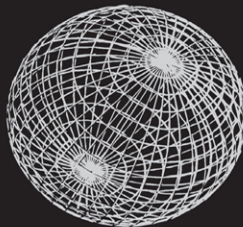




# AGILE TRANSFORMATION

USING THE INTEGRAL AGILE TRANSFORMATION  
FRAMEWORK™ TO THINK AND LEAD **DIFFERENTLY**



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## The Integral Agile Transformation Framework: An Overview

Development comes about when we are able to take more perspectives; the Integral Agile Transformation Framework (IATF) is a vehicle to shift our development because it creates a discipline or a platform for us to take these perspectives systematically. It helps build different muscles or capacities both for ourselves as transformational leaders—to help us show up differently to lead our organization through change—and for our organizations in their practices, structures, mindset, and culture. We can easily take a familiar perspective out of habit. The beauty of the IATF, by contrast, is that it gives you a new set of lenses with which to see things that you may have never seen before. It takes you out of autopilot mode and into presence with what is happening in the moment, which then gives you more options in how to respond. Our goal in writing this chapter is to help make that power real for you by applying Integral thinking directly to the tasks of organizational transformation. The IATF can be seen as an organizational operating system for transformation, which, after upgrading your leader’s operating system (LOS), puts you in a good position to fully embrace this approach.

The IATF is an Integral model uniting each of the four quadrant views, the developmental lines within each quadrant, and each of the altitudes expressed for those lines, which can be applied to any level of holon (individual, team, program, organization, and even society). It is a highly robust model, pointing to more areas than we can easily pay attention to in a single sitting but is useful beyond measure in reminding us of what there is to see, practice with, and take into consideration. Recall that we compared the Integral model to a compass and a map: The IATF is both compass and map, helping us see more clearly and act more effectively. The IATF is an infinitely expandable map that accommodates all the approaches we could take to achieve enterprise transformation. In that sense, it is a *meta-model* and, therefore, not in “competition” with other organizational, process, scaling, or change models. Rather, each of those models or approaches will have a *place* (one or more

“kosmic addresses”) within the IATF and, in turn, a clear *relationship* with any of the other models or approaches you want to consider, either now or in the future. This allows for comparing and contrasting approaches—that is, where each is strong, where it is missing elements, where it is likely to be compatible with other approaches, and where it is unable to offer an integral, comprehensive approach. You will be able to map your client situation into the IATF to determine the appropriate tools, models, frameworks, and approaches for the situation in which you find yourself.

For you as a transformational leader, the IATF provides a powerful method for working with your organization as a complex adaptive system. But it is equally important to remember that the IATF is only a tool: While it is a way for you to more clearly see your complex system, you should not become attached to your assessment of what you believe you see in terms of quadrant orientations or altitudes. Instead, you should remain curious and in inquiry mode rather than being fixed on your views and attached to your map. When you keep “self as instrument” in the forefront of your awareness, you recognize when your own quadrant orientations, level of thinking, biases, and meaning making are limiting your ability to more effectively work with the organization and with leaders. Furthermore, you are better able to allow for emergence and accommodate what is arising in the moment.

## How Do We Use the Map?

Taking an Integral approach to enterprise transformation means that we consider multiple perspectives on the situation or the holon of interest. For instance, what is the primary *altitude* of the individual person, team, program, or organizational system we are working with? We could say that that is looking *at* the client or situation. We also want to look *from* their perspective, through their eyes (looking *as*) to see what they see. A person who views the world through an Achievement-Orange lens will see the world in a much different way than one who sees the world primarily from a Pluralistic-Green perspective. Of course, since we see the world primarily through a given lens, we also need to be aware of our own biases and limitations. For instance, if we see the world through an Achievement-Orange lens, we may tend to see a project as an accomplishment to be achieved and perceive that we will be “installing” the IATF, or some other framework, that we then hope to implement to make the transformation happen. Conversely, if we see the transformation from a Pluralistic-Green value system, we will more likely be motivated to inspire a new way of being and valuing in the organization rather than just focusing on the “doing” aspect.

In our work, we use our Integral lenses to see more clearly how the client makes meaning of the world (I), how they go about getting things done (IT), what types of structures they build (ITS), and how they are in relationship with others (WE). Asking ourselves these types of questions is what it means to use the Integral Operating System (IOS). (Recall that another name for the IOS is the “all quadrants, all levels, all lines” [AQAL] view.)

To summarize, a given “something of interest”—whether a team, an executive leader, a product development process, an organization’s culture, or its performance management policies—can be



distinguished or mapped in relationship to its counterparts, or to any other thing, by assessing four dimensions:

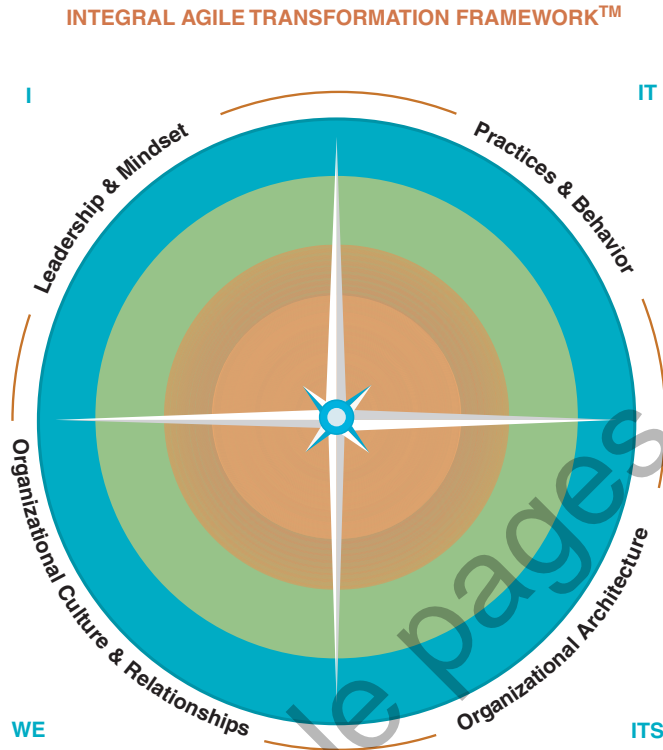
1. What is the **primary holon** (individual, team, organization) of interest, or what holons are interacting?
2. What is the **primary quadrant** (I, WE, IT, or ITS) emphasized or privileged (since there is almost always a bias)?
3. What is the **primary altitude** (or level) of functioning (e.g., Amber, Orange, Green, Teal) being exhibited or acted out of? Alternatively, which altitude values are in conflict (e.g., the Orange goal fulfillment conflicts with the Green need for consensual decision making)?
4. What **developmental lines** (lines within each quadrant, relative to the evolution of that quadrant) are applicable to the situation, and how do they help us see where growth could be applied?

