

CREATING AGILE ORGANIZATIONS

A SYSTEMIC APPROACH

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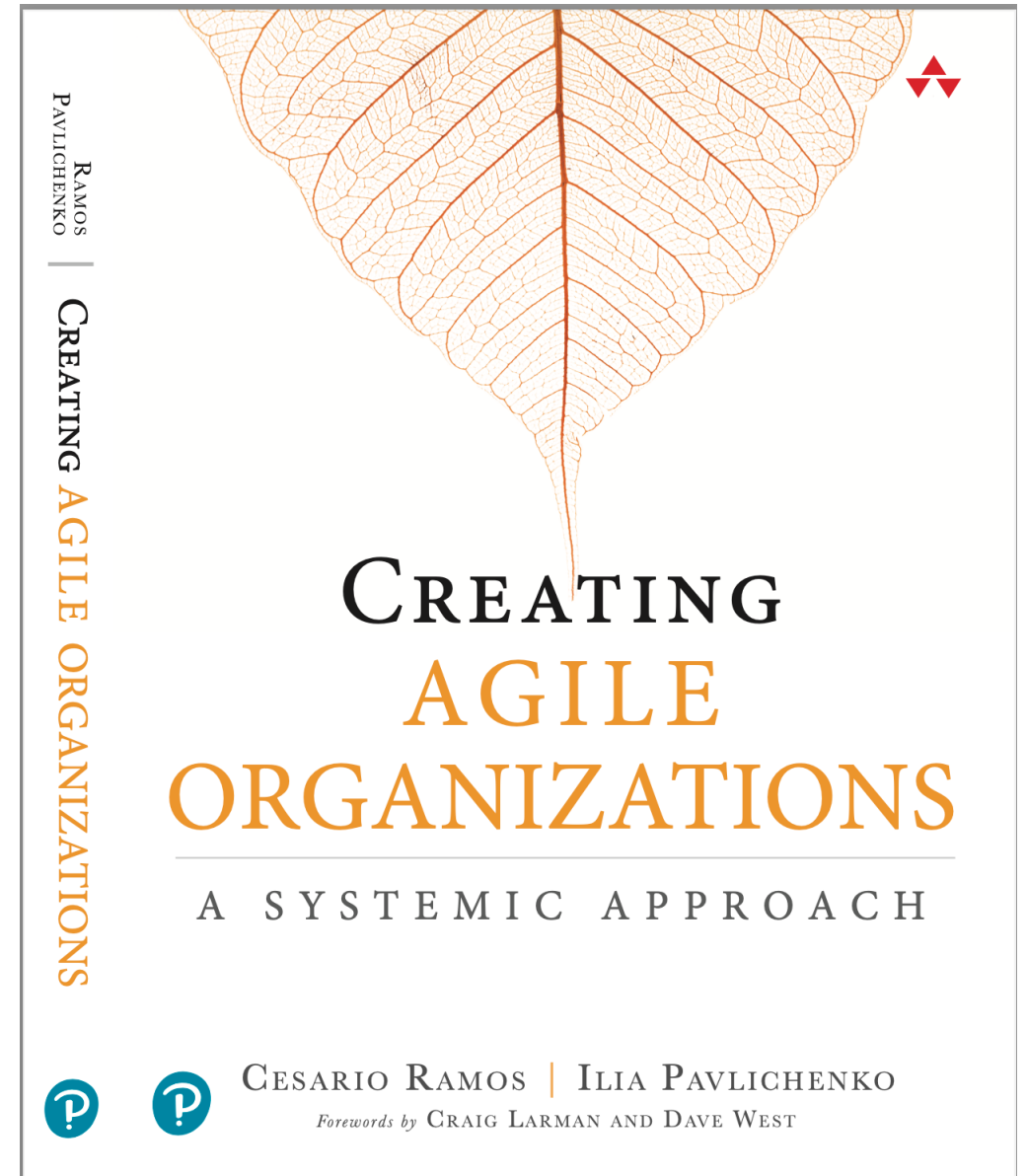
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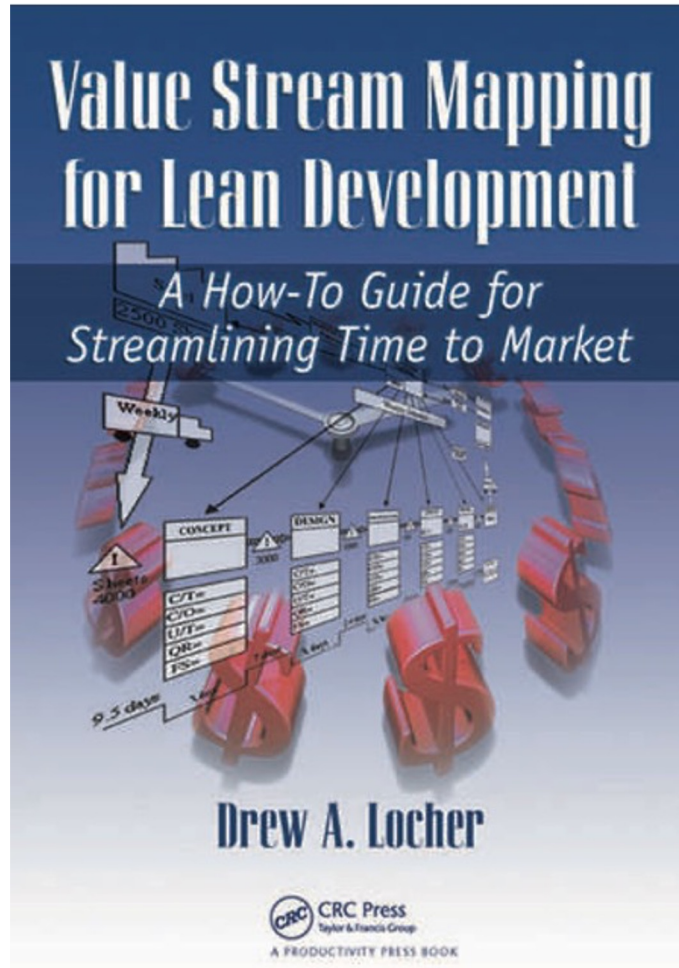
Some Organization Design Ideas that might be useful for you too.

0.
Define Your Product From the Outside In.
1.
Contain Reciprocal Dependencies
2.
Simplify With Decoupling Unit Functions.

2 e-books to give away after

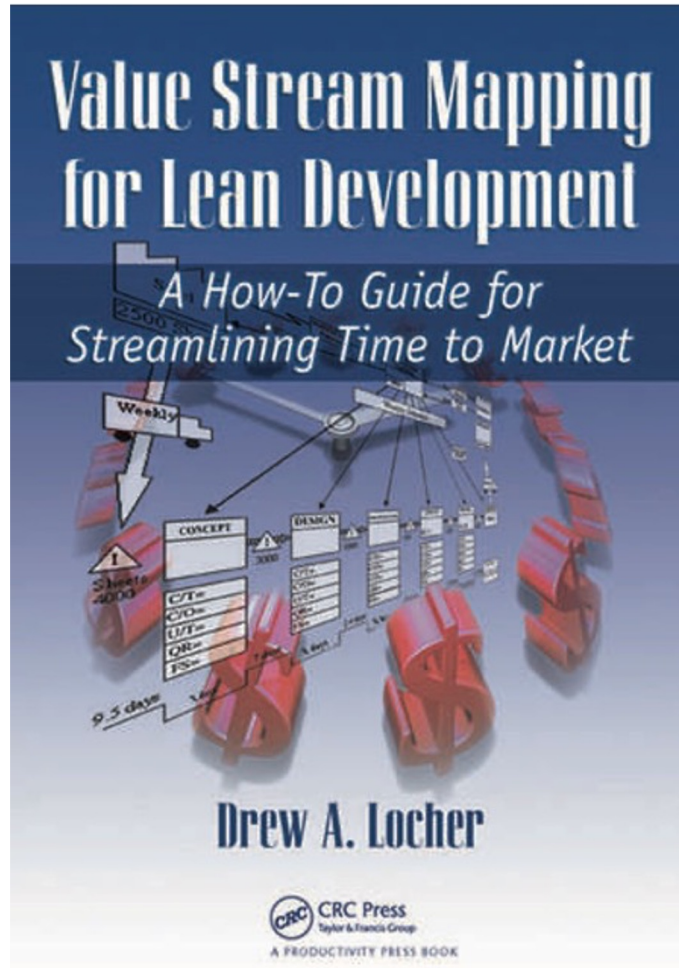


Why Organize in Value Streams?



2 min - in pairs

Why Organize in Value Streams?



For Example:

“The reason we organize around value streams is simple. We want to **accelerate the time to value** (or market). We do that by optimizing the flow of value through the system as a whole.”

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Misunderstanding Agility

Also near the top of the list in agile misunderstandings is the *incorrect* belief that *Agile Equals Deliver Fast*.

—Craig Larman from foreword of *Creating Agile Organizations*.



