

Simon Hayward

The Agile Leader

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Harness a powerful leadership programme based on agile thinking to best deal with the **modern uncertain volatile** and **ambiguous** business world

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PRAISE FOR *THE AGILE LEADER*

‘We need to disrupt existing business models to drive growth in our unpredictable world. This book can help leaders to think differently, to agitate for change and to take others on a transformation journey. It highlights the importance of culture, behaviour, and ways of working.’

Kevin Costello, CEO, Haymarket Media Group

‘To be agile, you need to try to test things. Not everything you try is going to work. Fail small, fail fast and learn quickly. *The Agile Leader* demonstrates that agility is not just about creating things. It’s also about ruthless prioritization, managing risk and knowing when to stop. This book helps leaders to make choices that define their business success on a day-to-day basis. If you’re not moving forward and innovating and changing things, then your competitors will be.’ **Humphrey Cobbold, CEO, PureGym**

‘In *The Agile Leader*, Simon Hayward develops the approach to building an agile organization that he introduced in his first book, *Connected Leadership*. He looks at how many successful organizations are led by their customers, working with them to constantly innovate and improve, for mutual benefit. He also focuses on the importance of simplifying business processes and breaking down silos to encourage collaboration. In an uncertain climate, businesses need to be adaptable, flexible and always evolving. As well as spotting opportunities for growth, we need to make decisions quickly to seize these opportunities. We have adopted many of the principles of agile leadership at Pentland Brands to future-proof our own organization.’ **Andy Rubin, Chair, Pentland Brands**

‘With disruption happening in every industry and customer behaviour changing all the time, agility has become a highly prized leadership skill. By reacting with agility to changing customer needs and focusing effort where it will have greatest impact, this book shows where leaders can gain quick wins as well as achieving long-term, sustainable success.’

Roger Whiteside, CEO, Greggs

'This book explains very clearly just what makes agile leadership different to traditional leadership. Making the shift towards a more agile style of leadership can be a huge challenge. Simon Hayward offers a range of insights and advice to help you make that shift in a sustainable way.'

Mark Allen, CEO, Dairy Crest

'The digital explosion has had a huge impact on every industry. It has disrupted traditional ways of working. This book highlights the importance of customer focus, learning and collaboration in becoming increasingly innovative and agile. By adopting the principles of agile leadership you can stay ahead of the competition.'

Caroline Rush CBE, CEO, British Fashion Council

'A thoughtful read for leaders and aspiring leaders on the balance between reflection and action needed for transforming, or even just surviving, in an age of digital overload.'

Ben Page, Chief Executive, Ipsos MORI

'We live in a fast-moving world. This book recognizes that as a leader, you are on a constant journey. You cannot stand still. You need to stay abreast of new ideas and developments, to learn from others, to seek out opportunities and react to them. There is no finishing post. Being truly agile is about constantly evolving.'

Vanda Murray OBE, Chairman, Fenner

'Technology is accelerating the pace of change. It increases customer expectations. *The Agile Leader* offers valuable advice to leaders who want to embrace that change and to place customers at the heart of their business. It highlights the importance of developing a clear vision, purpose and framework so leaders can empower others to go ahead and work in more agile ways, and to react to customer needs and new opportunities.'

Angela Spindler, CEO, N Brown

'This is a really timely and thoughtful book for any leader thinking about how not just to survive, but to thrive, in our fast-changing world. It's a powerful sequel to Simon Hayward's *Connected Leadership*, really bringing agile leadership to life through a series of compelling interviews and case studies, alongside lots of practical hints and tips.'

Alison Nimmo CBE, CEO, The Crown Estate

‘This book demonstrates that by embracing agile leadership you can drive innovation and improved productivity. It will be relevant to managers and leaders across all organizations as it promotes having fewer hierarchical structures, and recommends collaboration and devolved decision making. This encourages a clearer focus on customer needs and will enable more agile working by removing bureaucracy and encouraging empowerment.’

Campbell Fitch, Global HR Director, Spire Global

‘This book is full of useful tips to help leaders succeed in a digital world. Drawing on his extensive research and real-world case studies, Simon Hayward demonstrates how leaders can, indeed have to, adapt to rapidly changing circumstances.’ **Jacqueline Moyse, Head of Organizational Development, Mandarin Oriental Hotel Group**

‘This is an inspiring book which is both thought-provoking and full of practical solutions and insight to help you to be an agile leader in a fast-moving environment.’ **Henny Braund, Chief Executive, Anthony Nolan**

‘In *The Agile Leader*, Simon Hayward identifies the biggest barriers to agility and explains very clearly how to overcome these. By distilling robust research into valuable insights, he offers guidance to leaders who want to develop their own capabilities in order to drive business-wide transformation. A very practical guide which can change the way you work and help you to influence wider ways of working across your organization.’ **Mark Brown, Vice President, Global Talent Management, Fresenius Medical Care**

‘This book provides leaders with a blueprint for creating a more agile organization. It identifies the barriers to agility and suggests some specific ways to overcome them. This is a very useful guide to streamlining your business in a complex world.’ **Richard Prosser, Chairman, Audley Travel and Tusker Direct**

‘In *The Agile Leader*, Simon Hayward distils a great deal of research and real-world experience into a very practical and insightful guide. Illuminating case studies deliver some real “light-bulb” moments. Building on *Connected Leadership*, this book provides a roadmap for developing a more agile business and describes how to take people with you on a journey of transformation. It explains why collaboration

and connection between colleagues, customers and key business stakeholders is critical to ensuring your business can evolve and thrive.'

Alan Boddy, Executive Director of Operations, livin

'Many start-ups begin life as very agile businesses but find it difficult to hold on to that agility as they grow. *The Agile Leader* shows how businesses can continue to evolve, adapt and innovate, no matter how big they become.'

Tony Foggett, CEO, Code

'Once again, Simon Hayward has managed to produce a book that is informative, challenging and a good read.'

Professor Catherine Cassell, Dean, Birmingham Business School

'In this book, Dr Simon Hayward draws on well-documented research into agility, complexity and distributed leadership. He distils this into some very practical advice to help managers and leaders deal with the everyday challenges of working in an unpredictable and fast-paced environment.'

Professor Fiona Devine OBE FAcSS FRSA, Head of Alliance Manchester Business School, University of Manchester

'I have worked with Simon Hayward in various different formats and have found his insights on leadership to be enormously valuable.'