Given that this is a framework for Agile enterprise transformations, to be effective for our purposes we also need to narrow the generic quadrants I, WE, IT, and ITS down to more relevant (and specific) designations. We will outline these in the next section at the organization level; later in the chapter, we will look at the team- and program-level designations for the quadrants. We will continue using the altitude designations of Amber, Orange, Green, and Teal, as these have by far the most relevance for organizations adopting Agile. In Chapter 9, we will layer in the concept of developmental lines (how complexity evolves within each quadrant) and our own concept of *Integral Disciplines*—the primary vectors to focus on in an Agile Transformation.

In essence, we are moving from using a high-level map of the world (the IOS) to a detailed map of our neighborhood, complete with our favorite bakery, natural foods market, night club, and gym (the IATF). Let's look at the enterprise transformation quadrants first.

## The IATF Quadrants

The creation of the IATF came from an awareness, a “seeing,” of how marrying Integral and Agile together can make transformation possible. Integral is used in many different fields of study—from medicine to art to psychology to business and leadership—so the model needs to draw your attention to what is most important in an organizational change context. Figure 8.1 shows the four quadrant names with this Agile Transformation focus. In this section, we make the quadrant perspectives real by detailing both the subject matter and the relevant methods for each quadrant at the organizational, program, and team levels. We also provide examples of typical methods used in Agile implementations and explore how they map to the quadrant perspectives. In Chapter 9, we will look at how things develop within each quadrant—that is, the movement from less complex to more complex altitudes.

**Figure 8.1**

*The Integral Agile Transformation Framework: organizational level*

## Leadership and Mindset (I Quadrant)

As we've discussed at length, for organizational transformation success, nothing is more important than leadership. Leaders cannot delegate this level of change; they must actually lead it. Recall that the I quadrant is about our intentions, values, beliefs, feelings, emotions, and, more generally, mindset and overall internal experiences as a person.

When we are assessing our organization from the point of view of the *Leadership and Mindset* quadrant, we might ask questions like these: What is the belief of the Agile sponsors about why they are doing an Agile Transformation? What was the wake-up call for them that spurred the change? How open are leaders to new information and perspectives that will impact the transformation? What emotions are present in individuals when speaking of the change?

In our Agile initiatives, we often pay most attention to competencies, skills, training, and similar aspects. All of these are IT quadrant perspectives and part of what we call the "Outer Game." The I quadrant is about the "Inner Game": how people make meaning of their world, their self-identity, how they feel about the Agile Transformation effort, and so on.

Common approaches to Agile that highlight the I quadrant include the distinction between *being* Agile and *doing* Agile. The being side emphasizes our inspiration, our motivation, and our inner experience of—and integrity with—the Agile principles and values. We see that this “being” distinction comes from an I quadrant perspective. The being side can be known by each person only as an inner experience. Yes, it can be talked about and shared, but ultimately it can be experienced and known only from within our individual experience—something not directly accessible to others. We cannot expect people to “take on an Agile mindset,” because change cannot be imposed on someone. Transformational change is an inside-out practice. Another I example—being a servant leader—is largely an issue of our inner motivation for leading (consider how different it is to be motivated by achieving status or power versus serving people and the greater good) and our sense of self-sufficiency (our ability to feel as if we are enough rather than as if we are deficient, and our ability to develop ourselves in an internal way that allows us to access such motivations and capabilities). Other I-oriented approaches include the following:

- Bill Joiner’s Leadership Agility
- Bob Anderson’s Leadership Circle
- Professional coaching (Coaching is not limited to the I quadrant, but most practitioners’ use of such skills tends to overemphasize this perspective.)

### *Insight to Action: Leadership and Mindset Success Factors*

Several factors from this quadrant perspective affect the success of an Agile enterprise transformation and should be considered for assessment and intervention. Here are some examples of “Leadership and Mindset” questions that you might reflect upon:

- Assess the maturity and adaptability of leadership at all levels. The maturity or complexity of a given person’s leadership includes their internal capacity around emotional intelligence (EQ), their LOS’s meaning-making capacity (Reactive to Creative to Integral), and (especially at a team level) the depth of commitment felt by individual contributors to craftsman’s pride. Unless outcome-creating leadership is activated, the Agile values will simply not be achievable.
- Evaluate the extent to which leadership is engaged, committed, and actually leading the transformation rather than delegating the effort. (This is the focus of forming a change team and designing the change initiative, topics addressed in Chapter 10.)
- Assess the level and quality of employee engagement. This is a mindset issue for the individual, which then becomes a cultural issue. Unengaged employees may be the single largest source of unfulfilled potential in organizations in our time. This factor may already be assessed by human resources personnel on an ongoing basis, but it could also be addressed in your transformation effort.
- Evaluate the alignment (experienced internally) between people’s values and the Agile values, and how this plays out as they participate on teams and in organizational activities.

- Assess the extent to which people are able to speak their truth. Embracing Agile means embracing transparency, visibility, accountability, feedback, and courageous authenticity. If the culture of an organization stifles the voices in the organizational system, and if it contributes to people feeling the need to put on a “corporate professional mask,” you will only achieve the status quo—you will not see transformational change.
- Notice the emotions present in people who are part of the change, as well as in the individuals who are being impacted by the change. Leadership, mindset, and engagement point us to the most easily overlooked areas in a transformation and urge us to focus on these needs. If we think of Agile as just a set of software development practices to be competent in and trained on, then we will have missed the point (this is perhaps Achievement-Orange thinking). Instead, from an evolutionary development point of view, in addition to learning new knowledge and skills, we must develop our internal capacity to enact and embody the Agile values and principles (i.e., develop the Inner Game). This is true whether at the team level or the leadership level.

## Practices and Behavior (IT Quadrant)

In the last 25 years, owing to enormous technological advances, products have become much more intelligent. Today, there are more types of users, more types of organizations, and different perspectives on “value.” With these changes occurring at an accelerating pace and with increasing complexity, product design now has to include more than just economic and user values for the given organization; that is, it has to account for an increasingly wide range of social and economic values for the industry and even for society as a whole. This complexity of product innovation requires us to adopt even more perspectives outside of the Agile delivery team, to the organization, and even outside the organization. The practices we use to develop products are obviously central to Agile. Agile practices are brought into organizations for the very purpose of changing the way people work together and how they create the desired business results and innovative value. Recognizing the importance of this factor, we made *Practices and Behavior* the primary focus of the IATF’s IT quadrant. Ultimately, organizational agility will come about only through the use of progressive practices that optimize collaboration and cross-boundary synergy. Likewise, successful practices will come about from a combination of the right behavior (IT) with the right intention (I). If we merely go through the motions (behavior without intention), we will be unlikely to achieve the results we expect.

