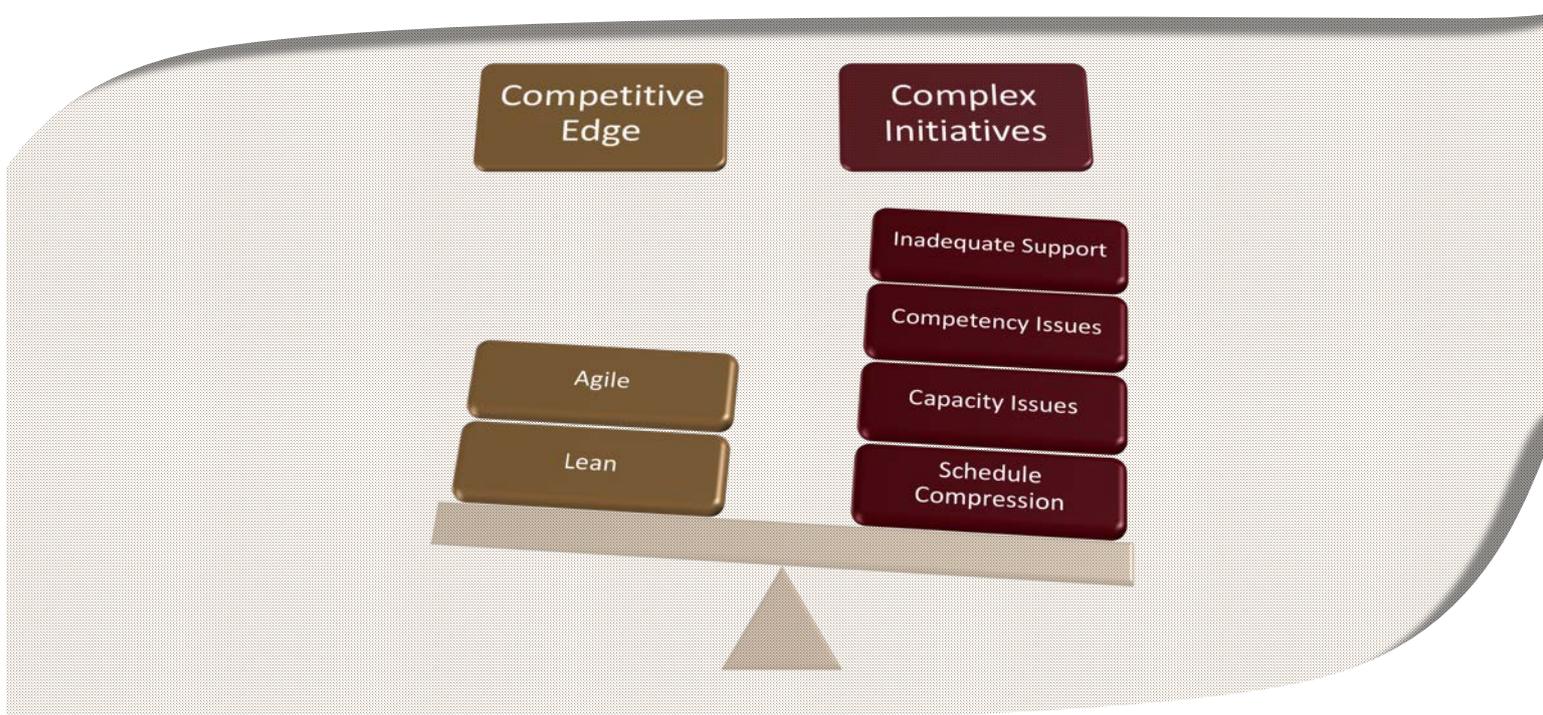


A Leaders Perspective on Realising True Competitive Edge in Lean & Agile Organisations



The Increasing Challenges of Leadership

The role of a leader increasingly requires exceptional commitment and personal sacrifice in the midst of a constantly accelerating and shifting global business environment. There is never enough time in the working day and a constant stream of highly differentiated and complex initiatives contest for your time. The ever increasing stretch targets to deliver more with less and faster than your competitors are further compounded by a large number of competing and formidable challenges, such as:

Macroeconomic:

- Tough global economic conditions
- Global supply outstripping demand
- Geopolitical shocks
- Trade restrictions and sanctions
- Sharp and sustained financial market contractions

Strategic:

- Both organic and inorganic growth ambitions are limited and challenging
- Increasing acceleration of disruptive innovations excessively strain organisational agility
- Business model integrity is being increasingly threatened by rapid environmental shifts including new products and services
- Aggressive and highly agile competition are threatening market share

Operational Risks:

- Inadequate performance of outsourced, contracted suppliers to deliver against commitments
- Operations is not able to meet performance expectations related to quality, time to market, cost and innovation as well as our competitors
- Inability to rapidly execute complex business change is delaying and increasing the cost of critical adjustments to the business

As a result, it appears inevitable that the boundary between your work and personal life will constantly shift in favour of the former and the pressure to succeed will loom ever greater. For most, this results in a lifelong and continuous obsession with finding the '*holy grail*' of solutions. One that can prove highly elusive in the face of so many competing and formidable challenges. What however if such a solution did exist and in fact resided in examining your 'blind spot', that is the one created by the '*shadow of your organisational culture*'? Indeed, what if such a solution didn't require a quantum shift in working practices, but when expertly deployed would vastly improve outcomes?

