



Age of Agile: Networks, Scale and Strategic Agility

Course #4182A

Business

2 Credit Hours

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AGE OF AGILE: NETWORKS, SCALE AND STRATEGIC AGILITY

Companies that embrace Agile management can deliver instant, intimate, frictionless value on a large scale. Topics covered in this course include: the goal of transforming from a bureaucracy to a network, the difficulties in implementing the Agile movement, and market-creating value propositions.

LEARNING ASSIGNMENTS AND OBJECTIVES

As a result of studying each assignment, you should be able to meet the objectives listed below each individual assignment.

SUBJECTS

Chapter 1: The Law Of The Network

Chapter 2: Implementing Agile At Scale: Microsoft

Chapter 3: From Operational To Strategic Agility

Study the course materials from pages 1 to 56

Complete the review questions at the end of each chapter

Answer the exam questions 1 to 10

Objectives:

- Identify the goal of transforming from a bureaucracy to a network.
- Recognize the difficulties in implementing the Agile movement.
- Identify market-creating value propositions.

NOTICE

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EXAM OUTLINE

- **TEST FORMAT:** The final exam for this course consists of 10 multiple-choice questions and is based specifically on the information covered in the course materials.
- **ACCESS FINAL EXAM:** Log in to your account and click Take Exam. A copy of the final exam is provided at the end of these course materials for your convenience, however you must submit your answers online to receive credit for the course.
- **LICENSE RENEWAL INFORMATION:** This course qualifies for **2** CPE hours.
- **PROCESSING:** You will receive the score for your final exam immediately after it is submitted. A score of 70% or better is required to pass.
- **CERTIFICATE OF COMPLETION:** Will be available in your account to view online or print. If you do not pass an exam, it can be retaken free of charge.

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CHAPTER 1: THE LAW OF THE NETWORK

Chapter Objective

After completing this chapter, you should be able to:

- Identify the goal of transforming from a bureaucracy to a network.

How does one build a team with seven thousand swim buddies?

—GENERAL STANLEY MCCHRYSTAL

It wasn't a fair fight. The U.S. Army's Task Force in Iraq in late 2003 was arguably the world's most sophisticated fighting machine with abundant resources and advanced technology. It was facing a poorly resourced, ill-educated bunch of extremists. So why was the U.S. Army losing?

The Task Force was led by one of the army's star commanders, General Stanley McChrystal, who took charge in October 2003. He had at his disposal unmatched firepower, armored vehicles, cutting-edge surveillance, and new technologies such as precision weapons, GPS, and night vision. Descending from blacked-out helicopters that could locate a specific rooftop in a sea of buildings with pinpoint accuracy, operators communicated via headsets with pilots controlling drones that provided constant video surveillance.

The Task Force had achieved "the holy grail of military operations: near-perfect 'situational awareness,'" writes McChrystal in his book *Team of Teams*. "This was the first war in which we could see all of our operations unfolding in real time. Video feeds from unmanned aerial vehicles (UAVs or drones) gave us live footage of missions, while microphones carried by our operators provided audio. We enjoyed access to data on population, economic activity, oil exports, generation of electricity, and attitudes (through polling); we were connected to our partner organizations in real time."¹

Before coming to Iraq, the Task Force's teams had several decades of successfully executed, precise, surgical operations. They had received the most rigorous training in the history of special operations. For several decades, the U.S. Army had been preparing for exactly the kind of challenge they were now facing in Iraq: asymmetric warfare. By any standard, these were high-performing teams, strong on trust and bonded together by common purpose.

On paper, the rabble of frustrated Sunnis led by Jordanian extremist Abu Musab al Zarqawi had no chance. They were ill-educated, ill-trained, underresourced, poorly equipped, and making do with primitive homemade weapons assembled in safe-house basements from propane tanks and expired Soviet mortars. They had no coherent plan. They were making it up on the fly. They depended on face-to-face meetings and hand-carried letters. They were dogmatic and extreme in their conduct and views. They weren't military geniuses or tactical masterminds.

1. S. McChrystal, T. Collins, D. Silverman, and C. Fussell, *Team of Teams: New Rules of Engagement for a Complex World* (New York: Penguin Publishing Group, 2015), 71–72.

It wasn't just that the Task Force should have been winning this engagement. By every traditional military calculus, it should have been crushing its enemy. But it wasn't. The Task Force was losing badly and consistently and the situation was deteriorating.

At first, McChrystal couldn't understand how a poorly organized bunch of misfits could be defeating his crack force. It took him time to figure out the problem with his awesome military machine: The Task Force was a machine, while the enemy was operating as a flexible network. And in a turbulent environment with instant and pervasive communications, a machine—even a big, sophisticated, well-funded machine—is no match for a network.