Bottlenecks when market changes





**So, lets organize around Products
and create broad specialized
teams...**

**But with many many development
teams, how to practically define
the Product?**



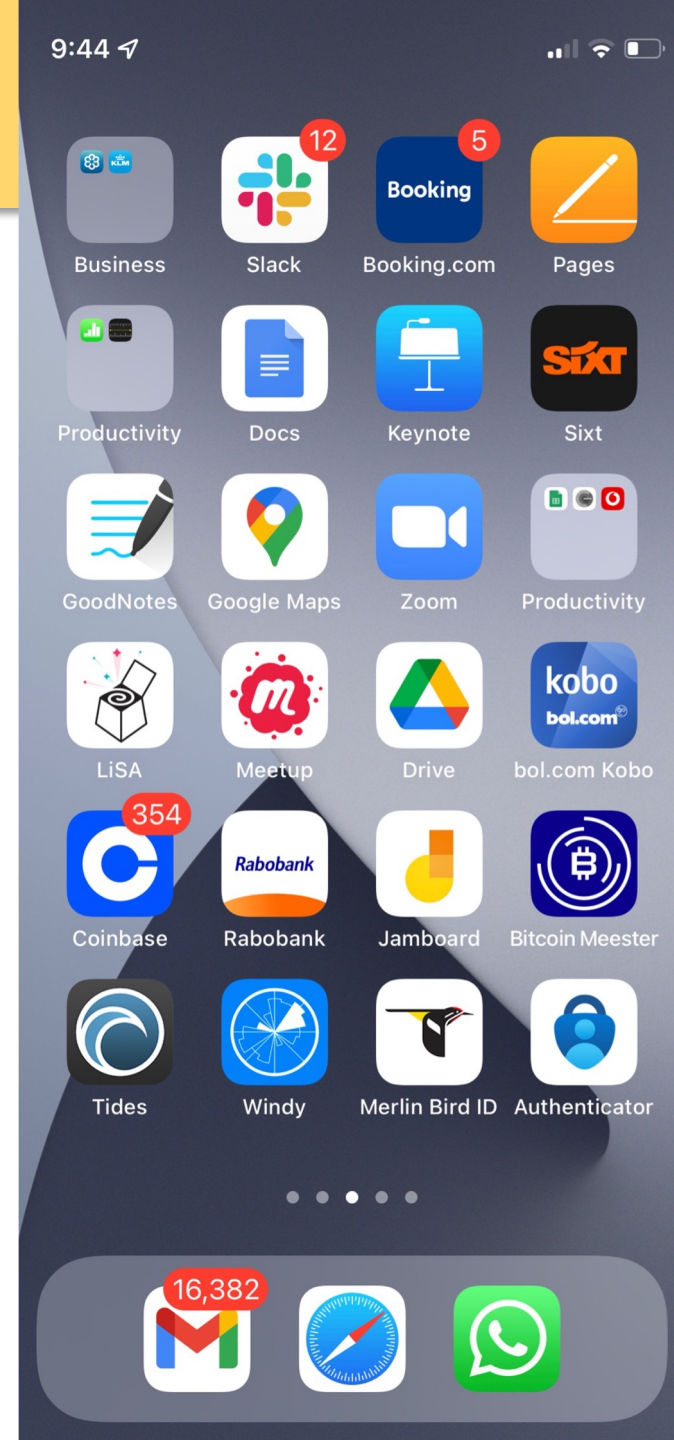
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What is a product?

In pairs:

Is the SIXT App a Product?
For car rentals.

What about GoodNotes App?
For taking notes?



An effective product definition

- Who is going to use/buy the product?
- Which needs/problems will the product address?
- How will you make money from the product?
- Which organizational units, processes and technology develop and sustain the product?





Systemic Approach

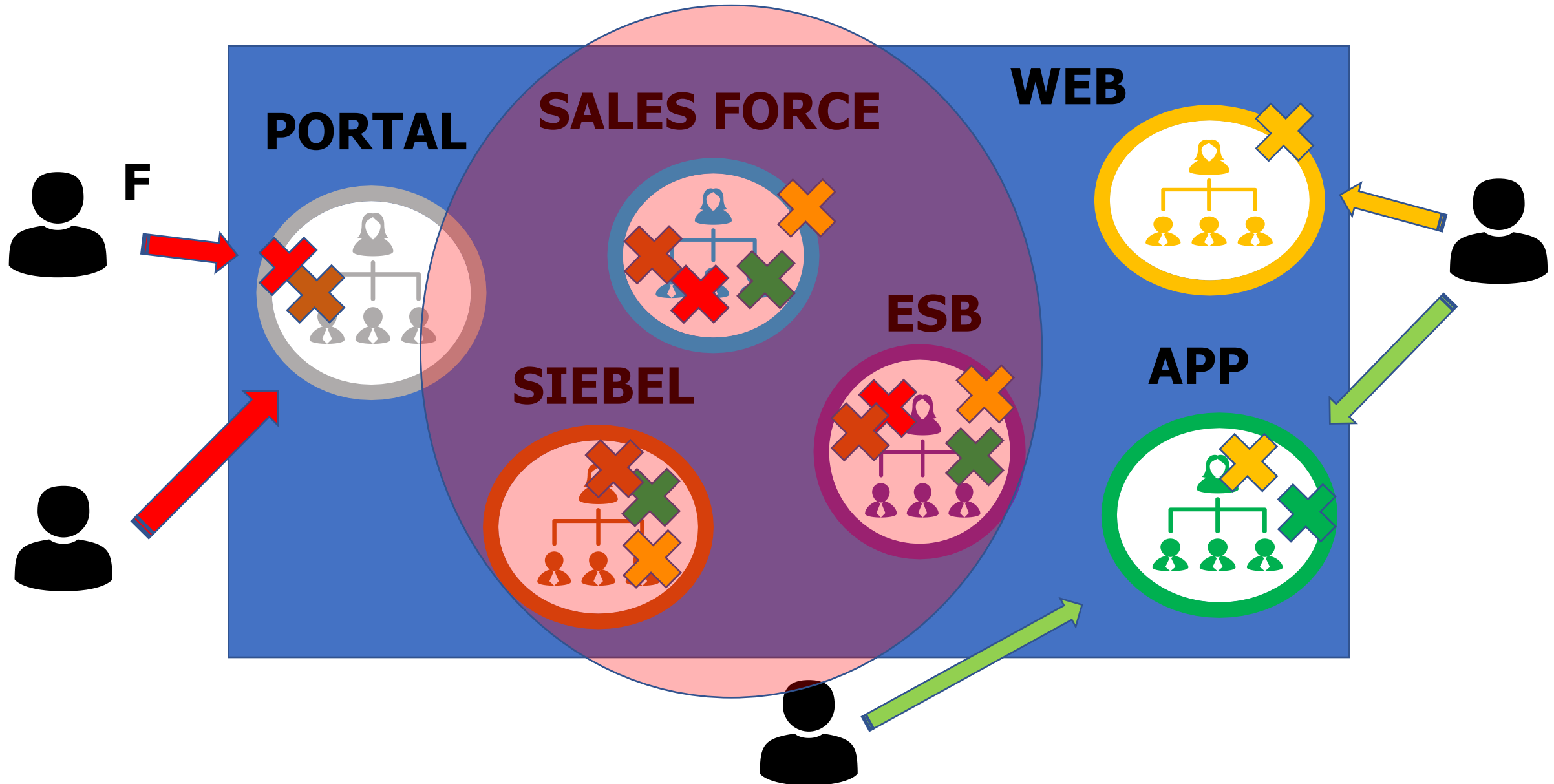
Start with determining the function of the larger whole and then improve the whole by improving the interaction of its parts.

Therefore, first define the whole product with all its parts, and then redesign the parts to improve their interactions.

