9. Ensure the organization has an accurate outside image and stays in touch with the environment
10. Balance structure and chaos for effectivity and efficiency
Agile leadership principles: Teams and scenario planning.

**Principle 01**  
Prioritize strong teams over dominant individuals

Agility is very much about increasing organized complexity by creating a network of highly skilled, aligned and committed individuals AND teams.

This requires you to move away from the great leader approach towards a more balanced and decentralized understanding of leadership.

Examples includes shared or servant leadership, as well as complexity leadership.

**Principle 02**  
Conduct regular planning sessions and give focus to alternative scenarios

Outcomes, however well-planned and thought-through, should always hold room for alternative outcomes and consider a variety of scenarios.

In a VUCA world, all parameters can never be known at all times and therefore, there can be multiple equally correct solutions to a problem.

In addition, scenarios help you to create a mental model of possible future outcomes. As a result, you won’t be taken by surprise once they materialize.
## Shared leadership consists of three dimensions.

<table>
<thead>
<tr>
<th><strong>Shared purpose:</strong> Understand and appreciate collective goals</th>
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<tr>
<td>In fostering a shared purpose, team members understand and appreciate the main objectives of the team project and ensure that the team focuses on collective goals.</td>
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<th><strong>Social support:</strong> Provide emotional support to each other</th>
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<td>In showing social support, team members provide emotional support to each other through showing encouragement or recognizing each team member’s individual contributions.</td>
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<th><strong>Voice:</strong> Appreciate each team member’s contribution</th>
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<tr>
<td>The final cornerstone of voice is the ability of each team member to provide input to the team process. Voice occurs when the team places value and importance on each team member’s contribution.</td>
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Focus on facts and KPIs (key performance indicators) rather than opinion and intuition

Facts and KPIs based on evidence are the very basis of high-quality decision-making.

However, a VUCA environment does by nature undermine our decision-making performance.

Evidence-based management is a tool that can help you to keep your decision-making quality on a high level even though everything is in constant flow.

Empower and inspire people to take decisions based on their own knowledge

Zerfass et al. (2018) find that the decentralization of power and flat hierarchies of decision-making and power speed up the agile process.

In this vein, transformational leadership as a leadership style is a concept particularly well-suited to organizations adapting to agility.

Transformational leadership (TL) prioritizes enabling and empowering followers, which helps flatten hierarchical structures and diversify ideas, opinions and processes.
Evidence-based management (EBM) in a nutshell.

**Selecting the best available evidence**

EBM involves using multiple sources of scientific evidence and empirical results as a means of attaining knowledge and finding interventions and strategies. The goal is to make decisions based on the best available evidence.

**Systematic decision-making**

Mental biases, prejudices or lazy thinking are reduced by taking into consideration published literature, critically appraising evidence, and selecting a strategy supported by science.

**Re-evaluating and adapting**

Like in the social science, decisions are critically examined and accurately evaluated using the scientific method. Constant re-evaluation and improvement of the hypothesis determines whether the strategy is worthwhile.

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Inspiration, motivation and communication are key in TL.

**Transformational Leadership relies on guidance through inspiration and motivation**

- Transformational Leadership relies on creating a vision and guiding the change through inspiration and motivation
- Activating team members’ self-efficacy so that they believe that they can go beyond expectations is another important element of transformational leadership

**Language and communication play an important role in Transformational Leadership**

- Communication is an important driver of organizational change
- Transformational Leadership relies on empowering language to facilitate change

Barth-Farkas & Vera (2014)
Agile principles: Communication, and information sharing.

**Principle 05**

Communicate in cycles aligned with the speed of your industry and business model

Agile communication is short-cycled, meaning that long communication cycles are avoided and replaced by smaller, regular cycles among teams that allow for re-alignment and re-adjusting.

However, every organization and every industry is different. Your communication cycles have to take this into consideration.