A common Agile approach that emphasizes the IT quadrant occurs when we focus primarily on specific Agile behaviors and practices, breaking down the details of the practices, observing whether they are going well, and teaching and mentoring people how to engage in them. This is the strategy adopted in many Agile implementations and is often a strength of Agile practitioners; however, when it becomes the singular focus, it reduces transformational change to merely “installing” Agile practices rather than producing the desired organizational agility. Behaviors and practices have the virtue of being observable from the outside, objectively, including any artifacts created by the practices (e.g., a software build history, the number of bugs, observing or recording the stand-up meeting, the documented results of a retrospective). This is useful when we wish to measure and make objective assessments of where we are at—hence, its appeal in a business results and scientific

measurement context. However, this approach does not capture the intentions of the people engaged in the practices (the I quadrant perspective), so we're in danger of missing important information if we do not also look there. Practice = behavior + intention; without the underlying intention (belief or value) of the practice, the value is lost. In general, Agile process frameworks are often IT-oriented descriptions, often being described as empirical process frameworks.

### *Insight to Action: Practices and Behavior Success Factors*

Several key factors from this quadrant should be assessed and considered for intervention in your Agile enterprise implementation. Here are a few reflection questions for you to consider as you look at your current Agile practices and behaviors:

- Evaluate the actual practices used to create products, involve customers and other voices, and measure success to determine the level of product innovation occurring at present in relationship to the organizational agility goal.
- Evaluate the alignment between how the practices are carried out (behavior) and the intention they were created from, to identify instances of just “going through the motions.” This gap—for instance, a Green customer-centric practice that is enacted with an Orange intention of selling more to a captive customer audience—creates tensions between delivery teams and product owners or management.
- Assess the maturity of collaborative and relationship competencies, within teams, and also across organizational boundaries (e.g., across horizontal and vertical levels, between departments or functions, between geographic regions, including external stakeholder groups). The gaps identified are a potential target for interventions to increase boundary-spanning competency, enabling a more cross-organizational collaborative culture capable of operating with the agility needed to respond to the complexity and pace of change, and to disrupt the market with innovative products.
- Assess the consistency of your *practice* of software craftsmanship and modern Agile engineering practices (your actual *behavior*, not just what you say that you value) to evaluate the maturity level of technical practices. The state of these practices will greatly determine the agility of your products and the ability to make future changes, impacting the total cost of ownership.
- Look at the extent to which the organization considers its impact on society and the planet. This level of vision may be beyond what most organizations can currently do in a serious way, but it will become increasingly important (the COVID-19 pandemic has made this abundantly clear). Overall, when assessing our organization from the point of view of the “Practices and Behavior” quadrant, we want to ask questions like these: How aligned are the organization's current practices to Agile practices? How is the customer involved in product development? What metrics are captured at the team level and how are they meaningful to business leaders? How can we meet the organization where it is and help it evolve its practices and behaviors to a more organization-centric level, including all voices in the system, aligned around a shared unified vision and the organization's brand and purpose?

Many Agile efforts, while focusing on this quadrant perspective, lose sight of the need to focus on practices at a multiple-holon level—not just within teams but also across the organization. Moreover, when Agile practices are “installed” within the organization, the deep intention designed into the practices is often lost, along with the benefits. The result is what people often refer to as *doing* Agile but not *being* Agile; both are required. In other words, rather than introducing a practice with an appropriately corresponding intention (as is possible with Evolutionary-Teal development), we are re-creating the existing practices and their way of thinking (Achievement-Orange).

## Organizational Architecture (ITS Quadrant)

The structures and environments we create may either enable or limit our culture and mindset. They may enable or limit how adaptive the organization can be in making significant changes or achieving significant organizational agility. Likewise, they either enable or limit innovation. Transformational leaders need the ability to see the “whole” system and the environment to realize the organization’s vision around transformation. Indeed, “seeing systems” is a critical competency for a transformational leader.

For agility to be possible, organizations must architect their structures and systems so that value creation and flow of value are optimized. An inflexible structure will limit the likelihood of achieving this outcome and make responding to changing market conditions almost impossible. Since this ability is paramount to organizational agility, we have chosen to name the ITS quadrant dealing with these concerns *Organizational Architecture*.

The “Organizational Architecture” quadrant reminds us to look at the overall social system and environment of the company and its work and to “see” things like organizational policies, organizational charts, systems, workflows, and emergent effects (hence, the criticality of systems thinking). It includes not only an organization’s *structure* but also how teams are set up and staffed, the style and focus of performance management/metrics, the financial systems and structures, governance (at the project, program, and corporate levels), corporate policies, business process systems (including scaled frameworks), and external realities like government regulation, industry groups, and competitive pressures. Organizational architecture can be seen as an expression of the WE culture but in concrete, observable, and tangible forms.

When we assess our organization from the point of view of the “Organizational Architecture” quadrant, we might ask questions like these: How is the organization designed to support and give visibility to product flow? How Lean are current processes, and how will that impact agility? How will the organization’s approach to governance impact the transformation?

In our Agile Transformation experience, organizations often recognize that there is a gap between their existing structure and one that supports agility; we notice that many organizations attempt to bridge this gap by implementing a scaled framework. Scaled frameworks most often, in our experience, re-create the current thinking about structure (a functional matrix) rather than offer a new, adaptive type of structure—one that, for example, flexes with changing market conditions and business needs and is not tied to the normal political hierarchy. In other words, rather than introducing

a new way of thinking (as we will see in our later discussion of Evolutionary-Teal development), we are re-creating the existing functional matrix way of thinking (Achievement-Orange).

A popular Agile approach mainly from an ITS perspective is the Scaled Agile Framework (SAFe; both are trademarks of Leffingwell, LLC). SAFe focuses not only on individual processes but also on a *process system* that unites different levels: from the team level, with a product owner and a backlog; to the program level, with a roadmap and a program backlog, and roles such as release train engineer, product management, and release management; to the portfolio or organizational level, with a portfolio backlog, investment themes, and business and architectural epics. When examining any single process in the SAFe framework, we could look at it from an IT perspective. However, for the *process system*—with its interrelationships and synergies, as well as the policies and organizational roles it entails—it is more fitting to see SAFe (or scaled frameworks generally) from a systems point of view (ITS). While SAFe makes references to leadership and culture (I and WE), it does not use the same level of formalization, nor are there specific, implementable “human technologies” (methodologies) that the process system references. The bottom line: Organizations seem to embrace SAFe for the ITS benefits it embodies (scaling an Agile process to an organizational level with role and structural implications) rather than the I or WE practices or methods. Other common approaches incorporating an ITS orientation include Holocracy, Beyond Budgeting, and the theory of constraints.

