WHITE PAPER

The way to business agility:

The forces and counterforces

Introduction

Dear Reader,

The quest for business Agility is akin to seeking the Holy Grail of modern organizations. However, unlike mythical quests, this journey does not end with a single find. It's a continuous effort, a shift in culture, and a change in mindset. A truly Agile organization breathes, evolves, and responds to its environment seamlessly.

This is the journey that we, Henri Hämäläinen and Mikko Korkala, have been navigating for years with a myriad of organizations in various stages of their transformation. Our experiences have been a rich tapestry of victories and lessons learned the hard way, and we're privileged to share these with you in this whitepaper.

In the following pages, we unpack the often invisible forces that catalyze or impede the path toward business Agility. We introduce you to the driving forces, both business and delivery efficiency-oriented, that steer organizations toward their intended goals. Yet, it is the counterforces, already entrenched in the organization, that we found to be pivotal and often underestimated. Beyond identifying these forces, we offer you a pragmatic blueprint—the 10 building blocks of business Agility. These principles, when implemented, can aid in dismantling counterforces and embedding Agility into your organization. We also address the most crucial yet overlooked aspect of any transformation—culture. Because in the end, true change comes when the professionals within an organization align their behaviors with the agreed change vision.

As you navigate through this whitepaper, we hope that you find not just understanding but an inspiration to confront the challenges and realize the true potential of business Agility.

Introduction

Mikko Korkala, PhD.

With a career spanning several roles—a software engineer, a coach, and a researcher—Mikko Korkala has established himself as a respected figure in product development. A pioneer in Finland's adoption of Agile methodologies, he has spent two decades implementing Agile change with a diverse array of clients, bringing his unique expertise to both development teams and senior management.

Henri Hämäläinen

Henri Hämäläinen, a seasoned consultant and Agility coach has dedicated his career to enhancing organizations' success and efficiency. With roots in software development, he transitioned to consulting, leveraging his diverse experience to drive structural, procedural, and cultural transformations in many product organizations. Over a decade, Henri has impacted over a hundred clients, serving as a trusted advisor on numerous transformation programs.

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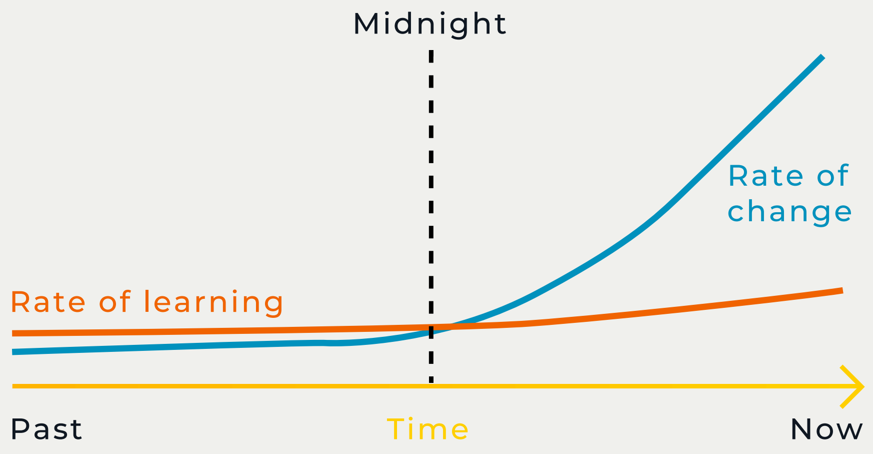
Why do companies need Agility?

Since their inception in the late 1990s, Agile ways of working have become a mainstream approach for developing software. However, there is yet no universally accepted definition of what “Agile” and “Agility” actually mean, with these terms often being used synonymously while discussing the topic. Therefore, let’s start with some definitions.

In this context, Agile is defined as a set of values, principles, and ways of working, whereas Agility is the practical application of Agile. Further, Agility is about a well-thought-out balance between DevOps, Agile ways of working, product thinking, and a strategic approach to developing the organization and its business. This means that Agility is a concept that impacts the whole organization with the aim of creating a competitive advantage for the organization.

The reason for adopting Agile and Agility is simple. The software-intensive industry is and has been, increasingly changing and becoming more unpredictable. Organizations need to change in order to keep up with the competition and succeed. In addition, the field of competition itself is changing due to both new players entering the market and changes in technology and customer behavior. The rate of change is also constantly increasing, which makes the creation of successful products increasingly challenging.

The concept of “The World After Midnight” from Dr. Eddie Obeng illustrates this accordingly.



What the **Rate of Learning** curve in this figure shows is that in the world before midnight, companies were able to create a solid understanding of customer needs, the future of the markets, and the industry in general. In this environment, organizations were able to identify the problem, gather information about it, design and create a product addressing the problem, get it to the market, and capture revenue. Simply put, the organizations could dictate to the markets what they needed to solve the problem.

Simultaneously, the **Rate of Change** increases. Customers become more aware of what they need, markets and industries diversify, and technologies mature. Once this Rate of Change passes the organization’s Rate of Learning, it creates sort of a singularity beyond which the organizations lose their ability to dictate the markets and where the rules of the old world become obsolete. This is when Midnight falls. To thrive in this new world, organizations need a different rule book. Prototyping the problem, getting it to the markets fast, capturing feedback, iterating the solution, and adapting it to meet the needs are appropriate tools in this environment. Further, this is the domain where Agile and Agility are at their best: Managing the ever-increasing uncertainty.

Don't predict the future, anticipate it.

One of the most important aspects and benefits of Agility is its ability to manage uncertainty, which can be defined as a lack of information. When a new project is initiated, it will often face significant uncertainty related to actual customer needs, existing market situation, technology landscape, etc. The larger the effort is, the longer it will take, resulting in an increase in uncertainty. This is about making a bet on what the future will look like. The Waterfall approach tried to eradicate all uncertainty from the effort, which is not only impossible but futile if we take management specialist Peter Drucker's [2] word for it.

According to Mr. Drucker, there are two things we know about the future:

1 It cannot be known

2 It will be different from what exists today, and it will be also different from what we are now expecting it to be

Based on this, the future is more or less of a black box and our attempts to accurately foresee it will be fruitless due to its nature. But organizations still need a way to deal with this. Customers need to be satisfied by offering them a valuable product that serves their needs, organizations need to explore new opportunities, etc. All of this must happen in a world full of unknowns, meaning that while we cannot predict what will happen in the future, we must anticipate the future effects of events that have already irrevocably happened. Simply put, the outcomes of our actions are based on the decisions we make today. [1]

This is where Agile ways of working are particularly suitable. Agile methods are iterative and incremental, which create a much shorter cadence for examining the state of the work and its impacts and therefore provide more frequent opportunities for adjusting the course if required. Whereas traditional development approaches made a single huge bet about the future, Agile methods place their bets in much smaller quantities. After each iteration, we can stop and analyze if we are going in the right direction and what can be learned from what was being done. The end of an increment is a decision-making point that (with increased understanding and a bit less uncertainty) will help us make more solid decisions and anticipations about the next increment and the effort itself.

Whereas traditional development approaches made a single huge bet about the future, Agile methods place their bets in much smaller quantities.

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Agility creates a winning employee experience

It is finally time for the organization to recognize the fact that the people are its true asset that either makes or breaks an organization's success. Agility has been proven to positively contribute to people's engagement and job satisfaction. This, in turn, has a positive impact on the financial performance and outcomes of the organization. The main point is that engaged and happy employees are key success factors.

While intrinsic motivators vary, one of the most common motivators is decision-making autonomy. Agile methods promote the empowerment of employees by letting those with the best knowledge about the subject make decisions within agreed limits. This puts people throughout the organization front and center, giving them the mandate of owning their jobs and an opportunity to make a significant contribution to the organization. This, in turn, creates an acute sense of purpose, which is one of the most common intrinsic motivators.

While this has solid financial justifications, enabling Agility in the organization is also important in the context of the current labor market. Competition for professionals is fierce, and employee retention is paramount for organizations to succeed. For this reason, a winning employee experience is vital, and both Agile and Agility are excellent tools for this.

Companies need true Agility instead of Agile practices

For any ideology or practice to sink into an organization, it needs to create a competitive advantage. Companies are about business, in one way or another, and business success is the goal of any organizational phenomenon. The same is true for Agility, which must bring business success. But at the same time, business success can only be achieved with true Agility. This is a dilemma for many organizations. Business success depends on true Agility, which can only be achieved by understanding how Agility can help businesses.