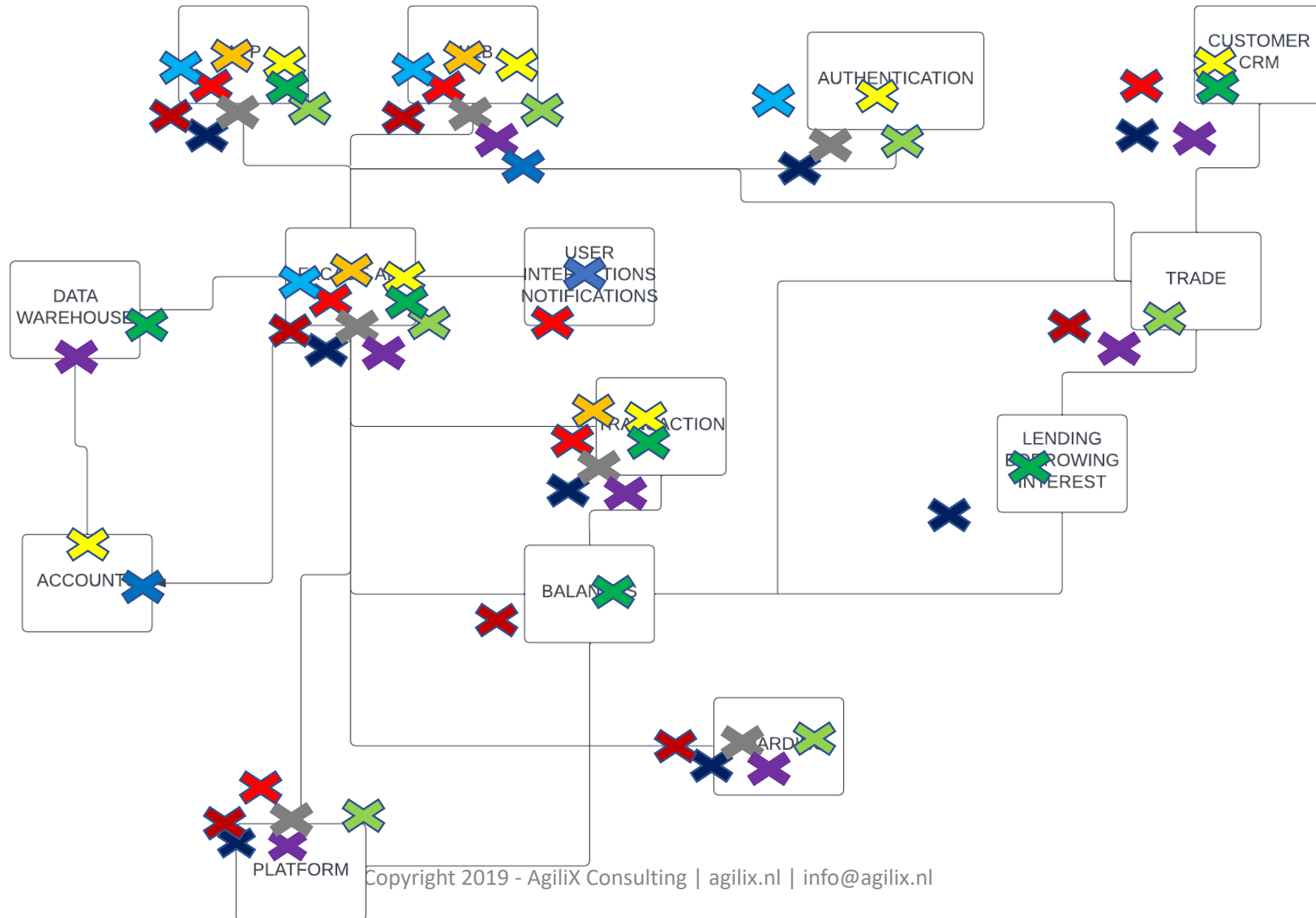
A group of people are gathered around a table in a meeting. The table is covered with various items: a laptop, several yellow sticky notes, a blue marker, a black pen, a pen holder with several pens and pencils, and a small clipboard. One person's hand is visible, resting on the table. The background shows the backs of several people, suggesting a collaborative work environment.

Prefer Defining the Product Group from the Outside In

Feature Heat Map



Another Example Heat Map





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Do you work on a Product?

Consider the ‘thing’ you currently call THE Product in your organization.

- Does it have users that are humans?
- Does it solve user needs / pain points / user problems?
- Does it have a way to make money/impact for your organization?
- Does it provide end-to-end functionality that solves the user needs?

If you cannot give a meaningful answer to the questions above, then the ‘thing’ you call a product is likely a Product Part.



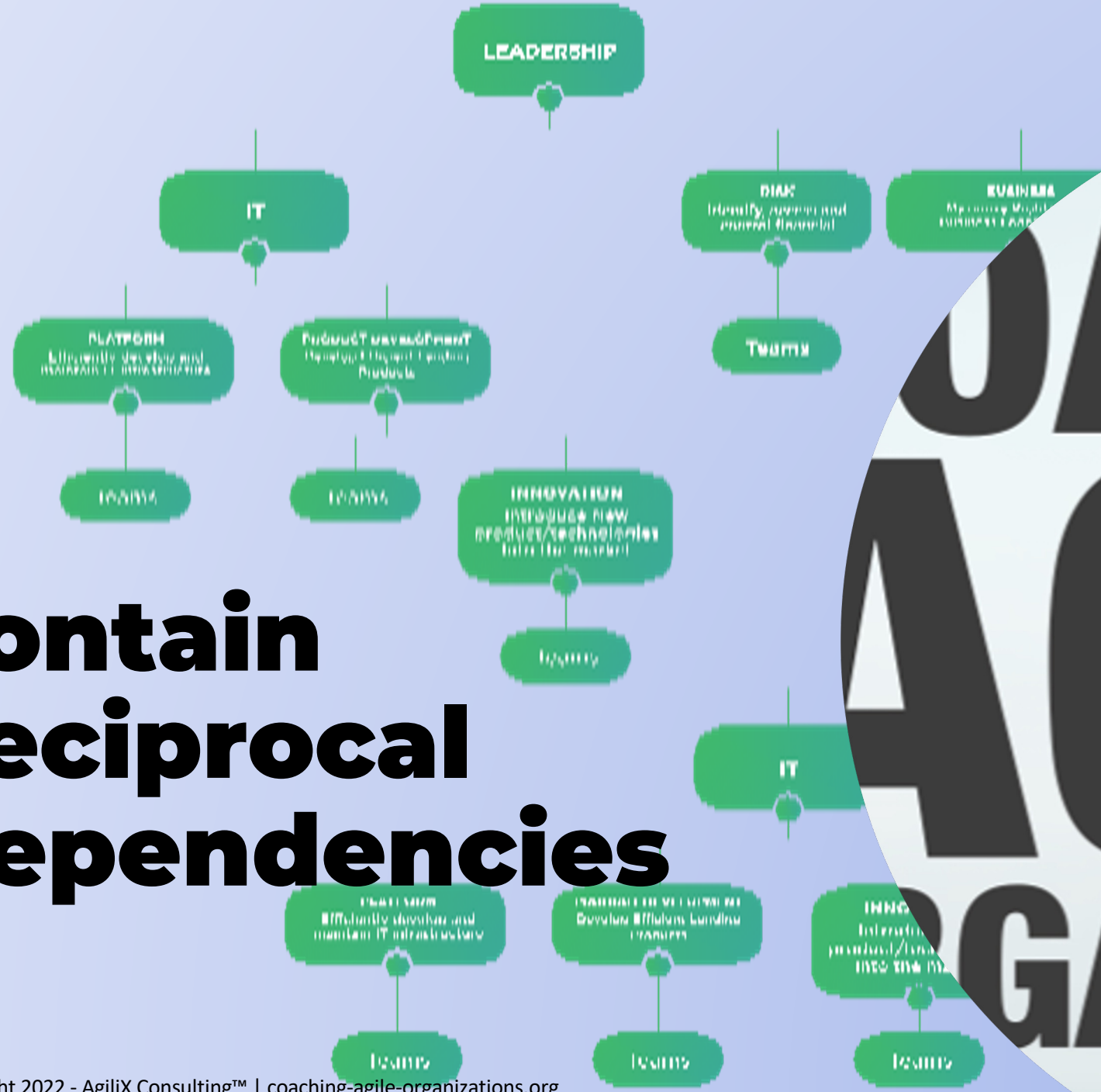


The result typically includes tens of components, skills, and activities, and it can involve hundreds of people in total.

With such a large group, you may want to ask,

“How can I create effective teams that solve user problems?”

