MPM - Master of Project Management

AGILITY -
UNLEASHING HUMAN AND ORGANIZATIONAL POTENTIAL

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Agility – unleashing human and organizational potential

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ABSTRACT

We live in an increasingly volatile, uncertain, complex and ambiguous world, the so-called VUCA world, where organizational agility is increasingly important to simply survive. But the meaning of agile perplexes people today as it has become an industry with over 70 different agile practices (Denning, 2016). If we ignore the tools and techniques that are being sold to us through books, courses, certifications, conferences and consulting, and focus on the core of agility – it is surprisingly simple. Our result here shows us that agility is not about the tools, it’s not about the how – it’s about the why and what. We are back to the basics, back to the four simple values of the Agile Manifesto. In our research, we have indicated four basic elements that are significant for organizational agility.

Flourishing people: When people have freedom, autonomy and an environment that is free of organizational friction they have the optimal conditions to flourish and become more of themselves. This naturally leads to more agility.

Client at the core: Having the client at the core is a vital ingredient for future organizations. This means that we need to break out of the constraints of our organizations internal systems and processes and truly commit to our clients.

Less is more: Less management is one of the keys to increased agility. This is a difficult subject often ignored due to its future implications.

Minimum viable bureaucracy: What hinders organizations from delivering (fast, simple and targeted) products is extensive hierarchy, excessive procedures and formalization, silo thinking and organizational friction.

We as leaders and project managers play a significant role in creating an environment where agility can flourish.
1. INTRODUCTION

My journey to here began just over a year ago, during an agile course offered by the MPM program at the University of Reykjavik. I walked out of the class frustrated with the focus on IT, the emphasis on Scrum and the traditional teaching methods used in the class. What saddened me the most was that none of my classmates had gotten infected by the agile-passion I had caught a few years earlier. But when asked what I had expected, all I could answer was “not this”. I knew in my heart that this wasn’t agile – this was not the mindset that had changed my life – but I had no way of explaining what it was that I wanted.

A few months later, I listened to a fascinating lecture in the MPM program regarding something he called natural agility by Sofus Clemmensen, an A-certified project manager, who has worked in both the Faroe Islands and Denmark. He told us that it was in frictionless interactions where people get optimal settings to demonstrate the smoothness and the flexibility that enables us quickly to adapt to new conditions. This is the very same field as creativity, and thus innovation has optimal conditions. I found this immensely fascinating and knew that what he was expressing was much closer to what I believed to be agility.

I have been privileged to take this journey with a guiding hand of Sofus, a skilled project manager who wholeheartedly believes that more agility can make or break the success of projects and companies. His insights have lead me to some fascinating theories regarding personal and organizational development which at first glance looked totally unrelated. After periods of being lost and frustrated, the path started to emerge, and the results are in this paper.

This thesis will explore the literature regarding agility in an organizational setting. We are going to look at why agility is important and how organizations are surviving in an ever more complex and unpredictable world. We will explore this through the lens of a four-quadrant model which helps us to maintain a holistic approach to the subject. We will then draw from the experience of two very different companies in Iceland who have experimented with increased agility in an organizational setting. Additionally, we will take a close look at Sofus’s perspective regarding agility and draw upon his experience.

The research questions we aim to answer are:

- What does experience teach us about the core aspects of agility in an organizational setting?
- What impact does agility have on the people working in the environment?
- What role do leaders and project managers have in the implementation of agility?

It is my hope that this research will be the inspiration for some to break out of the norm of hierarchical organizations and see the possibilities we have for a more agile world for both humans and organizations.
2. LITERATURE REVIEW

What is Agility?

The basis of my interest in agile and agility comes from the tools and techniques in the software industry, based on four the values in the agile manifesto:

- **Individuals and interactions** over processes and tools
- **Working software** over comprehensive documentation
- **Customer collaboration** over contract negotiation
- **Responding to change** over following a plan

*That is, while there is value in the items on the right, we value the items on the left more.*

(Beat et al., 2001)

In the context of organizations, there is no universal definition of agility. We, therefore, find it important to lay down a foundation that will serve as a guiding light in our work.

*Being “agile” is not simply the use of so-called “agile methods”. On the contrary, it is more a “team’s competence” that goes beyond practices and tools and that relies on people’s skills, culture, abilities, experience and diversity, to be able to work in a very dynamic and innovative environment.*

(Conforto, Rebentisch & Amaral, 2014)

It is important to stress this, as many perceive agile only being Scrum or Kanban or SAFe or one of the other 70 different agile practices (Denning, 2016).

Why is agility important for organizations?

Volatile, uncertain, complex and ambiguous (VUCA) – those words can be used to describe our modern world. A world of new challenges and opportunities where organizations naturally need to expect more, and not less of themselves and the people who work for them (Kegan & Lahey, 2016, p. 2). “The hierarchical structures and organizational processes we have used for decades to run and improve our enterprises are no longer up to the task of winning in this faster-moving world” (Kotter, 2012).

Agile has had extraordinary influence on the IT industry, which has arguably encountered more rapid and extensive change than any other industry in the past decades. Now it is starting to transform organizations in all industries. Researchers have found a clear link between increased agility and business performance and that by encouraging agility at an organizational level, companies react faster and more appropriately to unpredictable change (Appelbaum, Calla, Desautels & Hasan, 2017b, p. 73). The greatest obstacle is not the need for better tools, evidence of positive effects, or proof that agile can work outside IT. What we need is to see a change in the behaviour of managers (Rigby, Sutherland & Takeuchi, 2016).