True Competitive Edge

As eluded to in the title, we are specifically constraining our solution here to lean and agile organisations. Such business models are increasingly being adopted as a means of competitive edge and in principle the design logic is sound. For clarity and convenience, one simple and high level abstraction of the design principles shaping a lean and agile organisational culture is provided below:

'To remove all non-essential resources, especially those that add more limited value and rapidly implement business adjustments with comparative ease'

Also, the characteristics of '*agility*' have been further elaborated by 'Forrester':

Market:

- market responsiveness and
- channel integration.

Organisational:

- knowledge dissemination,
- digital psychology, and
- change management.

Process-focused:

- business intelligence,
- infrastructure elasticity,
- process architecture,
- software innovation, and
- sourcing/supply chain.

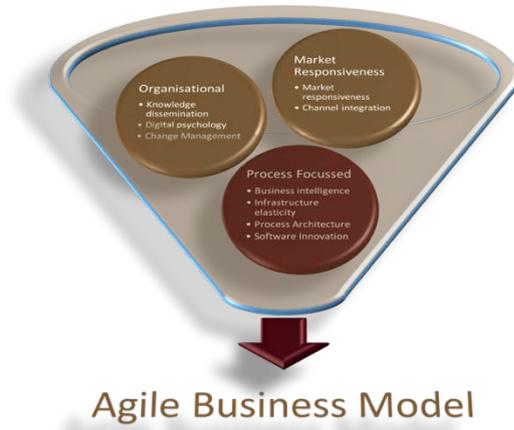


Figure 1 Characteristics of agility

Although many leaders would comfortably identify their organisations as lean and agile, a less confident response would concern its contribution to generating 'true competitive edge'. That is quite simply, their organisations 'comparative ease' in achieving 'rapid leaps' and in essence that which 'sorts out the leaders from the followers'.

Rapid Leaps

In terms of scale and difficulty of 'rapid leaps', at the top right we have mergers, acquisitions and divestitures. These are followed by enterprise wide transformations and complex IT transformations such as global ERP implementations.

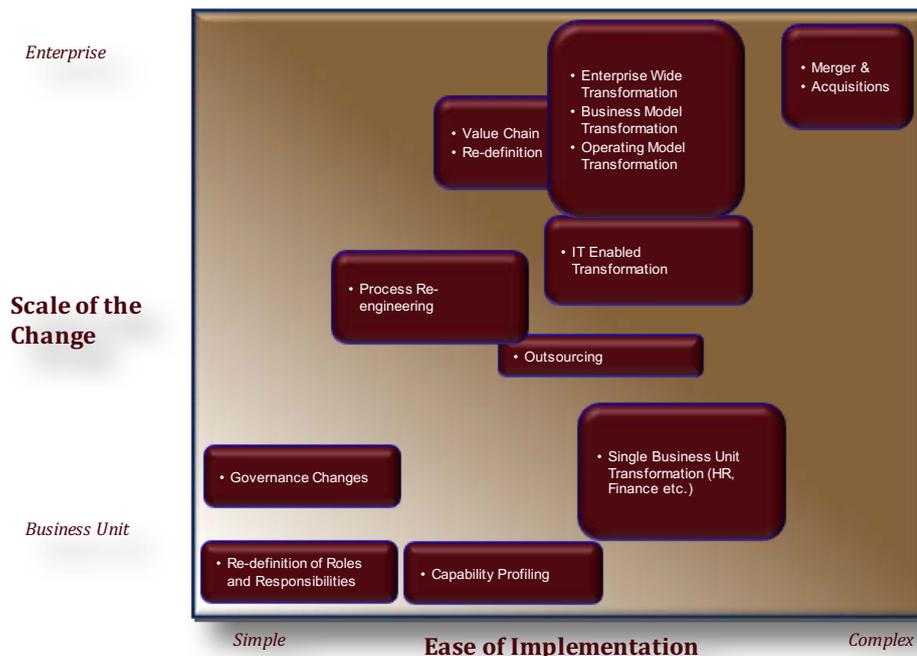


Figure 2 Rapid leaps

There are many different types of business process reengineering, functional restructuring and other complex initiatives that sit below these. Needless to say, achieving rapid and complex change is highly challenging and carries significant risk. Conversely, the upside of successfully executing such initiatives is prodigious and there are significant benefits associated with being truly lean and agile:

Truly Lean & Agile:

- Capability to repeatedly execute accelerated initiative delivery, realise reduced costs and achieve aggressive business objectives
- Confident and competent business model adjustments through the reduction of delivery risks and remediation of competency gaps
- Increased performance from engaged business partners through tighter commercial arrangements, increased deliverable quality and tighter performance management
- Greater predictability and leadership visibility on initiative status
- Critical alignment of globally distributed teams and a highly resonant execution
- Efficient and effective engagement with the business and minimisation of business disruption
- Far greater leadership control of complex business initiatives
- Increased credibility and job satisfaction for the assigned leadership, engagement management and solution delivery teams

Unfortunately, achieving such a capability eludes the vast majority of organisational leaders and the 'root cause' can be traced back to an organisational 'singularity'.