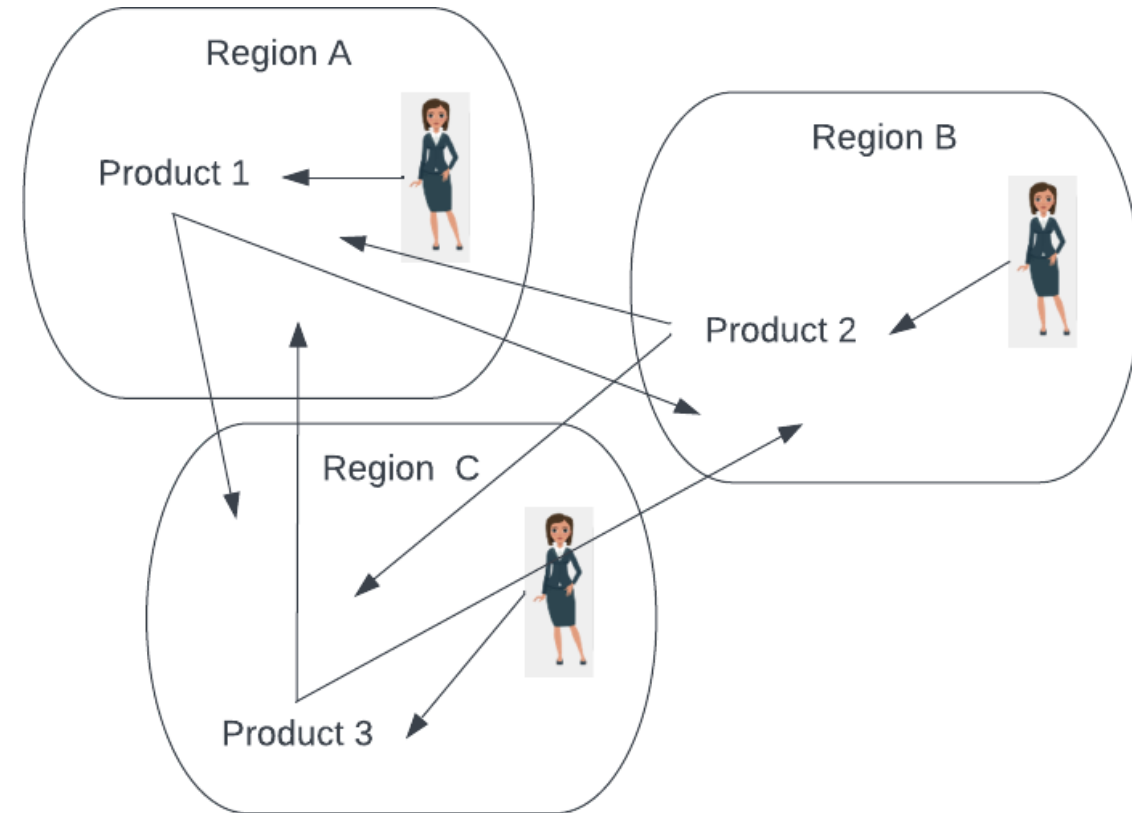
Contain Reciprocal Dependencies



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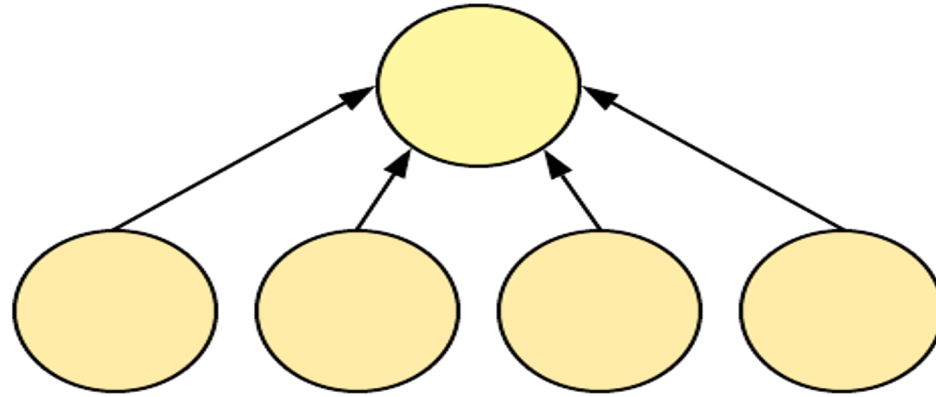
Complexity from interdependencies

- Workflows are interconnected: sales representatives need to be synchronized on the terms of the deal in each region.
- Possible conflicts at the level of goals, for example, with a limited budget or storage space at the client, representatives may come into conflict.
- Sales reps are interdependent.

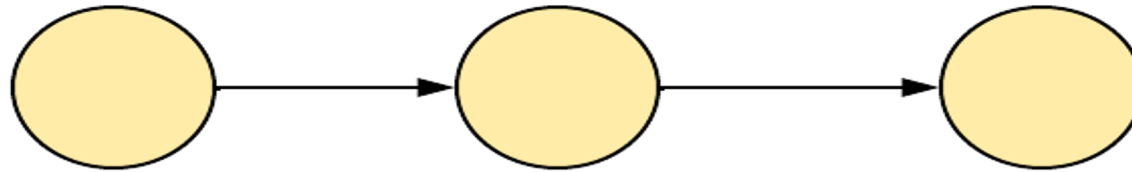


Task Interdependencies

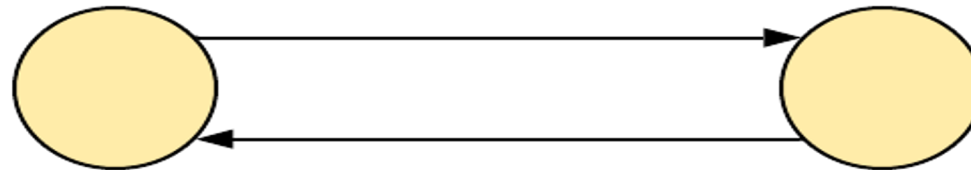
Pooled



Sequential

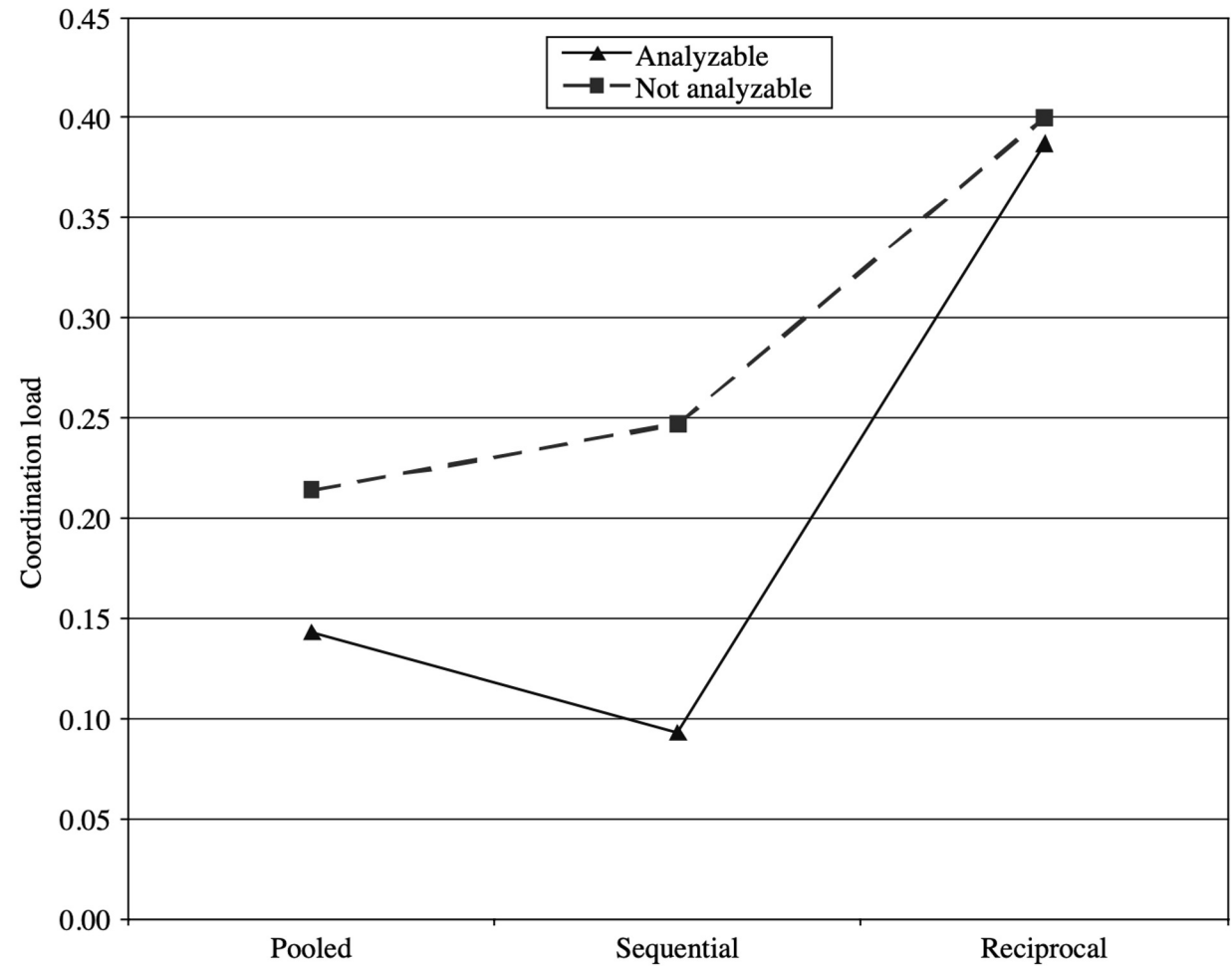


Reciprocal



3 Types of Dependencies

- Pooled Dependencies
- Sequential Dependencies
- Reciprocal Dependencies

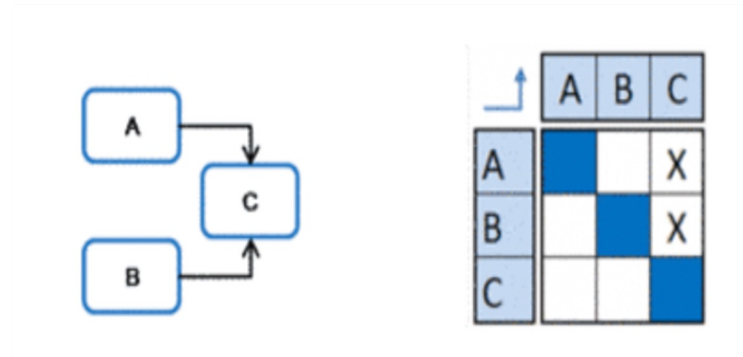


”contain reciprocal interdependencies within the same formal unit.”

