FIGURE 1

Years to reach 25 percent of US population
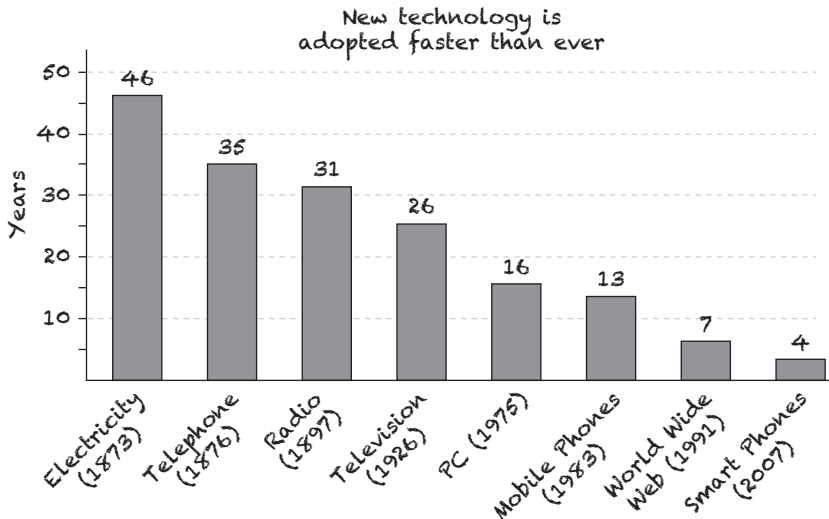
New technology is adopted faster than ever

Technology	Years
Electricity (1873)	46
Telephone (1876)	35
Radio (1897)	31
Television (1926)	26
PC (1975)	16
Mobile Phones (1983)	13
World Wide Web (1991)	7
Smart Phones (2007)	4

FIGURE 2

Years to reach $1 billion market capitalization

Time to reach a $1bn
valuation is shorter than ever

Years

Company	Years
Prada	98
Harley Davidson / Whirlpool	86
Nike / Starbucks	24
Google	8
WhatsApp / Dropbox	4
Square	2
WeWork	1.5
Jet.com	4m
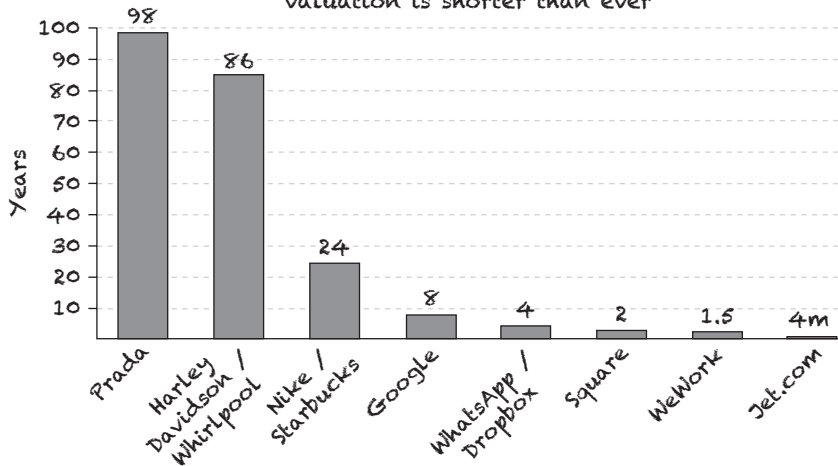
TABLE 1

Summary of complicated and complex systems

	TYPE OF SYSTEM	
	Complicated	**Complex**
Typical examples are . . .	Repeatable production and construction work	Creative design, development, and innovation work
The system works toward . . .	Known, stable outputs	Emerging, frequently changing outputs
Behavior is . . .	Largely predictable and linear—a small change in the input leads to a small, predictable change in the output	Largely unpredictable and nonlinear—a small change in the input leads to a large, unpredictable change in output
Risk is best mitigated by . . .	Up-front analysis and detailed planning	Small experiments, quick feedback, and frequent course correction
Competitive advantage is gained through . . .	Efficiency—creating a known output with as little input as possible	Adaptiveness—continuously seeking feedback and course-correcting toward an emerging output
Management processes tend to reward . . .	Conformity to the plan	Value delivery
The whole is . . .	The sum of its parts—the whole can be understood by understanding the constituent parts	The product of the many interactions between the parts—the whole can be understood only by observing the whole
The system contains . . .	Largely *known* unknowns	Many *unknown* unknowns

FIGURE 3

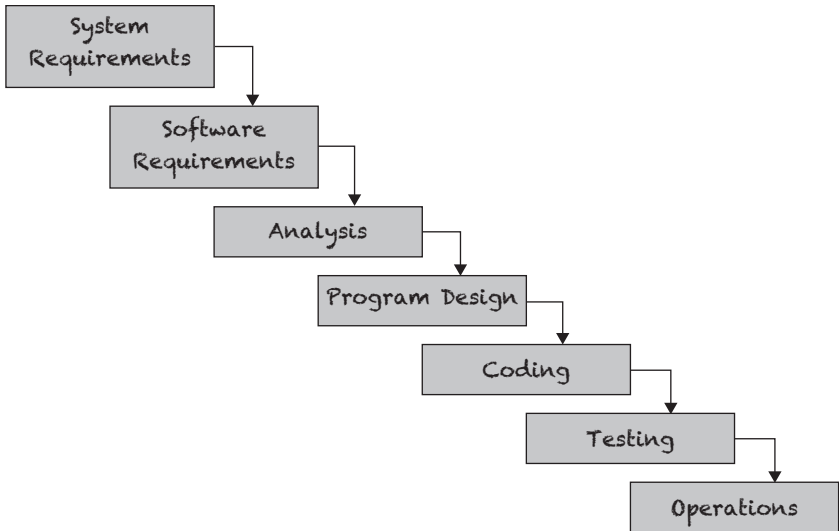## Average company lifespan on S&P 500 Index

Companies must continuously innovate or face extinction

61 years

18 years
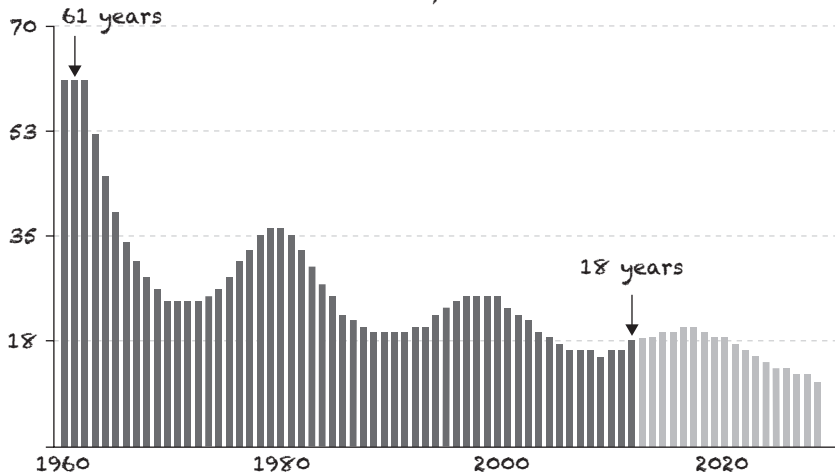
Source: Innosight, *Creative Destruction Whips through Corporate America*, Executive Briefing, Winter 2012, https://engageinnovate.files.wordpress.com/2012 /03/creative-destruction-whips-through-corporate-america_final2012.pdf.