Shadow Bias

Before an organisation can become 'truly lean and agile', it has to overcome the intrinsic and fundamental vulnerabilities that are no more exposed than when executing a rapid leap forward. The increased emphasis on speed of delivery, elimination of redundancy and 'fat' and desire to 'keep it simple', if not expertly managed and executed, will most certainly derail or as a minimum deliver poor performance. Why? because, there is a precise balance needed between the:

- Speed of delivery, delivery rigour and capacity to deliver
- Simplification of delivery approach, management of complexity and maintaining control
- Minimising team size, but recognising the breadth of required competencies, learning curves and available support

Simply put, there is a sliding scale of opposing forces that need to be brought into 'equilibrium'. A shift to far to the left and you have a poorly executed initiative and too far to the right, the loss of speed and increased cost. There also appears to be a 'bias' in such organisations towards the former. This bias exerts a heavy influence and often skews the response to the following key initiative shaping questions. Indeed, the high volume and percentage of such failed initiatives in agile and lean environments, provides considerable evidence that these questions are either not being adequately raised or are resulting in an over-simplified response and subsequent execution. In effect, the 'shadow bias' of the organisations culture:

Revealing Shadow Bias:

1. Have we the right people, competencies, skills, experience and capacity?
2. Are we allowing the organisational culture to predominantly shape how the initiative will be delivered and without a deep understanding of the impending delivery challenges?
3. Is/are our delivery partner(s) up to the task and are they able to fully and effectively support our team?
4. What proven delivery models can and should we leverage?
5. Is there an awareness of the gaps in initiative shaping competencies and skillsets?
6. Are the objectives and benefits achievable?
7. How will we engage with and align the business in this initiative?
8. What competencies are required to govern and coordinate all the moving parts, whilst uncovering and addressing initiative vulnerabilities?

1. Have we the right people, competencies, skills, experience and capacity?

Delivering complex business transformation initiatives with a lean team and using agile methods requires broad and high levels of competence from the assigned team and without exception high levels of performance. In theory at least, delivery partners should be driving the engagement and providing the required supplemental competencies and skills. Unfortunately, it is commonly the case that significant competency gaps, driven in part by commercial risk avoidance, sets up the initiative for major issues downstream. For example:

- Poor quality or even totally absent critical deliverables
- Major disconnects between the organisation and partner delivery teams, due to an 'us and them' delivery mentality
- Schedule and cost slippage due to a lack of a cohesive delivery, inadequate competency and skill coverage and serious capacity issues
- Business disruption as key areas of the change effort are not addressed or poorly managed
- A significantly eroded business case
- A distressed initiative

Reassuringly, the means of avoiding such an outcome does necessitate a radical move to 'full blown' structured delivery methods; But rather, to fully appreciate the strengths and weaknesses of lean and agile delivery and compensate for the latter.

2. Are we allowing the organisational culture to predominantly shape how the initiative will be delivered and without a deep understanding of the impending delivery challenges?

Although many successful organisations are leveraging lean and agile business models to remain competitive, what works for the 'day to day' running of the business cannot be quite as easily applied to executing complex business initiatives. Here's why:

- Complex change requires a certain amount of planning, design, alignment and coordination. A 'keep it simple' delivery philosophy, can easily result in a poor outcome or even a catastrophic failure
- Distributed teams in a global setting, do not typically have the benefits of colocation in delivering the initiative (due to day jobs and cost) and multiple time zones severely hamper coordination and communications effort
- The lack of an appropriate systemic and holistic delivery framework creates increasing misalignment, confusion, rework and delays, due primarily to the lack of a coherent roadmap
- Key competencies and skill gaps distress delivery, often in the 'grey zone' between the organisation and partner teams