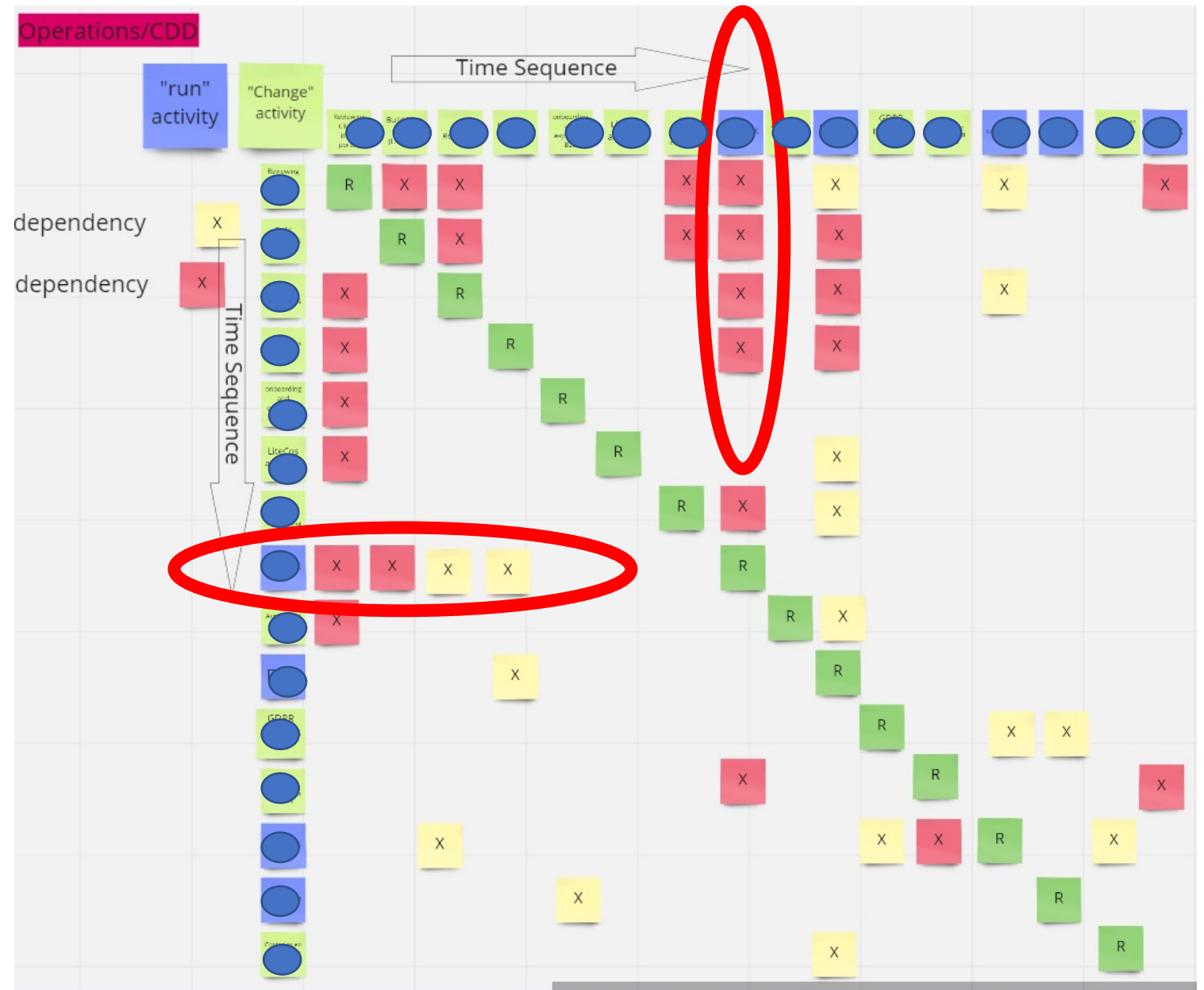
Nicolay Worren - Organization Design

Team Based

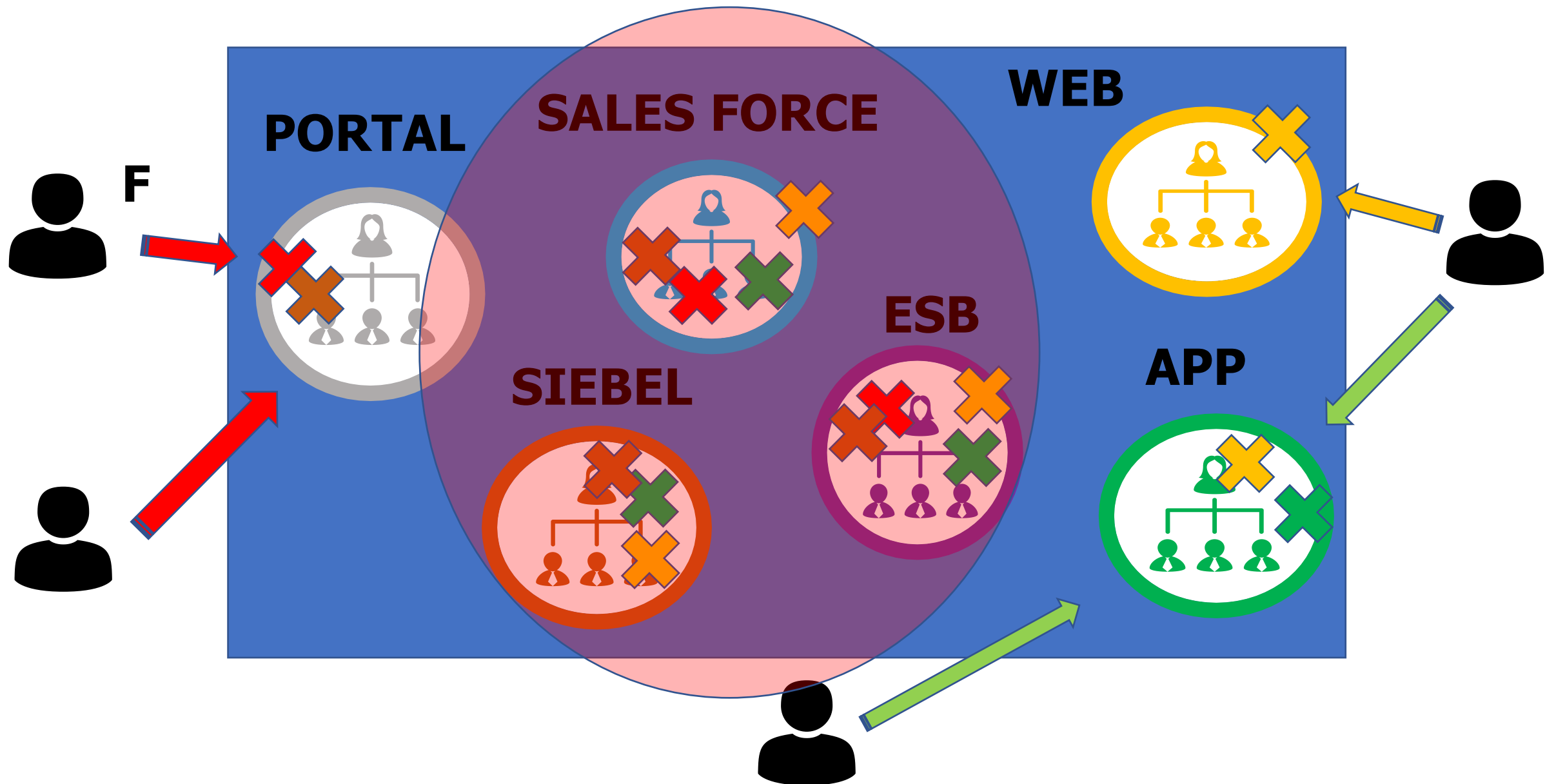
	task 1	task 2	task 3	task 4	task 5	task 6
task 1		X			X	
task 2			X	X		
task 3	X			X		
task 4						X
task 5				X		
task 6						



parallel	sequential	coupled



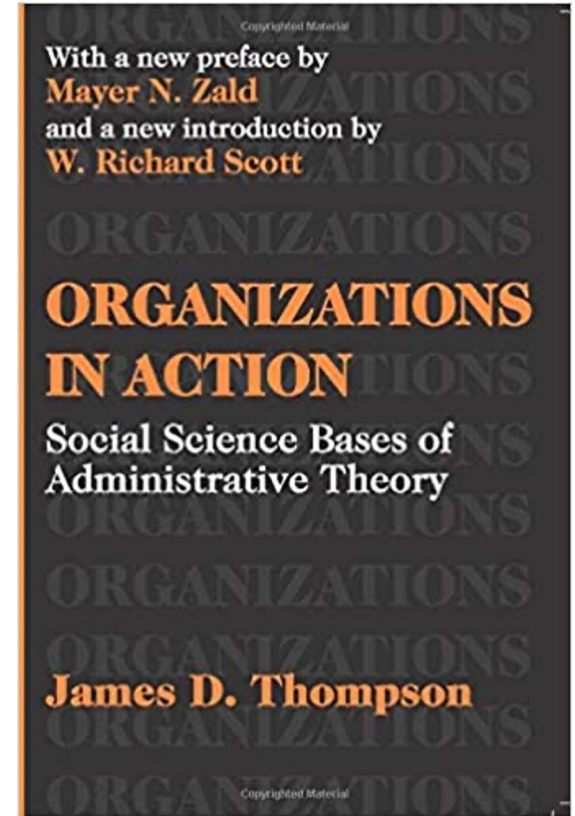
Feature Heat Map To Identify Steps



Design Recommendation

The basic units are formed to handle reciprocal interdependence, if any. If there is none, then the basic units are shaped according to sequential interdependence, if any.