As we discussed, Agility is about managing uncertainty and to achieve this, we need to accept that uncertainty exists and we have to live with it. This often requires a radical shift in how we see, e.g., planning and plans. Planning is still important, but companies must understand that plans are always flawed. Instead of seeing them as absolutely correct representations, they always reflect their makers' best understanding at the given moment. True Agility is, therefore, not about Agile itself. Organizations can use all the Agile practices in the world and use them flawlessly but lack Agility if they are unwilling to change with the world around them.

In the upcoming chapter, we will discuss the forces affecting Agility. We present the driving forces for Agility and the counterforces holding Agility back in an organization.

The driving forces for Agility: Business and efficiency

All organizations, both in the public and private sectors, operate in a business environment. Their objective is to serve their intended customers and markets effectively and efficiently. This suggests there are two distinct forces in play when considering Agility: **business drivers** and **delivery efficiency**.

Why does business matter?

First, a note about one of the most common business-driven rationales behind adopting Agility: cost efficiency. Here, the goal is often seen as the means to reduce costs by achieving the outcomes faster and more efficiently and to increase the efficiency of utilizing organizations' professionals and resources. In the context of Agile development, this is counterintuitive. The aim of an Agile organization is not to maximize its utilization rates, for example. Instead, an Agile organization needs to be aligned to focus on creating the **most valuable outcomes at any given time**. This alignment includes organizations' resources and personnel as well. Therefore, it is more appropriate to discuss **cost-effectiveness** as a business driver for Agility.

From this, we can land on defining **Business Agility**. As with Agility, there is no uniformly agreed definition of business Agility. We define it as the *"organization's ability to align its financial and operational resources to meet the needs of its current and future business environment"*. What this means is that the organization needs to be able to sustain and develop its current business, and respond to emerging market changes while also being able to anticipate the future scenarios of what will happen there. As with Agility in general, business Agility is as much about the organization being nimble enough to respond fast as being vigilant about what will likely happen.

Eficode business Agility definition

> **Organization's ability to align its financial and operational resources to meet the needs of its current and future business environment.**

Business-driven forces

The business logic behind the change needs to be clear for the organization. This helps to identify and focus on the essential challenges the organization needs to resolve to achieve successful results from their change initiative. It is also worth noting that the driving business forces change over time, as will their relative importance against each other. Therefore, these business forces do not exclude each other. Organizations will likely recognize several business forces that are important.

Main business-driven forces for adopting Agility into an organization are:

- Improved customer experience
- Cost-effectiveness
- Increased time to market
- Seizing new opportunities

Business-driven forces are about building an improved market position by building the right things for the market efficiently. The market is always volatile and uncertain, and the future can not be predicted. Agility is not just about managing uncertainty. It is about building resilience in the organization to compete in the constantly changing environment.

When analyzing the big picture, uncertainty is about accepting unknowns. Customers can't tell what they need, and only the market can tell what will succeed. There are always uncertainties in all strategies and business opportunities. This is something every organization must understand—requiring a willingness to change when information backs up the need for it.

Let's take a closer look at the business-driven forces to understand how Agility could help in achieving those.

Improved customer experience

Customer experience is at the core of every successful business. Products and services that fulfill the needs of customers better will have a significant impact on customer retention or the ability to gain new customers.

Multiple studies have shown that the customer experience has an enormous effect on business performance. For example:

- 68% of consumers say they are willing to pay more for products and services from a brand known to offer good customer service experiences [3]
- 89% of consumers are more likely to make another purchase after a positive customer service experience. [4]
- Increasing customer retention rates by just 5% can increase profits by between 25% and 95%. [5]

It is easy to agree that customer experience is one of the most important business forces driving the change to Agility.

Cost-effectiveness

Cost-effectiveness is an easy-to-understand concept at a high level. Every company wants to optimize and align the organization's resources to enable the creation of the best possible value for the customers and users with limited resources.

Even though the concept is easy to understand, it is very difficult to measure or even realize how a cost-effective organization is making products or services with digital assets. The nature of digital assets is that multiplying the assets is free, and delivery of the service is usually cheap, meaning the main costs come from creating the assets themselves. Measuring something that is always done differently and trying to estimate how cost-effective that is, is very difficult. It is always speculative whether something is efficient because the thing will never be done the same way again.

In any case, cost-effectiveness is an important business driver. Every organization wants to be effective with resources, and Agility is a great tool for driving toward better usage of resources. Flexible resourcing, shorter budgeting cycles, increased self-organization, and focus on outcomes instead of outputs are among the Agile practices and principles that aim towards cost efficiency

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Faster time to market

Getting to the market at the right time is essential for many businesses. Sometimes, products or services are on the market too early, but more often, too late. The time between initiating the idea to releasing the outcome to the markets is called time to market. The organization can measure this to realize how long, on average, it takes from a need or an idea to get to the market and start gaining revenue and profit.

Time to market is an important business driver for any organization. The goal is to provide products to the market faster than the organization is currently capable of for faster Return on Investment, as a response to competition, or to learn about the customer needs and the market environment itself.

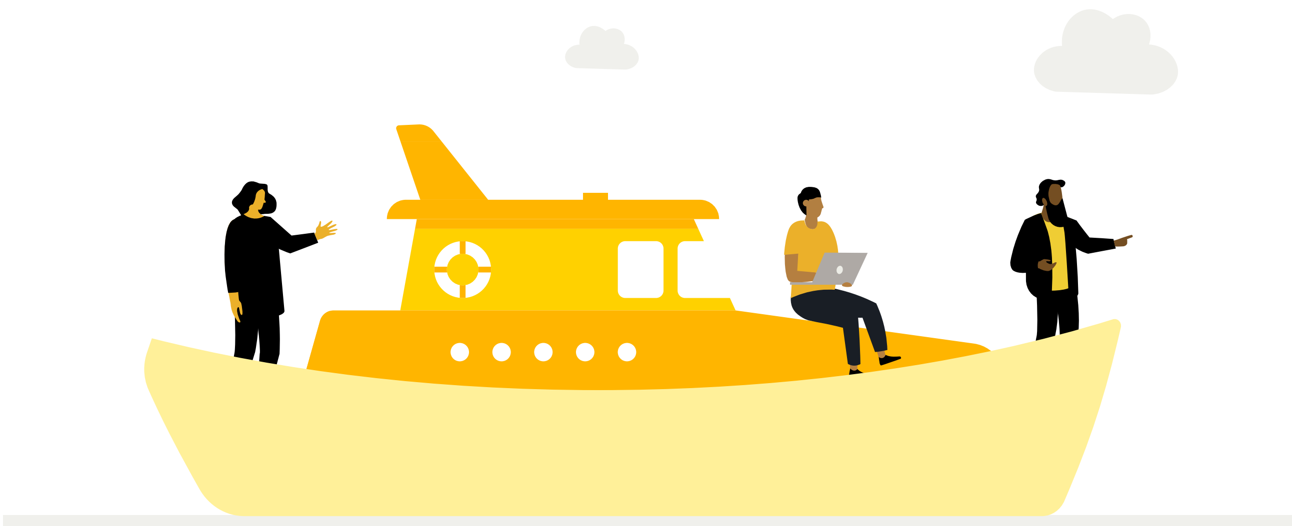
Agility with cyclical learning, fast feedback, and focus on customer value can be seen as a good tool to drive time to market forward.

Seizing new opportunities

Every product, every service, and every technology will eventually be the one that will endanger the existence of the organization's business. Everything will become outdated and, therefore, a burden to the organization. Every business needs to constantly reinvent itself and seize new opportunities within the current market or a new environment.

Seizing new opportunities is an important force driving business forward. The goal is to provide new products fast to the market, to explore new markets, or to gain new customers. There is constantly a need to change the business to fit the existing market conditions.

Agility is seen as a powerful tool for this purpose. Fast experimentation, short learning cycles, and a culture of pivoting are built into Agility, so seizing new opportunities can be one of the key driving forces to business Agility.



Forces of delivery efficiency

While understanding the business drivers of Agility is important, it should be noted that Delivery Efficiency plays an equally important part in an Agile organization. Again, this concept is rooted more towards the concept of effectivity discussed earlier instead of focusing on the maximal utilization of resources.

Agile organizations understand that **value is delivered through outcomes instead of outputs**. To achieve this, organizations must understand what are the most important things, i.e., the outcomes that must be achieved in a given time frame. Without this, the focus is very easily on completing individual tasks (outputs) that often do not create a cohesive whole.

Delivery efficiency can be divided into four main forces:

- Flow efficiency
- Queue efficiency
- Resource efficiency
- Sufficient capabilities

Understanding these forces will enable the organization to maximize the impacts of its development effort to get the proverbial "best bang for a buck," but also enable faster analyses and responses to the needs emerging, e.g., from the market. This already states that delivery efficiency forces are closely connected to business-driven forces. Business-driven forces are more about the external, and delivery efficiency is about the internal forces.