Another reason we need to rethink the way we run our organization is the change we are seeing in the new generations of people joining the workforce. We no longer have people who feel that paychecks, health benefits and bonuses are sufficient reason to work. We are seeing the pursuit of a new income: personal satisfaction, meaningfulness and happiness. Of course, the material income matters, but increasingly it’s not enough for us (Kegan & Lahey, 2016). This is such an important factor as research have shown that “satisfied employees will ensure that their organization achieves its business goals and that employee satisfaction
influences organisational performance and customer satisfaction” (Burke, Graham, & Smith, 2005, p. 359).

Starting point: What is?

In today’s quick-fix world we tend to be very gullible for magic solutions that fix all problems. Organizations implement one tool after the other and are always as surprised when they don’t deliver the expected results. There is an intriguing theory called the paradoxical theory of change. It originates from psychotherapy but has also been used to deal with change in organizations. In its pure simplicity, this idea is quite revolutionary. It suggests that for an organization to change – we need to stop trying to change and find out “what is”. By doing this, we naturally start to change.

Change occurs when one becomes what he is, not when he tries to become what he is not. Change does not take place through a coercive attempt by the individual or by another person to change him, but it does take place if one takes the time and effort to be what he is – to be fully invested in his current positions. By rejecting the role of change agent, we make meaningful and orderly change possible (Beisser, 2006).

However, facing who you are – what is – either as an individual or an organization isn’t easy. It requires you to be courageous and vulnerable.

Vulnerability is at the core of shame and fear and our struggle for worthiness, but it appears it is also the birthplace of joy, of creativity, of belonging, of love. (Brown, 2012)

Surviving in a VUCA world

There is a shift in the mindset of management and organizational structure. A believe that “resources could be used in a more effective, efficient and meaningful ways to solve many types of problems for their customers” (Nandram, 2015, p. 1-2). In this context, Albert Einstein’s insight is quite relevant:

Problems cannot be solved with the same mindset that created them.

There is a growing recognition that change is not enough, that a transformation is needed. Change is about improvements within the same structure but transformation is a “fundamental shift in consciousness and creativity and it requires a holistic process”. Management scholars are exploring different organizational structure as an answer to the VUCA world. The main reason is to confront the feeling of alienation among employees from the meaning and purpose of activities in their daily work. This is important as we need our people fully on-board to respond to the VUCA challenges. Alternative models of organizational structure are being developed and some suggest that organizational agility is the answer to the VUCA challenges (Nandram, 2015, p. 1-2). “Leading the continuous shifts in people, processes, technology and structure requires the capability to sense and respond with actions that are focused, fast and flexible” (Horney, Pasmore, & O’Shea, 2010). With the transformation of organizations, the commitment to agility goes far beyond proposing new policies and procedures. It requires managers to rethink organisational structures, functions and conventional management methods such as planning, budgeting, incentive and measurement systems that are rooted in the bias towards the status quo (Hamel, 2009, p. 4-6). Though hierarchy will most likely remain a structure of most organizations, the new form
of customer-driven, outside-in focus and decentralised decision-making will require a total reinvention of management roles, practices, values and communication channels to ensure successful transformation (Appelbaum et al., 2017a, p. 12). Kotter (2014, p. 12) believes that the “old” and the “new” can go hand in hand and reinforce one another. His solution is a dual operating system where we have parts of the organization working in agile network style and the rest of the company operating in traditional management. He believes that is not a question of “either/or”. It’s “both/and”.

Buurtzorg is perhaps the best-known organization that operates with an unconventional structure. It is a neighbourhood nursing organization in the Netherlands, with over 10,000 employees, 800 self-organizing teams, no managers, 40% reduction in cost, and voted the best place to work in the Netherlands for five years in a row (Buurtzorg, n.d.). There is a growing number of organizations like Buurtzorg all over the world, large and small, in all industries, operating with a non-hierarchical structure. Laloux’s (2014, p. 56-9) research looks at 12 of those organizations, including companies doing hydraulics, metal manufacturing, health care, schools and food processing. The number of their employee’s ranges from 90 - 40,000. Through his research, Laloux has identified three major breakthroughs that those organizations (which he refers to as Teal) have in common.

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**Self-management:** Teal organizations have found the key to operate effectively, even at a large scale, with a system based on peer relationships, without the need for either hierarchy nor consensus.

**Wholeness:** Organizations have always been places that encourage people to show up with a narrow “professional” self. They often require us to display determination and strength, and to hide doubts and vulnerability. Teal Organizations have developed a consistent set of practices that invites us to bring all of who we are to work.

**Evolutionary purpose:** Teal Organizations are seen as having a life and a sense of direction of their own. Instead of trying to predict and control the future, members of the organization are invited to listen in and understand what the organization wants to become, what purpose it wants to serve.

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The new form of organization requires different mindsets and different behaviour of managers (Denning, 2016, p. 7). Leferink, an agile coach at Buurtzorg, puts it this way: "Sometimes managers think that they can manage self-organization. You can't manage the new direction you can only serve, guide, and cut complexity” (Linders, 2017).
3. METHOD

The objective of this research is to look at what experiments with agility in organizational settings tell us about the core of agility. We also look at what this means for the people in the environment and what role managers and project managers have in this setting. This research is a small one; it only scratches the surface of an immensely interesting subject that hopefully will attract more scholars in the coming years. There is a wide potential for further research.