(Thompson, James D. Organizations in Action)





We have:

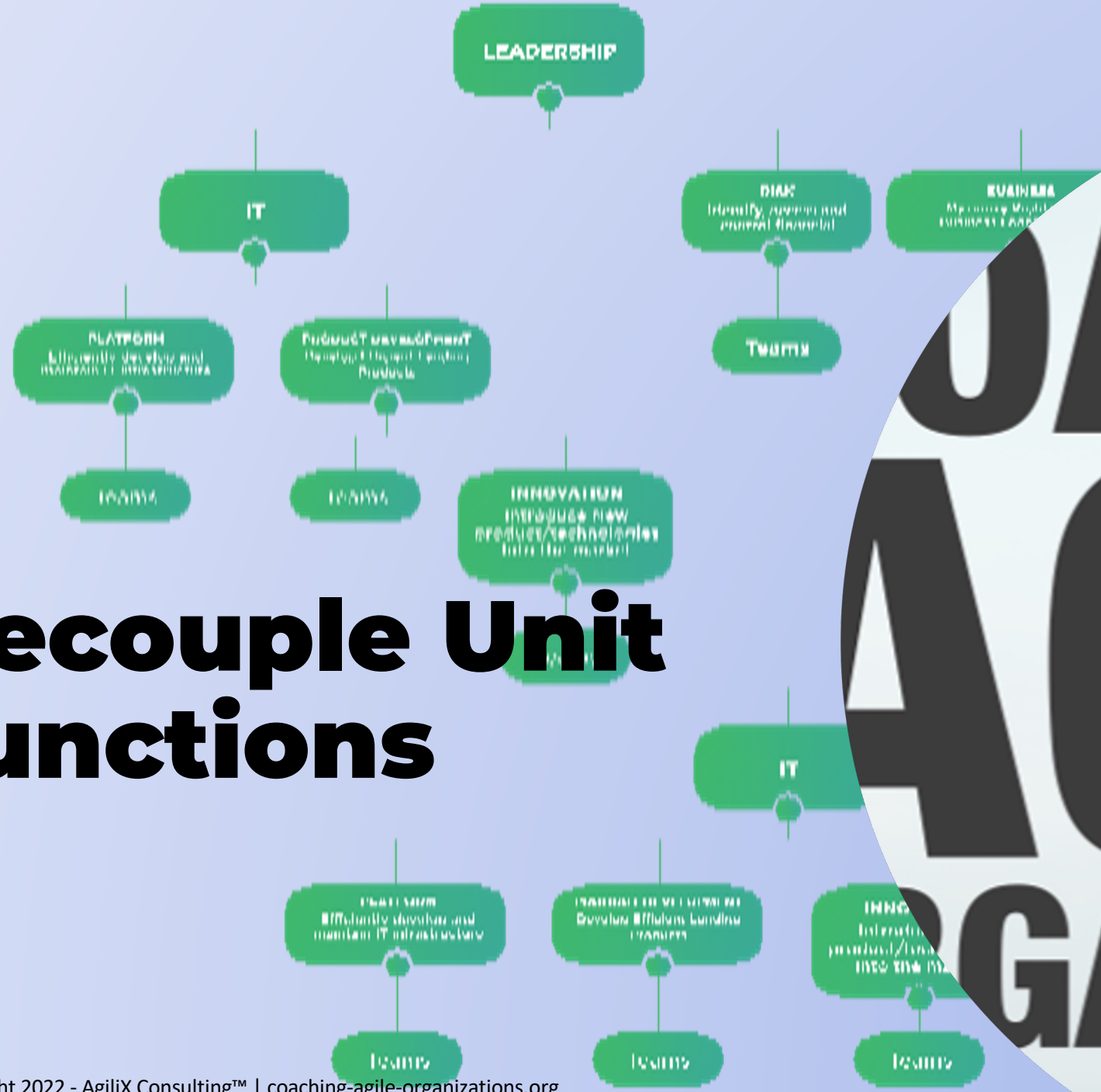
Broad specialized Feature Teams

Reciprocal dependencies are contained

BUT still poor adaptability at the product group level...

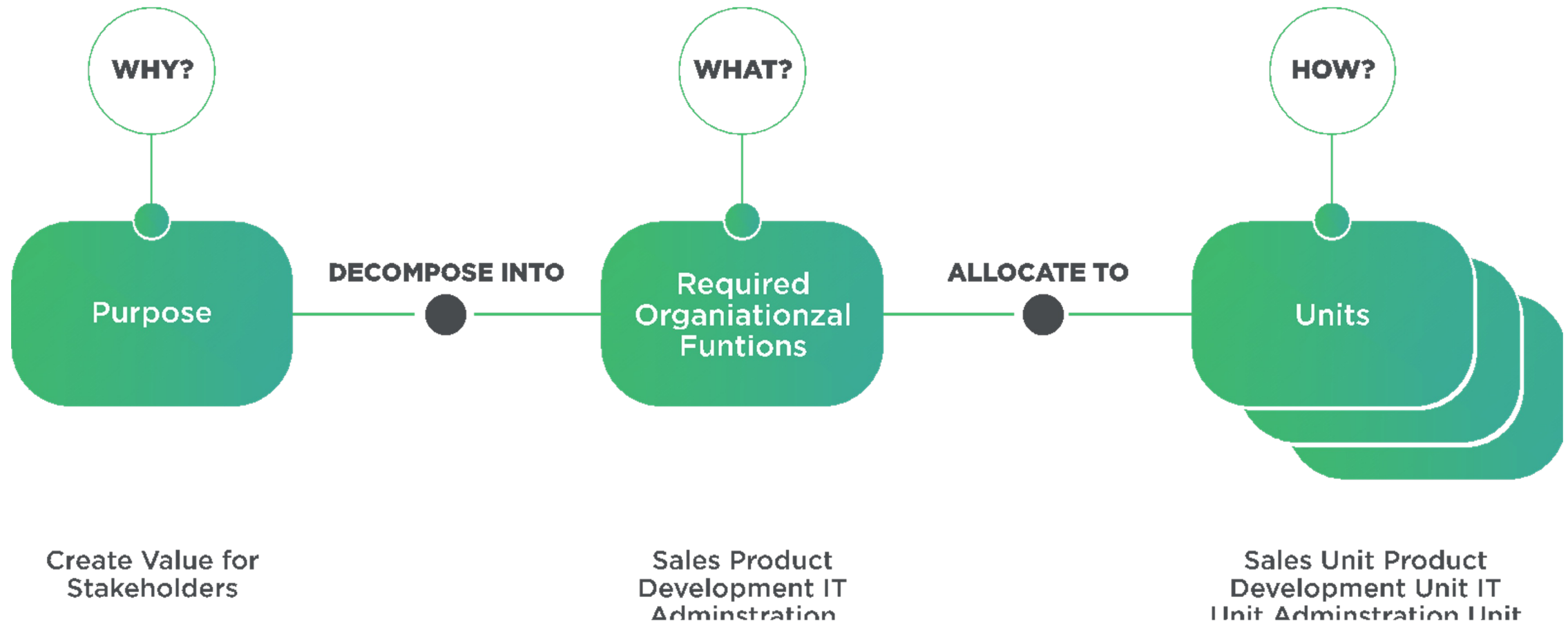
Why?

Decouple Unit Functions



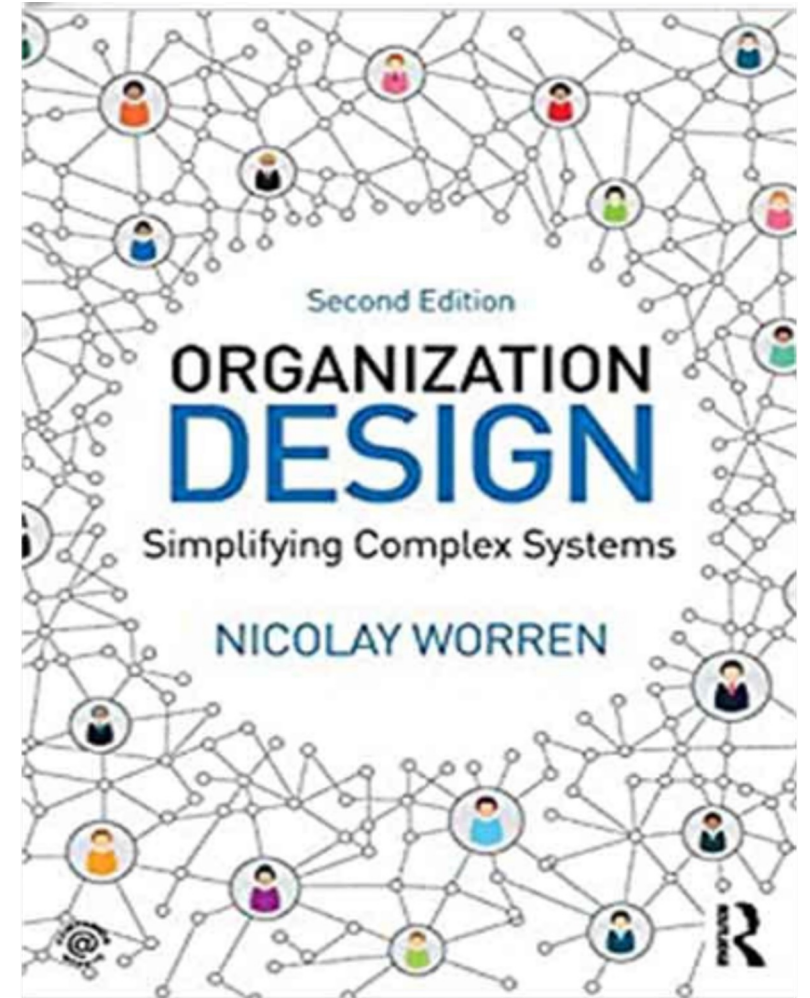
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Functional decomposition of organizational units.