Let's dig deeper into the forces of Delivery efficiency to be able to understand those and also how to act on them.

Flow efficiency

One of the key ideas in Agility is to concentrate on value creation rather than resource optimization. This relates closely to the idea of concentrating on outcomes rather than outputs. It is not important that everyone is always busy, but the key is that they can help each other when needed. Value creation in organizations is often so complex that required interactions cannot be anticipated or planned. So the focus instead needs to be on Flow efficiency.

One effective way to focus on Flow efficiency is to focus on the work in progress. The **limit the Work In Progress (WIP**) principle insists that the organization takes a value-driven instead of a quantity-driven approach to the work it conducts. This requires active prioritization of work items and leads to a limited set of assets to be developed, delivered, and maintained, improving both the focus and flow of work.

Move from sub-optimization to total optimization. In order to improve the organization, it is essential that it needs to be seen as a system in which individual parts have an impact on others. The changes in some parts of it eventually cascade to the rest of the organization. Since the organization is a system of interconnected parts, optimization should be done on a system level instead of sub-optimizing certain aspects of an organization.

Queue efficiency

Product organizations have three queues: Backlogs, non-released work, and non-integrated work. These queues will affect queue efficiency but are also closely connected to flow efficiency. These two forces, despite being closely connected, are separate. It is also possible to have an efficient flow but poor queue management and vice-versa.

Ideally, organizations should drive for the no-queue approach, but that becomes impossible as the information and assets need to be stored somewhere. Needs and ideas almost always arise when there is something under development or production, with parts of the solutions becoming ready without the next party being able to continue with their implementation. This implies the ideas, needs, and assets need to be stored in backlogs (i.e., a queue) where they can be taken for further development. If there weren't any queues, the organization could only produce one idea, need, or a thing at a time, which would be a waste of resources. It is much more efficient to work on a few (but not too many) ideas and needs at the same time.

Being efficient with queues is important. Backlogs shouldn't grow too large, integrations should happen as soon as possible, and work should be released as soon as it is feasible. Managing queues is a lot about limiting the work-in-progress throughout different phases. Part of being efficient with queues is also about planning them well. Queues in an organization come primarily from the organizational structure. Therefore, an important aspect of product organization design is to think through both the backlogs and team structures to keep the amount of queues as small as possible. The more queues you have, the longer you'll be queuing.

Resource efficiency

The resources we are talking about in this context consist of people, digital and physical assets. Long story short, resource efficiency is the underlying force of all businesses as resources should deliver value as efficiently as possible. But resource efficiency is not always easy to execute, as it needs to be considered from a longer timeframe to make long lasting business success.

All the forces of delivery efficiency are linked together. Having an efficient flow and just enough content in the queues needs well thought resource usage. For this reason, resource efficiency can not work in a vacuum. Additionally, Resource efficiency means very different things in regard to what the product or the service of the organization is. In any case, organizations want to get all the value possible from the existing resources.

Agility is often taken as something to improve resource efficiency. It is a common misconception that by using Agile methods, resource usage will be maximized. However, aiming for high resource usage can cause poor Resource efficiency if approached this way. This may be counter-intuitive, yes, but the most efficient use of resources isn't about using resources the most. It is the outcomes that matter, not the outputs.

Sufficient capabilities

To operate efficiently and effectively, organizations need appropriate frameworks, practices, tools, and know-how to conduct the work. These range from the individual to the whole organization. In addition, different roles, goals, and decision-making authorities require careful analysis. On the practical side, automating everything that can be automated is an example of increasing efficiency and effectiveness.

Sufficient capabilities are needed for delivery efficiency. Agility and Agile practices are seen as a way to create sufficient capabilities to operate effectively, with some frameworks or toolsets bringing at least the baseline of the capabilities to the organization to deliver efficiently.

Understanding both business and delivery forces is important in the context of business Agility. The organization cannot truly align its resources and utilize them effectively and efficiently without explicitly considering what drives the change externally and how well the delivery forces are aligned with the organization's aims. On the other hand, the very definition of business Agility insists we take both dimensions into account and are under constant evaluation and improvement.

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Counterforces: What is pushing us back?

What we have noticed in many business Agility change initiatives we have been driving is that it is even more important to understand the counterforces of business Agility than the actual driving business forces. In this chapter, we will explore the counterforces of business Agility.

Just as each reaction has a counterreaction, these business drivers we discussed have counterforces that oppose them. These counterforces have more impact on an organizational change than the actual driving forces of business and delivery efficiency. Let's explore these forces both from the business and delivery efficiency perspectives.

The eight counterforces of business Agility are:

- Structural complexity
- Excessive portfolio complexity
- Defective external awareness
- Prioritizing for immediate gains over long-term success
- Burden of legacy
- Tools and value creation flow that are not in sync
- Competence gap in leading software business
- Lack of internal direction

These counterforces affect the organizational change more than the actual driving forces of Business and Delivery efficiency.

Counterforces of business Agility

This chapter discusses the counterforces in more detail. In addition, their relation with both business and delivery efficiency forces is provided.

Structural complexity

As organizations become more established and grow in size, it is a natural and rational tendency for them to start optimizing for efficiency. In practice, this is shown in team structures that are created around specialized professionals, the establishment of dedicated functions, and in the case of large organizations, individual divisions.

This, however, inevitably leads to added complexity which results in the establishment of a multitude of roles required to keep things running as smoothly as possible and under control. In addition, in environments like this, people often have an extensive amount of parallel work (e.g., multiple different projects) that needs to be progressed simultaneously.

While the above-mentioned organizational structure is targeted toward optimizing efficiency, the aim of an Agile organization is to focus on **effectiveness**. Being effective requires that the organization's resources are focused on delivering the most valuable outcomes instead of outputs.

Structural complexity creates opposition towards:

Business Forces affected

- Cost-effectiveness
- Faster time to market
- Seizing new opportunities

Delivery efficiency forces affected

- Flow efficiency
- Queue efficiency
- Resource efficiency

Excessive portfolio complexity

Organizations can have an excessive amount of products they are offering for their customers, and developing and maintaining these can create significant costs and consume a large amount of scarce resources. Furthermore, a product's life-cycle management practices can be insufficient or ineffective. Naturally, the lifespan of the products that organizations offer can vary, depending on the demands of their domains. In some cases, the life cycle can be counted in some years, while on the other end, the life span of a product can be decades.

Whatever the case may be, effective life-cycle management is paramount in identifying invaluable products that are better to be ramped down in order to improve effectiveness.

In addition to obsolete or invaluable products, products can also have obsolete features, features that serve only a handful of users, or features that are not aligned with the product's or organization's strategy—all of which also require resources from an organization.

Furthermore, organizations' portfolio management can be inefficient, which further contributes to the increased complexity of managing the products the organization provides.

Excessive portfolio complexity creates opposition towards:

Business forces affected

- Cost-effectiveness
- Improved customer experience

Delivery efficiency forces affected

- Resource efficiency

Defective external awareness

All organizations (public, private, and non-profit) have customers and a domain in which they operate. It is crucial that organizations understand who their customers are, what their needs are, and what the characteristics, current state, and potential future scenarios of their respective environments (i.e., the market). This market is constantly changing, with the needs of the users (as well as the environment as a whole) being in a state of movement that is either faster or slower. Additionally, private organizations need to face competition as well.

Even if the market is stable (which it rarely is), there is the domain, technological, and political environment that affects every organization. A field of operation can change rapidly as a result of a pandemic or a war. Alternatively, a field of operation can also change a bit more slowly, as with the preference of using text messaging rather than voice in communication. The key point is that change will always happen - and organizations are rarely ready for the change.

Agile and Agility are not strategies

Agile ways of working are not solving the lack of external awareness for the organizations. Agile and Agility are not strategies. They can provide the means to create useful products or services for their intended users only when an organization has a continuous focus on external awareness.

Defective external awareness creates opposition towards:

Business Forces affected

- Improved customer experience
- Faster time to market
- Seizing new opportunities

Delivery Efficiency forces affected

- Sufficient capabilities

Prioritizing for immediate gains over long-term success

All organizations are talking about the “long game”, while having a solid vision and strategy that covers how the organization will be winning not just in the next quarter, but also in the far future. Demands from investors and stakeholders, for example, lead organizations to focus more on the short term, which eventually leads to neglecting future success.

One of the main consequences of prioritizing immediate gains over long-term success is that it can limit an organization’s ability to invest in areas that are crucial for long-term success, such as research and development. It can even impact the organization’s ability to innovate and grow. This approach can also lead to a culture of risk aversion, where leaders prioritize avoiding mistakes over taking risks and pursuing innovative strategies.