### *Insight to Action: Organizational Architecture Success Factors*

Several key factors from the ITS quadrant impact a successful Agile enterprise implementation and should be considered for assessment and intervention. Here are a few questions you can reflect on from the ITS quadrant lens view:

- Does the organization structure fit with an Agile philosophy? For instance, does it align around value streams? If not, what is the organizing principle?
- In adopting Agile, what organizational systems and policies will be affected? If they are heavily Amber or Orange—along with the corresponding leadership mindset—what could make change possible?
- How does the organizational structure enable (or constrain) the flow of value? Can the bottlenecks be seen or visualized? What altitude level of thinking did the structure arise from? What issue or perspective does the existing organizational structure create as a point of focus (e.g., political power or manager bonuses rather than value creation)?
- If you want to have an adaptive organization, what organizational structures will enable you to flexibly re-deploy your teams and other assets to adapt to changing market conditions and business strategies? What organizational design options are even available to you?
- How are roles and responsibilities, as well as employee career paths and personal development goals, considered as part of the change effort?
- How does the organization approach scaling Agile?

Organizational leaders inherently know they must scale Agile for agility, yet it is mostly done in a transactional way, through the implementation of an Agile scaled framework, rather than a conscious change initiative that includes both human and business agility aspects of change.

## Organizational Culture and Relationships (WE Quadrant)

Fundamental principles of Agile include collaboration, sharing, transparency, and accountability. In turn, it stands to reason that relationships—and how we show up in them—will strongly influence the success of any transformation. The massive shift that needs to take place when moving from a non-Agile environment to an Agile environment usually asks that we change the very DNA of our organization, that our culture undergo a fundamental shift. Transformational leaders must understand how collective beliefs create relationships, culture, and systems (the reverse is also true). They must also understand how people are feeling, and how central emotions are to building the right culture. Thus, the focus of our WE quadrant is *Organizational Culture and Relationships*.

The view from the WE quadrant is of shared meaning, shared values, our experiences of our relationships, and, more generally, organizational culture. In the IATF, this fundamentally includes the altitude of the culture within a team, program, business unit, or organization. Culture in WE is the equivalent to mindset in the I quadrant, but it involves a different type of consciousness—that is, systemic consciousness. Looking from this quadrant, we see whether we have a collaborative and empowering culture, or a predictive, control-oriented one, or a superiority-focused, achievement-driven one. This perspective includes the overall organizational culture as well as the leadership culture (the behaviors and attitudes deemed desirable in leaders). Further, it includes the values we hold together and how we live them (or don't live them), our relationship systems (from the “inside,” or how we experience them), and the many nested system configurations of relationships.

What we frequently see in Agile Transformations is a fundamental mismatch between the existing organizational culture (typically Achievement-Orange) and the type of culture where Agile can thrive. Addressing this gap requires focused attention on development of the organization's underlying collective belief structure in a systematic way in the direction of Evolutionary-Teal development.

When we are assessing our organization from the point of view of the “Organizational Culture and Relationships” quadrant, we might ask questions like these: Is the leadership modeling the behavior of the culture we desire? What politics are at play, and how is that showing up in the environment? Who are the collective people who are highly influencing this effort? In what ways does the existing culture align with Agile values? Are people more transactional or more people-oriented in their relationships?

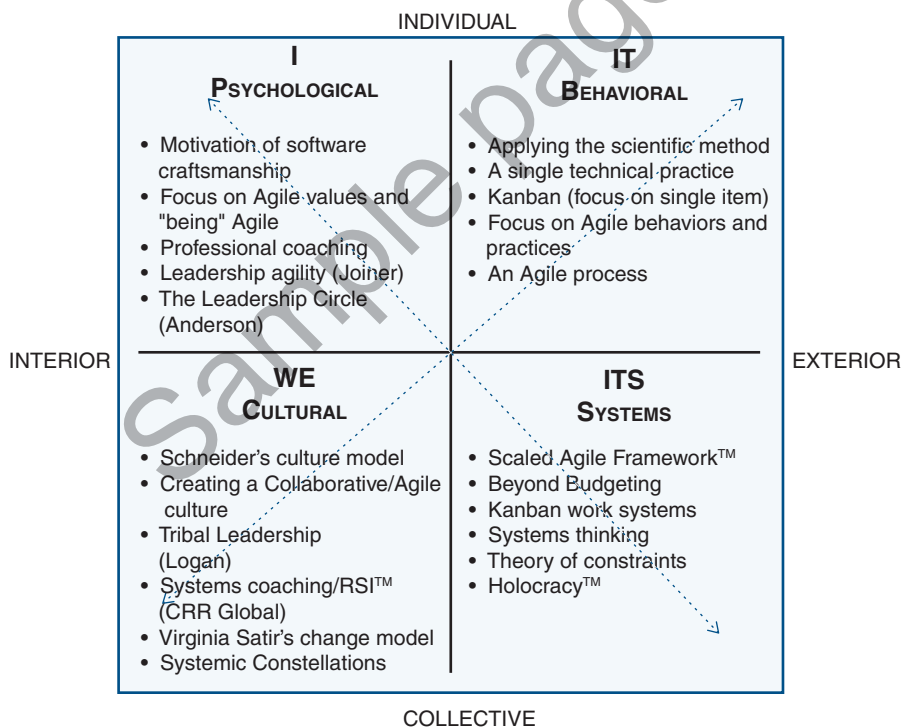
A common Agile approach that incorporates the WE perspective is William Schneider's (1994) culture typology. It distinguishes four culture types:

- Control
- Competence



- Collaboration
- Cultivation

This is fundamentally a WE quadrant perspective (though it also has clear ITS implications), enumerating our shared understanding, beliefs, and approaches to organizational culture, to “how we do things around here in order to succeed” (Schneider’s definition of culture). An organization’s culture type reflects what people believe together, their shared understanding. For example, in a control-oriented culture, we believe that we must get and keep control if we are to succeed; in a competence-focused culture, we believe that we must be the best in the world at what we do; and in a collaboration-oriented culture, we believe we will only succeed together as a team, not separately. These *shared beliefs* and *mental models* then show up in the way we lead (I quadrant), the characteristics of our process (IT quadrant), and our organizational structure and policies (ITS). Other WE approaches include systems coaching (ORSC), systemic constellations, Virginia Satir’s change model, and Dave Logan’s Tribal Leadership. Figure 8.2 summarizes these common Agile methods for all four quadrants.



