

# Agile and leadership

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## Introduction

There is uncertainty in most of software development. It is essential for the success of a business to deal with that uncertainty in an effective and efficient way. An agile way of working and structures like SAFe are just two elements of the puzzle to help the organisation deal with that uncertainty. But even more important is leadership. I have seen many Agile implementations fail because they did not adjust the style of leadership. This document provides some of my views on how leadership can contribute to better returns on the investments in an agile way of working. It is written to provoke a discussion; I am aware the world is not as black and white as I describe below and many different views exist.

## Executive summary

There is uncertainty in most product development and different people and different cultures deal differently with that uncertainty and often prioritise predictability. Although there is value in predictability, I believe in many cases there is more competitive value in productivity. Because of the uncertainty in most software development, unnecessary commitments lower the productivity. From that point of view, management by commitment is often counter effective. Managers should accept there is uncertainty and organise themselves for that.

The role of a manager is to create conditions for success. Trust and feeling safe are important conditions for teams and individuals to be successful. Creating such an environment is an important role for the manager. Another success factor is the performance of the people. But you don't manage performance by pushing people to uncertain objectives. He rather involves himself in what is blocking improved performance, provides good feedback and links all this to development of the organisation and the individual.

## Accept uncertainty

### There is uncertainty in product development.

There is intrinsic uncertainty in most of software development, both because it is not always clear what the product should be as well as uncertainty about what it takes to create that product, as most of the time the development includes many first of a kind elements. Software development is a complex adaptive system<sup>1</sup>. Complex because it is less predictable than ordered systems but more predictable than chaos. Adaptive as it is able to improve itself continuously. That uncertainty may create difficulties, especially in cases when results or other activities are dependent on the outcome of the software development process. But it is still better to deal with that uncertainty rather than deny its existence.

### Different cultures deal differently with uncertainty

It is important to be aware of cultural differences how to deal with uncertainty. I often refer to the research done by Geert Hofstede<sup>2</sup>. Extensive statistical analysis unveils 6 dimensions, on which cultural differences can be compared to each other. One of those has to do with how cultures deal with uncertainty, or better to what extent, members of that culture feel threatened by uncertainty and feel a strong need for predictability. Countries like Greece, Belgium, Japan and France score high on that list, where countries like US, UK, Denmark and the Netherlands score much lower. It is good to be aware of these cultural differences, both in your team as well as with the customers you want to serve. But also, people deal differently with uncertainty and

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<sup>1</sup> See Jurgen Appelo, Management 3.0

<sup>2</sup> <https://www.geert-hofstede.com/national-culture.html>

sometimes even very different in various situations: I have seen many CFOs able to live with the fact they cannot control the share price, but have difficulty to deal with the uncertainty in development projects. They seem to better accept the uncertainty of the share price than the uncertainty of software engineering. Many managers become in their career responsible for areas they do not fully master themselves and have difficulty to judge the productivity. They are easily tempted to judge the performance in these areas on predictability as it is easier for them than judge the productivity.

### Although there is value in predictability, there is more value in productivity

Especially in highly innovative environments, there is substantial uncertainty. In those cases, I believe it is more important to be faster than competition than to exactly predict when a fixed specification will be ready. That does not mean that predictability is not important. On the contrary, it is important to synchronize with other activities in the value chain to avoid unnecessary waste. A general misconception is that Agile does not care about predictability or commitments. It does and in fact, it is designed to be better predictable and better be able to live up to commitments. But for some reason, the very fact you manage uncertainty rather than deny it, gives the impression you don't care about commitments!

With an Agile way, you focus the organisation to make steps in the right direction, while enabling early feedback on the need for corrective actions. And as Agile is about collaboration, you make steps in the right direction together with your customer, where a focus on contract execution may easily lead to a wrong product and a lot of discussions that do not add customer value. The constant collaboration allows for a better synchronisation with other parts of the bigger project, better than try to execute a plan you know will not be correct.