When an organization embarks on an Agile transformation, it is essential that Agile and Agility are not seen as the tools of faster implementation and hence more income in the immediate future. While this can be a tempting alternative, it is strategically unsound and contradictory to what business Agility constitutes. This approach explicitly ignores the future aspect of business Agility.

Prioritizing for immediate gains over long-term success creates opposition towards:

Business forces affected

- Cost-effectiveness
- Seizing new opportunities

Delivery efficiency forces affected

- Queue efficiency
- Resource efficiency
- Sufficient capabilities

Burden of legacy

The word "burden" can easily be associated with something that only has negative connotations. In fact, positive aspects of an organization can become a burden for change. Consider a world-class project organization that wants to change its ways to become an Agile product-driven organization. All the previously priced and valuable assets, like established projecting practices, roles, and ways of working, can become a burden that needs to be addressed and taken into account while changing the organization. Additionally, a well-established and successful product (along with its marketing and sales, business model, etc.) may become a burden if the organization needs to change.

The reality in which the product is being developed, marketed, and sold can become cumbersome (and even obsolete) in the newly designed organization. A highly successful and profitable product developed and sold as an on-premise solution will become a burden if the organization takes a direction that will take it to provide cloud-only services.

The Burden of Legacy is one of the strongest counterforces, due to its nature of being long-standing and permeating every aspect of the organization. All the software and products an organization builds are created on top of the organization's historical assets. These assets include not just the used technologies but also architectures, business models, structures, governance models, leadership culture, customer base, market position, and current competencies. It also includes the current mindsets of its employees and the organization's current culture and experiences with prior change efforts. Overall, all of these elements will set boundaries for the change.

What is important to recognize is that the Burden of Legacy is not only about taking just a snapshot of the organization's current state. Understanding the current state is vital, yes, but no established organization has reached its current state of affairs in a blink of an eye. Instead, they have traveled a long road to where they stand at the moment, creating their ways of working and operating as they go. They have a legacy that has solidified in the organization in a form of tried and tested solutions, ways of working and structures, and management and budgeting practices, for example.

In the face of a change, especially those organizations with longer histories and strong legacies are prone to fall into what Hammond et al. [6] call a **status quo - trap**. In practice, this may be realized as opting towards alternatives perpetuating the status quo in the face of a change. In the context of an Agile transformation, expecting the frameworks alone are sufficient for a successful change without profoundly considering the organization as a whole is a result of falling into this trap. The reason for this trap, according to Hammond et al. [6] lies within our minds, essentially in our desire to protect our egos from damage. Breaking from the status quo requires that people take action. Taking action in turn means that people accept responsibility, which opens them to regret and criticism. Burden of Legacy is an overarching counterforce, impacting most of the business and delivery efficiency forces.

Burden of legacy creates opposition towards:

Business forces affected

- Improved customer experience
- Cost-effectiveness
- Faster time to market
- Seizing new opportunities

Delivery efficiency forces affected

- Flow efficiency
- Queue efficiency
- Resource efficiency

Tools and value creation flow that are not in sync

Every organization operates through its own distinct value flow. This encompasses the structure, history, processes, and methods of operation. The creation of value within the organization depends heavily on the tools used, as they affect development and workflow. An inefficient tool can cause a slowdown and make the process more complicated.
In essence, the tools employed shape your operations, either positively or negatively.

Selecting the appropriate tools requires careful consideration. When an organization begins an Agile transformation, it often needs to reconsider its tools as well. Using the same tools as before the paradigm shift is often counterproductive since they might not support Agile development appropriately. It is equally important to understand that tools themselves are not sufficient to transform an organization. Using tools specifically supporting Agile development while not aligning the organization around Agility is equally counterproductive.

Tools and value creation flow that are not in sync creates opposition towards:

Business forces affected

- Faster time to market

Delivery efficiency forces affected

- Flow efficiency
- Resource efficiency

Competence gap in leading software business

The first major competence gap comes from understanding the logic of software product business economics as compared to the service or physical product business economics. The ideologies are very different, as in software product business, production efforts and the cost of the first sold item is huge, with the cost of the second one (meaning copy of the first) being next to none. In services or physical product business, there are naturally costs for first release. But these are substantially more predictable than in the software world. Additionally, the cost of multiplying tends to be much higher with physical and service products. To wrap things up, the business logics of software business are very different, with much of the software organizations leadership learnings coming from the world of physical and service business, which are not compatible with the software industry.

The second important aspect of leadership in the software industry is to recognize that new products and their enhancements are built on existing assets. Over time, these assets will accumulate **debt**. This debt can be technical debt, quality debt, documentation debt, etc. If the leadership does not recognize the importance of healthy assets and lets the debt accumulate, this will inevitably result in an ever-decreasing development pace, increasing complexity, and ultimately to a complete halt. The leadership must have a solid focus on also keeping the existing assets healthy instead of just pursuing more products and features.

The third required change in the leadership mindset is to recognize that software is inherently very complex to build as compared to physical products. Software is built with thousands (even millions) of lines of code, which in itself makes it complex. On top of that, software is run in an integrated environment, with other software and hardware increasing the complexity even further. Software is, as we discussed, built on top of existing software assets, which only further increases the solution's complexity. This complexity creates difficulties in predictability regarding timelines, costs, and workload estimates. In summary, leadership needs to recognize and accept the vast uncertainties involved in software development.

Leading a modern Agile software business requires specific skills and competencies. Product organizations need to be seen as complex systems that are impossible to manage from the top down only. Instead, the best solutions and decisions are being created at all levels of the organization by people who have the best possible knowledge about the topic to be decided on. Leaders need to recognize this and empower people throughout the organization to make decisions at agreed levels of autonomy.

Another important thing about modern organizations to be understood by the leadership is that modern organizations require modern structures. The more traditional structures built around specialized teams and functions do not work adequately while dealing with complex products, such as software. While traditional structures are very efficient at producing outputs, they are less suitable for creating outcomes which is in the focus of an Agile organization.

Further, having a solid understanding of the possibilities existing and emerging technologies can bring is important for business leaders. Technologies often create a whole new perspective on thinking business, and their potential enables radical competition and change. After all, see what Netflix did to the video rental industry.

Funding the initiatives the organizations take will require a change in leadership's mindset. Instead of fixed allocated budgets, dynamic funding is often a more viable approach following the key tenet of business Agility for aligning resources based on needs. Therefore, leadership should adopt the "**the money follows the decision-making**" principle, which enables the organization to adjust its funding based on what is seen strategically as the most important.

As in any business, leaders in the software business need to be acutely aware of the importance of innovation and, more importantly, able to provide sufficient time for the organization to focus on, test, and implement new ideas. If the leaders are not committed to allocating sufficient resources for innovation and instead focus only on the current business, this will be detrimental to the future of their organization.

Competence gap in leading software business creates opposition towards:

Business forces affected

- Cost-effectiveness
- Faster time to market
- Seizing new opportunities

Delivery efficiency forces affected

- Flow efficiency
- Queue efficiency
- Resource efficiency
- Sufficient capabilities

Lack of internal alignment

Having a solid understanding of direction is a must if the organization wants to succeed. This is true in both an external and internal sense. As we discussed earlier, an organization must have a good understanding of its external surroundings but must also focus on aligning itself internally toward shared goals and targets.

The lack of internal alignment means the organization pulls itself apart instead of working together towards common goals. The reasons for this vary, but the lack of shared vision and actionable strategy, lack of shared decision-making models or mechanisms, and missing organizational-level objectives are among the most common reasons. In addition, defective Portfolio management and a lack of shared product strategies are often behind defective internal alignment.

This is a particularly potent counterforce, especially in large organizations, where the number of professionals can reach thousands of people. It is very easy, and sometimes even tempting, to start pursuing goals or implementing something that might be valuable in the short term, but counterproductive and not within the confines of an organization's vision and strategy. One major factor contributing to this kind of behavior is team-specific goals and incentives. While taking this approach, the organization takes the risk of dissolving and losing its internal alignment.

Being internally aligned enables the organization to focus its resources and efforts on the most valuable things it needs to do. It requires constant attention from the organization's leadership to keep the ship on course with everyone working together. In the context of Agility, this is paramountly important since an Agile organization aims to create the most valuable outcomes instead of myriads of outputs.

