



# Agile Leadership

What does it take?

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# What we will do today

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## Objectives:

- Approach agile from an organizational perspective (vs. a team perspective)
- Explore the leadership model for agile organizations

## Agenda:

- What's going on around us
- How agile helps
- Agile Leadership – what it takes

What's going on around us?

# Banking is necessary, Banks are not

-- Bill Gates, 1994



# For banks, the rules of our game have changed

Digital natives are redefining the "normal" of banking customer experience and expectations – we need to adapt if we want to stay relevant

GROUP OF EXISTING BANKS

GROUP OF DIGITAL CHALLENGERS

~\$150

AVERAGE COST TO ACQUIRE NEW CURRENT ACCOUNT CUSTOMERS



~\$30

DAYS FROM APPLICATION TO CURRENT ACCOUNT FUNCTIONALITY BEING ACCESSIBLE

3



0

3-6  
months

TIME TO LAUNCH A NEW FEATURE



2  
weeks

<1,000

RETAIL BANKING CUSTOMERS PER FTE



>2,500

EMPLOYEES RATING THEIR COMPANY AS A 5 STAR EMPLOYER

25%



68%



Source: MIT Technology Review, 2019

<https://insights.techreview.com/preparing-for-the-age-of-the-digital-attacker/>

# Living in a VUCA\* world: «Best practice» is a thing of yesterday

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- **Volatility**

- Change is a constant
- Becoming more unpredictable, dramatic, and faster

- **Uncertainty**

- Past experience becoming irrelevant for predictions
- It is becoming nearly impossible to plan long-term

- **Complexity**

- Cause and effect relationships becoming murky
- Choosing the single correct path becomes almost impossible

- **Ambiguity**

- Nothing is completely clear or precisely determinable
- «Best Practice» is becoming a thing of the past



Company success is determined by its people

- The right conditions for individual contribution and performance
- Qualitative over quantitative results
- Freedom, speed, creativity, flexibility
- Company culture that connects people with the organization
- WHY, HOW over WHAT

# How agile helps

# Agile Manifesto: Origins of modern agile practices

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20 years ago, 17 software developers came together in Snowbird, Utah to propose a new way of developing software “by doing it and helping others do it.”

## 4 key principles of the original Agile Manifesto:

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



# Basic concepts however date back to the 1930's

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- **Theory X:** Workers need to be tightly controlled and directed

- Early 1900's (Taylor – Scientific management)
- Worker productivity seen as an «engineering challenge» for optimization
- «Classic» management approach, maximize efficiency and lower cost
- Making a return after 2008 and through the «gig» economy (Uber, Amazon, Deliveroo,...)

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- Can be stipulated by rules
  - Can be delegated
  - «Put in place once and move on»
  - Makes CFOs and shareholders happy

- **Theory Y:** Workers contribute much more when they can express ideas and take initiative

- First experiments in 1930 (Western Electric)
- Prevailed in the 1970 through automotive
- Precursor to «Lean Production» (Toyota)
- Cornerstone of various modern agile approaches

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- Requires a lot of leaders' and manager's time
  - Not measurable in absolutes
  - Requires the right people

# For agile to work, it requires 4 core components\*

Agile is not simply a new process framework - it requires a specific context and ecosystem to thrive