For instance, in software development a cycle time of one week might be appropriate. In operation, a daily alignment could be the right approach.

**Principle 06**

Provide and seize opportunities for networking and information sharing

Companies with a healthy organizational culture, which is also characterized by healthy communication and opportunities for exchange and growth, perform better than organizations without.

The sharing of information is directly related to teams on the one hand, and short communication cycles on the other.

Team Mental Models (TMM) are a tool with a proven track record to improve team performance that relies on information sharing.
How can you utilize TMMs to improve team performance?

Allow for a planning phase as means to prepare for the task
- Develop a project vision/mission
- Define milestones towards the goal
- Clarify who and what is needed

Scenario planning sessions, strategy workshops, product development roadmaps

Provide regular briefings regarding the team task and (changes of) the task environment
- Conduct regular progress briefings
- Adapt to environmental changes
- Discuss obstacles & opportunities

Project hand-over meetings, Sprint reviews, (e.g. in SCRUM projects)

Conduct team adaption and coordination training
- Clarify goals, roles & responsibilities
- Align tasks & required competencies
- Identify gaps and work on them

Training sessions on roles and responsibilities, simulator team training

Salas et al. (2016)
People and teams tend to build mental models about their environment, how they operate, and how they can be handled. Change that occurs within those schemata is referred to as first level change.

Once people and teams consider to change the schemata they operate with, it usually opens up options that weren’t on the table before. This is called 2nd level change (Bartunek und Moch 1987).

A VUCA environment requires you to consider 2nd level change from time to time. This especially applies when things start to become disrupted.

When people work together for a considerable period of time in order to achieve a shared objective, they need to have a common understanding about where to go.

In contrast to a goal, a strategy is less specific but more comprehensive. It provides guidance but doesn’t determine the future, which is key in a VUCA environment.
How does 2nd level change work?

Strategies for 2nd level change:

• **Perspective change**
  Look at the system/issue/topic from a different perspective. Ask your team to do the same.

• **Reframing a system/issue/topic**
  Put another framing around the system/issue/topic. What does the mean mean for the department? What does it mean for the organization? What does it mean for your customers and competitors?

• **Location change**
  Conduct an offsite meeting, conduct a lunch and learn session, go for a walk and discuss the system/issue/topic
Strategy development: How to develop a strategy?

The following questions help you to conduct a strategy development process:

- Where are you now (current state)?
- What does the future bring (scenario formulation)?
- What does the future state look like (strategy formulation)?
- Why is the future state important? (strategy communication)?
- How do you move from the current to the future state (strategy implementation)?
### Agile principles: Outside image, structure and chaos.

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<tr>
<th>Principle</th>
<th>Ensure the organization has an accurate outside image and stays in touch with the environment</th>
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<td><strong>09</strong></td>
<td>Establishing and maintaining an image should always consider what is happening in the environment surrounding the organization. While remaining in touch with gatekeepers and outside happenings, organizations can align whilst remaining serious and trustworthy. No matter the extent of adaptation within this, the outside image stays upright and helps maintain realistic expectations.</td>
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<th>Principle</th>
<th>Balance structure and chaos for effectivity and efficiency</th>
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<tr>
<td><strong>10</strong></td>
<td>Complexity theory states that innovation truly takes place where structure and chaos meet - this is particularly true in the business world (see Tsoukas, 1998) In a VUCA world, organizations that are open to constant change and re-evaluation whilst remaining true to their vision and values will be effective and efficient. This approach also breaks with the belief “everything has to be perfect”. Once it is perfect, it is outdated as it is not viable anymore.</td>
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Congratulations! By going through this Management Toolbox *Agile for all: The principles of agility and agile leadership* you have learned the foundation of agility and agile leadership. Being equipped with a sound understanding of agility as a management tool will help you to excel in a VUCA environment!

However, there is much more about agility and agile leadership in general you should be aware of.

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References and further reading (I)


References and further reading (II)