Professor Dame Nancy Rothwell, President and Vice-Chancellor, The University of Manchester

'How to lead effectively in this fast-moving chaotic world? In this fine book, Dr Simon Hayward argues convincingly that today, agility is a crucial element of effective leadership. Packed with research findings and practical advice, this book should be recommended reading for current and future leaders, as well as students of management theory.'

Professor John Perkins CBE, former Chief Scientific Adviser, Department for Business, Innovation and Skills, Her Majesty's Government

'Dr Simon Hayward condenses a wealth of research and case-study material into a highly readable guide to agile leadership. He explains how leaders can develop their own capabilities, build more agile teams and play a part in creating agile cultures that support organizational transformation.'

Professor Mike Bresnen, Head of Department of People and Performance, Manchester Metropolitan University Business School

What is agile leadership?

01

Introduction

What great leaders do has changed. We live in a digital world and we need to adapt our leadership approach so that we can be effective and create organizations capable of succeeding in this digital environment. This involves becoming more agile, both in connecting our people to perform better, and in disrupting their thinking, to be ahead of the competition and able to adapt to rapidly changing circumstances. Being an agile leader means being an enabler and a disruptor at the same time – this is the agile leadership paradox.

Questions to ask yourself

In this chapter you may find it helpful to consider the following questions as you read, to help you extract the key insights for yourself as a leader:

- How is the accelerating digital economy affecting your organization?
- Do you think in an agile way?
- Are you more comfortable as a leader being an enabler or a disruptor?
How can you achieve a helpful balance?

Leading in a digital world

Agile leaders are connected leaders. They know how to connect with their team, customers, colleagues and wider stakeholders. They also know how to connect with societal trends that are shaping a new

reality around us – a digitally accelerating, politically unstable reality that creates novel opportunities and raises the threat of obsolescence across products and whole sectors. In that new reality, agile leaders make choices that define their business success or the achievement of their goals on a day-to-day basis.

Technology, and what we can do with it, is transforming human behaviour and how we communicate across sectors and geographies. The explosion of internet connectivity and machine learning is raising questions about who, or what, is in control. It feels like time and space are shrinking and the time we have as leaders to think and respond to changes around us is in danger of diminishing in parallel. The pace at which we can now operate is an amazing achievement driven by mobile technology, the internet, innovative apps and intelligent systems. In this context, we need to create new ways of working that reflect the changing world outside and inside our organizations, and enable us to respond to the unexpected opportunity or threat with speed and accuracy.

In this digital world, where customer experience expectations (and the quality of internal operating models to deliver them) are rising at an ever-faster rate, we need to learn to create an environment for our organizations that can embrace uncertainty and flourish by working in ways we hadn't even heard of five years ago. For some this will continue to be more incremental change in response to competitive forces, whereas for others it involves wholesale reinvention. The software company moves into hardware, for example. The telecoms company becomes a digital company. The retailer becomes a service provider. The car manufacturer becomes a tech giant. We are all too aware of the 'Uber moments' happening around us, where competitors change the rules and structure of our market – Uber has disrupted the taxi market around the world, using an app to change how we travel in cities.

In this book I am using the term 'disruption' in line with the *Oxford English Dictionary* (2017) definition: 'disturbance or problems which interrupt an event, activity, or process'. This captures the sense of interruption, of challenging established norms, and the level of change needed to flourish in this digital age. I am using the term 'agile' to embrace a whole approach to being 'able to move quickly and easily' (*OED*, 2017). To quote from my first book:

Organizational agility presents something of a paradox. You must be able to identify and respond quickly to emerging threats and challenges while at the same time having a firm vision of your strategic plans and coordinated activity to execute them. This paradox is at the heart of connected leadership, with its stable foundations and flexible and evolving ways of working. Creating an organization that is 'able to move quickly and easily' needs a strong spine and supple muscles. (Hayward, 2016)

Whether we face an Uber moment or not, if we are not evolving at least as quickly as our environment, we are likely to be caught out. By 2020 there are estimated to be over 30 billion devices connected around the world in the 'internet of things' (Abi Research, 2013). These intelligent devices are sensing and responding to data about everything from our heart rates, the movement of goods in supply chains, to volcano temperatures. As this exponential growth in connectivity continues we are in the middle of a shift to machine learning, with the prospect that human interaction will no longer be needed for systems around the world to connect, adapt and decide on future actions. In this context the potential for chaos is increasing and the ability for human control decreasing.

For many of us the risk is that one of these Uber moments might be just around the corner, and it is better to be evolving as quickly as you can rather than waiting for change to be forced upon you. Online retailing, for example, has been an unforgiving battleground over the last decade or so, with many traditional retailers struggling to embrace a digital business model when they are rooted in more 'bricks and mortar' or paper-based operations. Consumer expectations are being raised daily by innovations driven by the clever use of technology, such as same-day delivery with online shopping, in-play betting during sporting events, virtual reality gaming experiences, and online sizing for clothing when we can try the garment on and see what it looks like before buying.

Here is how Angela Spindler, CEO of N Brown, the successful online clothing retailer with brands such as JD Williams, Jacamo and Simply Be, describes the shift it has seen over the last few years. N Brown has moved from being a traditional business that printed catalogues to a digital business trading through a range of websites.

Angela describes how things have changed, as they endeavour to stay on the front foot in the online clothing retail market:

The big difference in the pace of change has been the connectivity of consumers, fuelled by technology, both to each other, the market and the world. This both introduces and accelerates the pace of change and the expectations that consumers have. They know far more about pretty much everything, and it's at their fingertips, quite literally.

Many of the people and most of the systems have changed in the last few years at N Brown as it has moved quickly to a digitally-led retail model. The results have been impressive, but the journey has been painful at times, with changes in business platform, people and ways of working.

This book is a guide for leaders to create critical connections and build organizational agility so that you can stay relevant even when the rules change – sometimes gradually, sometimes overnight. I will draw on research that is both current and robust, as well as nearly 30 years of working with many international corporate clients to create new leadership practices to transform the way their organizations operate. I will use my own research and that of leading experts in their fields, from both academic and practitioner research sources, so that you can understand what the experts are reporting and interpret this in relation to your own organization. I will explore how agile software development processes work, including Scrum, and what we can learn from them as business leaders. I will also use case studies to explore what various leading organizations are doing to deepen their levels of agility, as examples from which you can gain your own insight, and include extracts from interviews I held with participants in my research. I will provide tools to help you apply this to your own organization, whether you are the CEO or the aspiring CEO.