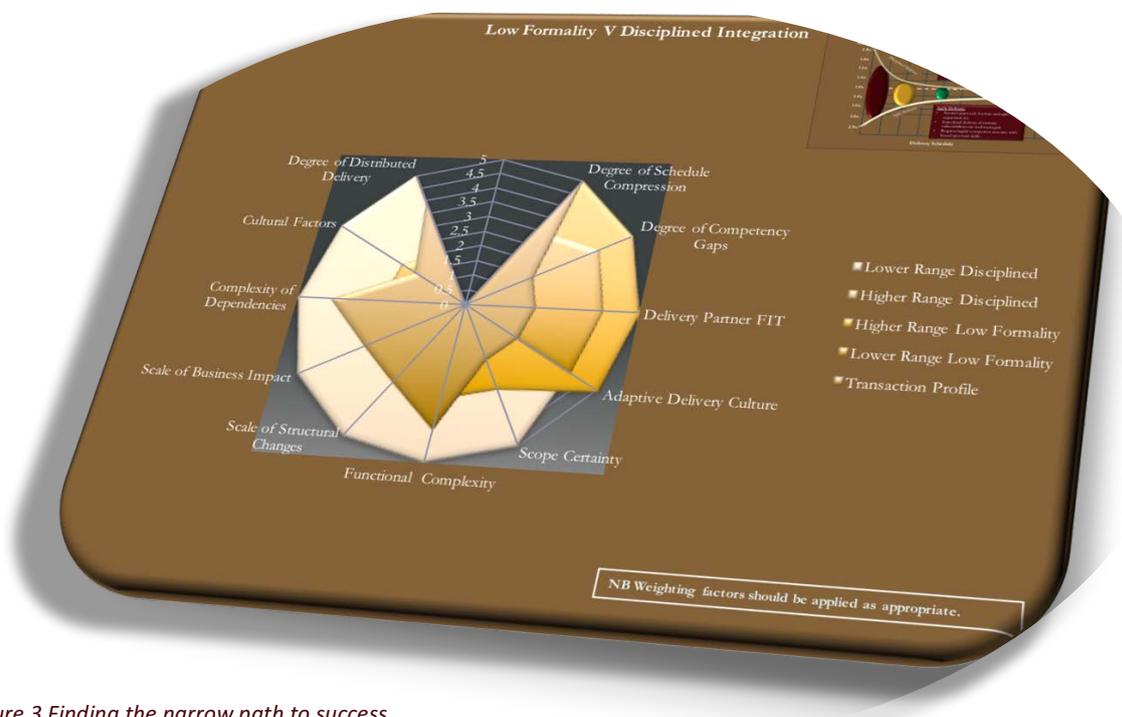


Figure 3 Finding the narrow path to success

Organisations should scrutinise the effect company culture is having on shaping the execution of complex initiatives and

determine whether this is delivering the desired outcomes. If not, maybe it's time review what is and what is not working and consider deviating slightly from the 'status quo'.

3. Is/are our delivery partner(s) up to the task and are they able to fully and effectively support our team?

Organisations look to their delivery partners for expert guidance and a high level of specialist competency and skills. That's the expectation at least, but in practice and after the sales process has ended and delivery begins, the reality is often disappointment. The pressures and time constraints associated with lean and agile delivery cultures, leaves little time to fully scrutinise and negotiate commercial execution in relation to delivery partner(s) services; Further and more often than not, organisations do not have the expertise needed to test the robustness of delivery partner frameworks, competencies and delivery models. The result is that organisations:

- Allow delivery partners too much commercial 'manoeuvrability'
- Do not pick up poor quality delivery frameworks
- Allow delivery partners to field junior or lower performance consultants
- Spend too much time managing the partner relationship and end up with a 'tail wagging the dog' delivery scenario

If this sounds all too familiar, then the next step is to acquire this expertise; It will pay for itself many times over.

4. What proven delivery models can and should we leverage?

Delivery models and frameworks exist to provide a proven and repeatable path in getting an organisation from 'State A' to 'State B'. They cover an extremely broad range of disciplines and each is predicated on a different set of principles. They range from polar opposites such as highly agile to highly disciplined, each has its own merits and vulnerabilities and will vary alignment with different business cultures at different stages of maturity.

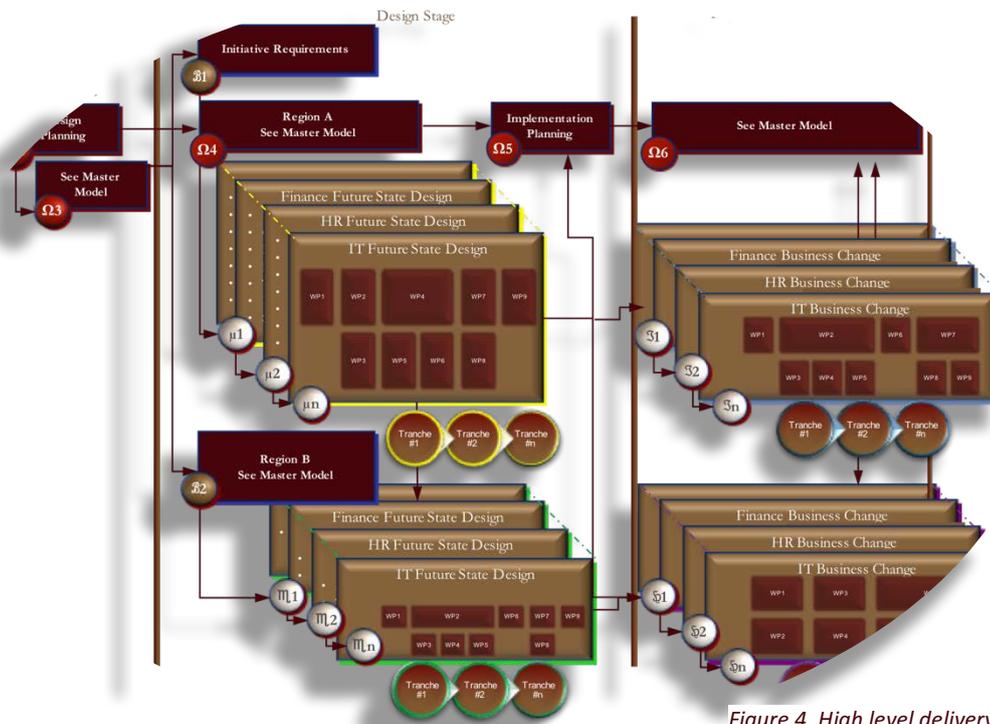


Figure 4 High level delivery model

Some frameworks can be executed by small delivery teams and others require an 'army of consultants'. Few organisations will have exposure to the majority of these frameworks and even less will have witnessed their execution in a broad range of business sectors and cultures. It is also often the case that complex initiatives will require a hierarchy of sub-frameworks to cover a multitude of disciplines, including:

- Business change and transformation, organisation design and restructuring
- Culture alignment
- IT systems & package implementation e.g. ERP
- Data governance
- Merger and acquisition integration, divestiture separations
- Business strategy formulation and execution
- Business modelling and design
- Service delivery transition
- Human performance improvement
- Business process re-engineering
- Et al

Each will require a specific set of skills and competencies, which may be sourced from multiple parties, both inside and outside the organisation. In either case, the essential expertise and experience will typically take years and sometimes decades to master. To complicate matters, there also many different variations and flavours of approach to choose from, rarely however will there be more than a few which are 'workable' in a given initiative and even these often require tailoring.

So how can organisations gain confidence that they are adopting the right frameworks in delivering their next business critical initiative? There will undoubtedly be a history of using a sample of these frameworks to help inform this decision and which will provide useful guidance. In the end, what is required is a deep understanding of the initiative objectives, the complexity, the organisational culture, its competencies, its delivery partners and the suitability of each candidate delivery approach. Unfortunately, many leaders underestimate the importance of getting this exercise right and will spend a major part of their career slowly and painfully unwrapping this understanding.

5. Is there an awareness of the gaps in initiative shaping competencies and skillsets?

Based on decades of experience in shaping the delivery for a large number of complex global initiatives in a diverse range of business sectors, this task requires delicate handling. There are always unique constraints ranging from available resource, budget, delivery timescales and organisational culture. When that culture is lean and agile, typically the schedule compression goes up, resource constraints tighten and delivery discipline loosens. The focus is constantly on demonstrating progress and stripping all overheads.

Often, there are multiple 3rd parties involved and depending on their delivery maturity and culture, either a disposition towards high discipline or high informality. Rarely is there a '*glove like fit*' with the organisation and combined with commercial risk avoidance, critical gaps in competencies and delivery integrity start to appear. The end result is yet again an underperforming initiative and a commitment to '*do better*' next time.

So how do we minimise the risk that the same painful delivery experience and poor initiative outcome is not repeated? How is the fit between delivery partners and the organisation to be improved? How will critical gaps in competencies and delivery integrity be addressed? Will we need a radical departure from lean and agile delivery?

The first step is an expert perspective on the type of delivery models used to deliver complex initiatives within the organisation. This includes both the organisation and third parties and should focus on both governance and solution delivery. The aim is to agree a minimum set of critical interventions and augmentations essential to managing the major delivery risks and vulnerabilities.

This rapid exercise requires a very broad and deep set of competencies and considerable exposure to many other comparable and complex initiatives successfully undertaken in similar organisations.

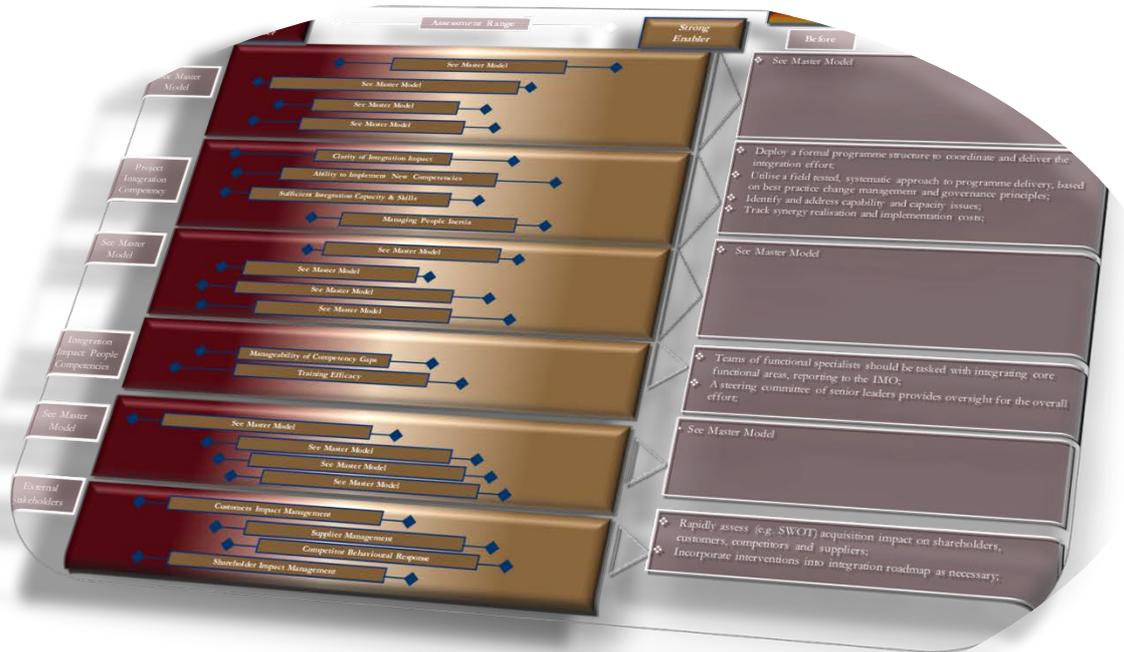


Figure 5 Mitigating the vulnerabilities

It also requires a thorough understanding of a wide variety of delivery models, including what artefacts are mandatory versus optional and what can be 'light touch' versus rigorous.