FIGURE 4

The traditional software development process

System Requirements

Software Requirements

Analysis
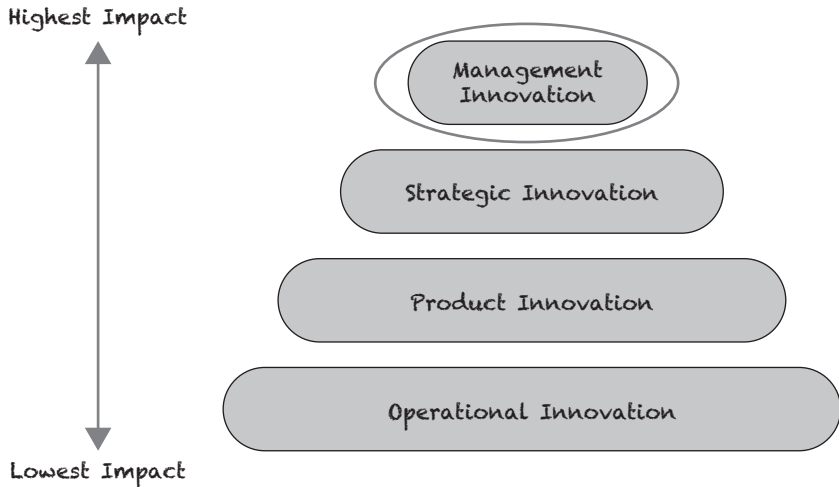
Program Design

Coding

Testing

Operations

Source: Winston W. Royce, "Managing the Development of Large Software Systems," *Proceedings, IEEE WESCON,* August 1970, reprinted in https:// leadinganswers.typepad.com/leading_answers/files/original_waterfall_paper _winston_royce.pdf.

FIGURE 5

The 6 Enablers of Business Agility

FIGURE 6

The Innovation Stack

Source: Gary Hamel, *The Future of Management*, with Bill Breen (Boston: Harvard Business School Press, 2007).

FIGURE 7
Autonomy and alignment
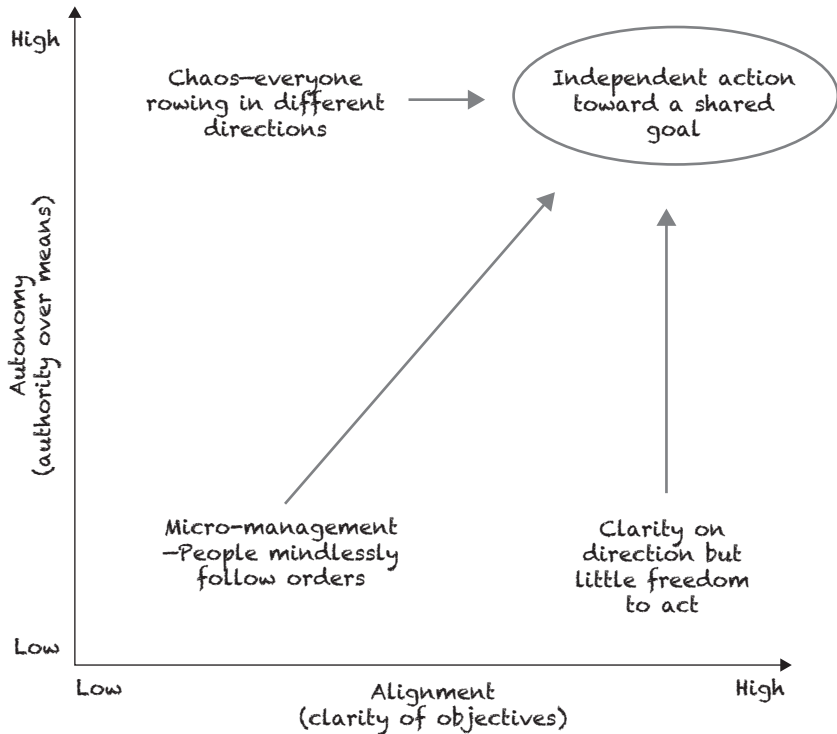
FIGURE 8

Three key mindset shifts of agile leadership

Mindset Shift 1:
Focus less on the work,
and more on the culture,
strategy, structures, and
policies

High-Performing
Teams

Mindset Shift 3:
Encourage and support
the growth and
development of those
around you

Mindset Shift 2:
Decentralize as much
of the decision-making
as possible
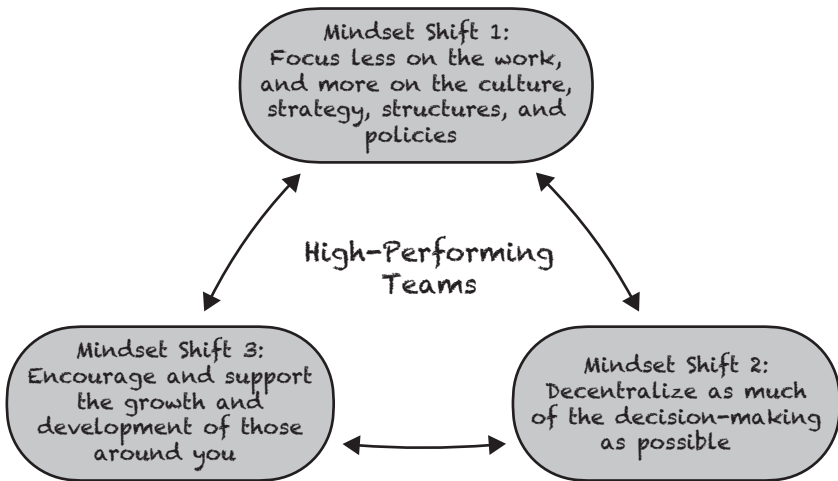
FIGURE 9
Authority and information

Authority

Intent

Information

Decisions

Support

Effective for simple, repeatable work

Effective for complex, dynamic, creative work

Information

Information and Authority

FIGURE 10

The Competing Values Framework

Flexibility and Adaptiveness

Long-Term Change

Transformational Change

Internal Focus and Integration

External Focus and Differentiation

Collaborate
(Clan)

Do things together

Create
(Adhocracy)

Do things first

Control
(Hierarchy)

Do things right

Compete
(Market)