Many of the organizations I have studied or worked with are seeking to succeed in a context of ever-increasing disruption. This includes the digital transformation of whole industries, the upsurge in populist politics in the United States and Europe, increasing levels of protectionism, the break-up between the United Kingdom and the European Union, religious conflict and social division in parallel with the connected world that social media and communications have

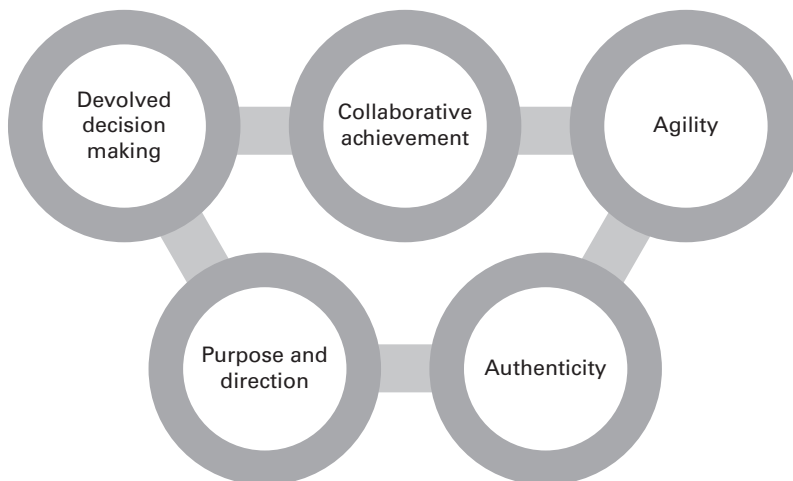
brought. This disruption creates opportunities for major commercial or service delivery advancement. Seizing these opportunities is often fraught with risk, but not seizing them can be riskier still. In this digital and politically unpredictable world, agile leadership has never been more relevant.

Connected leaders

In my previous book, *Connected Leadership* (Hayward, 2016), I described a fresh approach to leadership that is completely relevant to this context. There are five attributes that are most prominent in describing how organizations make the transition to be an agile and customer-driven organization in this digital age. Figure 1.1 shows the five factors, with the two at the bottom providing a foundational framework that enables the top three to flourish.

As you can see, agility is an element of connected leadership, and the one on which this book is focused. As we dig deeper into what agile leadership looks like in practice, it is helpful to remember that it is part of the wider connected leadership framework, which is the product of several years of research and in line with most authoritative leadership research today.

Figure 1.1 Connected leadership factors



So, what are connected leaders like? Firstly, they lead with a deep sense of purpose and clarity about the strategic direction, to create belief in the future. People in (and outside) the organization buy into what they are doing together and why it is significant. Secondly, connected leaders are authentic, open and driven by values that inspire confidence and commitment from others. They have open and transparent relationships with colleagues to build trust and a positive culture around them. The third factor is these leaders believe in others, and actively devolve decision making as close to the customer as possible to create empowered teams able to deliver in line with the organization's direction and purpose. Fourthly, they encourage collaboration across the organization, with people working together as teams to achieve shared outcomes and break down silos. Finally, connected leaders are agile, enabling others to adapt to changing circumstances through experimentation, learning and constant improvement. Through these connections they are creating an agile business, able to adapt easily to changing circumstances.

Agile leaders enable and disrupt

All the factors above are helpful in becoming an agile leader and are proving to be highly effective in organizations around the world that are using them to change their leadership approach; I will explore this later in this chapter. In the context of agile leadership, we need to add another aspect of leadership that is directly relevant to the acceleration of change around us. Leaders need to be disruptors as well as enablers, able to shake up thinking, embrace ideas from different environments, link unrelated pieces of information, see new possibilities, and challenge the status quo. My wife, Clare, for example, has an eye for houses. She has a knack of looking at what I regard as an unappealing and unsuitable property and seeing what it could be. She sees new possibilities, looking beyond the walls, the colours and the furniture to envisage how the house could be, and then she's good at making the dream into a reality, explaining her vision to the architect and getting the builders organized, creating a new home that bears little relation to the original edifice. We are fortunate that at least one

of us is good at this. She challenges preconceptions and refuses to see things as others do, and through this disruptive mindset she creates new possibilities, engaging others to make it a reality.

As the effects of digitization continue to accelerate in all areas of life, we need to embrace a leadership paradox: great leaders connect people, customers and nations, and yet they also challenge the status quo, disrupt thinking and break well-established norms such as the regulation of taxis in our cities or the time-to-market for fashion garments around the world.

The agile leadership paradox

To be effective leaders in a digital world, we need to be both an enabler and a disruptor.

To be agile leaders in a digital world we need to be both enablers and disruptors, creating a joined-up business and *at the same time* challenging how it operates at the most fundamental level. We need to embrace both sides of the agile leadership paradox – the need to connect and yet the need to disrupt – creating cohesion, yet questioning the assumptions that underpin it. This paradox is typical of the balancing acts leaders need to make to be effective in the 21st century, which is now commonly described as being volatile, uncertain, complex and ambiguous (VUCA). Originally used in the US military, VUCA (Stiehm and Townsend, 2002) has become a shorthand for the changeable environment in which we now operate, and the need to think in a more adaptive way, not relying on tried and tested methods, to respond effectively to it.