Lack of internal alignment creates opposition towards:

Business forces affected

- Improved customer experience
- Cost effectiveness

Delivery efficiency forces affected

- None

Identifying counterforces

Identifying the counterforces is an exercise for revealing aspects that need to be addressed. This requires a systematic, thorough examination of the organization, its practices, structures, mindsets, tools, management, and leadership approaches, the flow of work, delivery mechanisms, sales and marketing, Portfolio management, Idea management, internal

competences, and roles. Simply, understanding the current state of the organization requires that it is studied and analyzed as a whole in a "360-degree" fashion. Different focus groups, semi-structured and open interviews with participants widely representing the organizational demography, workshops focusing on dedicated topics such as tooling or portfolio management, and analysis of relevant materials, such as development value streams and life cycle models are well-tested tools for gaining a solid understanding on the current state of the organization.

The outcomes of this analysis can be grouped into Themes that represent the larger areas of improvement. Each of these themes will contain one or several improvement areas which contain one or more concrete improvement items. In Agile terms, this classification is similar to the Epic-feature story structure. Our experience suggests there are between two to four themes and 10 to

15 valuable and impactful improvement areas that can be found after analyzing the organization and its current state.

One might ask why bother doing a comprehensive, lengthy, and costly analysis when one could just simply look at the counterforces opposing the company's business driver and start looking if they exist in one's company, and tackle them accordingly. This is indeed a valid question, and the answer is twofold.

First, *anchoring* is a psychological phenomenon that gives disproportionate weight to the first information a person receives, which guides our thinking and subsequent judgments and thoughts. In practice, this shows by focusing on the things in the organization that stand in the way of achieving the business driver and neglecting everything else. Anchoring is a formidable force because it is a subconscious and automatic reaction that can never be eliminated from our decision-making and thinking. Luckily, we have tools to mitigate its effects. First, we recognize that anchoring affects our decision-making and thinking. To counter this, the analysis process, data collection, and data need to be actively discussed and challenged by the people involved in studying the organization. If the analysis is conducted by an external consultancy, it would be a viable option not to disclose the business forces driving the transformation. [5]

The second part of the answer is that instead of sub-optimization, an organization should be optimized as a whole to ensure the best possible end results. While addressing a particular area or aspect of an organization results in improving it, the results into overall performance are minute and sometimes even counterproductive. In the latter case, improvements on a particular area can create unanticipated and detrimental consequences on other parts of the organization or a value stream. A more practical example would be a removed bottleneck from a particular part of the value stream emerging unexpectedly on another part of it, creating major challenges. As discussed earlier, moving from sub-optimization to total optimization is fundamentally important when changing the ways organizations operate.

The following section sheds more light on this.

Primary and secondary counterforces

When identifying counterforces, they can be either **primary** or **secondary** in the context of a particular business driver. The earlier discussion about business and delivery efficiency drivers and their counterforces listed the primary counterforces. While these are the most pressing obstacles, they are not necessarily the only ones found in the analysis. Consider the following example:

Your organization aims to **improve its customer experience** *in order to gain additional paying customers. The analysis reveals that there is* **defective external awareness** *considering customer needs. This is one of the primary counterforces in the context of Improved Customer Experience. Your analysis also reveals that there are major challenges with* **Excessive Portfolio Complexity** *as well. This is a primary counterforce regarding Improved customer experience. These are the challenges you absolutely must overcome to reach your goal. In addition to these, the analysis also reveals* **Prioritizing for immediate gains over long-term success, tools and value flow are not in sync and competence gap in leading software business** *as prevailing counterforces. In the context of improved customer experience, these are* **secondary counterforces**. *They do not directly oppose achieving the business driver but are nevertheless important aspects to be addressed if the organization wants to improve its operations in a comprehensive manner..*

Leaving the secondary counterforces unaddressed not just sustains these challenges and keeps the organization's performance and effectiveness at suboptimal levels, but might ultimately create additional problems. What if we continue to prioritize just immediate gains more strongly to sustain a good customer experience? Will this be in line with the product's vision and strategy? How can we be sure if this approach does not derail the product in the long run? How will this product retain its users and maintain its good customer experience 2 years from now?

As this example shows, it is paramount that we consider the secondary counterforces as well. This importance does not rise just due to organizations' sub-optimal performance, but also due to risks and impacts that might emerge while addressing the primary forces alone without thoughtful consideration of the whole. The most important lesson for an organization transitioning to business Agility is to focus on the whole.

Counterforces are stronger than business forces

Business forces are real and strong forces driven by the management. For example, they are essentially aspirations the organization wants to achieve. Instead of seeing business forces merely as target states, which they also are, they are real forces of aligning the organization so that the desired business outcomes will be achieved. The nature of a business force as an aligning force is important to understand. It implies that a business force is never a force that enables the change and this will make it a weaker force than the counterforces.

While business forces are the initiating and aligning elements, the change is enabled by addressing the corresponding counterforces. Counterforces are exceptionally strong since they represent the current state and culture of the organization. Compared to business forces, they are forces at play in any organization. Having counterforces in an organization doesn't necessarily mean they are bad for business or Delivery efficiency, but that they are strong existing forces that drive an organization to a certain direction and make it operate the way it operates. In this context we are talking about organizational change, so counterforces will affect the organization's ability to change. Since the organization has formed to its current existence sometimes over a significant period of time, its current ways of working, structures, practices, etc. have become established and solidified. Simply put, the existing counterforces are both a part and a result of the organization's evolution and culture.

Counterforces are exceptionally strong since they represent the current state and culture of the organization. Compared to business forces, they are real forces at play in any organization.

Business forces and their counterforces: A summary

This chapter provides a summary of different business and Delivery efficiency forces and their respective counterforces. These are summarized in the table below. This summary provides an overview of the primary counterforces hindering change driven by their business and delivery efficiency goals for the organizations. It is again worth a reminder that organizations should conduct a thorough analysis of their environment in order to identify existing primary and secondary counterforces before planning any subsequent actions on tackling those.

COUNTER-FORCES	Structural complexity	Excessive Portfolio Complexity	Defective external awareness	Prioritizing for immediate gains over long-term success	Burden of Legacy	Tools and value creation flow are not in sync	Competence gap in leading software business	Lack of internal alignment
Business forces								
Improved customer experience	Secondary	Primary	Primary	Secondary	Primary	Secondary	Secondary	Primary
Cost effectiveness	Primary	Primary	Secondary	Primary	Primary	Secondary	Primary	Primary
Faster Time-to-Market	Primary	Secondary	Primary	Secondary	Primary	Primary	Primary	Secondary
Seizing new opportunities	Primary	Secondary	Primary	Primary	Primary	Secondary	Primary	Secondary
Delivery efficiency forces								
Flow efficiency	Primary	Secondary	Secondary	Secondary	Primary	Primary	Primary	Secondary
Queue efficiency	Primary	Secondary	Secondary	Primary	Primary	Secondary	Primary	Secondary
Resource efficiency	Primary	Primary	Secondary	Primary	Primary	Primary	Primary	Secondary
Sufficient capabilities	Secondary	Secondary	Primary	Primary	Secondary	Secondary	Primary	Secondary

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Both sides of the story

When organizations take the steps towards Agility or aim to improve their Agile approach, their focus is often on operational aspects. Implementing Agile frameworks, getting the backlogs in shape, re-evaluating roles and responsibilities, selecting and evaluating tools, etc. are examples of starting points for embarking on the journey towards Agility. While these are perfectly valid and important aspects of an Agile organization, they also need to consider what is their main business driver behind this transformation and why it is essential for the organization. Having this set up, everyone in the organization has a clear understanding on why the transition is being done.
If this is not done, Agile transformation may likely remain as yet another pointless exercise done for the sake of change itself.

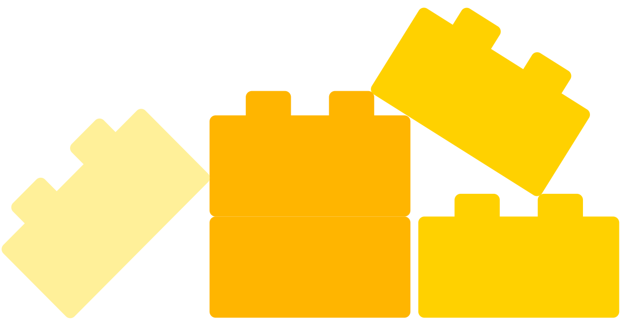
Delivery efficiency is an equally important factor in successful transformation. The four principles of delivery efficiency will help align the organization operatively so that it can best respond to the requirements set by the main business driver. Both the business drivers and the principles of delivery efficiency are the key components of business Agility, which is essential for thriving in a turbulent environment.

Ten building blocks for business Agility

Agility is the means, not a target in itself. Agile practices are tools to achieve goals, not goals themselves. For these reasons, it is important to create a culture of Agility in the organization that will guide the organization to gain the selected goals and targets with Agile ways of working.