Do things fast

Incremental Change

Fast Change

Stability and Control
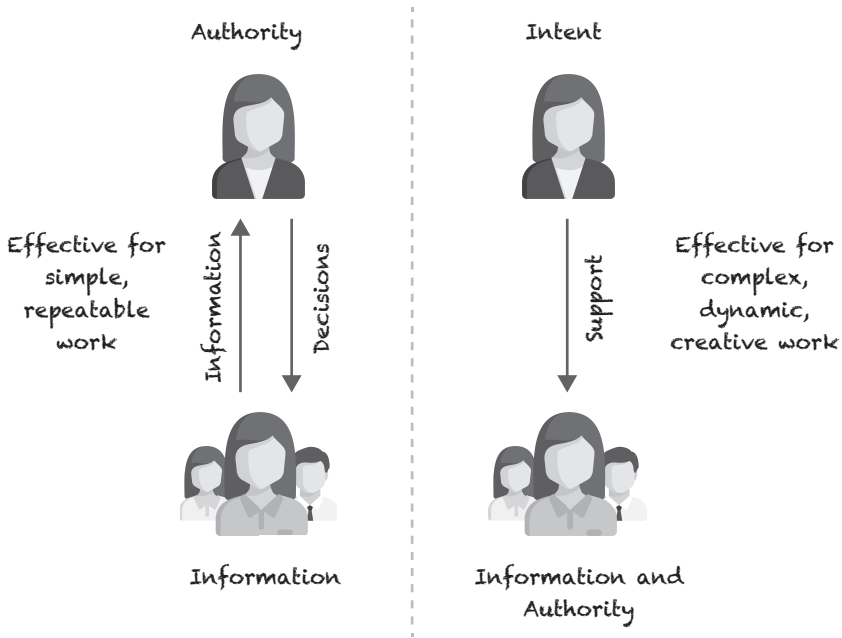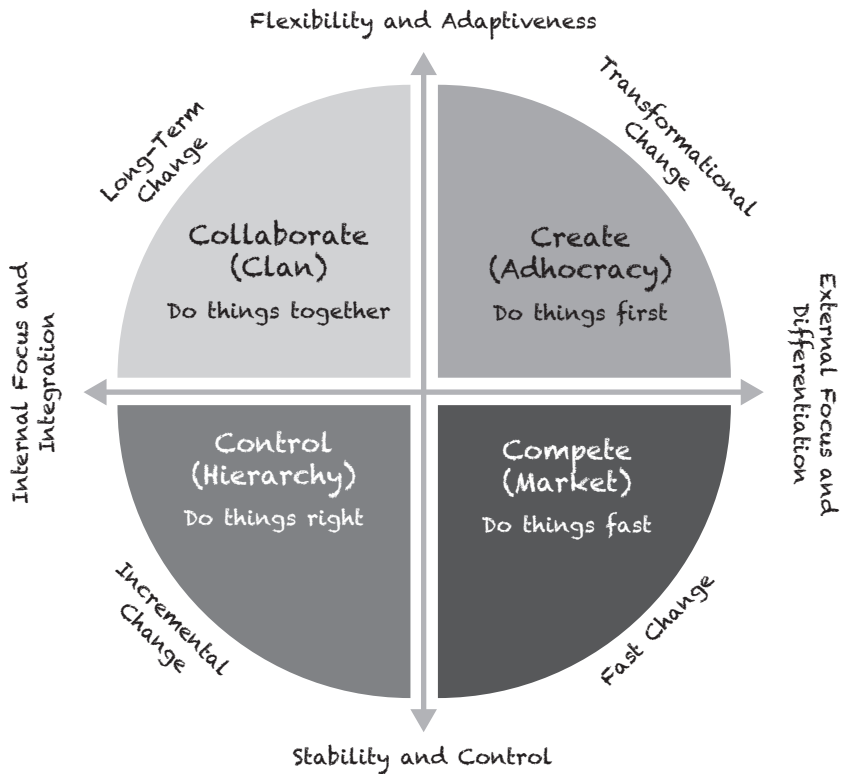
Source: Kim S. Cameron, Robert E. Quinn, and Jeff DeGraff, *Competing Values Leadership: Creating Value in Organizations*, 2nd ed. (Cheltenham, UK: Edward Elgar, 2014).

TABLE 2

Summary of the competing values framework culture types

	Control	Compete	Create	Collaborate
Approach	Do things right: eliminate errors	Do things fast: compete, move fast, play to win	Do new things: create, innovate, envision the future	Do things together: build teams, people matter
Value drivers	Efficiency, uniformity, predictability, consistency	Market share, growth, profitability, goal achievement	Innovation, new products and services, creativity, agility, transformation	Development, growth, cohesion, communication, participation
Decision-making approach	Detailed analysis—be certain up front	Fast decisions—analytical problem-solving	Experimentation—try lots of things and learn fast	Collective wisdom—participative
Environment in which this is effective	Stable, low-change contexts in which consistent, predictable outputs are vital	Contexts of moderate change and complexity in which market share and profitability are particularly valued	Contexts of fast change and high complexity in which creating new knowledge and products is vital	Contexts of fast change and high complexity in which problems are best solved by teamwork, shared values, and high engagement
Leader type	Micromanager, coordinator—Expert Leader	Hard-driver, competitor—Achiever Leader	Visionary, entrepreneur—Catalyst Leader	Mentor, facilitator—Catalyst Leader
Compatibility with business agility	Low	Low to moderate	High	High

FIGURE 11

A typical Competing Values Framework profile
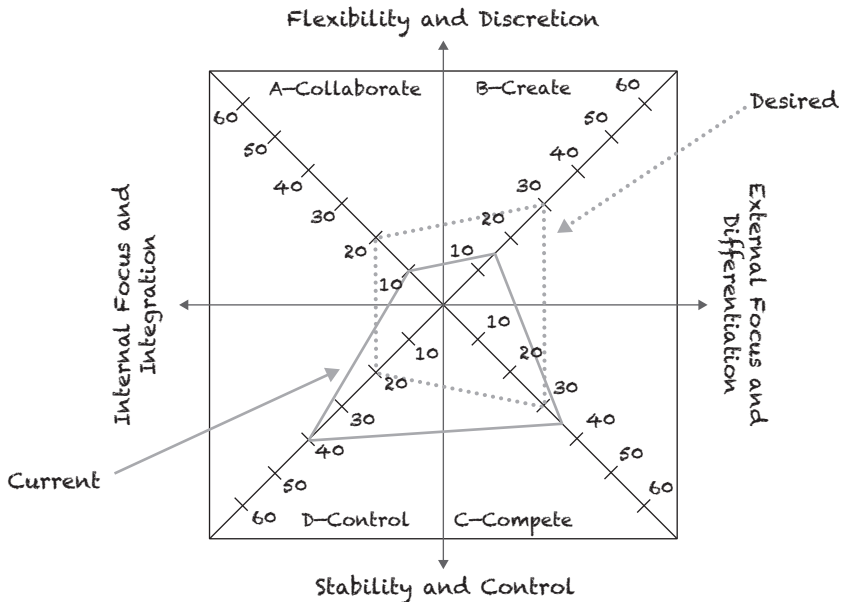
FIGURE 12

