SLUGGISHNESS, AGILITY[1], AND OVER-REACTIVENESS[2]

Please read each of the following stories and write out answers to the questions that follow each story. The titles next to people's names are their titles at the time the story occurred, and may not be their title currently.

Story #1: Tim Flanigan, Deputy General Counsel and Senior Vice President

I was hired to be the Deputy General Counsel and Senior Vice President after the company that hired me had suffered two major scandals. The first was the forced resignation of the CEO for excesses in the use of company resources, and the second was a United States Securities and Exchange Commission investigation of major accounting irregularities. Working together with the new CEO and other new senior executives, I was supposed to help turn the company around. The scandal at my company happened shortly after the scandals at Enron, Worldcom, and Arthur Andersen. Enron and Worldcom had already collapsed, and Arthur Andersen appeared to be headed to certain death. Given that we were hired to save our company, and that our company was in near-immediate danger of being branded a criminal enterprise, we were paying close attention to what happened to those other companies.

Enron, Worldcom, and Arthur Anderson all played the traditional corporate legal defense game, in which companies basically shut down their communications, played hardball with the prosecutor, and tried to slow down the production of documents as they moved toward litigation. This did not work. We watched, and we were smart enough to realize that it was not likely to work for us either. Instead, we saw that we had the advantage of being an entirely new executive team. We decided to use that advantage by portraying the company as the victim and the former executive team as the perpetrator—an argument that was also true.

Using this approach, we became a cooperating partner of the prosecutor. We opened communications fully and provided documents quickly and proactively. Eventually, we won all sorts of praise from the prosecutors and the regulators. They gave us credit for turning the company around. Before we made that decision, everyone predicted—and our share price indicated—that our company would go the way of Enron. Instead we had a dramatic resurgence.

Questions

[1] In addition to being used to foster discussions about the virtue of agility, these stories may also be used for discussions about adaptability or flexibility.

[2] The stories in this document were written or told by the protagonists. Ryan Quinn edited the stories and added the reflection questions. The stories are to be used as the basis for class discussion, and not to illustrate effective or ineffective handling of a particular situation. Some protagonists agreed to use their real name, others asked for us to use a pseudonym. The goals of this document include becoming aware of issues, identifying the benefits and drawbacks of taking different approaches, assessing their impact on outcome(s), and learning ways of addressing situations you may encounter in the future.

Sluggish		Somewhat agile			Agile			A little too agile		Over-reactive
0	1	2	3	4	5	6	7	8	9	10

1. Using the rating system above, how would you rate the Tim's team's response to the legal case against their company? Why is this your rating?

2. According to Tim, his company's legal strategy was relatively unique at the time. Why do you think the other companies in situations similar to Tim's used a "traditional legal defense?"

3. Why might it have been hard for Tim's company to take this unique response to the prosecution?

4. If you do not know in advance what the outcome will be, how can you know if you are being too agile? How can you know if you are not being agile enough?

Story #2: Achmad Hidayatullah, Manufacturing Manager

We were trying to hire a production team member for our gas filters assembly team. Traditionally-speaking, we had always hired candidates for this team based on physical strength, as determined by a skills test in which the candidates use wrenches to assemble components. I did not think that we needed to constrain ourselves to this type of candidate any more, even though physical strength is always a positive. Instead, I was looking for technically-adept, emotionally-intelligent individuals who would add to the intellectual depth of this highly technical team. The Vice President did not agree with me. She wanted to hire for physical strength.

I could have hired any candidate I wanted, since I was the person who determined the candidate's proficiency. However, I wanted the Vice President to trust my decisions, knowing that I use sound logic and not just my "gut feeling." I wanted to be influential, but not manipulative.