**Figure 8.2**  
Methods used in Agile Transformations mapped to quadrants

### *Insight to Action: Culture and Relationship Success Factors*

Several key factors from the “Organizational Culture and Relationships” quadrant influence the success of Agile enterprise implementation. Here are some reflection questions to ponder as you think about your current organization’s culture and the quality of relationships:

- What is the fit between the existing culture and the kind of culture conducive to Agile and organizational agility? How is this culture “carried” (e.g., in the actions and role modeling of leaders, in the permanent structures)?
- What is the level of resiliency of relationships across the organization? More human, people-oriented relationships make for a more Agile environment than do transactional ones. Are relationships even something that can be talked about to make them better? How are relationships different at different holon levels: Between team members? Between middle management? Between senior leaders? Across levels?
- What is the ability to work across organizational boundaries (boundary spanning), moving from an “us versus them” mindset to a shared “we” mindset, achieving synergistic results, and getting beyond the typical “silo wars”?
- Are there transformational leaders who are taking responsibility for designing and helping shift the culture, in part by modeling behaviors consistent with the desired culture?

We will go through each quadrant again, in more depth, as we explore the developmental lines and how evolution or development occurs within each quadrant in Chapter 9 on the Integral Disciplines.

## **Integrating the Quadrant Perspectives**

The very foundation of the IATF is an Integral attitude, so regularly and systematically taking the perspective of all four quadrants is central, both to provide full understanding of a given context and to uncover all the salient approaches to growing a more Agile organization. No method—not Schneider’s culture types, the idea of being and doing Agile, software craftsmanship, a focus on individual Agile practices, or a scaling process like SAFe—is the final answer. Being Integral means embracing approaches from each of the quadrants and choosing them depending on how they fit with the change strategy, all to get a comprehensive, balanced effect.

One global comment about organizational change and the quadrants: Bob Anderson, an unparalleled researcher in the field of leadership development, observes in his white paper *The Spirit of Leadership* (2008) that the I and WE quadrants are typically de-emphasized in organizational change initiatives; instead, these efforts are driven primarily by structural and process approaches, leading to failure rates of 85%. This is also what we see in the Agile world, where there is an (over) emphasis on training and implementing Agile practices (IT), and perhaps scaled frameworks and some form of organization design (ITS), with little effective action taken to develop leadership (I) or align culture (WE). Taking Bob’s advice to heart, we have emphasized the left-hand quadrants, since we are steeped in multiple effective, scientifically based approaches that develop organizations within those quadrants. Recall that the right-hand quadrants are no less important, but they are more well understood and already more easily focused upon in our industry.

Now that we have explained the quadrant perspective in the IATF, let's consider an example that frequently comes up in an Agile transformation. We'll then put on the lens from each quadrant to examine this situation, providing a sense of integration. Recall a couple of facts about quadrants: They "tetra-arise," meaning they are all available all the time if we just look; one quadrant impacts the others, so how you see a given situation depends on which lens you are looking through; and to be Integral, we need to look from all four perspectives systematically.

This is a scenario we have seen in transformations, and you may also recognize it: *The HR department is not seen as a key player in the Agile Transformation*. Let's look at this scenario from the lens of each quadrant, and consider how it impacts the Agile Transformation effort.

- **Leadership and Mindset:** If we look *at* (from an assessment point of view) the I quadrant, we recognize the need for leadership to develop their own Inner Game, to increase their capacity to support the Agile mindset as well as Agile leadership traits. It might not be obvious to HR or the leadership of the Agile Transformation effort that there is a connection between the type of leadership needed in an Agile environment (typically the purview of Agile coaches) and leadership development (typically within the scope of HR). This is especially true when the transformation is perceived as being an information technology-driven initiative. In contrast, when we look *from* (as the client) the I quadrant, we can see that the HR leader might feel as if their role is being infringed upon if we bring in a leadership development program under the auspices of the Agile Transformation without considering them as a partner in this effort. Taking both perspectives gives us more information to act on. This tendency to divide up the world—the technology organization doing "technology" things, and the HR department doing "people and leadership" things—gets exposed when we take an Integral view.
- **Practices and Behavior:** Looking *at* the IT quadrant, from an HR point of view, we have seen confusion around the new job roles and descriptions that Agile tends to provoke, where there may not be adequate career paths to support the new ways of working and the new practices Agile brings, and where there is a potential mismatch between current skills and needed skills or roles. Looking *from* the IT quadrant, we have seen HR folks struggle to understand Agile, the required skills and competencies, how people's roles will need to evolve, and the fact that a convenient mapping of roles (such as project manager = Scrum Master) often does not do justice to the reality on the ground.
- **Organizational Architecture:** Looking *at* the ITS quadrant, we see HR policies and reward systems—like stack ranking or an emphasis on individual versus team performance—that often don't align with Agile beliefs or values. For instance, such policies often drive individuals to try to stand out rather than focus on team success. Looking *from* the ITS quadrant and the HR person's view, shifting the reward system to be more team oriented will require a big change effort across the entire organization. If HR wasn't given a seat at the table when the Agile Transformation was launched, this may be a difficult and lengthy process later in the game. Bringing HR in early, and trying to see the world from their point of view, can pay big dividends.
- **Organizational Culture and Relationships:** Looking *at* the WE quadrant, we see a culture misaligned with Agile, along with the typical belief that HR is responsible for culture change

initiatives. Clearly, these efforts need to be closely integrated. Looking *from* the WE quadrant through the eyes of the HR group, they may not see the connection between culture shift and Agile, which results in a siloed mentality—an “us versus them” mindset instead of a shared “we” mindset about how to drive that culture change.

## Development within the Quadrants

Throughout human history, human adaptation has been a dance between external circumstances and internal capacity: As external circumstances became more complex, the internal adaptive capacity had to evolve to be a match for that complexity. Likewise, organizations have evolved out of a need to match the complexity of our world. Right now, we are living in a time of extreme complexity acceleration. All over the world, humanity is asking for authentic leadership, the kind able to solve world problems within the context of wildly varied stakeholder views. In addition, we need new kinds of practices, structures, and cultures to fit the level of complexity we now face. The need to evolve has never been greater.