The agile values on the Competing Values Framework

Flexibility and Adaptiveness

Collaborate

Create

Individuals and interactions

Responding to change

Internal Focus and Integration

External Focus and Differentiation

Control

Compete

Processes and tools

Working software

Customer collaboration

Comprehensive documentation

Contract negotiation

Following a plan

Stability and Control
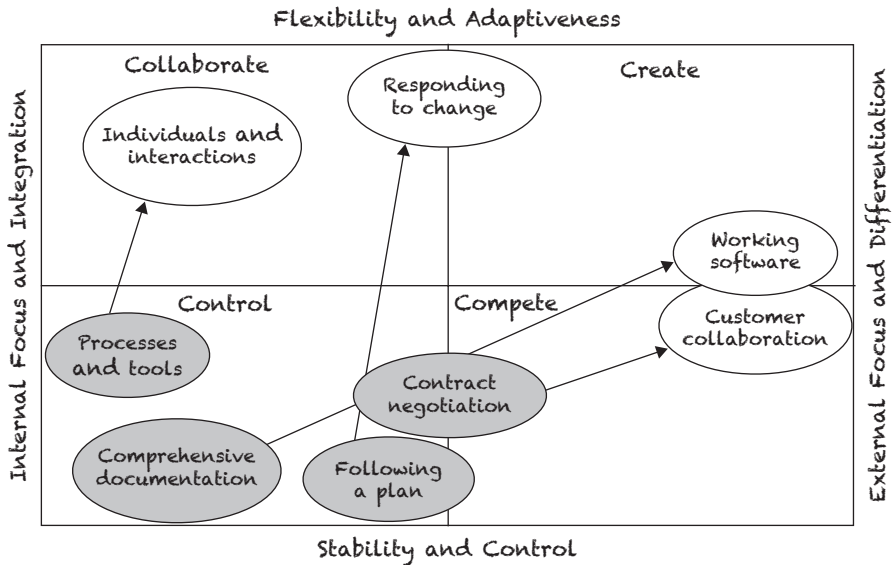
FIGURE 13

How to change culture
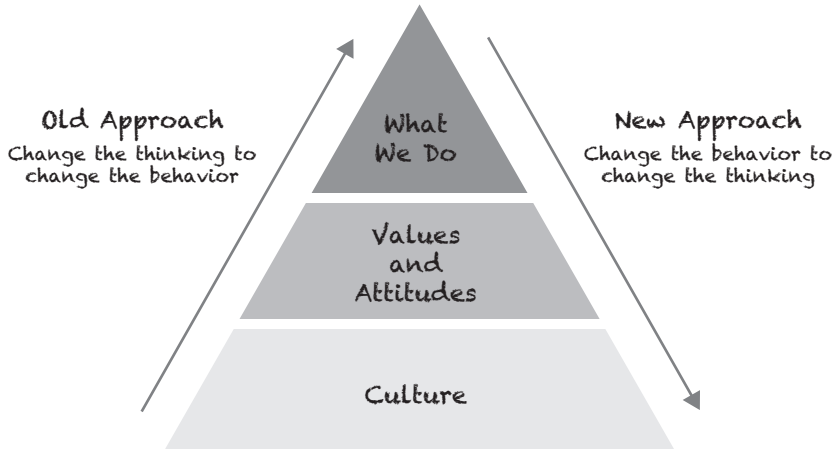
Old Approach
Change the thinking to
change the behavior

What We Do

Values and Attitudes

Culture

New Approach
Change the behavior to
change the thinking

FIGURE 14

The pillars of self-managing teams

High-Performing, Collaborative, Self-Managing Teams

Clarity and alignment around the objectives

Requisite knowledge and capability

Requisite tools and resources

Aligned incentives

No external barriers to success

Trust, Transparency, and Psychological Safety
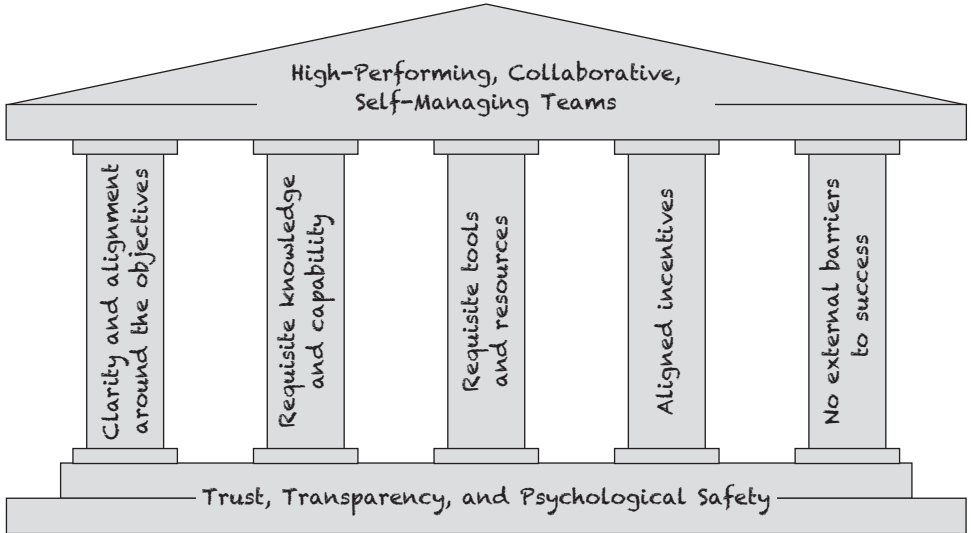
FIGURE 15

Activity-based versus outcome-based teams

Activity-Based Teams
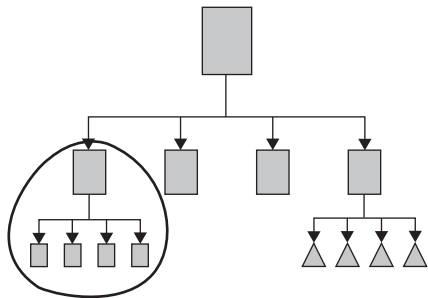
Outcome-Based Teams
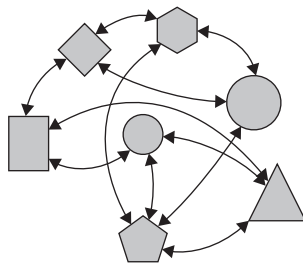
FIGURE 16

Command versus network of teams
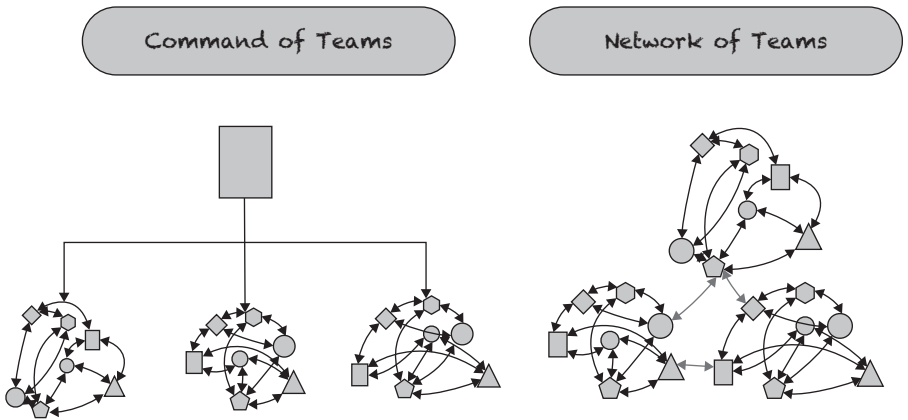
Source: Stanley McChrystal, *Team of Teams: New Rules of Engagement for a Complex World* (New York: Penguin, 2015), 224.