Research methodology

Qualitative methodology and case studies provide powerful tools for research in management and business subjects (Gummersson, 2000). This research builds on qualitative research tools as our emphasis is on a deeper understanding of motivations and developing novel concepts. When we started our research, we had not fully conceptualized what we were looking for and qualitative research is often useful to gain further insights and crystalizing the research problem (Zikmund, Babin, Carr & Griffin, 2013, p. 132-3).

Another reason why qualitative research was chosen over quantitative research is the limited number of companies in Iceland experimenting with agility in organizational structure (known to the author). Hopefully this research this will give us an indication of what could be investigated further. We can see in hindsight, that it would have been optimal to interview members of projects from each of our companies, to get another perspective of the influence of agility in organizations on the team members.

The research was done with semi-structured interviews which are designed to have some questions prepared in advance but they need to be sufficiently open that the subsequent questions of the interviewer cannot be planned in advance but must be improvised in a careful and theorised way. The interviewer must be prepared to improvise more than half of the time of the interviews. “They are high-preparation, high-risk, high-gain and high analysis operations” (Wengraf, 2001, p. 5). This method was chosen as our participants come from a very different context and the nature of our research is quite exploratory.

Interviews

This research is based upon interviews with two Icelandic organizations that are leading in implementing agility within their organizational structure. Those companies are very different in size, structure and industry but we still found a lot of correlation with their answers. The second type of source for the research is the extensive experience of a Faroese IPMA A certified project manager and consultant, who has given dozens of hours of his time to the discussion of agility.

The interviews were taken in March 2017, they were taped and then translated to English and written down for further processing. The discussions with Sofus took place from January – May 2017. Parts of those discussions were written down. Sofus also supplied varied material, including PowerPoints and other documents from his previous projects and interesting articles. Here is a brief introduction of the participants, their roles, and organizations:

Sofus Clemmensen, MBA, BSc and IPMA A certified. Management consultant, lecturer and teacher. Sofus is originally from the Faroe Island and has lead large projects both there and in Denmark. Among projects he has lead are:

- Business transformation programme at a Danish pension company (Role: External Programme Manager)
- Leading a project department/portfolio in DK - including high-speed development of a web-based sales platform for Insurances (Role: Project Director)
• Radical transformation of the Faroese Post - from public institution to professional service provider (Role: CEO)

Þórhildur Edda Gunnarsdóttir, team lead at the Digital Future department at Arion Bank. Arion Bank is one of the three large banks in Iceland with 900 employees. In 2016, the bank founded a new department called Digital Future. Digital Future takes on selected, complex project, all including end-to-end processes. Team members come from all departments within the bank and work 100% on the project for 16 weeks. The Digital Future projects have been operated for just over a year now and have delivered great value to the bank's customers.

Daði Ingólfsson, team coach and co-founder at Kolibri. Kolibri is a digital product development agency with around 25 employees. They work in self-organizing teams that take on one project at a time and integrate with their client’s teams during the project. Kolibri is organised by the Holacracy (Robertson, 2015) structure where there are no managers only roles and responsibilities. Anyone within the company can take any decision as long as they consider whom this decision effects and whom they should consult before making the decision.

Data

It was important to make sure that the data collected and the analysis was done from a holistic point of view. The main reason was that we wanted to make sure we did not fall into the pit of just looking the “hard stuff”, we knew we needed a broader perspective to understand the underlying issues. We choose to use a model called the four-quadrant model which is based on Ken Wilber's core work; All Quadrants, All Levels (AQAL). The quadrants on the left describe aspects of internal reality, while the ones on the right describe external reality. The upper quadrants address the individual and the lower ones the collective.

- **People’s mindsets and beliefs** includes values, believes, thoughts, emotions, ways of being and levels of commitment.
- **People’s behaviour** includes work systems, skills and actions and behaviours.
- **The organizational culture** includes norms, collective ways of being, working and relating, climate and esprit de corps.
- **The organizational structures** include structures, systems, business processes and technology

This model emphasises how important it is to look at organization from a holistic point of view – from all the quadrants (Anderson & Anderson, 2010, p. 5-6). It is our hope that the four-quadrant model will help us gather and identify a more holistic result.

<table>
<thead>
<tr>
<th>Table 1: Four-quadrant model</th>
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<tbody>
<tr>
<td><strong>Interior perspective</strong></td>
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<tr>
<td><strong>Individual perspective</strong></td>
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<tr>
<td>People’s believes &amp; mindsets</td>
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<tr>
<td>People’s behaviour</td>
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<tr>
<td>Explore and challenge personal believes</td>
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4. RESULTS

The results have been organised using the four-quadrant model discussed in chapter 3. Within each quarter we have identified themes that signify important issues that help or hinder agility within organizations. A summary of the themes can be seen in table Table 2. The results that are not directly relevant to the discussion and conclusion are in Appendix 1 (marked with * in the table below).