Agile came about in response to this reality, meeting the world’s complexity in the area of software development, an evolutionary adaptation that furthered the ability of groups to collaborate to solve problems and bring products to market that were fit for purpose and met customer needs. This was expressed most commonly as an IT quadrant solution: a series of related practices that got better business results. The trouble is, those practices—designed from the thinking of a higher altitude than previous ways—required corresponding supporting complexity in the other quadrants. For instance, Agile practices (IT) designed from a Pluralistic-Green to Evolutionary-Teal altitude need similarly complex leadership (I) (outcome-creating/self-authoring mind) and culture (Pluralistic-Green culture and human-oriented relationships from a WE perspective). Further evolution of Agile to address large, complex organizations and their need to respond to disruption with their own innovation revealed the need for agility at the organizational level, not just at the team or in the delivery function.

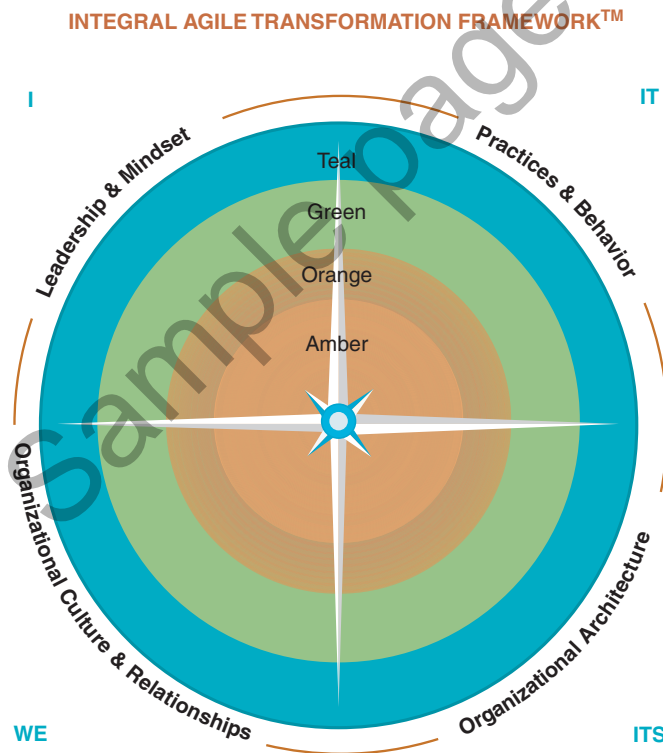
Since Agile is an evolutionary adaptation in a world of ever-increasing complexity, it will help us to have a model of how evolution proceeds *within* each of the quadrants, so as to have a complete picture of organizational transformation (even more specific to organizational transformation than the picture conveyed in Part I). In our Integral map, recall there is a horizontal element—the quadrants, pointing us to different areas of focus and different methodologies and logics. There is also a vertical dimension that represents the level of complexity, whether of practices, culture, leadership, or organizational structures and systems.

We will continue to focus on four primary organizational altitudes—namely, Amber, Orange, Green, and Teal—held in a generic way across all four quadrants. Again, these colors are semi-arbitrary, designed in the Integral Model to match the colors of the rainbow for easy recall. Recall that each successive level is spurred into existence by organizational (or personal, in the case of an individual) challenges and general life conditions that could not be successfully handled by the previous way of organizing. The new level represents a stable way to deal with these new challenges successfully.

Each successive level of organization transcends and includes the previous level. In healthy development, this means culling the adaptive parts of each level for use at the next level. For instance,

at the Pluralistic-Green altitude, we still have the ability to utilize Achievement-Orange negotiation skills in an appropriate context. In unhealthy development, in contrast, we often reject everything about the previous level and see it as wrong or naive. Each altitude has *more capacity* to deal with complexity than the previous one, which is generally a good thing, assuming that capacity is actually needed within a given environment (for instance, Traditional-Amber may indeed be the most effective altitude for an organization that needs to manage a simple manufacturing environment in a developing country). As people and organizations realize the need for a new way of being to match the world's complexity, development becomes more possible when we honor what the *current way of being* allows for, while also recognizing what possibilities it closes down. Developing a *new way of being* requires honoring what is healthy in the current way and letting go of what is no longer working, which allows for new capacity to be developed.

Addressing the issue of altitude in the IATF, Figure 8.3 shows the four altitude colors applied to the quadrants. Note that evolution happens within each quadrant somewhat independently of the others.



**Figure 8.3**

*The Integral Agile Transformation Framework: quadrants and altitudes*

The altitudes used here are highly influenced by *Spiral Dynamics*. However, its levels represent only one or two (of many) developmental lines, specifically within the I and WE quadrants, relating to how the individual, or the culture, “thinks” and values, representing different ways of being human.

The generic altitude colors attempt to abstract the essence of each altitude to give a sense of how it applies across quadrants; the specific ways in which evolution proceeds within each quadrant are explained in Chapter 9. Here, we summarize the altitudes briefly. These summaries are largely based on Laloux's research (2014) on Teal organizations and corroborated by the research of Graves (2005) and Beck and Cowan (1996).

- **Conformist-Amber:** Traditional, process-focused, right way to do things; seeks order, control, and predictability; structured, fixed hierarchy; formal job titles. Planning at the top, execution at the bottom. Conformist-Amber is a good fit for simple work environments and where order is essential (e.g., the military). Certainty-oriented.
- **Achievement-Orange:** Scientific method; effectiveness and efficiency; organization as a machine; management is like engineering. Innovation, accountability, and meritocracy are core concepts. Rational, restrained emotions. Uses goals to control. Budgeting, key performance indicators (KPIs), balanced scorecards, performance appraisals, bonuses, and stock options. Individual freedom. Results-oriented.
- **Pluralistic-Green:** Bottom-up processes, consensus-driven decision making, diversity oriented, servant leadership. Corporate social responsibility; organizational metaphor = family. Vision statements, values-driven cultures, worker empowerment, 360-degree feedback, leaders as teachers. People-oriented.
- **Evolutionary-Teal:** Self-organization; self-actualization, presence, purpose-driven, whole systems-oriented; locus of evaluation = internal satisfaction; has more capacity for perspective taking; minimal rules, maximal empowerment. Organization metaphor = a living system. No (or loose) job titles; peer appraisals; minimal need for hierarchies or consensus. Purpose-oriented.

We will go into considerably more detail with regard to altitudes in Chapter 9 on the Integral Disciplines and lines of development.