I could not understand why my Vice President wanted to see physical strength in the skills test. To me, technique and precision of motor skills mattered more than strength. However, as I pondered this question, I realized that there was a disconnect in her perception of the gas filters production team and the current state of the team. For the previous two years, I had failed present all of the improvements we had made in the gas filters area. I was more focused on presenting capacity increases and returns on investment because those are the things with which I thought the Vice President would be most concerned. I had not told her how we had re-designed for ergonomics and for safety. This is why she believed that the gas filters area still required physically strong team members. Therefore, I presented to her the improvements made in the gas filters area in terms of ergonomics and safety, and she seemed pleasantly surprised. Once she knew, she agreed that focusing on technical aptitude and emotional intelligence is paramount for

the position. We ended up hiring a candidate who we believe would add technical and emotional depth to the gas filters team, who may not have fit the old mold.

I realized from this experience that by failing to keep the Vice President informed on our efforts, I had cheapened the diligent work done by the engineers and team members who accomplished our continuous improvement with the gas filters, and I had also caused misalignment between the current state of manufacturing and the state perceived by the president and vice president of the company. I am now committed to presenting complete information when I report.

Questions

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1. Using the rating system above, how do you think the vice president would have rated Achmad's behavior at the beginning of this story? Why would she have given him that rating?

2. How do you think the vice president would have rated Achmad's behavior at the end of this story? Why would she have given him that rating?

3. How do you think the gas filter assembly team would have rated Achmad's behavior? Why would they have given him that rating?

4. What score would Achmad have given to himself? Why do you think he would have given himself that rating?

5. What, if anything, could Achmad have done differently to be rated more closely to the ideal for agility by the vice president, the gas filter assembly team, and himself?

6. Achmad suggests that he had two blind spots in this story. First, it had not occurred to him to share information with executives about changes he was making in the gas filters team. Second, he was unaware as to why the vice president wanted to hire for physical strength. What, if anything, could he have done to avoid developing those blind spots?

Story #3: Andrea Goulet, Co-Founder and Chief Strategy Officer

Scott—my business partner turned life partner—is a software programmer. At our high school reunion, he approached me and shared how he wanted me to help him start a software company. He was confident that my marketing degree and business experience would be a good

complement to his coding skills, so we joined forces and launched a firm that focused on building apps for the new marketplaces that were emerging. At that time, mobile phone apps were relatively new and becoming a big deal, so it made sense to position our services on this emerging opportunity.

It did not work as planned. Soon, we found ourselves in negative margins. Projects were costing us more to complete than we were earning for them. We had to put the business on the shelf and go back to traditional employment. During this time, we tried to figure out why the business did not work. As we talked it through, we began to realize what some of our problems were. Eventually, we opened our business up again, tried adapting to the problems we discovered, discovered new problems as we tried to adapt, and then adapted again to those.

One adaptation began as Scott and I were watching "This Old House" on television. Scott watched as a builder carefully repaired a damaged sconce on a 100-year old Victorian home. He turned to me and said, "That's what I want to do, but with software." This was a key moment for us, as we realized that we could build our business around fixing software instead of building it. Most businesses have legacy code. This code is usually important, difficult to work with, and needs to be updated. However, most software companies focus on making new software rather than fixing their existing software. This is largely because it's so difficult to find developers who can do the repair work. My business brain kicked in. This sounded like a positioning where we would be doing something that had high demand and low supply. It also made it clear why our earlier projects took us so long to complete. Because Scott enjoys fixing more than he enjoys making, his work on projects that involved making was often slow, in part because he would get sidetracked into fixing things as he was making them. Once we moved into the legacy code space, Scott produced higher-quality work more quickly because he was doing what he loved.

Another adaptation we made was in my management style. I had been trained, in school and in my early career, to run businesses in linear, efficient ways. Take X inputs, run them through Y process, to yield Z outputs and continuously refine to maximize your profits. In our first attempt to build our business, I ran the business the way I was comfortable and Scott did not question me. However, exploring alternative business models opened up a conversational space in which Scott could ask me why I ran things the way I did. My focus on linearity and efficiency was in direct conflict with the Agile software development practices he advocated for. Because legacy code is often massive, such that small changes in one area of code can have nonlinear impacts on the rest of the code, he taught me that a focus on control and efficiency was bound to fail again. Instead, we needed to embrace a new business mindset that was focused on adapting to change as quickly as possible through experimentation and decentralized decision making.