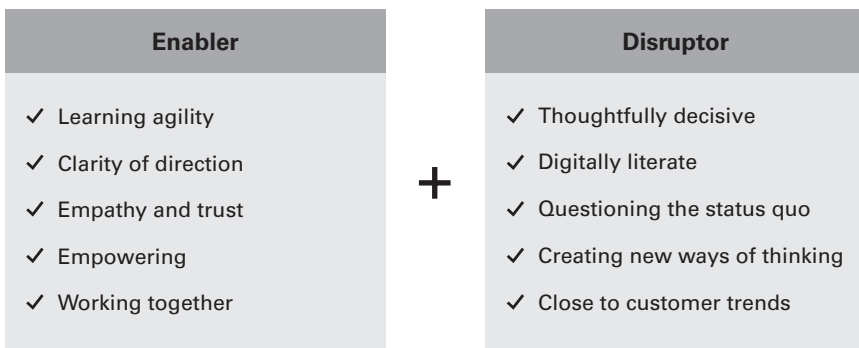
On the enabler side, agile leaders are creating organizations that can respond quickly to changing customer demands and competitor behaviour. People would rather work for a cause than a company, according to recent research (Cirrus/Ipsos, 2017), and agile leaders work hard at creating a ‘cause’ that our multi-generational workforce buys into. They also work hard at empowering their people to respond effectively within a coherent frame of reference, so that

decisions are made as close to the customer as possible. They are building a connected organization, able to move as a whole with ease. At the same time these leaders are identifying the need for pivotal changes that redefine the foundational elements of organizational identity. They are looking for opportunities to reinvent their operating model to create or anticipate ‘Uber moments’ in their industry. They are encouraging new ways of thinking, behaving and reacting to events among their colleagues – developing a shared disruptive mindset. They are looking for moments of disruption.

Now more than ever, we need to embrace this paradox and to hold at the same time the need to create connected, team-based ways of working as well as re-imagining how we work, how we provide a unique customer experience, how we survive. This is in line with extensive research by McKinsey involving over 1,000 companies, which highlights the need to combine stability with speed. McKinsey describes companies that have this combination as agile, with only 12 per cent of the companies in the study demonstrating both characteristics strongly (McKinsey, 2015). Interestingly, those 12 per cent had higher average organizational health and performance than the rest of the sample.

To take it to another level of detail, it is helpful to consider what the main characteristics of these two approaches are: enablers and disruptors. If we need to embrace both to be agile leaders and build and sustain agile organizations, we need to know what they look like in practice. I will explore these points throughout the book, but here is an initial summary to give you a flavour, see Figure 1.2.

Figure 1.2 The agile leadership paradox



Enablers tend to provide clarity of purpose and direction to their colleagues, which helps to ensure aligned priorities across the organization. They naturally connect with customers, choosing to spend time with them, to listen to what they say they want and don't want, to pick up underlying trends or gaps to fill. Enablers tend to be trusted by their customers and their colleagues, who might describe them as being 'authentic' or 'genuine'. They are also socially adept, able to engage others on a transformation journey, using their natural empathy to create a strong personal connection with a wider group of people. They trust others, empowering them to get on and do a great job, and to collaborate with people across diverse areas. They encourage experimentation and learning by creating a safe environment in which to make mistakes.

Disruptors, on the other hand, tend to read the evolving customer experience landscape, often using big data to understand trends in buying patterns in their marketplace. They will often challenge the status quo, risking ejection from their organization if it is not able to accommodate this. I remember, for example, challenging a chairman in the early stages of my career and the resulting fallout ended up in my leaving the business and moving into consulting, where I was better suited, as it turns out. Disruptors like to cut through bureaucracy and re-imagine the operating model, busting silos and challenging tribal thinking. They are often creative, bold and optimistic about the possibilities the future holds, and expect colleagues to adapt quickly to changes in the external environment. They also often have a determination to achieve a breakthrough, to achieve the mission in hand rather than be limited by the constraints of what they would see as 'old ways of working'. This can in turn inspire others to take risks and achieve real innovation.

An agile leader needs to do both. By combining these counter-intuitive leadership approaches, leaders can create in their teams and organizations the strength and movement needed to be truly agile. Reading this section through, where do you think you are more effective currently? At the end of this chapter there is a simple questionnaire in Table 1.1 you can use to see where your preferences and capabilities lie. This will help you read the rest of this book with some personal insight into your current strengths, to which you can

play. Similarly, the questionnaire results can help identify where you need either to develop greater strength, or work with colleagues who are stronger in that characteristic so that you can complement each other. Remember however, that it is worth being aware that a strength overdone can become a problem as well.

CASE STUDY Airbnb: disrupting the market by enabling connections

Airbnb is regarded as a classic ‘disruptor’. Founded in 2008 and headquartered in San Francisco, the business is very much based on the concept of ‘connection’ – building a community that connects people to each other and to experiences across almost 200 countries. It has disrupted the market for short-term and holiday accommodation and offers experiences such as excursions to its customers. It is a pioneer of the ‘sharing economy’ – economic activity that takes place in online communities via peer-to-peer connections. The business achieved profitability for the first time in 2016.

Chip Conley, Airbnb’s head of global hospitality and strategy, joined the business in 2013. Speaking to *Adweek* (2016), he said he had been unfamiliar with the sharing economy when he joined, but was interested in what Airbnb was doing to democratize and improve the hospitality industry. He said that the hospitality industry’s transformation followed three rules of innovation: innovation doesn’t happen without foreshadowing; innovators address a human need that isn’t being met; and over time, the establishment embraces innovation that was once disruptive.

James McClure is GM for Northern Europe at Airbnb. He said, ‘The idea of staying in someone’s home is almost as old as time, but actually in terms of what Airbnb does today, it’s quite a new thing. That ambiguity requires the flexibility and the agility to react and go, but underpinning it is a stable, long-term vision. Agility for agility’s sake isn’t very useful. Agility is powerful when you know what you’re trying to achieve overall.’

Although Airbnb is often described as a tech company, its aim is to evolve from being a platform for overnight stays into a comprehensive travel company. Technology is regarded as an essential enabler. Director of product Vlad Loktev has described Airbnb as ‘a community company’. *The Economist* magazine (2017) attributed much of Airbnb’s success to its strong, values-based culture: until 2013 the founders interviewed every job applicant, and potential employees are still assessed on their values.

Another factor in Airbnb's success is its balance of local and global activity. Globally, it has a clear set of operating principles and an excellent online platform. Locally, hosts create individual experiences. As James McClure says: 'We're in the business of giving people great experiences, not in the business of being a search engine. We have a great website, but it's our hosts who make those experiences happen at a local level. Technology allows us to connect people all around the world. One of the things we've learnt as we have grown is how to work on a global scale on things that are meaningful for the overall company while also maintaining that local focus.'

One example of maintaining that local focus is the Community Tourism Programme, which encourages ideas for regeneration, innovation and festivals. Successful applicants are awarded financial support. Community and connections are at the heart of the Airbnb philosophy. In 2017, CEO Brian Chesky announced that he was expanding his job title to include 'Head of Community'. Interviewed by *Fortune* magazine (2017), he explained: 'One day I was thinking, what's our product? Our product is not the website, it's not the app – it's the community, the people. CEOs are often chief product officers. But for me to say I'm a chief product officer when my product is a community, I really should be thinking of myself as head of this community.'