## How Quadrants Look from Different Holons

Because we are concerned with enterprise-level agility for Agile Transformations, we have largely focused on the organizational holon level. Working at the enterprise level incorporates the people, processes, and views of the levels rolling up to it, but it can also be useful to see the world specifically from the point of view of a team holon (whether a delivery team or a leadership team) or from the program or department holon. Depending on our purpose, it can be helpful to do some scale shifting, looking specifically at an issue from different holon levels (as we would from different quadrants). For instance, if we're working with a program or department, it is helpful to see the world from its point of view, in all four quadrants. Since programs and departments are both holons, they are both parts and wholes. As wholes, we can look at them from each of the four perspectives.

For example, when an Agile team brings up an impediment in the daily Scrum, we would first look at that issue from the team holon view to see if it can be resolved—looking from the I, WE, IT, and ITS points of view. If not, we take another look at it from the program level: What do we see, and

what could potentially be solved at that holon level and from any of the four quadrants? Many times, we see issues as organizational impediments that are brought to more senior leadership for intervention. As an alternative, we can think about touring the quadrants, the altitudes, and the different holon levels—of using a new form of systems thinking. In addition to looking at the level of agility in each holon, we also pay attention to how they interact, align, and support the overall organizational goal.

This section takes a tour of each quadrant through the three holon levels of organization, program (or department), and team. We will travel quadrant by quadrant—from the organization to the program to the team holon level.

## Leadership and Mindset

In this section, we will tour the organization, program, and team levels within the I quadrant.

### *Organizational-Level Holon*

The “Leadership and Mindset” quadrant, when seen from an organizational perspective, includes the developmental levels of leaders across the organization, from team leaders and first-level managers, to executives, CXOs, and even the board of directors. The developmental level of leaders will set a very definite organizational constraint or ceiling for what can be accomplished in terms of evolving to a more adaptive, complex organization. As Laloux (2014) puts it, “the general rule seems to be that the level of consciousness of an organization cannot exceed the level of consciousness of its leader” (p. 239).

Further, if we are attempting to develop real organizational agility, we will likely need to move into the range of Teal altitude. Citing his extensive research into Teal organizations, Laloux (2014) makes the point: “The CEO must look at the world through an Evolutionary-Teal lens for Teal practices to flourish” (p. 239). But for what, exactly, does the leader’s consciousness serve as a constraint? How is the organization structured (hierarchy versus self-organized, functions versus value streams); how does it develop products and services (focused on process, customers, or brand and purpose); what are the attributes of its climate/culture (results-centric versus purpose-centric)? Clearly, development in the “Leadership and Mindset” dimension is essential to our goal.

### *Program-Level Holon*

If we look from the program holon, we see the I quadrant from a bit narrower focus; in essence, we could think of the I quadrant as *Program Member Leadership and Mindset*. At the program level, it is important to pay attention to how people think about their engagement and connection to the overall program vision and goals. Does the program have a mission, similar to the way a product does? Do the members own and identify with that mission? The program should have a strong sense of identity, a differentiation with a compelling vision that teams can rally around (as occurred with the DaVinci program described later in this chapter). If program members do not feel a strong

connection to the overall program goals and culture, a sense of identity connecting them to the program or department, the program will be weak as a holon, and people will find connection at the team level instead.

While the most senior leader's level of consciousness sets the constraint on how much the organization can develop, at the team or program level the organization may be able to operate—temporarily—at a higher level than organizational leaders do. Laloux's experience (and ours) makes us quite skeptical of the ability of a group to operate in this fashion in the long term, once more senior leaders understand what is really going on, and how the new way of thinking poses a threat to the current organizational system. Says Laloux (2014): "Ultimately, the pyramid will get its way and reassert control" (p. 238). This is what happens in a bottom-up Agile Transformation approach: It may have limited success, but ultimately it is undermined by the corporate antibodies.

### *Team-Level Holon*

The I quadrant can be seen as *Team Member Values, Mindset, and Engagement*. Team members who feel highly engaged with other team members are more likely to actually *be* a team. Further, to form a strong Agile team, they will need to embrace the values and mindsets of their Agile practices and the pride of software craftsmanship. We can also look at leadership traits in individuals: To what degree are team members able to own the work and hold each other accountable? Can they understand and respect the perspectives of others, both other team members and stakeholders? To what degree can they contain their anxieties when under stress—to come from an outcome-creating stance rather than a problem-reacting one? Do their individual values align with each other, and are they aligned to Agile values? To what degree do team members believe their team mission is connected with, and important to, the overall organization's mission?

Another way to look at this holon is to notice the mindset of leadership at the team level and to determine whether the Agile Transformation effort is solely focused on the team's delivery and results rather than seeing them as part of a bigger effort that rolls up and across the entire organization.

## **Practices and Behavior**

In this section, we tour the three holons within the IT quadrant.

### *Organizational-Level Holon*

At the organization level, we are looking at the "Practices and Behavior" quadrant and how the whole organization develops and measures its products and services, how it uses technology and employs modern technical engineering practices, what level of craftsman behaviors is apparent, and what kinds of interpersonal and communication skills are developed and practiced. To achieve organizational agility, the organization needs to operate as a whole body rather than as a series of siloes. This requires boundary-spanning practices and behaviors that bring together leaders,



programs, teams, and individuals across the entire organization to collaborate and co-create their future. When we adopt this lens, we look at the overall behavior of the organization and what is blocking it from achieving the results it desires.

### *Program-Level Holon*

The IT quadrant at the program level might be thought of as *Program Practices and Behavior*. This perspective considers how the program develops and measures its product(s), how it employs technical engineering practices (software craftsman behaviors), and the skills and competencies that program members and leaders bring to bear in their communications and interactions and in how they relate with one another. If different practices are used at a program level, your observations could be very different than those made at the organizational level.

When we put on the holon lens of “program,” we are not looking at the full organization but only at the program of focus and its relationship—or embeddedness in—the surrounding environment, the organization. From this view, how does our program contribute to the organization's overall results?

### *Team-Level Holon*

The IT quadrant for teams concerns Agile practices and behaviors. For teams, this means how the team engages in Agile practices, what their inspect-and-adapt cycle looks like, how the team employs technical engineering practices, and how (and how well) they communicate and interact with one another. This is largely the purview of the Agile health checks that many people do. An additional aspect is how teams manage dependencies and impacts across teams, including how they manage relationships outside their boundary. Again, the results may be quite different at this level than at either the program or organizational level. In fact, many teams we have worked with had a far greater capacity to employ Pluralistic-Green practices than did their overall organization.

Notice again the behaviors and ways of working between holon levels. If your Agile Transformation is only doing Agile practices with teams, and the way of working doesn't shift between and within each holon, it will not be possible to achieve agility.