The Task Force had ample access to big data, but that wasn't much help in terms of prediction. The Task Force was just too slow. McChrystal found himself being asked to make decisions and give approvals on matters on which the teams themselves were better placed to make the call. The decision-making apparatus was simply slowing down the ability of the Task Force to move as expeditiously as it needed to. He asked himself: Why am I being asked to make these decisions? What am I contributing?

"In the time it took to move a plan from creation to approval," writes McChrystal, "the battlefield for which the plan had been devised had changed. By the time it could be implemented, the plan—however ingenious in its initial design—was often irrelevant. We could not predict where the enemy would strike, and we could not respond fast enough when they did."²

McChrystal could also see that the problem wasn't collaboration *within* the teams themselves, but rather collaboration *between* the teams: "The bonds within squads are fundamentally different from those between squads or other units. In the words of one of our SEALs, 'The squad is the point at which everyone else sucks. That other squadron sucks, the other SEAL teams suck, and our Army counterparts definitely suck.' Of course, every other squad thought the same thing."³

The teams "had very provincial definitions of purpose: completing a mission or finishing intel analysis, rather than defeating [the enemy]. To each unit, the piece of the war that really mattered was the piece inside their box on the org chart; they were fighting their own fights in their own silos. The specialization that allowed for breathtaking efficiency became a liability in the face of the unpredictability of the real world."⁴

McChrystal could see that his superb teams were embedded in an authority-based bureaucracy in which communications and decisions flowed slowly and vertically. "Stratification and silos were hardwired throughout the Task Force," he writes. "Although all our units resided on the same compound, most lived with their 'kind,' some used different gyms, units controlled access to their planning areas, and each tribe had its own brand of standoffish superiority complex. Resources were shared reluctantly. Our forces lived a proximate but largely parallel existence."⁵

Communications, writes McChrystal, were "even worse between the Task Force and our partner organizations: the CIA, FBI, NSA, and conventional military units with whom we had to coordinate

2. McChrystal et al., *Team of Teams*, 69–70.

3. *Ibid.*, 127.

4. *Ibid.*, 118.

5. *Ibid.*, 122.

operations. Initially, representatives from these organizations lived in separate trailers, with limited access to our compound. Built in the name of security, these physical walls prevented routine interaction and produced misinformation and mistrust. The NSA [National Security Agency], for instance, initially refused to provide us with raw signal intercepts, insisting that they had to process their intelligence and send us summaries, often a process of several days. They weren't being intentionally difficult; their internal doctrine held that only they could effectively interpret their collections. Passing out raw data invited misinterpretation with potentially disastrous consequences."⁶

McChrystal knew he had to do something different. But what? He knew that "small teams are effective in large part because they are small—people know each other intimately and have clocked hundreds of hours with each other. In large organizations, most people will inevitably be strangers to one another. In fact," he writes, "the very traits that make teams great can often work to prevent their coherence into a broader whole. How does one build a team with seven thousand swim buddies?"⁷

The Task Force was too big to turn into one big team, yet it could not leave each team to its own devices. It needed rapid coordination of both information flow and collaborative action across the entire enterprise. The challenge was to achieve trust and purpose in a large group of teams and agencies without creating chaos.⁸

McChrystal knew he had to eliminate "the deeply rooted system of secrecy, clearances, and interforce rivalries." He had to reverse the principle of limiting information on a "need to know" basis to one where "everyone knows everything" so that "every man and woman in our command understood his or her role within the complex system that represented all of our undertakings. Everyone needed to be intimately familiar with every branch of the organization, and personally invested in the outcome."⁹

He could see that the ability to adapt to complexity and continuous unpredictable change was more important than carefully prepared plans. Rapid horizontal communications were more important than vertical consultations and approvals. Individual team excellence was not enough: Collaboration among teams was vital to achieve overall group performance. Teams had to be able to make decisions as needed, without seeking approvals higher up the command. Big data would never offer respite from the unrelenting need for continuous adaptability.



McChrystal's approach was a very simple idea: Create a team of teams. This meant turning the Task Force from a bureaucracy into a network (see Figure 4-1). A network is a group or system of interconnected people or things. An organizational network is a set of teams that interact with and collaborate with other teams with the same connectivity, interaction, and passion as they do within their own small team. An organizational network is founded on the Law of the Small Team. But it requires more. Each team needs to look beyond its own goals and concerns and see its work as part of the larger mission of the collectivity.

6. *Ibid.*, 123.

7. *Ibid.*, 127.

8. *Ibid.*, 127–128.

9. *Ibid.*, 156.