Leaders at Airbnb invest a great deal of time and energy in building connections with hosts, who are regarded as partners. They aim to encourage all hosts to participate in the business as fully as they can, and they encourage this in a variety of ways. Clear expectations are set for timings and deliverables from both parties. Regular, open communication is encouraged. Airbnb leaders often stay in Airbnb accommodation to meet hosts and experience accommodation first-hand. James McClure does this at least once every month: 'It's a great way to understand how to evolve the business. You get a sense of how things are changing and what other things we should be considering. Our hosts meet a vast number of guests – they are a great research resource for us and we learn a lot from them.'

Airbnb Open is a series of host conventions bringing Airbnb employees and hosts together in major cities and offering a range of workshops, presentations and networking opportunities. Hosts travel from all over the world to attend. Feedback is widely shared and acted upon. For example, around 50 Airbnb engineers attended the 2016 Los Angeles event and listened to feedback from many hosts. Within a couple of days many suggestions for improvements to the Airbnb website had been implemented. This is a great example of agile software development. Airbnb has taken the principles of agile – collaboration, continuous improvement, rapid and flexible response to change – and applied them widely across its organization for the benefit of customers.

What can we learn from Airbnb?

- Technology is simply an enabler. Airbnb is in the business of giving people great experiences, not in the business of being a search engine.
 - Agility is the means, not the end. Being agile helps you to get where you want to go, to react with speed and decisiveness.
 - The importance of wider collaboration. Airbnb partners with hosts, guests and others in innovative ways.
 - Operate globally and locally. Have a clear sense of purpose, values and direction at the centre and encourage local employees and partners to tailor solutions to local needs.
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Agility

So, what is agility? If we think of our favourite sports player, yoga teacher or dancer, we can recognize some of the characteristics that make them able to move and change direction so easily. They typically train hard to have balance, the ability to change pace, and strength in their limbs and core to coordinate their bodies in motion. In a sporting context, agile players move quickly and easily in response to their competitor's actions, seeking advantage and defending their position. Because of their training and innate ability, they move faster and with more precision than their opponents. Studying agility in athletes, Sheppard *et al* (2006) defined agility as being 'a rapid whole-body movement with change of velocity or direction in response to a stimulus'.

If we apply this definition to leaders in organizations, there are some interesting parallels. The movement is rapid, which is likely to be a challenge for leaders in large, bureaucratic institutions with strict governance and a complex myriad of legacy systems and working practices. It involves the whole body, not just the bits of the organization that operate more easily in agile ways, such as the software development teams. Agility involves a change in velocity or direction, which may mean accelerating or decelerating key projects, or pivoting into a new market or product category as gaps emerge. Agility is in response to a stimulus, a cognitive act such as seizing an opportunity when a competitor trips up or to negate a competitive threat like a price war.

In these situations, we can see that there are two aspects of agility that are essential and complementary: the cognitive act of reading the situation and making sense of what it means for you; and the physical act of ‘whole body movement’, shifting the enterprise so that you can compete more effectively. If we think about elite sports men and women, they can read the situation more quickly and accurately than their opponents, which gives them the edge. It may be that they move to counter an opponent’s attack a moment sooner than others (who might otherwise be equally fit). They read the way opponents are moving their feet or leaning their body and interpret it quickly so that they can then respond sooner and negate the attacking move.

This ‘read and react’ ability is helpful as we think about what it means to be an agile leader. The cognitive ‘read and react’ response is made up of three stages (Cox, 2002):

- 1 Perception – the person senses or anticipates the stimulus.
- 2 Reaction – the person interprets the stimulus and makes a choice about what to do.
- 3 Execution – the person initiates the response.

Speed of processing is key to how agile we are – top sports performers differ from the rest in their ability to use more clues earlier in reading an opponent’s movement and the execution of a manoeuvre. If we want to be agile leaders we need to develop our ability to anticipate what our competitors are doing, and make effective choices about how to respond, often without much time or detailed information. In research published in the *Harvard Business Review*, Botelho *et al* (2017) identified that CEOs who excelled at adapting quickly to changing circumstances, where there was no playbook to fall back on, were 6.7 times more likely to succeed than those who lacked this attribute.

The physical aspects of agility (Sheppard and Young, 2006) include the following five characteristics:

- 1 Balance – coordinating our senses and activity to maintain a position.
- 2 Strength – to overcome resistance.

- 3 Speed – moving all parts of the body quickly.
- 4 Coordination – control of the different parts of the body.
- 5 Endurance – stamina to sustain movement over time.

Once we are thinking agile we can behave in an agile way, but this takes a lot of effort. Developing the level of agility we want requires extensive and intensive training, dedication, sacrifice, intolerance of toxic effects, and expert coaching and data to inform the journey. We will explore these as we go through the book.

Once we are thinking agile we can behave in an agile way.

These physical characteristics are like the five organizational agility characteristics identified by Lin *et al* (2006) in their meta-analysis of organizational agility. They identified responsiveness, which they described as identifying changes and responding quickly. They highlighted flexibility, which is achieving new goals with existing facilities and resources; competency (the ability to achieve your goals) and quickness, which is carrying out the activity in the shortest possible time. They added coordination, which is integrating these principles in a coherent system and competitive capabilities. So, the similarities between athletic and organizational agility are significant.

The main addition to our thinking from this list is the emphasis on ‘competency’, which is self-evident in a way, but worth calling out. We do need core capability to achieve our goals if we are to be agile. I run marathons, for example. I’ve run a few; it is unlikely however that I could have been an outstanding gymnast. My competency to rotate with ease on parallel bars, to somersault over the horse, or to hang in balance on the rings is low. So, I must face up to the conclusion that however hard I might have worked I did not have the fundamental competency to become a top-class gymnast. If agility is, at least in part, about achieving our goals more quickly and effectively, then we need the essential capability to accomplish those goals as part of the mix.