Table 2: Factors that help or hinder agility within organizations

<table>
<thead>
<tr>
<th>Individual</th>
<th>Interior</th>
<th>Exterior</th>
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<tbody>
<tr>
<td>Believes &amp; Mindset</td>
<td>To change, you must know &quot;what is&quot;</td>
<td>Behaviour</td>
</tr>
<tr>
<td>Boundaries are essential; time, budget &amp; number of people on teams</td>
<td>Support of senior management</td>
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<tr>
<td>Time to change*</td>
<td></td>
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<tr>
<td>Organizational Culture</td>
<td>Bring your whole self to work</td>
<td>Systems &amp; Structure</td>
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<tr>
<td>Givers culture*</td>
<td>Silo thinking and fragmentation</td>
<td>Less formalization</td>
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<td></td>
<td>Focus - one project at a time*</td>
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Drive for agility

Why do companies start their journey towards more agility? The driving force seems vary and perhaps this shows the diversity of contexts agility in organizations applies to. At Arion Bank we see a need for faster development of IT projects and a greater understanding between IT and the business units. At Kolibri, the need arises from a growing start-up company along with a believe that individual autonomy is vital for the success of projects and organizations. Sofus believes it arises from increased market unpredictability:

The need for agility arises from the increasing market unpredictability. Many hierarchical (plan)driven organizations have great difficulties, because they are locked into an introvert mindset, affected by fixed norms, rigid processes and systems, complex IT platform, technical debt and dispirited workforce. These organizations find it very hard to manage the increasing market unpredictability, which the exponentially growing development in our society leads to. Conversely, there is a growing number of examples on how organizations, which in a simple manner, succeed to handle the market unpredictability, experiencing relatively larger success because they are able to attract customers in new ways. (Sofus)

Believes and mindsets

To change, you first must know “what is”

Sofus is a strong believer in the paradoxical theory of change (see p. 2). Here is his vision of the theory and why it is essential to know "what is" in order to change.

How can you change anything that isn’t there?
- If you as an individual are pretending to be another person (an alienated individual), how can you change this other person who isn’t really there?
- If you as a company convince yourself that you are the most fantastic company, and
reality is that you are far behind your competitors, how can you change this fantastic company which isn’t really there?

To start a change, it is crucial to do a reality check, where you reflect upon yourself. Then you put yourself in a position, where change can occur, because you finally know what to deal with. By continuously reflecting upon yourself, as an integrated part of a development process, your self-awareness grows, which makes your development needs even more obvious. For an individual or organization, such a development process requires honesty, humbleness and courage. (Sofus)

The “what is” can be applied in various situations. Digital Future starts every project by looking at “what is” to ensure that everyone has a common understanding of the current situation.

We start the Digital Future projects with a workshop for the team and key stakeholders. Our first task is to draw up the process as it is today. This work is often quite eye-opening for the people involved because no one knows the whole process from end-to-end. We feel it is essential to start by knowing exactly how the process works today, so everyone involved has the same understanding before we continue. (Þórhildur)

Boundaries are essential
The results show us that there are three types of boundaries that our participants mention; time, budget and number of people on a team.

We need a frame to work within. If there are no boundaries, we have no focus. This is something that the start-up business knows well. The companies that are struggling for money often are the ones that succeed but the once that get financing for a lot more than they need – don’t have any product ready after the money is used up. (Daði)

Sofus agrees with this and believes that focus on the essentials disappears when there is enough money. He has gone as far as to reject higher budgets for his projects as he believes that it would jeopardise the success of the project.

In regard to time boundaries, Sofus feels that short sequences drive efficiency and quality. Þórhildur agrees with this and believes that the 16-week time bound periods of the Digital Future projects are one of the keys to their success.

Regarding the limited size of the core team, Sofus feels strongly that this is a make or break factor in the success of projects and that too many participants on board projects complicate the development process exponentially. Sofus believes that the limited number of people is not the only requirement, but that it is also essential to have as many competencies in as few people as possible. He links this to the North Atlantic way of working:

The limited size of populations influences projects in different ways. There is always relatively fewer participants on board Icelandic and Faroese projects, because there are not so many people to choose from. For the same reason, it is not possible to specialise the work to the same extent as they do in larger societies. This means for example that participants in North Atlantic projects typically take care of more functions than participants do in Danish projects. When participants perform multiple functions in a project, it is usually simpler and faster to achieve a natural flow, and in many cases, it happens all by itself, aided by givers mentality. (Sofus)
Both Kolibri and Arion Bank limit the size of their teams and feel that this is important for the flow of the project. Regarding the balance between specialists and generalists – this is what Daðí had to say.

We feel it is important that our core teams are competent and have limited number of people on them. At the same time, we struggle with the balance of specialisation. We have designers in our teams that don’t do any programming work. We have front-end programmers that do not do back-end programming and vice versa. Is this good or bad? We use a term called a generalising specialist that we feel is important – but there is no unilateral agreement on this within our organization. (Daðí)

**Behaviour**

**Less management**

What do managers spend their time on? In Sofus’s opinion, it is vital that managers adopt the "less is more" attitude towards management. He feels that it is just as much a matter of what NOT to do – as of what to do. This is consistent with the view of Kolibri, who look at their managers as being leaders and influencers. Their role is to guide, confront difficulties and help Kolibri mature. Daðí explains that the road to simplicity can be complex.