The CEO of one of the companies I worked for once explained me: "Han, I don't care about the exact business cases. It can be a few months earlier or half a year later, it can be 1 million more or less, I don't care. If our strategy is better than the strategy of the competitor, we will win in the end!". I believe that is very true and a good way to deal with uncertainty. If you have a better strategy in whatever game you play, you may have some misses, but on average you will win. It is about climbing the mountain as fast as possible in a certain direction, finding the best path, rather spending hours to try to determine in advance the best path before starting climbing. We should make our teams run as fast as possible. Move in the right direction, but we seek active feedback as early as possible whether this is the right direction. The uncertainty makes we will make mistakes. But we better fail fast, learn fast and avoid huge investments in a wrong direction. That is one of the big advantages of Agile and the reasons why it leads to higher productivity.

And, as we will discuss later, the fact management recognizes there is uncertainty, makes people feel safer to take risks and avoid unnecessary buffers, which lead to an even higher productivity.

It is proven in many projects, Agile performs better in productivity, not only as it reduces risk of waste by limiting work in progress but also as it is more based on autonomy, motivation, and collaboration rather than on structure and control.

### Management by commitment may be considered harmful

Commitments are fact of life and often used to manage necessary synchronisation of various sub-deliveries. There is much literature challenging if this is the best way for synchronisation and whether transparency on the dependencies is not much more effective<sup>3</sup>.

Because of the uncertainty, the only thing you can do when scope, resources, and quality are fixed, is to add a buffer before the committed date to increase the chance to meet the deadline. Such a buffer at the end of the critical path is not a problem. It becomes a problem when the critical path is full of buffers, as buffers tend to fill (Goldratt again) and as such the productivity will decrease. So, when a project is managed in a way where all sub-activities are managed by commitment, the project becomes less productive.

In fact, what often happens is that the responsibility to manage the uncertainty is delegated too low in the organisation, where teams no longer have means to manage the uncertainty and have no other option than to create buffers. They often are not in the position to negotiate scope or add resources. They either compromise

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<sup>3</sup> See for instance E.M. Goldratt: Critical Chain

on quality or add buffers. And even if management says they don't want buffers, a "management-by-commitment" style will lead to many hidden buffers, which in the end will result in lower productivity.

Many people see delivering on commitment as a goal in life: do what you promise. And I agree, but be careful what you promise. Don't promise what you can't control. Life seems very easy for a manager who just has to steer on commitment. But by delegating the uncertainty to a level in the organisation where people cannot handle the uncertainty, you sacrifice productivity for an artificial predictability. The statement "you are the expert, so you must know what it takes" or asking for a "realistic planning" is a total denial of the uncertainty in the many things we do. Professor Weggeman<sup>4</sup> says some managers (often with a (e)MBA degree) manage development departments as if they manage a cookie factory: big dashboards with lots of KPI's and a total lack of awareness of the uncertainty linked to each of these KPI's and the complicated dependencies between them. And it gets even worse when targets are set for the KPI's without understanding the underlying uncertainty. It is again prioritising predictability over productivity; I have seen examples where it totally paralyses organisations.

Management by commitment creates unnecessary buffers on the critical path and should therefore be considered harmful. By taking one buffer at a higher level (at the end of the critical path), you can benefit from the fact that not all activities will need the worst case.

## Manage uncertainty

### The role of the leaders is to create conditions for success

Everybody will understand that when a soldier in a war situation sees an enemy, he has no time to call the general staff (safely in the home country) and ask what to do. It is the role of the general staff to make sure the soldier can decide for himself by training and understanding the strategy. He should be able to take the decision autonomously that the general staff would have taken when escalated. This is not different in big organisations. I see managers who are actively involved in many decisions. They not only become the bottleneck of the organisation (the quality of the decision is limited by their capabilities and time to spend), but in these organisations engineers often complain they feel their capabilities are not used to the maximum, they are less engaged and they also have less opportunities to develop themselves.

It is the role of a manager to create conditions for success for his/her employees. Some people call it servant leadership or host leadership. Many managers are afraid to limit their involvement to just create conditions. I have heard people complain that if they not clearly add customer value or not clearly are involved in key decision processes, their added value will be questioned in the next round of restructuring. That means, creating a servant style of leadership should start at the top. People should see senior management appreciates this style of leadership and also adopt this style themselves.