The outcomes from agility are varied, and we will explore them throughout the book. Graham Baxter, COO of Three (UK), summed it up nicely in our research when he described their experience of shifting to more agile ways of working:

The outcomes we are getting include more engaged staff, because they feel part of something significant, they have a line of sight between what they're doing and what we are delivering as a business, and they're getting more empowerment. We're also getting things delivered faster, at lower cost, more aligned to the objectives of the organization. Also, from a longer-term perspective, it means that you can evolve your organization to meet new challenges, so you don't become out of date.

Graham describes the business benefits as well as the personal benefits for the people in Three that have been achieved with the move towards more agile ways of working. Both are important and tend to reinforce each other as motivation increases and drives improved business performance.

Different stimuli

Going back to the sporting definition of agility we have been using, agility is most required when 'in response to a stimulus', and there are different types of stimulus we often face as leaders in 21st century organizations. They sit on a spectrum defined at one end by in-the-moment, short-term, tactical, such as changes in local consumer buying patterns in fashion, and at the other end by structural and strategic changes, what are often called 'Uber moments'. We need different types of agile response to these ends of the spectrum – our choices as leaders will determine the outcome of our response. (Of course, you may also have the opportunity to create an 'Uber moment', and we will explore how to stay attuned to the possibility in Chapter 8.)

For frequent minor changes like consumer buying patterns, we need to choose to build an organization that can adapt locally without losing our core strength and efficiency of supply. Inditex is a good example of an agile organization. The company is the largest fashion group in the world, operating in 93 countries, and its flagship fascia

is Zara. Inditex works on short cycles, with in-season adjustments based on customer buying patterns and local demand management. New styles are often prototyped in less than a week and it can take as little as 15 days for new garments to go from design and production to store shelves. This allows the company to change stock in individual stores based on local consumer demand on a week-by-week basis, staying in tune with fashion trends in the moment.

Conversely, for ‘Uber moments’ we need to choose to build an organization that can reinvent itself quickly and effectively, responding to structural changes in our market by adopting new operating or commercial models without losing our core purpose, values and direction. In 2007, for example, Waterstones (a leading book-seller in the UK) came close to failure when Amazon’s Kindle was launched. Had it closed its stores, many of the traditional stockholding bookshops in the UK would also have disappeared as publishers would have had to rationalize supply. Back then, Waterstones had a model that presented a single uniform bookshop across the UK. You walked into a Waterstones and found the same books in Middlesbrough, London or Edinburgh. Given this stimulus from Amazon, Waterstones took the bold decision to give individual shop managers the autonomy to do what was best for their customers, to make the right choices for each individual shop. So, store managers and their teams now order what is popular and create an environment that suits their market. The result has been customers coming back in their droves.

The approaches of Inditex and Waterstones are similar in pushing decision making closer to the customer and setting up the rest of the organization to support that local flexibility. The difference is that Inditex has consciously evolved as an organization to be able to respond in the moment in a sustainable way, continually on the front foot responding to changing consumer preferences. Its operating model is responsive to fashion fads. Waterstones, on the other hand, had to rip up its operating model in response to a game-changing competitive threat. That it was able to is credit to its managers throughout the company, from the CEO to the store teams, who responded quickly and effectively. Interestingly, both organizations have a strong sense of purpose, which drives engagement and underpins their continued success in difficult markets.

In terms of the choices both organizations made, Waterstones' was the more reactive, and it turned out to be critical to its survival in the face of digital competition. The decisions at Inditex have evolved over time, creating a customer-driven approach to stock management and in-store experience, with the supporting infrastructure throughout the tightly controlled supply chain. The lesson is clear: if you can see the opportunity to build a dominant capability based on agile responsiveness to customers, you may have a winner. If, on the other hand, you find yourself in the position of being undermined by a change in the rules created by an Uber moment, it's best to be able to react quickly and take the whole organization with you. If not, the consequences are unlikely to be positive.

Senior leadership commitment

One of the factors in connected leadership, and the focus of this book, is agility. In business and management, the word 'agility' is used in a variety of contexts to describe agile ways of working, agile culture and agile leadership. Our focus is on the last of these, because this helps to create the type of culture where agile ways of working can flourish. If you do not start with the leaders of whatever organizational unit you are interested in changing, you will struggle to make changes stick. This is true at the team level, where I see month after month in our work with clients the disproportionate influence the team leader has on how the team operates. If the leader is open to feedback and learning, so is the team. If the leader is defensive and finds feedback difficult, the team will tend to avoid difficult conversations and conflict, leading to weaker decision making and performance. It is also true at the divisional and organizational levels, as the culture in the senior team sets the tone for the rest of the business.

It is particularly helpful in developing a more agile style of leadership if the senior leaders in an organization see the link between agility and the most important business results. At Three (UK), for example, Dave Dyson, the CEO, understands this link. He said in our research:

As a business the outcomes we're looking to achieve are being most loved by our customers *and* our employees, and ultimately this enables us to deliver the financial targets for the shareholder. I think being a more agile business will help to achieve all of those things.

Three is developing leaders to be more agile through improving their ability to engage people emotionally as well as intellectually, and their ability to lead teams for shared outcomes. As a disruptor in its market, Three has seen remarkable success in recent years by creating a more customer-driven business, in tune with trends and able to provide new customer propositions quickly and effectively.

Our focus is on how to become a truly agile leader, able to be the role model for agility across the organization, whatever your context. This means becoming aware of time, and being able to manage it for yourself and the business: thinking slow to act fast. As we said earlier, once we *think* agile we can *be* agile. The best tennis players seem to have more time on each shot, even though the opposite is often true. The best leaders seem to have time to think, to choose and to adjust their movement and that of their teams, according to the situation. This is the responsive agility highlighted in elite sport earlier.

Agile leaders can accelerate action when needed, as they and their teams sense the opportunities and threats around them. This leads to entrepreneurial opportunism – making the right choices and understanding where to invest innovation efforts to meet current or future customer needs, quickly. They appreciate the need to experiment, to fail fast if that is the result of the experiment, and to learn to improve the odds the next time. They obsess about getting better, about continuous improvement, with an intolerance of waste and a desire to minimize time to serve the customer. In an era of big data, they practise the critical interpretation of data to see the patterns, to learn about what colleagues and customers want, and what motivates their behaviour. This focus on learning, getting better every day, and assimilating new ways of thinking, being and performing, is at the heart of the agile leader's mindset. Fundamentally this is within our grasp, if we are willing to make the difficult choices every day to stay disciplined, focused and agile. Like an agile athlete, being an agile leader takes determination and a strong will. My first marathon was in New York in 2008 and the running top I got after the event said on the front: 'What does it take? It takes guts, determination and heart-thumping dedication.'