We at Kolibri are very preoccupied with the culture of "no manager". This sometimes makes things more complicated. A current example is that our staff would like to get more feedback regarding their work. How do we solve this without managers? If the feedback comes from team coaches, they could get branded as managers. So, we are looking for a different solution as we don’t want the team coaches to become authorities figures within the teams. So, it is complex to put forward a simple solution. (Daðí)

Less management means that managers need to delegate responsibility to their people. Arion Bank puts emphasis on having staff members rather than managers on the Digital Future projects. Regarding project managers, Sofus believes that their role is also to serve.

It is the project manager’s primary role to act as a helper and ensure that the team has the necessary peace to work. The project manager should also free the team from any bureaucracy and other tasks that distract from the team's core competencies, by taking on those tasks himself. Importantly, she should also encourage the giver mentality within the team with role modelling and motivation. (Sofus)

**Support of senior management**

For organizations to change and become more agile the support of senior management is crucial. What Sofus feels passionately about, is the team’s autonomy which creates ownership and drive within the team.

How senior managers can help, is an increasingly relevant question in projects and programme environments. I believe it belongs to the past, where somebody is on board solely to make decisions. While working with senior managers in steering committees, I always try to figure out, how they can contribute by taking part in the work. (Sofus)

The senior management support for the Digital Future projects is very apparent at Arion Bank. The CEO and two directors meet with the teams every week to discuss suggestions
that the teams have put forward, most of the time the suggestions are approved. Þórhildur believes that the support of senior managers is one of the crucial factors for their success.

**Structure**

**Decision making & autonomy**

All our participants feel strongly about the authority teams must have over their decisions and agree that autonomy is the way to go. Here is what Sofus’s experience has taught him.

*When others decide on your behalf, it is easy to lose your spirit – to become alienated. The reason being that usually it is the ones closest to the problem who can make the most precise decisions. For the individual, it often doesn’t make sense, that managers far from the problem are the decision makers.* (Sofus)

In the Digital Future projects, the participants have clear authority to take all decisions needed within the projects.

*The Digital Future teams have authority to take all decisions needed. Each team member meets with their director, who hands over the authority of all decisions needed for the project. People take this authority seriously and want to make sure they take the best decisions possible. This has proven crucial for the projects as we don’t need to go through the whole organizational structure to get authority for all the changes needed for each process and is therefore imperative for our speedy delivery.* (Þórhildur)

Digital Future projects affect more than IT systems and processes. For large decisions, that impact the whole organization, the team puts forward suggested solutions at the weekly meeting with senior management.

*We have suggested changes to the organizational chart, so that the organization will be better equipped to implement and maintain the process after it goes live. We have also needed to change contracts and prices. This is a part of why the Digital Future projects work – we are not bound by only changing IT systems – we have authority to change what is needed to make the project succeed.* (Þórhildur)

Þórhildur has seen numerous examples of how working in a self-organizing team has significantly impacted team members.

*People that join the Digital Future teams become very ambitious. They feel empowered and learn so much during the 16-week period, that when they come back to their "old" departments, they want to change everything. They have seen how things can operate and want to improve the way they work. So, people do definitely change.* (Þórhildur)

The setup at Kolibri is very different but still based on the same principles of autonomy of people and teams. Daði describes their organizational journey to the present.

*When we started, there were only four of us and we didn’t need any structure – things just got done. When we started to grow, we felt that some things were not getting done and there were no clear responsibilities. We then started to think about how we want*
things to function. All we knew was that we did not want to develop into the standard power-based hierarchical structure where the highest power is at the top and then it trickles down the pyramid. The reason for this is our strong believe that individual autonomy is so vital for the success of projects and organizations. Our mission was to empower people and not to take away their initiative and power. After exploring our options, we choose to use the Holocracy model – and that’s what we are using and struggling with now. (Daði)

He goes on to explain their decision-making process based on the Holocracy model which takes the autonomy much further than in our other examples.

Our simple decision-making principle is that anyone can take any decision if they consider whom this decision effects and whom they should consult before making the decision. But in the end the decision is theirs – you do not need to get a 100% agreement of all parties. You need to take in the concerns of everyone you consult and then make an informed decision. (Daði)

Silo thinking and fragmentation

All our participants are very aware of the silo thinking and fragmentation that can greatly impact projects and organizations. Sofus tells us that “silo thinking and fragmentation has the same effect on complexity as too many participants on board; it complicates the development process exponentially”. Arion Bank is a large organization and Pórhildur describes the journey towards the Digital Future model.

Part of what we wanted to address with the Digital Future projects was the silo thinking attitude. To break out of the silo thinking, we knew that we needed to do something drastic. We had tried for years to break them with little luck. The reality now is that we still have the silo thinking but we manage to break out of them within the Digital Future arrangement. (Pórhildur)

What is also important to consider, if we want a holistic approach to our projects, is that we need to involve major stakeholders from the start to make sure that there is a common understanding on the journey ahead. At Digital Future, they believe that the key to their success is to involve the business fully on-board the team for the whole 16 weeks. Another equally important stakeholder that must be involved from the start is the end-user.

We start the first user-testing on day 3. First, we show the prototypes to our family and friends but in the following days we go to the branches and show real customers and get their feedback. This is new. It used to be the IT-departments job to solve all IT-projects. They would get feedback from the business but rarely from the end customers. (Pórhildur)

Daði agrees with the value of feedback from the end-user, linking it this to his view of agility.