- “Coupling between unit functions is associated with an increased coordination costs, goal conflicts, ineffective or dysfunctional government, loss of productivity, and, most importantly, **lower ability to respond to change.** “

—Organization Design, N Warren

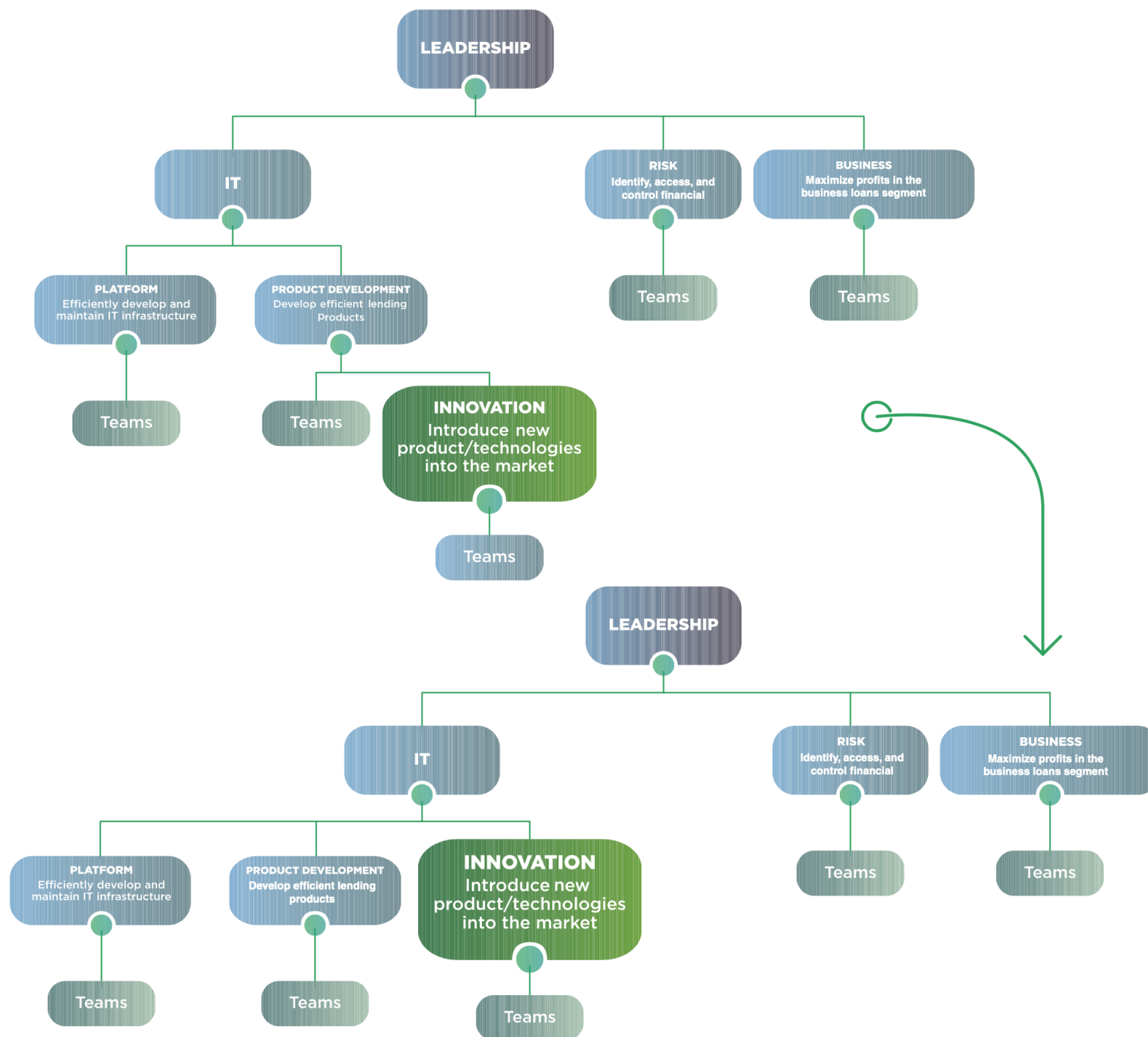


	UNITS				
FUNCTIONS	BUSINESS	PRODUCT DEVELOPMENT	INNOVATION	PLATFORM	RISK
Maximize profits in the business loans segment.	R				
Efficiency develop corporate lending products.	r	R			
Introduce new technologies into the market.		r	R		
Efficiency develop and maintain IT infrastructure.		r		R	
Identify, access, monitor and control financial risk.					R

- The business unit is responsible for maximizing profits.
- The Development group is responsible for efficient product development.

Some Decoupling Options

- Restructure and transfer responsibilities between units or to a separate unit
- Merge units so that they share measures of success or customer outcomes
- Remove overlapping or conflicting function goals between units by redefining