Agility is often focused on learning new skills, adapting to changing circumstances and finding new ways to create value for customers

and colleagues. Being a disruptor is not about being negative: it is more about challenging the status quo, taking risks to find new ways of providing a service or making a product, and pushing for simplicity and speed in processes and systems.

How the rest of connected leadership contributes to agile leadership

The other factors in connected leadership also support agility as a leader and as an organization. In this section, let's explore each factor in turn and define the ways that each helps to equip you with increased agility as a leader. The first is purpose and direction.

Purpose and direction

At Cirrus, our purpose in life is 'Better leaders. Better business. Better lives.' This is what we get out of bed in the morning to achieve. It gives us a shared sense of meaning and feeling that our efforts are contributing to the world of work, and to the people who are affected by our work. It also helps us decide on our strategic direction, priorities and daily choices. If we are not equipping leaders to be better at both leading their business and improving the lives of the people they lead, we are focused on the wrong thing. Purpose and direction give us clarity on what we are here for and what we are seeking to achieve. It gives us all a shared understanding of what's important and what isn't. It helps define our priorities, which helps each of us make choices every day with cohesion.

We know from connected leadership that having clear purpose and strategic direction is a key factor in creating the focus and motivation necessary to achieve your long-term goals. Aston Martin, the iconic sports car manufacturer, for example, has 'Power. Beauty. Soul.' at its core, and this drives the product development as well as the customer experience behind the brand. If everyone in your organization knows why you exist, what your higher order mission is, and how you intend to deliver it, they can make the appropriate choices about what to work on. They can also choose what to stop

doing. This is liberating for people, as they have clarity on what's at the top of their 'to do list'.

Prioritization is at the heart of agility. It is about making difficult choices, about doing the few most important things better. In Chapter 3 I will explore the way agile product development approaches such as Scrum have influenced how we manage projects, and what we can learn about prioritization. At the heart of the issue is the need to focus on what is adding the most value to the customer, and which is most in line with your purpose as an organization.

Prioritization is also about ensuring that your people have clearly defined roles so they know what's expected, which is particularly helpful when you need to make rapid changes in direction or focus. In the McKinsey research I mentioned earlier, the authors identified the top management practices that differentiated the most from the least agile companies. The top of the list was role clarity or what they described as 'organizational clarity, stability, and structure' (McKinsey, 2015). To achieve the strength and balance that we know we need to be agile, it is important for us to ensure our organizations are well-defined and clearly structured. If each role has clear priorities and these are coherent across the processes we use to operate, we will have aligned priorities, which reduces complexity and internal conflict.

Another, more disruptive aspect of reducing complexity is to drive a robust agenda on simplicity. As organizations grow they tend to introduce more processes and systems to coordinate the disparate parts of the body. As time goes by, this set of rules and procedures tends to become more complex, with more regulation and control adding extra layers to the labyrinth of bureaucracy. Eventually this becomes an industry in its own right, requiring an army to manage and maintain the rules and procedures. This all slows down the organization, restricting pace and entrepreneurial flair. The need for simplification is clear, but the challenge is immense because the system is difficult to change. Therefore, it is disruptive, because it requires you to take a brutal look at your organization and get everyone to challenge every rule and process to see how it can be stripped back, pruned to within an inch of its life, so that you reduce the burden of bureaucracy and ensure process simplicity. We will explore this more in Chapter 5.

Authenticity

The second factor in connected leadership is authenticity, which is about our values and relationships. For us to be agile we need to have a values-led culture in our organizations. If we draw on the wealth of research into authentic leadership that has been conducted over the last 20 years, we find that there are four aspects of authenticity that stand out: ‘self-awareness, a strong moral compass [based on clear values], balanced processing of information and open [trusting] relationships’ (Walumbwa *et al*, 2008).

The agile movement in software development is based on creating a culture of trust and mutual respect, which enables people to work in empowered teams that deliver improved output in short sprints of activity. Authentic leadership represents an inclusive style of leadership, less individualistic than much of the emphasis we see in descriptions of inspirational leadership. The danger of placing so much emphasis on the inspirational leader is that it encourages a sense that all leaders should be heroic figures who ‘save the day’.

Authenticity is about building trust so that others feel comfortable in taking risks like making decisions. As leaders, we need to trust others to do a great job, working from the assumption that they are competent and well-motivated, rather than assuming they are not and therefore need close supervision. The corollary of this for leaders is being trustworthy, inspiring confidence in others that they can trust you not to punish them if they make a mistake, trusting that your intentions are positive and that your behaviour will be fair. We will explore both sides of trust in Chapter 2.

The other aspect of authenticity that is particularly relevant to agility is emotional intelligence. If we are engaging others in change, or new ways of working, our ability to establish strong relationships with others is critical. This works on multiple levels, from the one-to-one conversations we have with our team members and peers, to creating a guiding coalition of leaders who can work with one accord, to building a movement across the business: a wider group of people committed to a cause.

One of the challenges with being an agile leader is that agility works best when the whole body is involved, committed, playing its part in

the agile balance and motion. If we can only get part of the organization on board, we will struggle to achieve real agility because the rest of the organization will be working in a different way, at a different pace, with different assumptions about how to work together. If we have the emotional intelligence to gain the trust of others, to influence them in a helpful way to commit to change how they operate, to adopt more agile ways of thinking and doing, we can build a company-wide adoption of agile ways of working. To do this we need to overcome resistance to loss, both in ourselves and others. We need to create a wave of enthusiasm for changing and moving towards a strong vision of an agile organization. This is not easy. In Chapter 10 we will delve deeper into how to engage the whole organization on the agile journey, but suffice to say at this point that it will require you to be at your most engaging to succeed.

Devolved decision making

The third factor in connected leadership is devolved decision making, pushing decision rights as close to the customer as is appropriate, keeping central only the strategic decisions that need an organizational perspective. In agile terms, this describes empowerment, which is giving teams the autonomy to make the decisions about what they can do and how they do it, given that the priorities from the customer perspective are clear. To empower teams effectively, as leaders we need to provide a clear framework to the team and have regular communications so that there is a healthy flow of feedback both to and from the team and you.