The mechanisms for addressing shortfalls in competencies and skills, varies based primarily on the scale of the identified gaps. Mentoring the in-house team has proven highly effective and which has the added benefit of embedding new skills into the organisation. This can be combined with a senior delivery role for the assigned mentor(s) which again maximises efficiencies and reduces cost. This approach has proven instrumental in the success of many complex initiatives. In each case, the enlightened leadership recognised the critical and positive impact of this approach and the otherwise likely consequences. It is only however when you've experienced the 'flow state' created by this approach that its efficacy can be truly appreciated.

Fundamentally, adopting such an approach is in keeping with a lean and agile organisational culture and does not require a radical departure. It does however require a hybrid delivery/mentoring role and deep expertise and experience undertaking such a role in lean and agile environments. A role which can:

- Manage the complexity whilst encapsulating it from the business
- Provide a wide range of competencies and knows what to look for in the wider team
- Can rapidly assess delivery maturity in both the organisation and its partners
- Can demonstrate expertise in a spectrum of delivery frameworks and understands how these should be tailored for a bespoke fit and to enable a rapid, agile and lean delivery
- Leverage accelerators and provide knowledge transfer whilst recognising organisational learning curves
- Can expertly manage and align the organisations delivery partner(s), from both commercial and delivery model perspectives
- Understands the innate vulnerabilities of delivering complex initiatives in lean and agile organisational cultures

and how to address them

- Is adept and leading complex global initiatives with highly distributed teams
- Has considerable experience leading the accelerated delivery of complex initiatives in lean and agile organisations, combined with a successful track record

6. Are the benefits and objectives achievable?

Obtaining a clear position on the achievability of benefits and objectives depends on many variables as we know. The rigour, knowledge and expertise required to produce a realistic and achievable business case is non-trivial. In lean and agile cultures, a 'light touch' and more 'informal approach' is often taken. There is a heavy reliance on leadership to help shape these targets based on their vision and experience. This top down approach is a good starting point, but is best triangulated by a 'bottom-up' validation or there is a significant risk that leadership expectations may not be achievable.

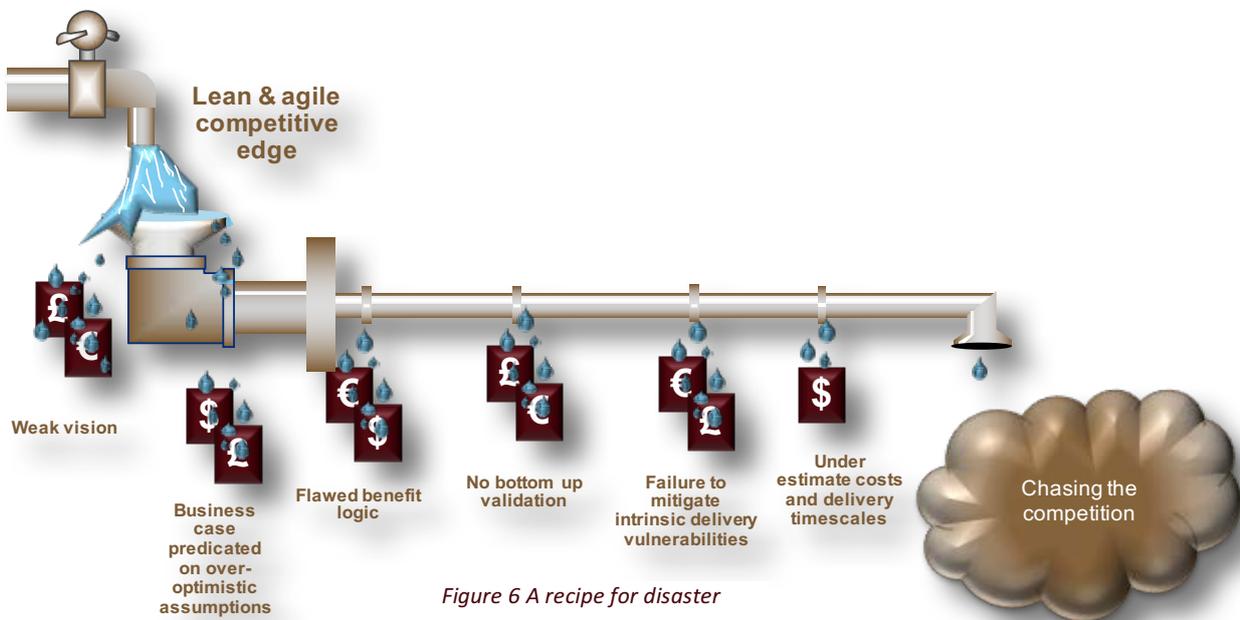


Figure 6 A recipe for disaster

A further complication is where leadership maximally constrains the scope, schedule, cost and resourcing of an initiative, which prevents 'throttling up' of the delivery capability when needed. In lean organisations especially, there is little to no redundancy available in the resourcing model; As such, the ability to accelerate following unavoidable delays is highly constrained and exhausting. The net effect is that benefit profiles are pushed to the right and the business case inevitably weakens.