FIGURE 17

The wider network
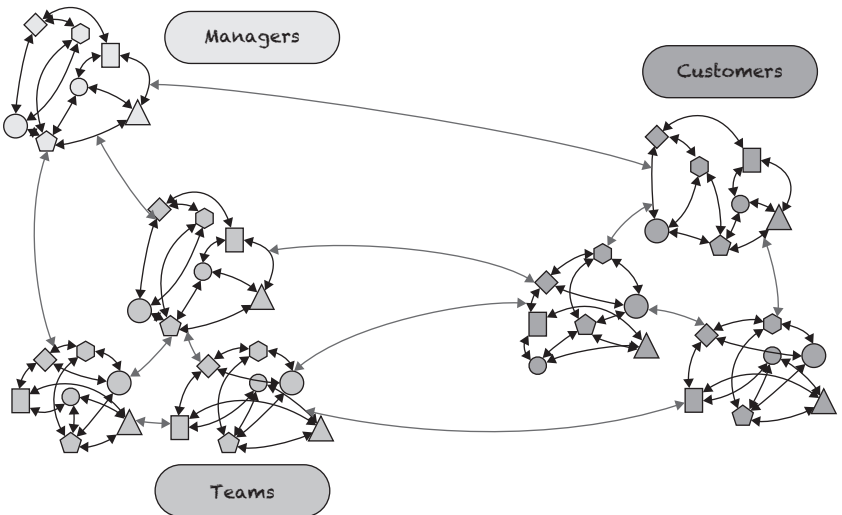
Source: Steve Denning, "Explaining Agile," *Forbes,* September 8, 2016, https://www.forbes.com/sites/stevedenning/2016/09/08/explaining-agile.

FIGURE 18
When to structure for ambidexterity

Strategic Importance

High

Low

Keep as an
independent
business unit

Create an
ambidextrous
organization

Spin out into
a whole new
organization

Keep within
an existing
business unit
contract out

Low

High

Leverage Core Business
Assets and Competencies
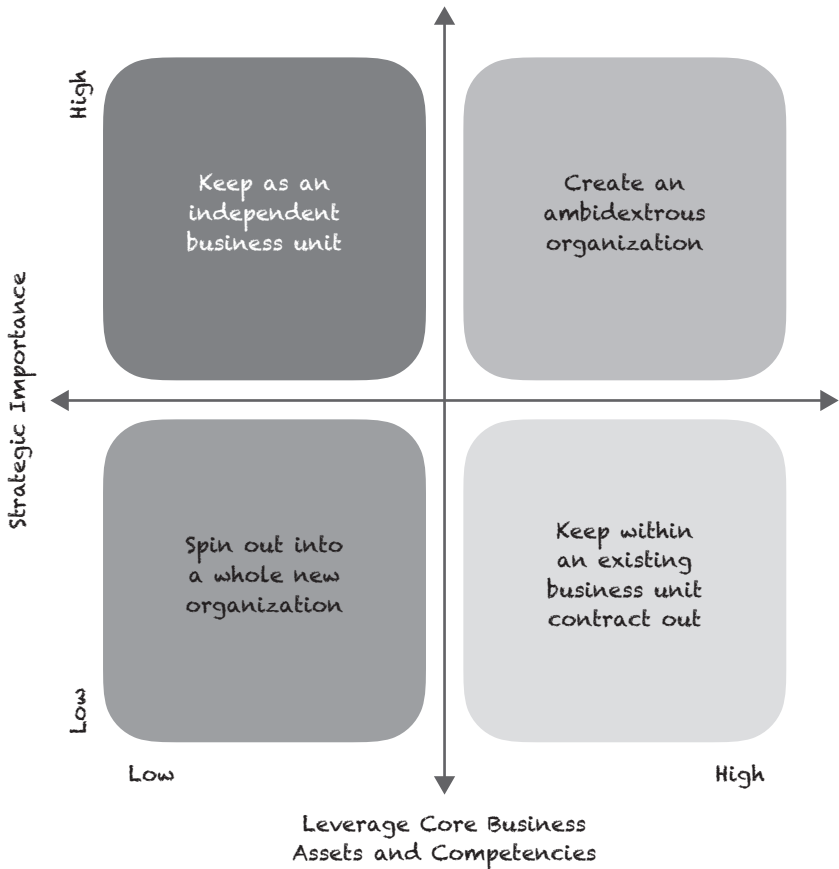
Source: Charles A. O'Reilly and Michael L. Tushman, *Lead and Disrupt: How to
Solve the Innovator's Dilemma* (Stanford, CA: Stanford Business Books, 2016), 175.

FIGURE 19

An ambidextrous organizational structure

Exploit Work

Explore Work

Senior Leadership

Established business unit

Innovation unit

Each side will need distinct cultures, structures, management styles, policies, and tools
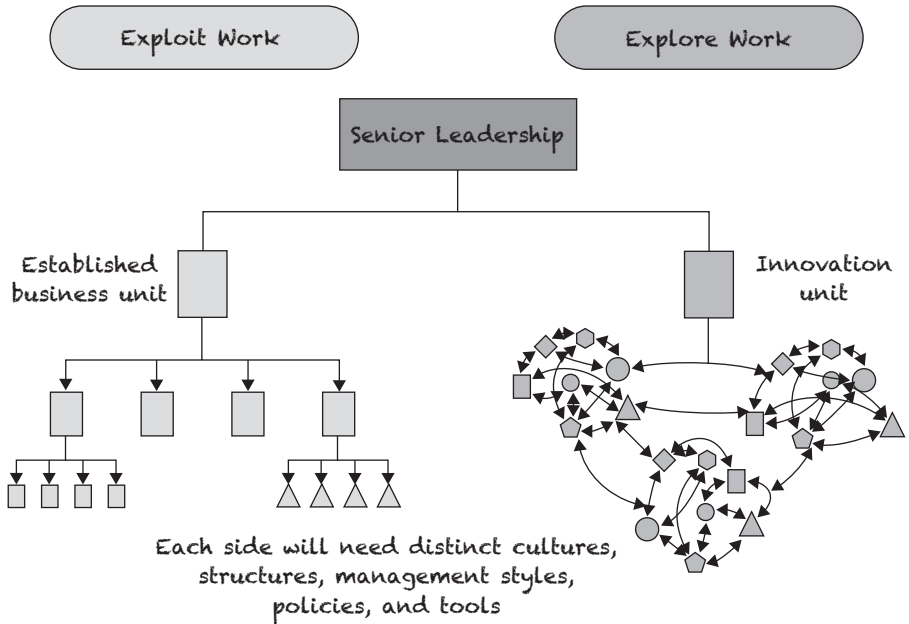
FIGURE 20