This healthy conflict ended up being one of our greatest strengths. For example, when we were developing our first presentation, I tried to use a lifecycle model with a linear arc mapping out a product's four phases (introduction, growth, maturity, and decline) to describe what we wanted to do with legacy software. Scott saw the graphic I was drawing and told me that since we used Agile software development we had to represent the lifecycle in a circle because that captured the idea of quick learning cycles. That did not make sense to me so I challenged him and drew it on a whiteboard anyway, convinced it was absurd. However, once I saw this model, which I had always seen in just one way, adapted to fit with Scott's vision, I saw the power of

what we were doing. By modernizing legacy code, we were enabling our clients to transform their digital systems into something new. A product could re-enter the introduction phase instead of dying out. This was a turning point for me and we began to build management processes that were much more fluid than what I had learned in school, but still accomplished the same business objectives.

Changes in our business model and in our management style caused us to learn that we had built our original business on shame. (In fact, as we began to see this in our business, it became apparent to us that shame is prevalent throughout the entire software industry.) For example, there is a strong bias towards "new" and "innovative" in technology, even though these values can lead to huge cost overruns on software projects. People who love improving something that already exist are often told that their ideas don't matter or are not useful. There is a stigma in our industry against maintenance, even though maintenance needs to be done, is often more cost effective, and there are many people who prefer maintaining something that already exists as opposed to building something new. Similarly, just surfacing conflict was not sufficient to create a new management style together. Once Scott and I identified the areas in which our management styles differed, we had to learn from each other. We could not learn when we were focused on shame and were afraid to be perceived as wrong. In order to learn, we had to have empathy for each other's management and organizing styles.

As we learned about the power of empathy and how critical it was to combating the shame that got in our way, we made it a central part of our management and of our growth strategy. For example, Scott pointed out that there is a distinct "maker" culture in the software world. We decided to coin our own term to help create a community around people who identify as "menders." We launched an online community called "Legacy Code Rocks" and started recording podcasts as a way to bring people who love software maintenance together. This strategy has been so successful that we now say our competitive advantage is joy. The people who work for us love their work because they love making existing things better and they do not have to be ashamed about it. This has sparked a movement in our industry. We were even featured in the book *The Innovation Delusion* for our ideas around reimagining software maintenance.

However, this idea of empathy at the heart of software maintenance was not immediately embraced. At one point, early in our relaunch, a business consultant met with us to help us evaluate the market and develop our positioning. When we shared that we wanted to build our business around empathy we were told that if we used the word "empathy" no one in technology would take us seriously. For a time, we capitulated to the perceived expertise of the consultant. We tried using "think of others" for a while, but over time we became more confident in our own ideas and put empathy at the heart of our messaging. Contrary to what the business consultant predicted, describing the important role of empathy in software has given us a platform to share our ideas and expertise. I'm regularly invited to keynote at conferences around the world, with my most popular presentation being "Empathy is a Technical Skill." We've been featured in articles, podcasts, books, and respected periodicals such as *First Round Review* where our ideas have gone viral, hitting #1 on Hacker News. We've learned that our success in business doesn't come from changing who you are to fit what you think the market needs. Rather, it's come from

being true to yourself and finding the ways that your specific joys and expertise can solve the problems that others may not even see.

Questions

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1. Using the rating system above, how would you rate Andrea and Scott's behavior in this story? Why is this the rating you give them?

2. Would your rating of Andrea and Scott's behavior be any different if their company had failed after the second attempt as well? Why or why not?

3. What factors enabled Andrea and Scott to show the level of agility they showed? Please come up with at least three hypotheses.

4. In this story, who follows, and why do they follow?

5. What other virtues (in addition to agility) helped Andrea and Scott to achieve the results they did?

Story #4: David Jude, Commander

When I was Commander of our police academy, we did not have a legitimate registration system. As a result, many of our processes were chaotic. For example, we provided lodging and meals as well as education. Without a registration system, we would literally go to the classroom and count heads each Monday before we could tell the cafeteria how much food to prepare. Obviously, this causes problems for the cafeteria staff when they want to order food a week or two in advance. On a similar note, our instructors would have no idea who is coming to their classes, or when they would arrive. We had a jumbled mess of classes that we were teaching, and our calendar was a mess as well.