7. How will we engage with and align the business with this initiative?

The subject matter expertise (SME) for an initiative will typically be provided by the business, against a backdrop of multiple competing commitments. In the case of a global initiative there will also be localised end state variations, including those driven by statutory and legal compliance constraints. In such instances the SME's will be distributed across a global footprint, with reduced working day overlap and this further challenges efficient and effective engagement. Where an initiative is a merger or acquisition, this engagement will cut across organisational boundaries to

further complicate matters.

Clearly, managing SME expectations concerning initiative effort and timings is crucial and they will also require significant guidance and support in executing assigned tasks. Leadership will also play a key role in winning 'hearts and minds', whilst providing direction, decision making and agreeing suitable interventions.

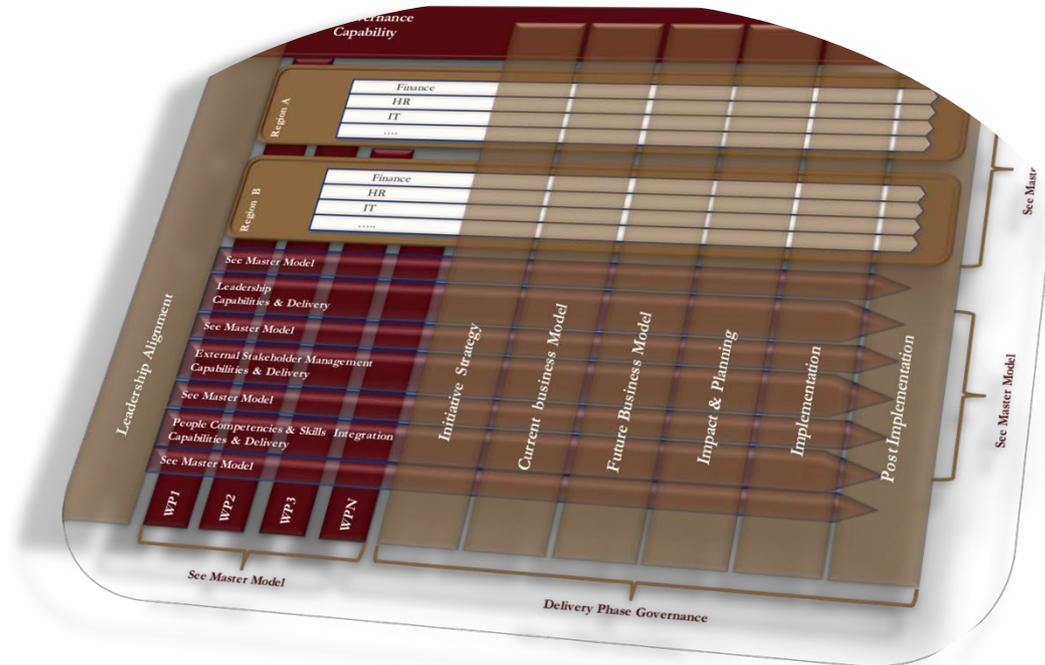


Figure 7 Multi-faceted business alignment

All these activities need to be efficiently and effectively coordinated and aligned, whilst maintaining delivery momentum within the core team. In a lean and agile business environment, there isn't a large team sitting around ready to help make all this happen, so real clarity is required regarding core team roles, responsibilities, capacities and competencies. Such clarity is however very much dependent on a deep understanding of the chosen delivery model and which also emphasises the importance of a '*expertly tailored organisational fit*'. The absence of such fundamental measures, will considerably complicate achieving both an efficient and effective engagement of the business and also thwart a '*highly resonant*' delivery.

8. What competencies are required to govern and coordinate all the moving parts, whilst uncovering and addressing initiative vulnerabilities?

The answer to this question depends on a number of factors including:

- The complexity of the initiative
- Chosen delivery approach
- Relevant experience, degree of competency and skill gaps and learning curve of the core team
- Capability of delivery partners

- Global distribution of the initiative core team
- Global footprint of the business impact

Within lean and agile organisations, the organisations core team assigned to a particular initiative is predictably leaner than that commonly deployed in more formal organisations. Further, delivery partners will have a well-defined brief and which typically does not include mentoring, leading and fully supporting the organisational team at the critically needed level. This delivery model can exhibit several vulnerabilities, which if left unchecked, will certainly distress the initiative in both execution and outcome. These can include:

- Confusion on roles and responsibilities
- Inadequate alignment between the organisations core team and delivery partners
- Inefficient engagement with the business
- Quality issues with initiative deliverables, due to competency and skill gaps
- Unforeseen and unallocated tasks that commonly derail delivery and inflate costs
- An erosion of benefits due to delivery issues and an inadequate delivery approach

Some of these issues can be addressed by expert governance and experience gained in delivering similarly complex initiatives in lean and agile organisational environments.