Stock price, based on $1,000 investment in 2012

Glassdoor Best Places to Work ($2,593)

$2,000

S&P 500 ($1,699)

$1,000

2012 2013 2014 2015 2016 2017
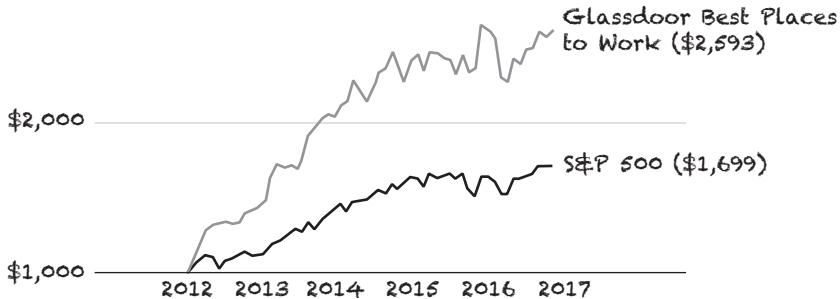
Source: Jacob Morgan, *The Employee Experience Advantage: How to Win the War for Talent by Giving Employees the Workspaces They Want, the Tools They Need, and a Culture They Can Celebrate* (Hoboken, NJ: Wiley, 2017), 160.

FIGURE 21

Global employee engagement figures

Psychologically unattached to their work and company. Putting time—but not energy or passion—into their work.

Highly involved in, and enthusiastic about, their work and workplace. Drive performance and innovation.

Engaged
15%

Actively
Disengaged
18%

Not Engaged
67%

Unhappy and resentful and are acting this out. Often undermine what their engaged coworkers accomplish.
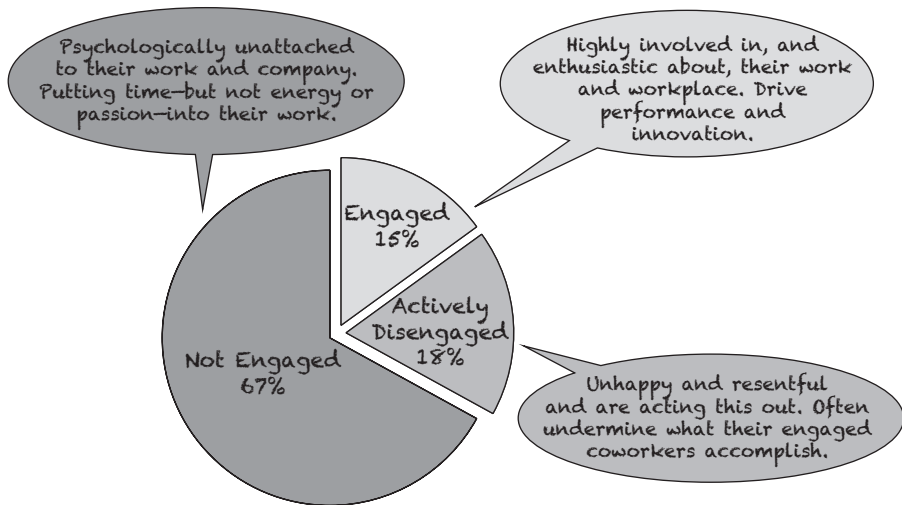
FIGURE 22

The hierarchy of human capability

35% Passion

25% Creativity

20% Initiative

15% Intellect

5% Diligence

0% Obedience

What really matters

What organizations tend to manage for
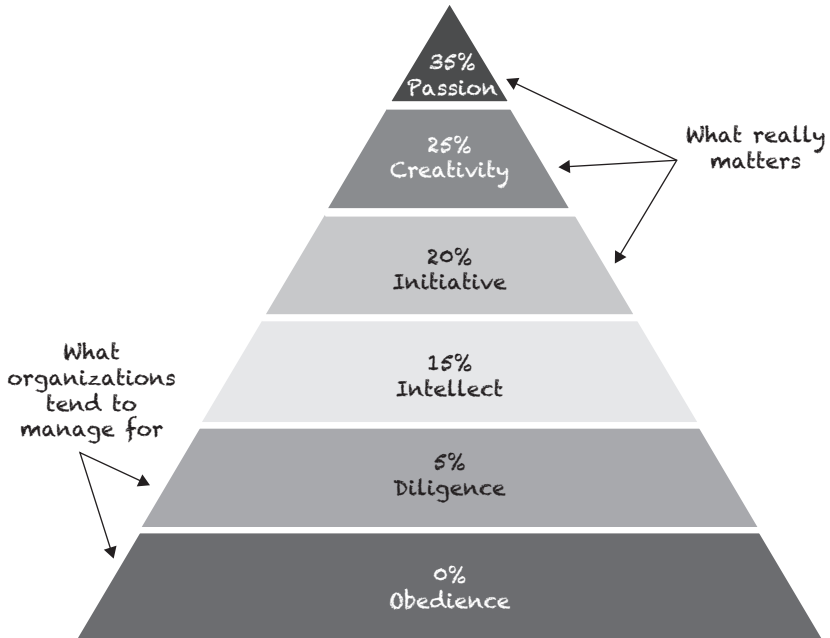
FIGURE 23

Maslow's hierarchy of needs

Self-Actualization
Desire to become the most one can be

Esteem
Respect, self-esteem, status, recognition, freedom

Love and Belonging
Friendship, intimacy, family, sense of connection

Safety Needs
Personal security, employment, resources, prosperity

Physiological Needs
Air, water, food, shelter, sleep, clothing, reproduction

Data source: A. H. Maslow, "A Theory of Human Motivation," *Psychological Review*, 50, reprinted at Classics in the History of Psychology, http://psychclassics.yorku.ca/Maslow/motivation.htm.