Agility is the capability to counteract the constant changes/risk in projects environment by seeking feedback from the start. This feedback is essential for us, to see whether we are getting closer to the objectives set for the project and to make sure our final product
to be something people want to use. Getting feedback is difficult – because we are 
reluctant (on early stages) to show something that isn’t perfect. (Daði)

Less formalization
Too rigid demands from the surrounding environments can make agility within teams and 
organizations difficult. Sofus has seen many cases where there are countless processes to 
follow and insatiable demand for documentation.

When things are too formalised, it can be difficult to relate to yourself, because there are 
too many things to deal with and far from everything makes sense. This is another 
source of alienation. These are reasons why self-managing teams with a limited use of 
formalization often are places to find the greatest extent of agility. (Sofus)

A more relaxed form of formalization does not mean that the projects deliver less quality or 
are not following the law as Þórhildur tells us: “As a bank, we are obliged to follow certain 
processes to ensure safety, quality and legal issues. The Digital Future projects get no 
discount from this type of formalization.”

Culture
Bring your whole self to work
Sofus feels strongly that one of the core 
of agility is that the organizational environment 
offers you to take your whole self to work.

In environments where there is room to be exactly the ones we are meant to be, a 
maximal effect can be achieved. It is in environments where the organizational friction is 
limited because of insightful and moderate use of power, control and formalization. Why 
is it important to be oneself? Because change can only occur, when we are fully 
ourselves. Change does not occur, when we pretend to be something we are not. (Sofus)

Creating an environment where people can bring their whole selves to work is difficult and 
both Þórhildur and Daði describe this.

We want our people to be able to be themselves, experience a connection to a whole and 
feel that they are developing and growing as well as taking part in developing and 
growing Kolibri. I hope that our people feel that they can be less pretentious, but I feel 
that it is not black or white… it differs between people and you can never be 100% sure 
whether people have their Game-face on nor not. (Daði)

Þórhildur goes on to talk about the link between too much pressure and not being able to 
bring your whole self to work.

I feel that we see some of this, but as we are very time-bound in our projects there are 
strains that perhaps don’t allow people to go all the way to be themselves. I feel that the 
IT staff is under more or different pressure within the Digital Future projects than they 
were before. But I can see the business people flourish – perhaps because they enter an 
environment that is very different from their normal working environment. (Þórhildur)
5. DISCUSSION

Agile has become an industry. Denning (2016) has identified over 70 different agile practices and Thomas (2015), one of the writers of the agile manifesto, has gone as far as declaring agile dead! The commercialization of agile has produced tools and techniques that can be sold through books, courses, certifications, conferences and consulting. This disarray of methods has diluted the core of agile and agility, perplexed managers and it has made something so beautifully simple unbearably complex.

Our result shows us that agility is not about the tools, it’s not about the how – it’s about the why and what. We are back to the basics, back to the four simple values of the Agile Manifesto (Beck et al., 2001). Here are our main findings and how they correspond to the agile principles:

- **Flourishing people**: *Individuals and interactions over processes and tools*
  - When people have freedom, autonomy and an environment that is free of organizational friction they have the optimal conditions to flourish and become more of themselves. This naturally leads to more agility.

- **Client at the core**: *Customer collaboration over contract negotiation*
  - Having the client at the core is a vital ingredient for future organizations. This means that we need to break out of the constraints of our organizations internal systems and processes and truly commit to our clients.

- **Less is more**: *Responding to change over following a plan*
  - Less management is one of the keys to increased agility. This is a difficult subject often ignored due to its future implications.

One of the values from the Agile Manifesto (*Working software over comprehensive documentation*) needed alteration to fit for a wider audience:

- **Minimum viable bureaucracy**: *Working solutions over comprehensive bureaucracy*
  - What hinders organizations from delivering (fast, simple and targeted) products is extensive hierarchy, excessive procedures and formalization, silo thinking and organizational friction.

**Flourishing people**

The most exhilarating result, is that our participants have seen their organizational change (or experiments) lead to more agility. Could our results indicate that if we create an environment of freedom, autonomy, self-management and free of organizational friction we give our people the optimal chance to flourish? And flourishing people that are free to be themselves naturally become more agile? We see this in Digital Future team-members. They are spirited and ambitious and after the project finishes, they want to change their “old” environment. This rhymes well with Sofus’s experience and one of the reasons why he became fascinated with agility. The story of Buurtzorg and research also shows this to be the case (Burke, Graham, & Smith, 2005, p. 359).

Then why are most organizations still operated with hierarchical management where power trickles down the pyramid? Could it be because it is the system we are brought up in, what is safe and within our comfort zone? What our participants all tell us, is that perhaps it is time to stop fixing what is broken in our organizational structure and start rethinking it from scratch. We as project managers and leaders of the future play an important role here. We need our people fully on board, enthusiastic and spirited, to be able to take on the challenges of the VUCA world. It therefore must be our priority, to create an environment where this can happen. To do that, we first need to know “what is”. This takes courage and a willingness to be vulnerable. Which perhaps is the hardest part of all.
Client at the core

Our results show how important it is to put our clients at the core of our business. Arion Bank, Kolibri and Sofus all talk about client involvement being one of the vital ingredients of their success. This customer focus is quite apparent in the Agile Manifesto but has perhaps been forgotten in the implementation of the various commodities the agile industry has produced.