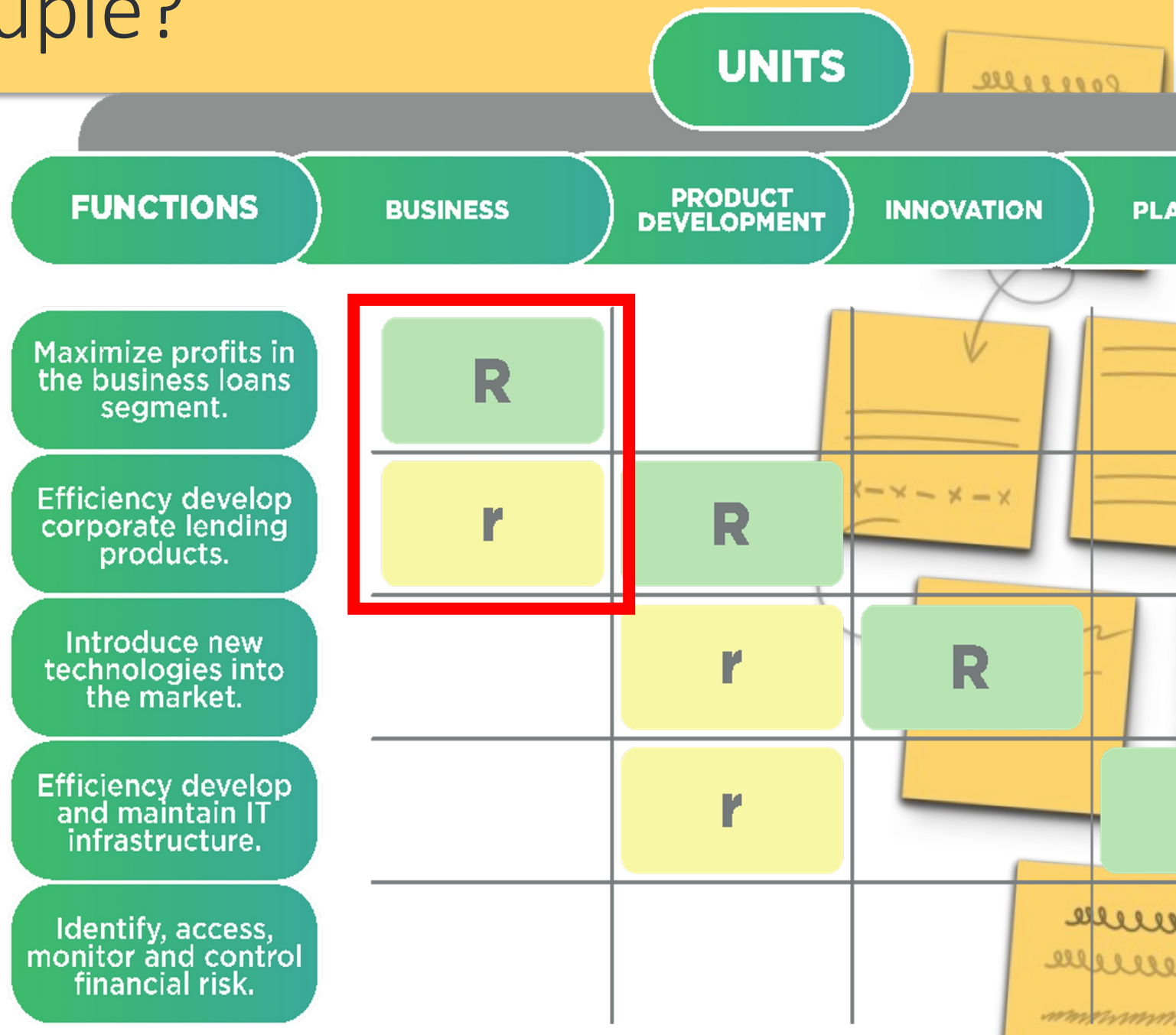


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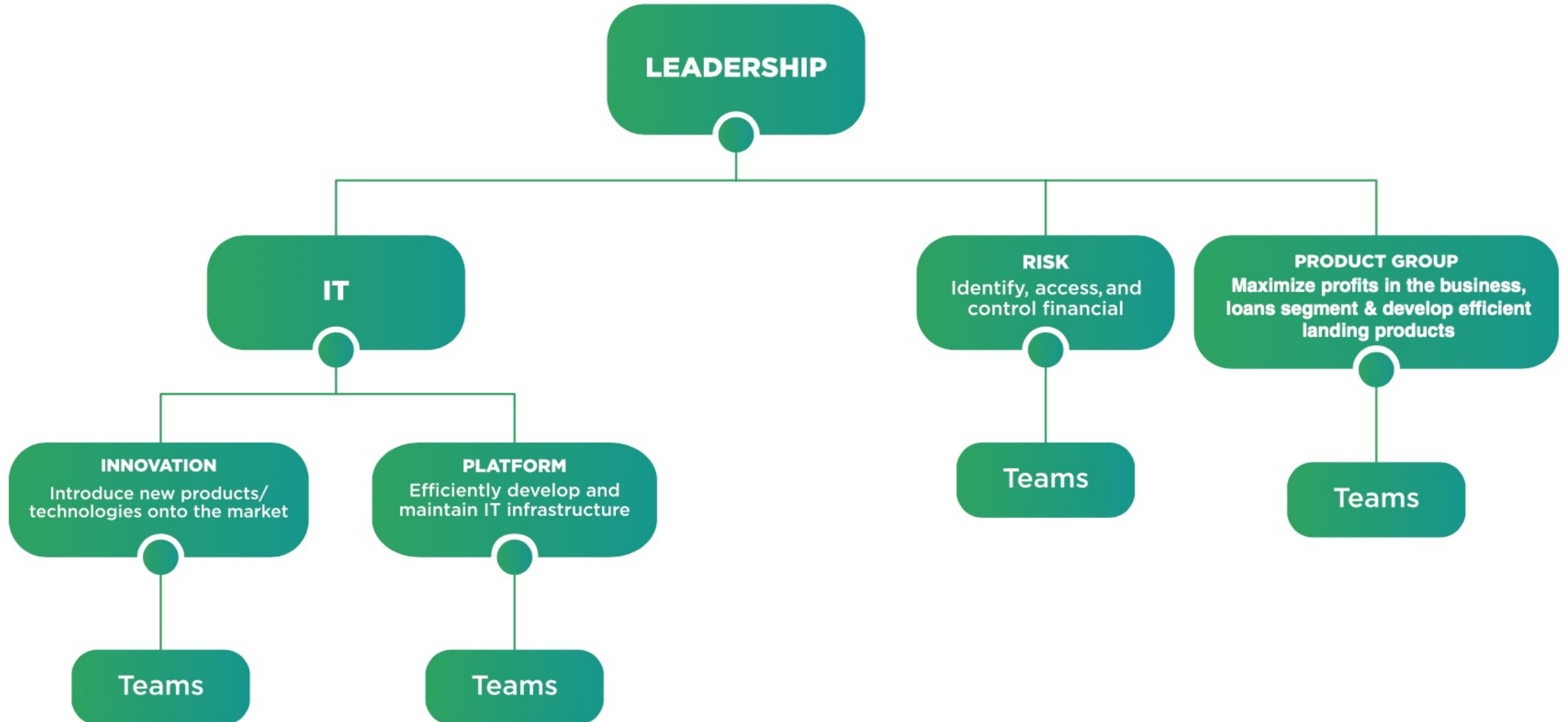
How to decouple?

The **Business** was selling more products than **Product Development** could deliver to customers. The line of broken promises grew, delivery times increased, customers began to leave.

Discuss and suggest options for solving this problem.



Merge Example



Summary

0.

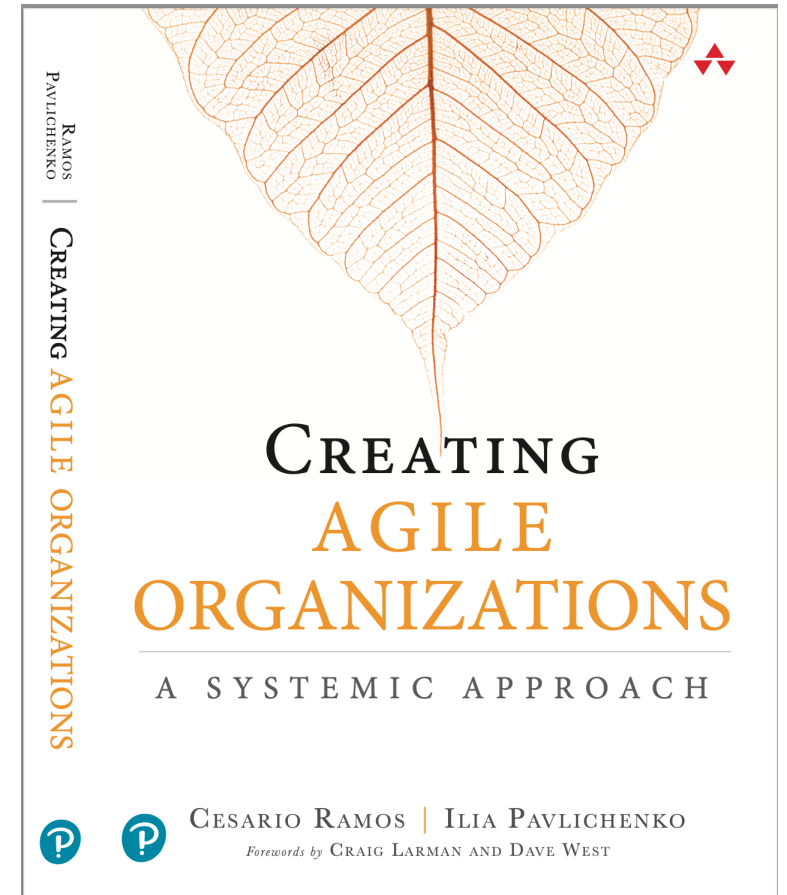
Define Your Product starting with the users to identify all product parts.

1.

Contain Reciprocal Dependencies within the Product Group so that you can then improve the interactions of the parts.

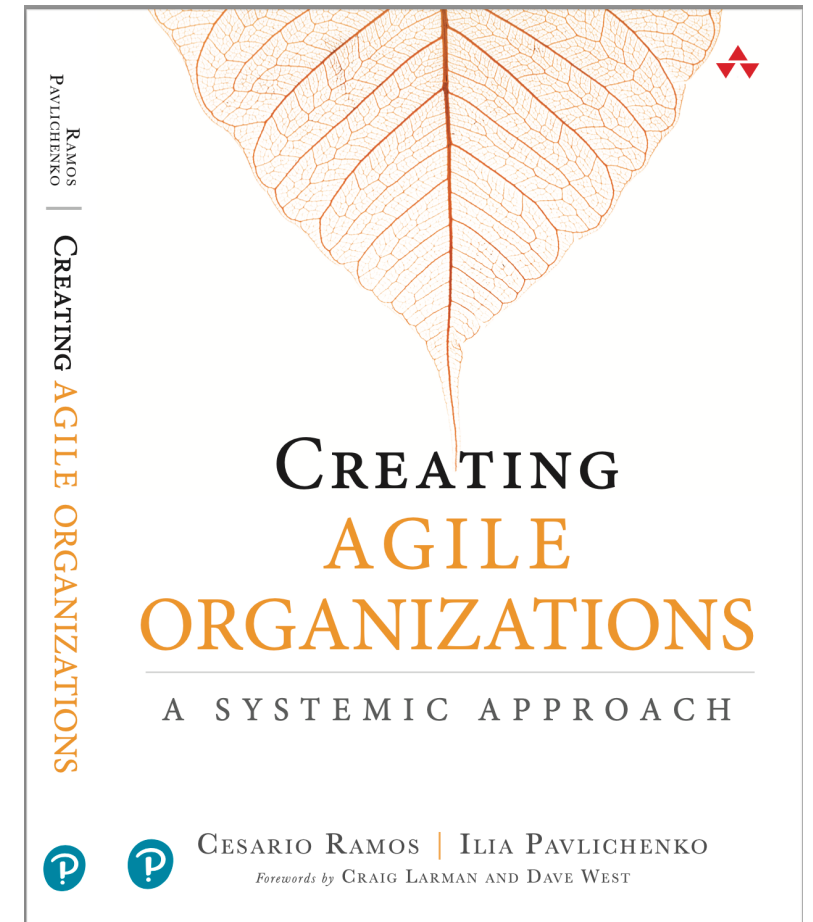
2.

Decoupling Unit Functions to reduce organizational complexity.



Learn more about Creating Agile Organizations

- Agile Organization Design Course
- Creating Agile Organization Course
- Book: Creating Agile Organizations
 - 2 e-books to give away



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THANK YOU!

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