## **Organizational Architecture**

In this section, we tour the three holons within the ITS quadrant.

### *Organizational-Level Holon*

The *Organizational Architecture and Environment* quadrant concerns the overall organizational structure, the team staffing philosophy, performance management metrics, the finance and accounting systems and processes, governance, corporate policies, and external realities like government regulation, industry groups, and competitive pressures, as well as the effects they have on the entire

organizational body. If we take a numerical perspective on the organization (using various metrics), we can see whether workflows are constrained, efficient, or adding customer value, as well as the overall flow of value in the organization. We can also look at the level of alignment between senior organizational leaders and the organizational goals and strategies, metrics, employee rewards and incentives, policies, and governance. The degree to which senior leaders are *not* aligned on how the organization is architected in these areas will inevitably trickle down to middle management and the program level, which then snowballs down to the team.

### *Program-Level Holon*

For a program, the primary focus is how work flows into and out of the program. We could see this perspective as *Flow Constraints and Enablers*; it concerns the overall environment and the way it supports or inhibits flow, both from and to the program. This includes the surrounding organization in which the program is embedded—for example, how the organizational structure affects the program, how teams are staffed, performance metrics, financing, program governance, and how corporate policies affect the program.

When there is no alignment between program goals and overall organizational goals, the program has too much incentive to remain a silo, its own island. This misalignment is often made evident at the program level, where middle management becomes the “frozen middle” in a transformation effort.

In general, the focus is on how those factors impact the *flow of value* that the program is able to create, either as a constraint (bureaucratic governance) or as an enabler (an organizational policy supporting collaborative workspaces). A program may have varying levels of influence over this external environment. In any case, it is helpful to understand the limitations, and the opportunities, to enhance program functioning.

### *Team-Level Holon*

Finally, ITS is about *Flow Constraints and Enablers* at the team level. The overall environment for a team is the surrounding organization in which the team is embedded, especially any program or department of which it is a part. Issues of concern can include how the team is staffed, who the manager of the team reports to, which performance metrics the team is measured on (or whether different team members are measured differently), and how the team’s relationship to the budgeting process, governance, and any corporate policies that affect them unfolds. Again, the focus is on how those factors impact the flow of value that the team is able to create, either as a constraint or as an enabler.

The team is particularly subject to influences from the surrounding ITS environment, especially from the program level. Impediments to the work of Agile teams will show up when no environmental structure supports their ability to do the Agile practices in the way they were intended to be enacted. Some examples follow:

- Team members are all remote, and there are inadequate collaboration tools.
- The team cannot set up physical structures like collaborative workspaces.

- Team members report to different managers who have different goals and use different measurements.
- There are individualistic reward policies that directly undermine the members' incentive to work as a team.
- Policies around the test environment infrastructure or release management thwart the team's flow.

A lack of adequate flexibility in the organization's architecture will greatly impede the team's ability to fully embody the Agile practices and behaviors. In addition, this inattention sends a message that the organization's leadership is not committed to the Agile Transformation; thus, there is no compelling vision for team members to want to enroll in the change.

## Organizational Culture and Relationships

Finally, we tour the three holons within the WE quadrant.

### *Organizational-Level Holon*

The *Organizational Culture and Relationships* quadrant is fundamentally about the altitude of the organization's culture—Amber, Orange, Green, or Teal—including leadership, atmosphere, and the mental models and philosophy that drive hiring, rewards and performance, perceptions about failure, learning, accountability, conflict resolution, decision making, organizational values, hierarchy, and authority.

Also of interest is the degree to which different subcultures exist within the organization. Do they harmonize with one another and support the overall organizational mission, or are they a barrier? Does the finance department operate conservatively (Amber) and the technology delivery teams take an inclusive approach with customers (Green), while the senior leadership team focuses on achieving targets at almost any cost (Orange)? Is the Agile Transformation driven purely from IT (practices), or is it truly an organizational transformation?

### **Michele's Take**

Prior to my Agile consulting and coaching days, I was leading a division of a telecom organization that we had formed as part of an acquisition; it was charged with providing solutions for a new base of clients with more complex needs. As occurs in most acquisitions, the partners had very different ways of working and very different cultures. The acquiring organization was centered in Amber; it was very hierarchical with zero tolerance for failure and micro-management/command-and-control leaders but had some pockets of Orange—for example, in the sales and marketing division. The acquired organization was definitely more centered in Green, with some pockets of Orange. It was characterized by little hierarchy,

freedom to experiment, a hands-off leadership approach, and an extremely customer-centric attitude. For me to be successful in retaining the clients we had just acquired, I needed to be able to operate in more of a Green culture, which meant that I had to create a subculture within the larger overall culture of our organization. I was able to do this by appealing to the Orange language of the sales group and my direct leadership, who were mostly concerned with results. As long as I achieved results, I was left to run my division mostly in the way I deemed fit.

### *Program-Level Holon*

From a program level, we focus on the culture of the program and the relationships within it, but not necessarily those of the surrounding organization, since they may be different—hence, *Program Culture and Relationships*. The WE quadrant concerns the shared vision of a common product that binds the program together, as well as the program's overall culture. It includes the altitude of the program culture and the values that members hold together. Is there a coherent sense of belongingness across the program, or is it merely a management convenience to join elements into a cost center, calling them by the same name? These two alternatives are clearly different.

#### **Michael's Take**

Many years ago, I was the change management consultant for one of the functional teams in a large program going through a major enterprise system implementation. The new system drove the need for many changes, including new job descriptions, many process changes, and the associated training; it also had cultural implications. I and others felt a strong connection to the team, but perhaps even more so to the overall program—named the DaVinci program. There were 250 people on the program, so I didn't know that many of them personally, but we had a very strong sense of identity, mission, and connection with each other; we felt we were going to transform the company. We loved being part of that program together and had a strong shared culture. We essentially had a culture that may have even overridden our relationship to the larger organization. The agency of the program was potentially so great that it undermined the communion of belonging to the company holon. At times, it could have been a question whether we were motivated to complete our program mission, whether the organization wanted it or not.

In an Agile Transformation context, we often see Agile Transformation efforts operated as separate change initiatives rather than being coordinated or consistent in their Agile practices and in their change approach. This causes confusion across the organization, as a common language is lacking that might unite people toward a common goal. Also, you might have experienced programs in various business units competing with each other, vying to be the best, or various programs within a transformation effort competing with each other to “go Agile” first. These behaviors contribute to an us-versus-them culture, which reinforces the status quo and does not bring about transformation.