20th-century managers have learned to parrot phrases like “the customer is number one”, while continuing to run the organization as an internally-focused top-down bureaucracy focus on delivering value to shareholders. It’s not that bureaucratic organizations totally ignore their customers. They do what they can for them – but only within the limits and constraints of their own internal systems and processes. (Denning, 2016, p. 5)

Client involvement isn’t easy. Prototyping and showing imperfect work in progress to clients is difficult for the ego. Opening up for different views, feedback and criticism of one’s work means walking straight towards vulnerability. “Vulnerability is at the core of shame and fear and our struggle for worthiness, but it appears it is also the birthplace of joy, creativity, belonging and love” (Brown, 2012). This is also known as the edge, the place right between the learning zone and the panic zone is where you have the greatest potential to grow (Kegan & Lahey, 2016).

Our research indicates is that it is vital to bring back this focus and to have it at the core of the structure of the company. This is not a small task, and requires a transformation rather than a change in most organizations. Our role as project managers and leaders is to insist on this focus. If we cannot start in the board room – we start with our projects. Role modelling behaviour, even within a single project/department, can be a start of a something larger.

Less is more

Don’t use a lot where a little will do

What our results show us is that by doing less you gain more. Less management is something our participants repeatedly mention in the interviews. By this we and researches mean that managers should do less “managing” (command and control) and give more authority and autonomy to their people (Appelbaum et al., 2017a, p. 12). This is a topic that is sometimes hard to discuss and often ignored as the prospect of a diminishing need for managers in the future, ignites fear in today’s managers.

Our results also indicate that we need to meet complexity with simplicity. This is very much in line with the core of the Agile Manifesto and one of its principles: “Simplicity - the art of maximising the amount of work not done - is essential” (Beck et al., 2001). But the route to simplicity is complex. Perhaps a part of the complexity towards simplicity is in some way due to the unknown terrain. Hopefully, with more knowledge of the simple way of running an organization the complexity level will go down and we will see the rise of unconventional structures where simplicity is the key (Nandram 2015, p. 30).

Our participants also feel it is essential that time, money and number of participants are limited. Dāḍi puts it simply:
We need a frame to work within. If there are no boundaries we have no focus.

This is quite an important point, as we tend to believe that more is better. But in many cases, more complicates things exponentially. We as project managers and leaders have a vital role here – we need to safeguard simplicity and a minimalistic attitude in a society of consumption. This isn’t easy, as we are used to adding more and doing more, that doing less is unfamiliar to us.

Minimum viable bureaucracy

The last of the Agile Manifesto values is “Working software over comprehensive documentation” (Beck et al., 2001). This is a vital part of organizations in any industry, as if you don’t deliver a working product or services to your clients, but instead have detailed documentation – you are in trouble. For a more general use, and to tie in with our topic, we chose to name this “Working solutions over comprehensive bureaucracy”.

What we believe hinders organizations from delivering (fast, simple and targeted) products is rigid hierarchy, excessive procedures and formalization, silo thinking and organizational friction. The reason being that those factors hinder agility arising within organizations.

We as project managers and leaders must let the commitment towards clients, our people and our solution take priority over the bureaucratic death spiral; implementing layers of authority, extensive procedures and formalization, if we are to succeed in the VUCA world.

Start with why

We believe that our organizations need a radical transformation to survive in the VUCA world. For this to happen, we need to let go of the urge to repeatedly implement the newest and most talked about methods. Instead, we need to start with WHY.

WHY is the basis for transformation – without the WHY we are stuck on changing things, which on its own cannot induce transformation. If we want transformation, we need a holistic approach. We need to look at our mindset, behaviour, culture and structure.

What will perhaps be the main contribution of this research is not its findings but the questions we have raised for the organizations and leaders of the future.

• Why do we need hierarchy?
• Is there a simpler way?
• Why is power structured in a hierarchy?
• Do we need managers?
• What is the role of managers?
• Can I do less instead of more?

• Why do we not trust the people closest to the problem to solve it?
• Do we need project managers?
• What could replace managers and project managers?

And the question we must answer before we can start our journey: What is?
6. CONCLUSIONS

Today I am ever so grateful for the agile course subsequent frustration. It has lead me on a remarkable journey that has truly changed my life. I finally know what I wanted from that agile course! I wanted to know that agile is not about the tools and methods. That being agile is not about implementing Scrum. That agile applies to all industries, not just IT. I wanted to know that the core of agile is to create an environment where people can flourish and truly be themselves and that this can lead to a natural agility arising within people.

I wanted to know that self-managing teams with autonomy and authority can be the basis of large international companies. I wanted to know that we don’t need managers. Agile is also about keeping the core focus on the client, which we talk a lot about but do less of. Organizational agility is to minimize the bureaucracy which is agility’s archenemy. Agile is about consciously choosing simplicity over complexity, which requires courage as it breaks the norm.

We as leaders and project managers play a significant role in creating an environment where agility can flourish. Our roles will without a doubt change dramatically from our current role with the evolving VUCA world. Now – let's find our courage – our inner strength, and take on this challenging journey. It will be full of mistakes and detours but here we must walk straight towards vulnerable, learn from our mistakes, adapt, be curious, experiment and trust our people. There is no formula and no one can tell you how to get there, it all depends on your context – on what is.
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8. REFERENCES


APPENDIX 1 – ADDITIONAL RESULTS

We need time to change habits

It was apparent in the discussions both with Kolibri and Arion Bank that people needed time to adapt to the changed environment. “We are raised from childhood that someone else takes responsibility for our decisions; parents, teacher or trainer. This is a habit that can be difficult to break”. He goes on to say that to counter this, it is vital for managers to allocate time to over-communicate clarity.