Building a culture supporting Agility in an organization is laborious. Hundreds of processes and principles could be highlighted as essential things to try. To ease the journey to long-lasting Agility, we gathered a list of 10 principles to help every organization create business Agility.

These ten building blocks guide the thinking of activities in the direction of true business Agility. Each process, way of working, or tool configuration could be evaluated against these principles. Following these will ensure long-lasting Agility.



Ten building blocks for business Agility

1. Create an actionable vision and strategy and empower people to achieve them
2. Create a regular cadence for decision-making at different time-spans and make the decisions transparent
3. Always state the why of backlog items from the customer's perspective
4. Commit to the most important goals, not timelines
5. Work in the smallest valuable batches and ensure there is feedback on completed work at every level of the product creation.
6. Empower the teams to deliver value to customers
7. Enable continuous dialog about the product's customer and value throughout the organization
8. Create data from the realized output of items and use the historical data stubbornly for planning.
9. Recognize and respect both your internal capabilities and external boundaries, but challenge them regularly
10. Commit to consistently making small improvements at every level. Aim to optimize and simplify.

Counterforces and ten building blocks

Counterforces of business Agility are strong. Those inbuilt forces are hard but important to overcome. Counterforces are part of organizational identity and often also part of the culture. So the underlying logic behind the counterforces is difficult but mandatory to change. Without being able to affect the counterforces, the change to business Agility is impossible.

We identified the ten building blocks of business Agility to offer concrete ways to start tackling the usual counterforces in product organizations. In this chapter, we dig deeper into each of the ten building blocks and give examples of how to start getting the building blocks to be part of everyday work.

1 Create an actionable vision and strategy and empower people to achieve them

One of the cornerstones of Agility is empowering decisions to be made by the people with the most comprehensive knowledge to make the decision. These decisions must be in line with the company's vision and strategy. The best way to achieve this is to have a competitive, well-understood, and actionable strategy.

Competitive, well-understood and actionable strategy means the strategy will be successful and what are underlying assumptions behind it. The other important part of the strategy is the identity, the game plan. How will we compete, what is our game plan to succeed? What are the main principles to be followed to achieve the strategic goals?

When the strategy has been well put together, empowering people to achieve is much easier—telling why and how will already empower people to behave. When this is combined with enablement from financial and resource perspectives, organizational units, teams, and people are empowered to work according to strategy.

This building block will help tackle these counterforces:

Structural complexity	Excessive Portfolio Complexity	Defective external awareness	Prioritizing for immediate gains over long-term success
Burden of Legacy	Tools and value creation flow are not in sync	Compe-tence gap in leading software business	Lack of internal alignment

2 Create a regular cadence for decision-making at different time spans and make the decisions transparent

Organizations have a lot of noise in the form of new sales potential, market changes, customer needs, ideas for the future, and changes in the technological or political environment. All of these take attention from the strategic direction of the organization, and all of these are potentials or risks that need decisions and are easy to fall to. Keeping the attention and direction of the organization in line is difficult and needs to be well managed.

Organizations should create effective circles of control, or circles of feedback, to ensure that regular decisions are made to succeed towards the business and strategic targets. These circles of feedback are equivalent to time boxed development, where a time box limits the work-in-progress and ensures that the goals of the activities are achieved within that time box.

Good examples of these circles of feedback are budgeting cycles, OKRs, product increments, release cycles, demos, and sprints. Using these similar concepts all around the organization will ensure attention to the decisions and keep the whole organization on track.

This building block will help tackle these counterforces:

Structural complexity	**Excessive Portfolio Complexity**	Defective external awareness	Prioritizing for immediate gains over long-term success
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3 Always state the "why" of backlog items from the customer's perspective

Everyone will put more effort into tasks when we know the reason behind the request. Even if the requests would be in the form of a strategy or vision, the reasoning behind these directions is essential for behaving accordingly.

In our Agile coaching practice, we use the slogan of "squeeze the why" to state that all the people in the organization have the mandate to always ask what the reason behind all the requests and directions of the organization is. We see this to be one of the key guidelines for every organization. People should always be entitled and encouraged to squeeze the why.

The why behind all the requests should be in the form of value. Most often, the why should come from the customer or market perspective. Sometimes the why could be from a company's business perspective, such as building efficiency, effectiveness, or people's happiness. The best whys are the ones that can be connected to the organization's business success.

This building block will help tackle these counterforces:

Structural complexity	Excessive Portfolio Complexity	Defective external awareness	**Prioritizing for immediate gains over long-term success**
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4 Commit to the most important goals, not timelines

Sometimes, the most important goal might be a timeline, but often it isn't. business Agility is pursuing the goals rather than trying only to keep the timelines. For example, new features should be driven by the business goals of the feature rather than the initial timeline or plan made earlier. There are different ways to achieve this related to the field of business the organization is in. For example, in SaaS business, this can be achieved by the alpha-beta-commercial releasing cycle. In some other fields of business, this can be achieved by planning to create service packs soon after the initial launch to have a way to make necessary adjustments to achieve the original goals.

Another related issue in understanding that goals are more important than timelines is the perception of roadmaps. Roadmaps should not be commitments but something that needs to be revised when understanding of the current situation and priorities increases. A roadmap should always be a living document, and most of the timelines in the roadmap will always change.

When the timeline is an important goal or one of the goals, the way of working should be adjusted accordingly. But when the business goal is not timeline-driven, the ways of working should concentrate on rapid feedback, corrective actions, and continuous drive towards the desired goals.

This building block will help tackle these counterforces:

Structural complexity	Excessive Portfolio Complexity	Defective external awareness	**Prioritizing for immediate gains over long-term success**
Burden of Legacy	Tools and value creation flow are not in sync	Compe-tence gap in leading software business	**Lack of internal alignment**

5 Work in the smallest valuable batches and ensure there is feedback on completed work at every level of product creation.

One of the most important concepts in Agility is the cost of delay. The cost of delay describes the lost potential value that could have been gained by working faster. Cost of delay is one or a combination of any of these four elements:

1. Unidentified quality problems in component, system, or product level.
2. Cognitive quality debt caused by misinterpreting customer value. [7]
3. Unrealized business benefit due to not releasing done work to the customer.
4. Unrecognized security risks that are hard to reveal until the system is functionally complete.

Reducing the Cost of Delay can be done by focusing on fast feedback and learning. Fast feedback can be achieved by working in the smallest valuable batches possible and ensuring proper feedback loops from each level of the value chain.

The concepts of Definition of Ready, Definition of Done, and Acceptance Criteria should be used at every level of organization to reduce the Cost of Delay. These are the simplest feedback tools to ensure fast and valuable feedback.

When going deeper into product creation processes, DevOps ways of working, Customer Experience feedback tools, proof of concepts, and business experimenting tools create a framework for continuous and valuable feedback. These will further decrease the amount of cost of delay in the organization.

This building block will help tackle these counterforces:

Structural complexity	Excessive Portfolio Complexity	**Defective external awareness**	Prioritizing for immediate gains over long-term success
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6 Empower the teams to deliver value to customers

Empowering teams to deliver value to customers include three important aspects: empowerment, guidance, and enablement.

- Empowerment is about allowing teams to create fully release ready software or features.
- Guidance is about having a good strategy and a common understanding of the customer's needs.
- Enablement means creating technical capabilities to release with good technical quality and proper commercial support.

Releasing should always be a business decision. Depending on the organizational context, it might require additional decision-making. In the spirit of empowerment, release decisions should be made with the team and business together.

In a larger organizational context, empowering teams to act is about building networks inside the organization that have the knowledge, the means, and the empowerment to collaborate in order to create customer value. This requires good product organization design and a well-thought-out decision-making structure to make it happen. This level of Agility requires an advanced Agile culture and can be a real competitive advantage when in place.

This building block will help tackle these counterforces:

Structural complexity	Excessive Portfolio Complexity	Defective external awareness	Prioritizing for immediate gains over long-term success
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7 Enable continuous dialog about the product's customer and value throughout the organization

Understanding the customer and market needs the same way throughout the organization is one of the most important aspects of succeeding in any business. Almost always, sales, marketing, customer service, product management, and product creation

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have different views on customer value, customer needs, and market development. The very best of the organizations can align this, making everyone drive towards the same goals.

Organizations should have continuous discussion ongoing about customer value, customer needs, and market development. Business success is about the continuous balancing of short and long-term success. This can only be achieved by having a shared view throughout the organization about customer and market.