FIGURE 24

The key assumptions underpinning traditional governance and funding models

Underlying Assumption

Associated Policy

1. It is possible to know up front the solutions which will delight our customers and bring the highest return

A small number of large bets should be made based on business cases and return-on-investment

2. It is possible to know up front how long it will take and how much it will cost to develop an initial solution

Detailed plans should be made and followed

3. Centralized bureaucracies removed from the customer are best placed to pick winning ideas

Investment boards consisting of managers decide which initiatives go ahead

4. Very little will change as the plan progresses

Conformance to the agreed plan becomes the main metric of effectiveness

FIGURE 25

The integration of design and build

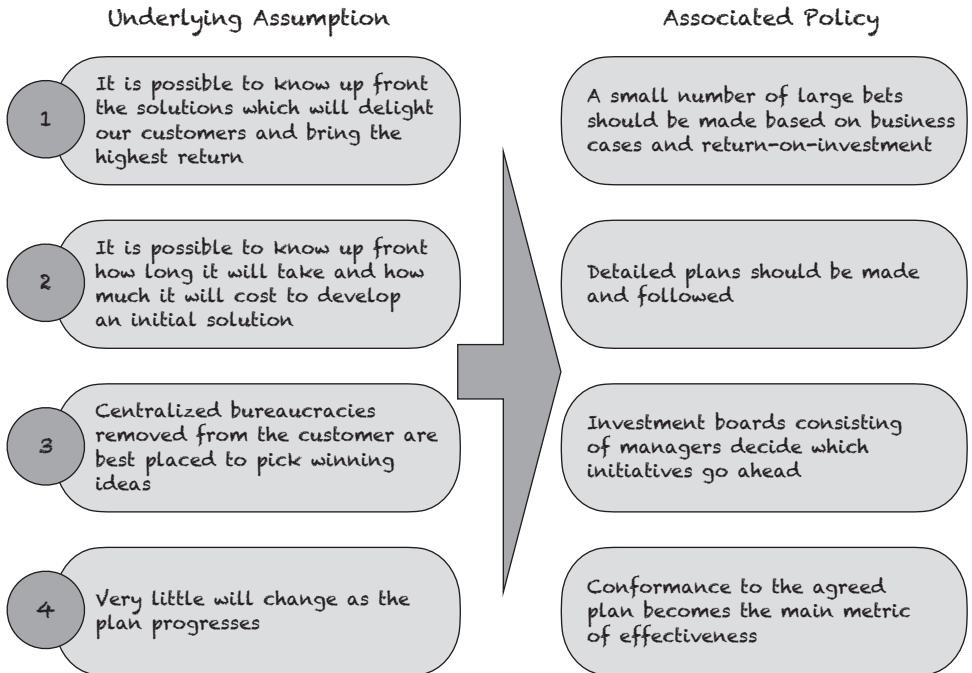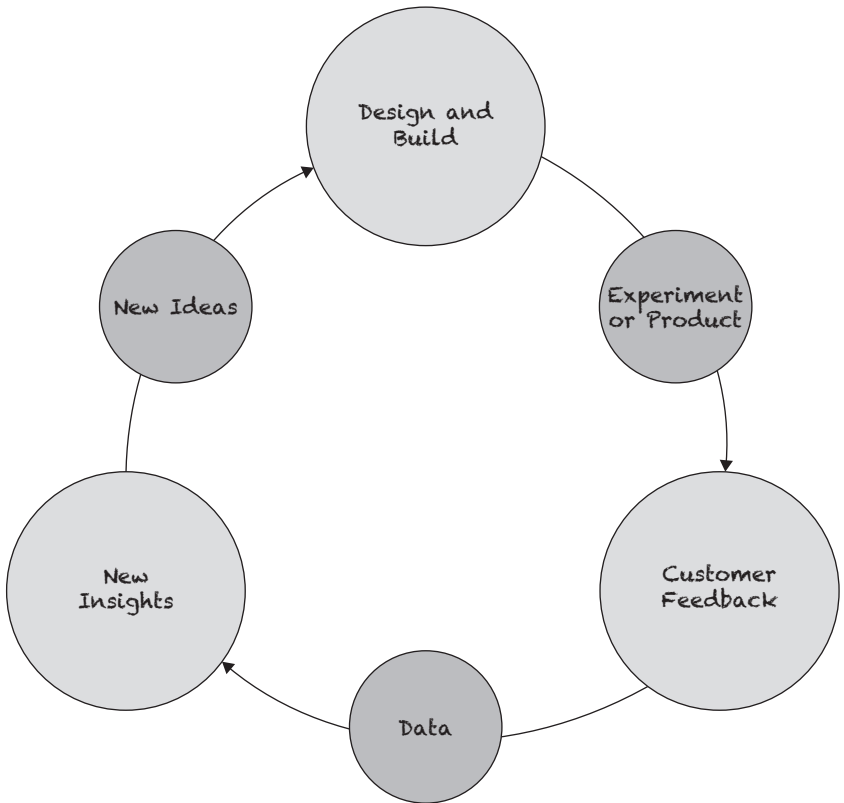Source: Adapted from Eric Ries, *The Lean Startup: How Constant Innovation Creates Radically Successful Businesses* (London: Portfolio Penguin, 2011).
COPYRIGHT: © Eric Ries, reprinted by permission of the author.

FIGURE 26

The key assumptions underpinning modern governance and funding models

Underlying Assumption

Associated Policy

1. There is no way to know up front the solutions which will delight our customers and bring the highest return

2. There is no way to know up front how long it will take and how much it will cost to develop an initial solution

3. The best innovations come at the intersection of the customer and those doing the work

4. Things will change a lot as we learn through feedback — we will need to respond accordingly

A large number of small bets should be made based with continuing investment based on customer data

High-level forecasts should be made and constantly updated based on data

Ideas should be encouraged from everywhere with no barriers to cheap experimentation

Learning and outcomes become the main metric of effectiveness with the means remaining fluid

FIGURE 27

The product development life cycle

Risk and Uncertainty

Search
Find and validate viability of new products, services, and business models

Develop
Design, build, and scale up viable new products and services

Sustain
Maintain and incrementally improve existing products and services

Retire
Sunset no longer required products and services

Funding

Explore

Exploit
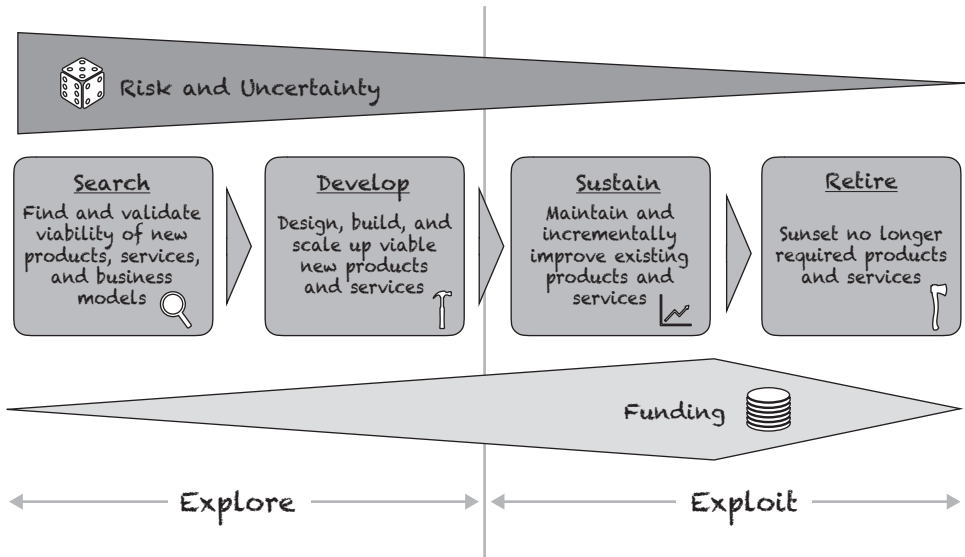
FIGURE 28

The Ladder of Validation

- **Problem Validation** Do people have this issue or job to do?
- **Solution Validation** Does the proposed solution help with the issue or job?
- **Business Model Validation** Will enough people pay for the solution? Do we have a viable business model?
- **Capability Validation** Do we have the knowledge and skills to create this solution?