When you start thinking differently, the new way is so obvious and makes so much sense to you. Here you need to stop and very deliberately over-communicate clarity. Because to others, this is far from common sense. This is something I would most of all liked to have spent more time on. This is something that is important but not urgent – but so vital that we give it time. (Daði)

Þórhildur also mentions this in relations to the project manager role and tells us that a large part of the project manager’s role is to educate the team members in the way Digital Future operates.

Focus – one project at a time

The importance of being able to focus on one project at a time was something all the participants talked about. Þórhildur mentions this often, both as one of the success factors but also the difference this makes in the working environment, both for team members and managers.

The core capability of the Digital Future teams is to deliver simple solutions to complex problems. But the reason why we can do this is that we have the infrastructure that gives us the freedom to focus on one project at a time. This is a true privilege that factors into our success. This means that the managers within Digital Future have more time to focus on the people on the project and how to best support the team. (Þórhildur)

Sofus believes that for agility to work, it is essential to separate operations and development but as important that they go hand-in-hand.

By separating operations and development, you get the opportunity to work differently in a limited part of the organization. E.g. if you want to introduce agile self-managed projects organised in circles, it is easier to start in a part of the organization, instead of trying to make a revolution from day one. (Sofus)

Givers culture

Givers culture in an organizational or project context is about donating your own time to help others in your team/organization and to feel secure enough to ask for help when you need it.

Helping one another goes back for centuries in Iceland and the Faroes. It has been a necessity to maintain functional communities at these geographically remote locations. Generosity is part of the North Atlantic culture, and if you as a foreigner get close to Icelanders and Faroese, you will often experience a generosity that surprises you. In the modern societies, which both Iceland and Faroe Islands are today, the cultural
generosity – or givers mentality – is an inherent part of the culture in the local companies. In Icelandic and Faroese projects, it is therefore rarely necessary to preach of helping one another, as it is an inherent part of the local culture. And a willingness to help each other is the primary source to achieve smoothness in projects. In North Atlantic projects, it is rare to hear statements such as "I refuse to do that because it is not my job". Such statements are not part of the culture. (Sofus)

Arion Bank sees a strong unity among their Digital Future teams and believes that with a clear vision people will help each other towards the goal.

The vision of the project is so clear that it becomes obvious that we need to help each other to do our best work. We cannot afford even just one person not being working towards the vision. The knowledge that we as a team will succeed is very clear and there is unity within the team. Everyone takes responsibility for the whole project, not just their part of the project. (Þórhildur)

But givers culture does not come automatically and has to be maintained.

I feel that we perhaps need to be braver in asking for help. That is perhaps something we need to educate our people on. Even though one of our core values is "ask for effective help" – and we feel that this shows strength, not weakness. (Dadi)
APPENDIX 2 – QUESTIONNAIRE

The objective of this research is to cast a light on what Icelandic companies have done to create a working environment that can deal with the increased demand for speed of delivery and the growing complexity and uncertainty of the world today. In addition, we look at the impact this has had on the people working in the environment and we consider whether there are clues that the concept of Natural Agility is more common in small nations such as Iceland, and if so why?

**Personal profile and defining questions**

1. What is your understanding of agility in organizations?
2. What is your experience of working in organizations that are experimenting with increased agility?

**Context – common ground**

3. What was the driving force behind changing the organizational environment?
4. Does the Structural Dilemma sound familiar from you? – If so, to what extent?

**Content – who are we?**

**Beliefs and mindset (focus on senior management)**

5. How would you describe senior management (SM) attitude in your organization?
   a. Managers, leaders or facilitator? – Examples
6. How are decisions made in your organization?
   a. Self-management vs. top-down decisions
7. Do you think it is easier to “go Agile” in Iceland compared to larger societies? If so, why?
   a. Are there any Icelandic characteristics that help or prevent agility?
   b. If so, how can we use it?

**Behaviour**

8. Observing all levels of management in your organization – what do managers spend most of their time on? Management, leadership or facilitation?
   a. Do you detect a difference compared before the change?
9. How have the implemented changes affected the Project Management role?
   a. How do you expect the PM role to develop in the future?
10. Have you noticed any difference in the behaviour of people involved in the changed working environment? - If so, what sort of change?

**Supportive systems**

11. Did you address organizational friction during the change process? - If yes, how?
12. Has the level of formalization in your organization increased or decreased as a result of the change process?
   a. Formal authority?
   b. Methodologies, processes, practices or tools? – more, less or stopped?
   c. Simplicity?

**Organizational culture**

13. Has the change process affected the organizational culture? If so, how?
14. Have you seen the following factors more clearly in the working environment after the changes were implemented?
   a. Unpretentious (freedom to be exactly who you are)
   b. Shorter path to action (less emphasis on planning far ahead leads to the ability to adapt quickly to changing conditions)
   c. Generosity (willingness to help others is a part of the culture)
   d. Natural flow (fewer persons in core team and less silo-mentality)
e. Competence (ability to deliver simple solutions to complex problems)
f. Other?

**Process – how did we get there?**

15. What were the biggest challenges you faced during the change process?
16. What would you have liked to do differently?

**Other**

17. Any other comments/suggestions?