This building block will help tackle these counterforces:

Structural complexity	Excessive Portfolio Complexity	**Defective external awareness**	Prioritizing for immediate gains over long-term success
Burden of Legacy	Tools and value creation flow are not in sync	Compe-tence gap in leading software business	**Lack of internal alignment**

8 Create data from the realized output of items and use the historical data stubbornly for planning

One of the key ideas behind Agile thinking is that people are terrible at estimating. There are more than twenty known cognitive biases affecting estimates. Daniel Kahneman [8] introduced the WYSIATI model (What You See Is All There Is), which states that people make decisions based on the information they have available right now, not about the information they don't yet know. This and other biases always affect any human-given estimates.

Taking these biases into account, the best way to plan is to rely on historical data. Product creation is about always creating something new, especially in the software industry. Historical product creation data is not as exact as in production line -type environments. But to a lot of people's surprise, historical data is quite accurate in planning, even in product creation - especially when creating the work items is always similar. When we slice the work items similarly, historical data becomes meaningful.

Our guidance is to use historical data for planning purposes stubbornly. If our historical data shows that our capability to deliver is at a certain level (without making major changes in the processes or resources), the capability to deliver does not change. All estimates and plans, such as roadmaps and timeboxed development cycles such as Sprint and planning increments, should use historical data as the basis of planning. This will improve the plan's reliability, and mandates making difficult prioritization decisions earlier.

This building block will help tackle these counterforces:

Structural complexity	Excessive Portfolio Complexity	Defective external awareness	**Prioritizing for immediate gains over long-term success**
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9 Recognize and respect both your internal capabilities and external boundaries, but challenge them regularly

One of the things we've seen with organizations is that they are benchmarking their ways of working and taking ideas from totally different types of cultures and companies in different parts of their life cycles. As an example, start-ups without an extensive existing customer base, or delivery and support organizations can work very differently from companies with long-established customer bases.

The field of business defines boundaries for many organizations. Working in the medical or finance industries is very different from working with mobile games, for example. These external boundaries need to be taken into account, but not be limited by them. We've seen some medical industry companies being very Agile in their ways of working, and some consumer business companies being very stagnant in how they operate.

The third aspect related to this is the internal capabilities. Internal capabilities that matter are technological and business architecture, product organization design, tools and practices, and the company's financial structure. It is impossible to take an external idea, such as an Agile framework, and implement it on top of current internal capabilities without thoroughly thinking how these will suit together.

Organizational Agility can only be built on understanding internal capabilities and external boundaries and then building business Agility respecting those. Acknowledging these capabilities and boundaries are not always written in stone is essential. Therefore, it is important to challenge them regularly. Some of these can be changed. Respecting boundaries and challenging those regularly are keys to building a model that suits your organization.

This building block will help tackle these counterforces:

Structural complexity	Excessive Portfolio Complexity	**Defective external awareness**	Prioritizing for immediate gains over long-term success
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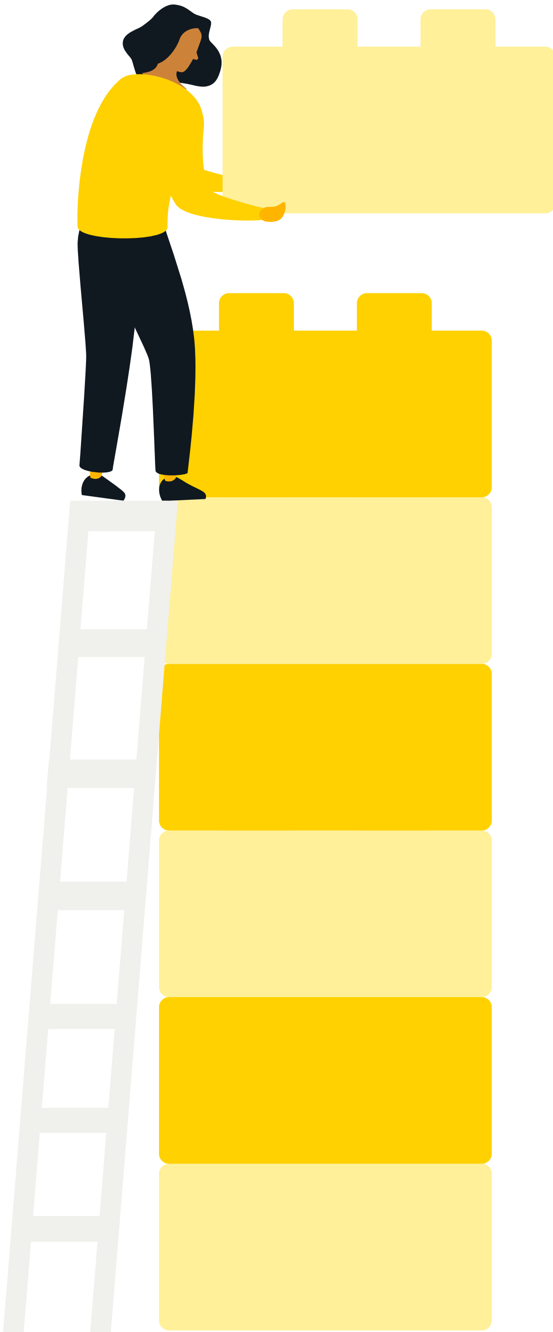
10 Commit to consistently making small improvements at every level. Aim to optimize and simplify

Creating a competitive edge from business Agility is a never ending pursuit. If you stand still even for a short period, the competition will outrun you. Agility is about continuous improvement. Sometimes a larger transformation needs to be done to take larger leaps in business Agility, but most of the work should be done continuously with small improvements at every level.

Everyone knows how to make things complex. Human nature is about creating complexity. Every time something goes wrong, the initial idea is to add a process step or quality gate to ensure it won't happen again. This is the easiest way to build slow, unresponsive, and non competitive organizations.

The aim should always be to simplify. Every day, every week, every month, something from the processes, some meetings, and some features at the end of their life cycle should go away. Concept of waste from lean thinking is important to understand in the context of product creation. There is always waste in any organization. Organizations need to keep a close eye on concentrating on what is valuable and continuously aim to simplify the value creation by removing this waste. Retrospectives and small experiments are the Agile tools to simplify and continuously improve the ways of working within the organization. Continuous experimentation on ways of working and an open mind to try things out can result in simpler, more fluent value creation. As a simple reminder, do not always add on top of the existing, but always try to remember to remove things also..



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How to benefit from the 10 building blocks

"All models are wrong, but some are useful", a quote from statistician George Box, relates to our list well. Our list of ten building blocks is not comprehensive or perfect. It reflects our current knowledge and learnings from tens of organizations on their way to business Agility. We recommend contemplating these ideas rather than trying to perfect the list. There are certainly many other essential building blocks to think of, but we've selected these for a reason.

All models are wrong, but some are useful.

These building blocks create the foundation for building business Agility. As an example, these could be written to a playbook format describing the organization's specific way of addressing the principles. Thinking and explaining these is a step toward creating a culture to support Agility. These will increase the motivation of people and affect the value-creation flow of the organization.

To change the organization is to change the culture

Change for the sake of change itself is always a bad idea. Change is not useful to an organization if the needs behind the change are not recognized or are misinterpreted. The wisdom shared by Peter Drucker [1] illustrates this: *"There is surely nothing quite so useless as doing with great efficiency what should not be done at all."* It can also be stated that changes without valid reasons can even be dangerous—especially if the organization is capable of making changes fast. Therefore, organizations need the discipline to analyze and validate the drivers behind potential changes both in their products and in changing their ways of working.

All too often, the application of Agile and other fundamentally different ways of thinking and working are done on the level of methods and frameworks alone, without acknowledging the deeper nature of change. To achieve a lasting change, it must be understood that it is about changing something much more subtle and non-tangible than adopting new tools, practices and roles. What we are discussing here is what is often called the *"DNA of an organization",* its culture.

What is culture

Organizational culture is the tacit social order of an organization. It is a set of collective, unspoken norms based on which people believe they are encouraged, discouraged, rewarded, or sanctioned. Culture resides in shared behaviors, values and assumptions and is almost always experienced and enacted through unwritten rules.

Cultures do not form overnight. Instead, the emergence of a culture is a process that takes place over a period of time, guided by the behaviors that are either encouraged or discouraged by the members of an organization. Organization's culture is a group phenomenon that permeates multiple levels of the organization. The visible part of culture is shown in shared behaviors, rituals, and in the physical environment. All kinds of legendary stories about the organization as well as symbols are part of the more tangible representation of your organization's culture. Take a look at your organization. Can you identify patterns in your "dress code"? Do you have a Friday Breakfast? Have you heard of any legendary exploits? What kind of language is used in the office and how do you talk about your customers? These are part of your culture.
The invisible part of culture consists of people's mind-sets, motivations, unspoken expectations and mental models, which are the basis of responses to the events taking place in the organization and its environment.