In my experience, many leaders find it difficult to let go so that others can take responsibility and act with autonomy. Too often senior leadership teams bemoan the lack of capability at more junior levels of the organization, which means they cannot empower as much as they would like. I remind them that this is their responsibility, to develop leaders from within, to build capability, to coach their teams to step up, to nurture talent across the business to drive growth and performance improvement. I ask boards to identify the decisions only they can make, and to delegate the rest. If they say they cannot because of ‘the capability gap beneath them’, I challenge them to bridge the gap

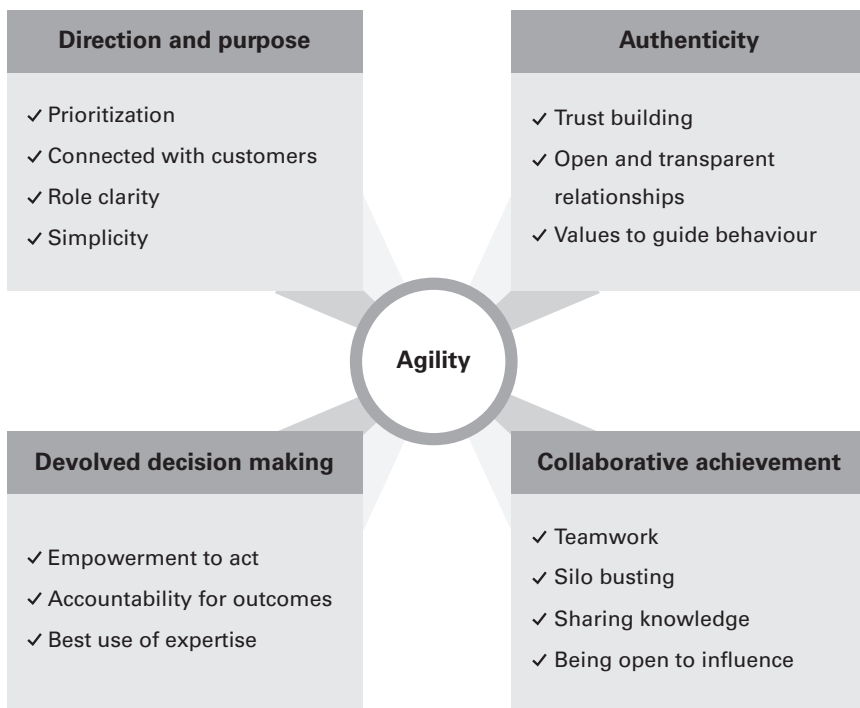
as quickly as possible to unleash the talents that are almost always in the management populations reporting into the board.

Collaborative achievement

At the heart of physical agility are coordination and balance, which allow free and rapid movement. If processes such as new product development or customer relationship management are to work smoothly and efficiently, and deliver value to the customer, they require integrated coordination across functions, with smooth hand-offs and communication between teams.

To get effective cross-functional working, we first need to ensure each team is working well in itself. In agile software development, the team is the essential unit of working. Each team needs clarity of its purpose, roles, ways of working and high-quality relationships.

Figure 1.3 How other connected leadership factors contribute to agility



SOURCE Hayward (2016)

A key leadership responsibility is to create multi-skilled teams able to deliver robust outcomes in short bursts of effort, teams that are self-managing and dedicated to learning how to improve their speed and quality. We will consider this more in Chapter 3, where we explore agile ways of working in practice.

Once we have strong teams delivering effectively, we can broaden our approach to create wider collaboration across teams and functions, focused on process delivery and delivering an integrated customer experience. Ultimately, we need to extend this further to working effectively with partners outside the organization, such as in an integrated supply chain in car manufacturing, or in software ecosystems like app developers for smartphones. All of this is summarized in Figure 1.3, showing how each of the connected leadership factors helps you to be agile and develop more agility around you as a leader.

Summary

In this digital age we need to be agile more than ever. Agile leaders are connected leaders. Connected leaders create organizations that can adapt and transform in the face of unprecedented levels of change and customer expectation, but agile leaders are also disruptors, paradoxically, willing to challenge and reinvent themselves and their organization, sometimes out of kilter with their colleagues. The five factors of connected leadership help us to understand what this means in practice – being both the enabler and the disruptor.

As you read the rest of this book it will be helpful to bear in mind where your innate preference lies: are you more of an enabler or more of a disruptor? The simple questionnaire in Table 1.1 can help you identify the answer – read each column and note which of the descriptors you would say are definitely like you. Add up the ‘definites’ for each column and see which has the higher score. Then, as you read, remember to value your stronger preference and to develop the weaker one, so that you can be a more balanced agile leader.

Agile leaders need both the enabler muscle and the disruptor muscle working well if they are to continue to be effective over time.

Table 1.1 Diagnostic questionnaire: are you an enabler or a disruptor?

What enablers do	What disruptors do
1 I talk to people about our purpose, so that we share a strong sense of why what we do is important 2 I provide clarity of direction to ensure aligned priorities across the organization 3 I connect frequently with customers 4 I consistently demonstrate an authentic character 5 I have social adeptness to engage others with empathy in the need for change 6 I consistently devolve decisions to empower others to step up 7 I coach my team to develop capability and take on more responsibility 8 I collaborate effectively to bring diverse people together to achieve shared goals 9 I encourage people to learn from mistakes 10 I nurture what's best in others	1 I read the evolving customer experience landscape 2 I regularly challenge the status quo 3 I cut through bureaucracy and re-imagine the operating model to drive efficiency 4 I bust silos and challenge tribal thinking 5 I think creatively 6 I am bold and embrace radical possibilities 7 I am optimistic and confident about the future 8 I am determined to achieve break-through and achieve the mission 9 I adapt quickly in response to changes in the external environment 10 I inspire others to push boundaries and find new ways to do things

Agility is both mental and physical. We need to read and react to often rapidly changing circumstances with a mindset that is not locked in the present. Once we are thinking agile we can behave in an agile way, creating a connected organization and being able to disrupt how we operate as the circumstances dictate. The agile paradox is not always an easy place to be, sometimes existing on the edge of chaos, coping with the complexity of a discontinuous environment yet seeking to build a stable and effective organization. I will return to these themes throughout the book, and explore how you can manage this challenge and lead others in a way that enables them to manage it too. If being an agile leader were easy, we'd all be doing it already.

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