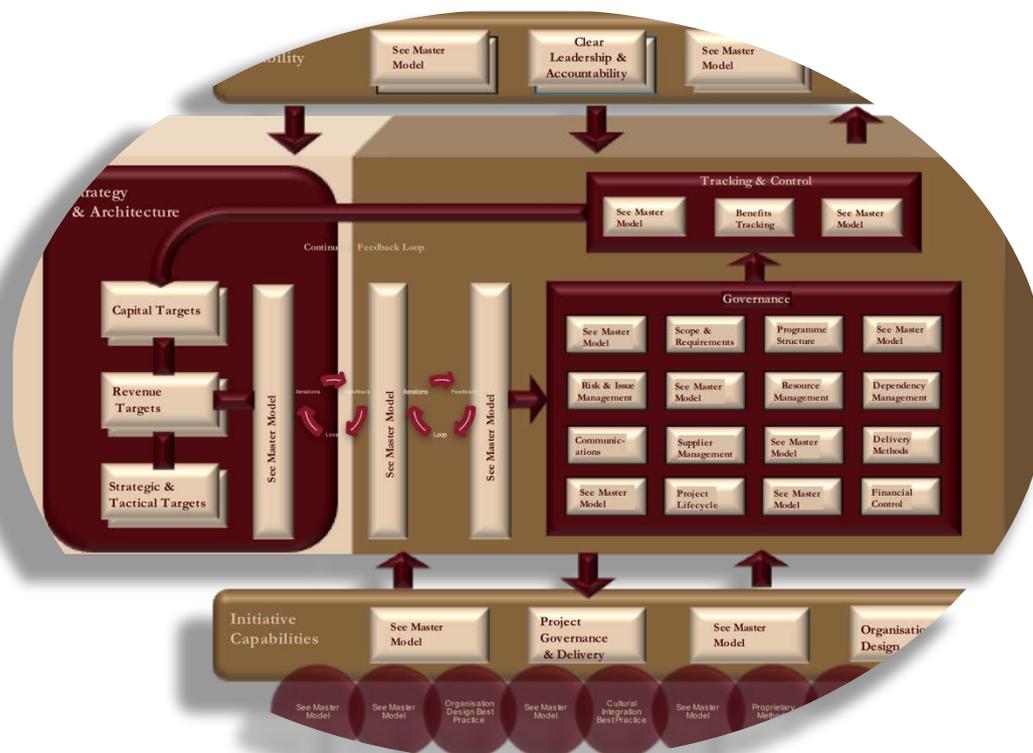


Figure 8 Expertly controlling all the moving parts

However, the competency and skill gaps are always wider than governance capabilities, including solution architecture and design, business change and transformation and a broad spectrum of other competencies linked to the leveraged delivery model. Experience has also vividly demonstrated that many initiatives require specialist delivery models, such

as mergers, acquisitions and divestitures which bring their own set of unique challenges. All this adds up to a wide and deep gamut of competencies and skills, including governance, business and technical that need to be resourced. Clearly, first securing the right engagement lead and solution lead to shape and define the most appropriate delivery model is critical to maximising the probability of a successful outcome. Unfortunately, the resourcing approach for both these key roles is frequently sub-optimal and in itself heavily influenced by the '*shadow bias*' of the organisational culture. In such cases and from the outset, the '*shadow has been cast*' and '*vulnerabilities veiled*'.

Conclusion

For lean and agile organisations to possess real competitive advantage, they need to be able to execute rapid leaps and better than their competitors. Leaders who have an awareness of the '*shadow bias*' of a lean and agile organisational culture on complex initiative shaping and delivery are more likely to succeed. Such leaders realise that what is needed is not a radical departure from a lean and agile approach, but to recognise the vulnerabilities and address them. They also realise that delivery model complexity must be managed by expert hands and encapsulated from the business; This approach avoids the disastrous consequences of over-simplification, provides a simplified interface into the business and can still be executed by a relatively small core team with suitable mentoring. The result is a truly lean and agile business that can:

- Repeatedly execute accelerated initiative delivery, realise reduced costs and achieve aggressive business objectives
- Make confident and competent business model adjustments
- Increase business partner performance
- Achieve greater predictability and leadership visibility
- Maintain critical alignment of globally distributed teams and a highly resonant execution
- Execute efficient and effective engagement with the business and minimise business disruption
- Demonstrate greater organisational control
- Sustain competitive edge

Unfortunately, for far too many leaders their organisational culture exerts too strong a pull. It is all pervasive much like the inner sanctum of a '*singularity*' and such that within the bounds of this '*conceptual event horizon*', there is only one direction. Such an approach will undoubtedly possess many virtues, but it is only when less constrained and greater freedom permits that it can be made optimal and impart true competitive edge. Only then will the many personal sacrifices and relentless commitment yield the deserved recognition and reward.

About the Author



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Leyton Price is the managing partner with Dettica and is based in the United Kingdom. Leyton has provided delivery leadership services for many complex global initiatives, including a \$3 billion cross-border oil & gas divestiture, but also most recently the concurrent integration of six acquired businesses with a global scope and predicated on a new common ERP & IT cloud platform. He has deep experience shaping and leading the execution of complex M&A, business change, transformation and IT programmes for high profile clients with a global footprint. He is particularly adept at delivering complex initiatives in lean and agile environments and has a very wide and deep exposure to proven delivery models. Leyton is most commonly deployed globally by his clients to address their delivery vulnerabilities in complex initiatives and is regarded by the same as a high value, high performance consultant and advisor.

About Dettica

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