Furthermore, since culture is a group phenomenon it means that people are assimilated to the culture of the organization. Humans have a hard-wired property of fitting in in their environment and this results in adapting into prevailing culture. Naturally, those who experience an organization's culture negatively tend to leave the organization. This assimilation implies that cultures are self-reinforcing, consisting of people enacting on the same shared norms that shape their daily actions and decisions. Therefore, the organization itself is both the creator and the guardian of the culture, which makes cultural change difficult.

Changing the culture

Change happens at both the level of practices, tools, and frameworks as well as in the level of changing people's behaviors. Adopting new ways of working without understanding their purpose and not taking the behavioral change needs into consideration is not going to work well. One of the fundamental shortcomings in transition to Agile ways of working is to expect that once all the practices are in place, nothing needs to change. On the contrary, sometimes a lot of things need to change. Challenging the existing status quo is paramount from the perspective of analyzing, understanding, and changing the current organizational culture.

Steps to change the culture

Changing a culture is a slow process that happens in many places and levels and at a different pace in the organization. One cannot create a project plan for culture change, but certain steps can and need to be taken.

- **Recognize where you are:** Existing culture always prevents the new culture from being born to an extent. It is important to understand what type of culture is prevalent in the organization. Performance, Adhocracy, Competitive, Clan, Customer oriented, and even Pathological are examples of different cultural archetypes. Understanding the characteristics of your current culture will help you steer the change forward. In some extreme cases the existing culture can be so strong and counter-Agile that it is a viable question if a transformation should be even considered.
- **State where you want to be:** It is important to have a clear vision of what kind of an organization you want to be. Even more important is to make this vision concrete. If you want your organization to be more collaborative, how does this show in practice? What kinds of behaviors are required to achieve this? How do the benefits of increased collaboration show in practice? These are important things to consider, since having a solid vision provides you clear direction towards which the cultural change can be steered.
- **Iterate towards the target culture together:** While project plans cannot be created, you can schedule e.g., workshops, training, town hall meetings, Q&A sessions in which the transition is being discussed, relevant aspects are worked on and opinions are taken into account. These examples can be seen as markers from which learnings can be extracted and the course and actions adjusted. Culture evolves over time and the main thing is to make the transition visible and give everyone a possibility to contribute to the change process. Transformations do not happen in the boardrooms alone.
- **Be consistent:** Change involves everyone. All too often, Agile transformations are seen as a "IT thing" that does not affect other parts of the organization. This cannot be much further from the truth. Change is always all-encompassing, and requires considering every part of the organization at some point or another. It is especially important that the senior management is behind the change and even more importantly, they enact the change. The management's readiness to show concrete support for change by changing their own behaviors is really one of the make-or-break decisions considering any change. If the management is not willing to change their ways, why should I?
- **Document your culture:** As stories are a part of any culture, why not document them? Consider creating a space where people can document

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how they have enacted based on your values, how their actions were inline with the anticipated target culture, etc. This will help the culture to take root and it also serves as a great source of information for new employees as they join the organization. This "culture book" is a living document, which updates over time and yes, some companies actually have a culture book.

- **Be vigilant and persistent:** It's all too easy to fall back to old patterns, especially when things get difficult. This is natural, since the old ways have proven to be efficient in the past, and learning and using new habits takes time and practice. Therefore, it is important that we take notice when we stray from the new accepted ways and make this clear to ourselves. For example, if a team for some reason does not follow the agreed ways, it should be noticed and made clear to everyone in the team. Then a course correction maneuver takes place. The trick is to give the transition time and to encourage the behaviors we like to see and discourage those we don't.

Change is essentially about altering the ways we act and behave. These changes are necessary if an organization wants to reach sustaining Agility and reap the benefits from its Agile transformation. Changing a culture is far from being an easy task and it needs to be given as much attention as to changing the development frameworks, for example. One can not utilize the full power of any operational model or framework without achieving appropriate changes in peoples' behaviors.

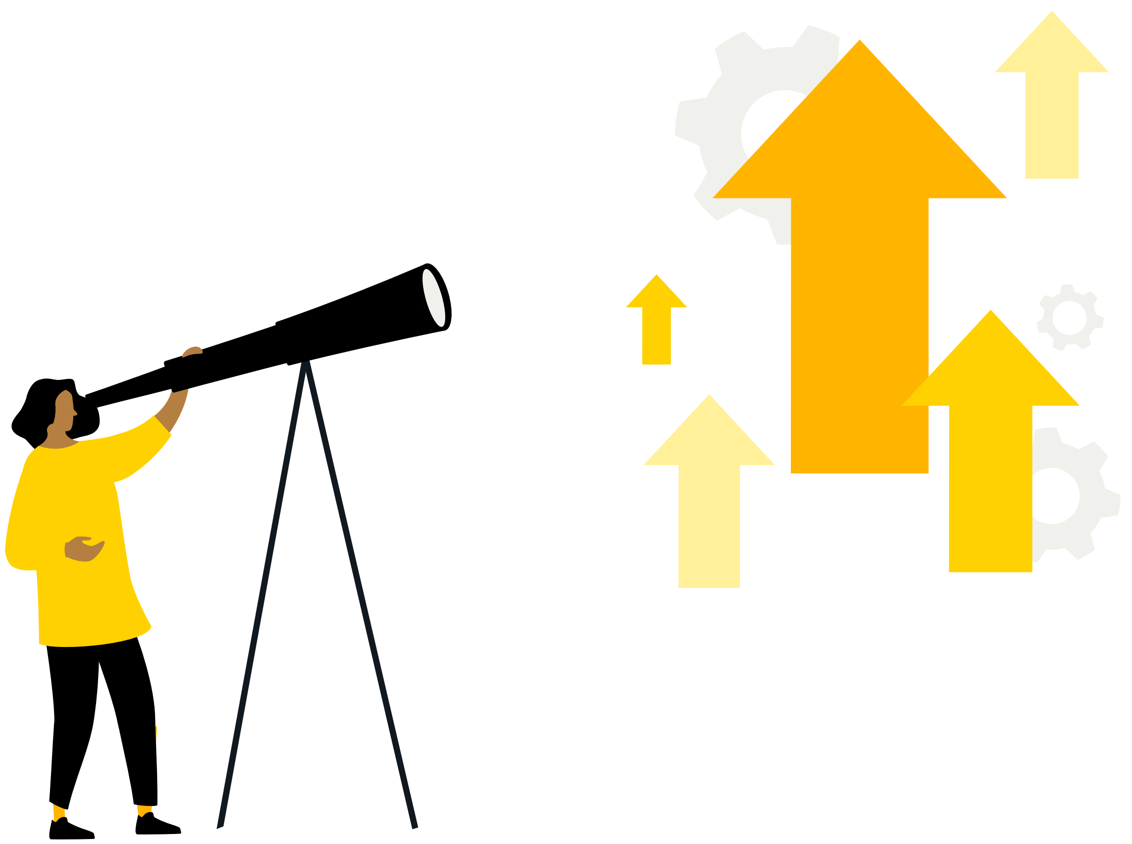
Changing a culture does not happen overnight. It takes time as well as an appropriate pace to change together with the ways of working. Too fast or too radical changes often result in major challenges within the organization. As an example, ill-conducted transformations often unnecessarily result in key people leaving the organization taking all their experience and knowledge without them. It is good to remember that change, both in ways of working and behavioral, happen iteratively and evolutionary over a period of time.

Summary

In this paper, we discussed what drives the change for business Agility from business and delivery efficiency points of view. The business forces are **driving forces** with the aim to steer the organization towards its intended goals. They provide the organization with a clear direction but will meet opposition in the form of **counterforces.** These counterforces are stronger than business forces since they already exist and are established in the organization. Therefore, it is crucial for organizations to acknowledge their existence and understand their relationships with the business and Delivery efficiency forces. This paper also discusses these forces and maps their relationships with driving forces to provide the reader with an overview of the topic.

In addition, we provided the 10 building blocks of business Agility. These are principles that install and implement Agility in the organization. These building blocks are also **enabling forces** and measures to tackle the discussed counterforces, which organizations need to identify by thorough analysis. The list of corrective actions can therefore be planned using these principles as guidelines.

Finally, we briefly touched on culture and cultural change. Ultimately, all change is about changing people's behaviors. The most acutely sensed need for change, the most thorough analyses and the most impactful change plans and actions do not change the organization. The organization changes only when the professionals working in them change their behaviors to align with the agreed change vision and the 10 principles of business Agility.



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