We had tried a variety of different registration systems that did not work. Finally, I decided we would implement an online university system. We called it KSP Online. It started as a registration system. Next, we took a university as our model, organized our classes into groups, similar to colleges, and provided career paths in investigation, tactics, or other fields for our employees. Once we did that, we could see what we were missing, and thus what new classes we needed to develop. This enabled us to create a course catalog that we could send out to our officers throughout the state. Our catalog made it possible for us to set limits on class sizes and

then register people for classes on a first come, first serve basis. Limiting the number of seats enabled our instructors to plan better for classes by knowing how many people to expect in class.

To limit the number of seats, we had to create approval codes, and a logistical process for allocating codes. We did this because people would register for multiple classes, just because they could. We would then have to call their Commanders and ask, "Did you know that this officer signed up for multiple weeks of classes?" The Commanders would say no, and we would tell them that we did not care how many classes they took, but there are other people waiting to get into those classes, so if the Commander did not want them in multiple weeks of classes, we would appreciate it if they would ask the officer to unenroll and make room for others.

These improvements led to another improvement the next year, even though it was stymied by a major obstacle. The improvement was a forty-hour block of online classes. The number forty was important because Kentucky law enforcement officers are required to take forty hours of unique training per year. Putting forty hours of training online was huge, because an unfortunate pattern we often encountered was for them to neglect to do their training throughout the year. Then at the end of the year, officers would need classes so that they would not lose their training stipend. Creating multiple unique, in-person classes, all at the end of the year, puts an incredible strain on the Academy. Thus, by putting forty hours of classes online, we alleviated a huge burden from the Academy.

The online training had many other benefits as well. For example, with online training, Troopers could multitask. Some Trooper assignments involve working a station while nothing is happening (example: traffic control in a construction zone in which the only requirement was to have the car's blue lights illuminated). With online training, they could use this time more productively by completing classes when time allowed. Also, when we initially launched the online system, we had about 375 people take online classes which conservatively saved about 1.2 million dollars for the state police agency. This money was saved through the reduction of statewide travel, fuel, time off work (or remaining in their normal work locations), meals and lodging. That's tangible savings we could re-invest in our state's always-underbudgeted law enforcement agency.

The obstacle we encountered was the governing body which approves training for Kentucky's police academies including the Kentucky State Police Academy. Some members of that council were not fans of online training. I was pretty certain that if we asked for permission up front they would never approve it. Therefore, we decided to build the system first so that they could see its benefits. I told our agency's top administrators, and they all gave their enthusiastic support. They also loved the tangible results we generated. Anticipating oppositions from the council, we built the online classes to be more stringent than required. For example, if people come to an in-person class, after removing lunch and breaks, eight hours of training is closer to six-and-a-half hours of training. In contrast, we made sure that in our online classes, eight hours of training was closer to seven-and-a-half hours. The smaller, more rural, police departments also loved it because the online classes were much more financially intelligent, and their officers did not have to spend as much time away from the office.

In spite of all of these benefits, when the governing body found out what we had done, they were not happy at all. I went through some really difficult times with them, and in the end, our online system was not approved. People in the state agency told me, when we built the online training, that they would fight the battle with me with the council when it comes, but when it came, the battle did not get fought. The Governor did not want groups within the Justice Cabinet to be battling each other. KSP Online is still used as an online registration system—which is invaluable—but online training has been canceled.

Questions

Sluggish		Somewhat agile			Agile		A little too agile		Over-reactive	
0	1	2	3	4	5	6	7	8	9	10

1. Using the rating system above, how would you rate each of the following actions from David's story?

   - Building a registration system
   - Designing new classes and creating a catalogue
   - Limiting seats and creating and allocating approval codes
   - Creating 40-hour blocks of online classes

   Why would you give him each of these scores?

2. What, if anything, could David have done to have been even more agile?

3. What factors do you think enabled him to achieve the level of agility that he did achieve?

4. What impact, if any, did the actions that David took have on the ability of other members of the state police agency to be agile? Please explain your answers.