Axis labels: Confidence (vertical), Investment (horizontal)

FIGURE 29
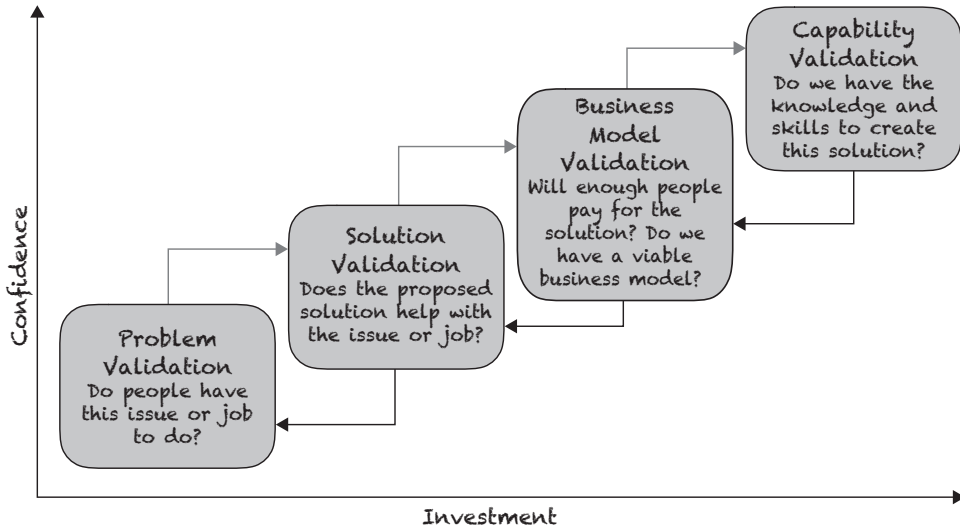
The power of proximity

Frequency of Face-to-Face Communication

Separation Distance
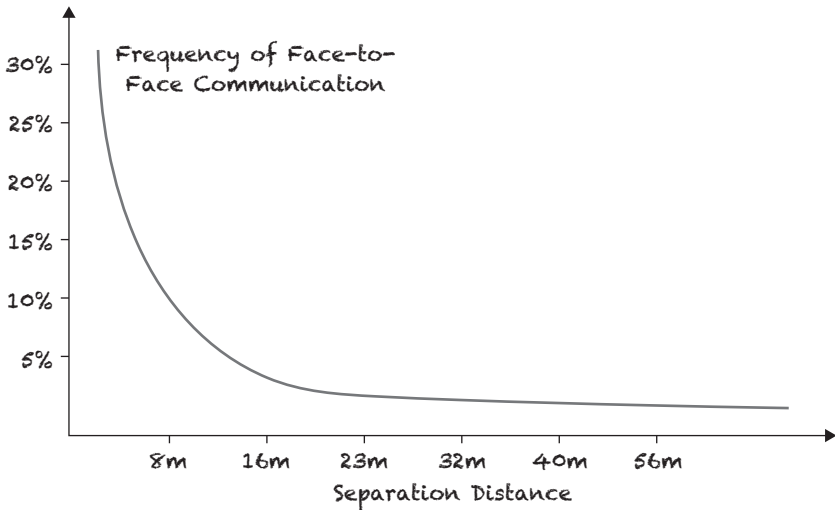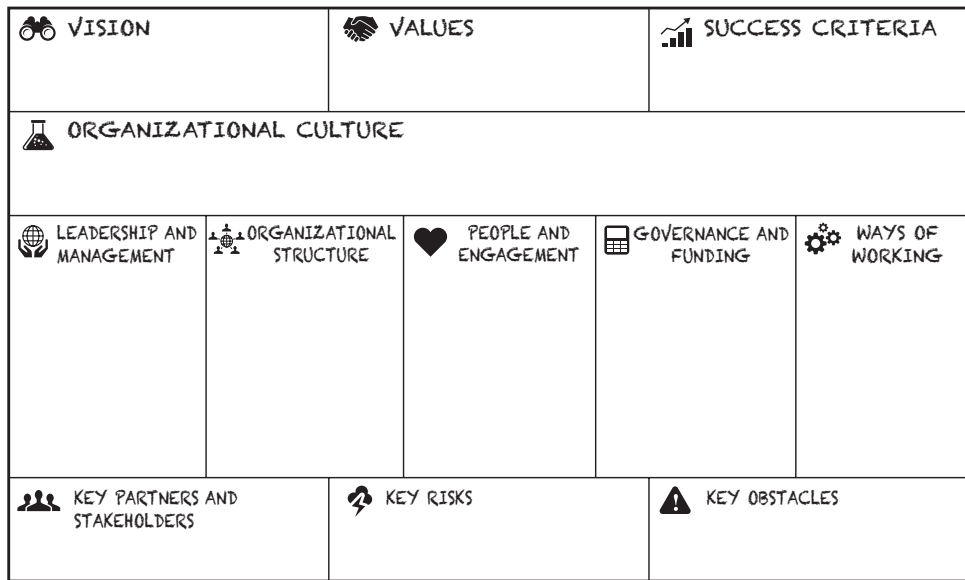
Source: Allen, Thomas J., *Managing the Flow of Technology*, Figure 8.3,
© 1977 Massachusetts Institute of Technology, by permission of The MIT Press.

FIGURE 30

The Business Agility Canvas

🔭 VISION	🤝 VALUES	📊 SUCCESS CRITERIA

🧪 ORGANIZATIONAL CULTURE

🌐 LEADERSHIP AND MANAGEMENT	👤 ORGANIZATIONAL STRUCTURE	💜 PEOPLE AND ENGAGEMENT	🖩 GOVERNANCE AND FUNDING	⚙️ WAYS OF WORKING

👥 KEY PARTNERS AND STAKEHOLDERS	⚡ KEY RISKS	⚠️ KEY OBSTACLES

Source: Download the Business Agility Canvas + 20-page guidebook for free at
https://www.agilecentre.com/the-business-agility-canvas/.

FIGURE 31

The Business Agility Canvas flow