### Deployed decision making requires trust

Colin Powell has said: "leadership is about creating conditions of trust". Good leaders are people who are trusted by their followers. But trust is a difficult thing. Both managers and employees have to work hard to be trusted. Not only to deserve the trust, but also to seek the increased responsibility. I have seen many employees preferring to refrain from responsibility as they were afraid to be bashed when they would not do right the first time. They don't trust the manager. As a manager, you have to create an environment where employees dare to take the risks. But you also have to trust the employees they can do things. As a manager, I often fell in the same trap: I liked to trust my people, especially those who did the things exactly in the way I wanted! It is not so easy to let it go and trust that the result will also be achieved in a different way. Or refrain from doing it yourself as you often can do better yourself, killing the opportunity for others to learn. And refrain from bashing when the employee did not do it right the first time. Good managers get the best out of the people. Good managers give energy rather than drain energy<sup>5</sup>. All managers can and should contribute to that.

People make mistakes. So, we better make them fast and learn fast. The only sustainable competitive advantage is to learn faster than your competition. This can only be done in a fail-safe environment. It is a key

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<sup>4</sup> Mathieu Weggeman: Managing professionals, do not do (in Dutch).

<sup>5</sup> See also: Liz Wiseman: Multipliers

responsibility of the manager to create a fail-safe environment, where employees feel safe to take risks, to make mistakes, recognize them and learn from it. Where employees dare to be transparent. I always say that you as a manager will get the transparency you deserve, and a customer will get the transparency they deserve. If transparency is abused to bash or penalise, it will be replaced by window dressing. So, feel safe and fail safe. You will notice, that when people are engaged, feel trusted, and feel safe, they come in a kind of flow and productivity will reach unprecedented levels.

Some organisations have an annual cycle to lay off the 10% weakest people. They believe that is good performance management. See, for example, the financial world in London, nicely described by Joris Luyendijk<sup>6</sup>. But the net result is that people spend most of their time to make sure they are not this year's victims, they start finger pointing and window dressing and they kill the learning in the organisation as mistakes are not admitted. Where these managers believed, they were improving average performance, they lowered the overall organisational performance.

Some companies have job security as a key value. That creates an environment where people dare to admit mistakes and provide means to learn. I have also seen organisations where the loyalty of the employees to the company was much higher than the loyalty of the organisation towards the employee. In all examples I have seen, the performance of the organisation went down.

## Managing performance

The success of software development heavily depends on the performance of the engineers. When a manager is there to create conditions for success, managing performance is a key task. Managing performance for me means to continuously improve the performance of the organisation and the individuals.

Managers help employees to continuously improve. They do monitor the performance, ask feedback to others and provide feedback to the employee. Also here, we struggled a lot in the organisations I worked in. It is not so easy to provide feedback, let be to solicit useful feedback. Many IT solutions exist, but it is not about IT, it is about the feedback: creating an atmosphere where people dare to give and receive feedback and to learn how to give useful feedback. It requires an explicit training investment, but it will pay off as people not only learn how to perform better, they are also more engaged as they really get the opportunity to learn. And in our war for talent, where all companies compete to recruit and retain the best people, you have an advantage when people see they can develop themselves in your organisation.

## Reward personal development

I am in favour of a fair compensation scheme: people who contribute more deserve higher compensation. We are not in a communist world where compensation is independent of performance. But compensation is for me linked to market value. Market value will go up if competencies grow (or get scarcer). Market value has nothing to do with the fact whether people have achieved pre-negotiated objectives. Even weirder is to judge people performance on the quality of their prediction in environments with intrinsic uncertainty. I have always been surprised to see how organisations value the negotiating skills of the sales people, who always met their targets! Objectives are fine as a direction to go for, but should be flexible and short term. Neglecting the uncertainty in objectives and basing the compensation on the predictability provides the wrong message. It is better to recognize people who have the right attitude and do things that are good for the company rather than do what has been negotiated at a moment things were not clear yet. Establishing such a culture where people dare to take the lead is already difficult, it will be even more difficult when not supported by a compensation policy.

I have also seen organisations where salary increase is less when you do not meet all the job requirements, independent of the speed of learning. It is wrong and does not stimulate people to pick up a new challenge and with that develop themselves.

So, when the future of the company depends on its ability to adopt and improve itself, it is the responsibility to create conditions for that continuous improvement. Management style and rewarding systems are key success factors.

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<sup>6</sup> Joris Luyendijk: swimming with sharks