WHY	WHAT	HOW	WHO
<ol style="list-style-type: none"><li><b>1. What do we <u>really</u> hope to achieve?</b> (ex: predictability, quality, cost savings, early ROI, better products, higher innovation,...)</li><li><b>2. What are we changing?</b><ul style="list-style-type: none"><li>• Culture</li><li>• Practices</li><li>• Systems &amp; structure</li></ul></li></ol>	<ol style="list-style-type: none"><li><b>1. Key three things:</b><ul style="list-style-type: none"><li>• Empowered Teams</li><li>• Backlogs</li><li>• Output (Working software)</li></ul></li><li><b>2. Running at scale:</b><ul style="list-style-type: none"><li>• Structure</li><li>• Governance</li><li>• Metrics and tools</li></ul></li></ol>	<ol style="list-style-type: none"><li><b>1. Transformation Hypothesis:</b> align leaders on a common vision</li><li><b>2. Define the End state:</b> validate hypothesis, engage broader organization</li><li><b>3. Pilot:</b> get a part of the organization to a stable state</li><li><b>4. Rollout:</b> adoption into the broader organization</li></ol> <hr/> <ol style="list-style-type: none"><li><b>A. The Playbook:</b> how to run agile</li><li><b>B. Field guide:</b> how to run the transformation</li></ol> <hr/> <ol style="list-style-type: none"><li><b>i. Outcomes:</b> transformation and business</li></ol>	<ol style="list-style-type: none"><li><b>1. Leadership:</b> transformation and business</li><li><b>2. Coaches:</b><ul style="list-style-type: none"><li>• Program / portfolio</li><li>• Agile WoW</li><li>• Technical</li></ul></li><li><b>3. Teams</b><ul style="list-style-type: none"><li>• Portfolio</li><li>• Program</li><li>• Delivery</li><li>• Services</li></ul></li></ol>

# Agile Leadership – what is it about

# Core Concept: Leader-Leader model

Represents a fundamental shift in mindset, philosophy, and culture

- Background
  - Established by Captain David Marquet, described in the book «Turn the Ship Around!»
  - Captain of nuclear submarine (USS Santa Fe, 1999-2001)
  - Moved the ship from «Worst in fleet» to «Best in fleet»
  - Ship described as «Most Empowered Organization» by Stephen Covey
- Fundamentals
  - Traditional leadership creates followership, less top-down leadership  
creates more engaged leadership at every level of the organization
  - Shifting the psychological ownership of problems and solutions (using a simple change in language – «I intend to...»)

## 3 pillars of the Leader-Leader model

### Control

- Divesting and distributing control
- Employees control what they work on, how they work, and make meaningful decisions
- «Don't move information to authority, move authority to information»

### Competence

- People are (technically) competent to make the decisions they make
- Specify goals, not methods
- «We learn, everywhere, all the time»

### Clarity

- Everyone understands what the organization is about and what the guiding principles are
- Guiding principles as a basis for decision-making
- «Begin with the end in mind»

# Illustration: A conversation with an empowered product owner

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**Product Owner:**

*VP, I intend to move this **new feature** to the top of the Product Backlog and **deprioritize** this **other feature** that was in our original plan.*

***Customer validation tests** indicate that the new feature would **increase retention** of existing users **by around 4%**, more than any other feature we've tested, **aligning** with our **highest priority goal** for **this quarter** of **increasing** existing subscriber **retention rates**.*

***The team** has done some **high level scoping** and **forecast** that this feature would be completed **within two sprints**, a similar size to the **feature** that **we'll be cutting**.*

**VP:**

*Very Well!*

**The leader gets what they really want:**

an assurance that the Product Owner is aware of the business concerns and have done their due diligence to address those concerns.

**The Product Owner gets what they want:**

mentoring to understand what business leaders are most concerned about (a great career development aspect of this approach), with the autonomy to meet the business need however they see fit.

# Establishing the three pillars requires a fundamental mind-shift

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Pillar	Key Challenges	How to address
<b>Control</b>	<ul style="list-style-type: none"><li>• «Organizational immune system»</li><li>• Giving up control</li><li>• Micromanagement &amp; distrust in people</li><li>• No margin for mistakes (direct penalty)</li><li>• Policies and SOP for everything</li></ul>	<ul style="list-style-type: none"><li>• Start at the top &amp; lead by example!</li><li>• Flatten the hierarchy, reorganize, restructure, change processes</li><li>• Establish room for learning, experimentation, and building trust</li><li>• Expect people to make decisions and own their work</li><li>• Transition gradually, while building competence in parallel</li></ul>
<b>Competence</b>	<ul style="list-style-type: none"><li>• Decisions deferred to the management</li><li>• Skills atrofied over time</li><li>• Learning not a priority, people not willing to invest</li></ul>	<ul style="list-style-type: none"><li>• Make learning a priority of the organization and people</li><li>• Baseline skill levels through the organization, build and execute regular training plans</li><li>• Stimulate continuous improvement</li><li>• Establish constructive dissent as a key value</li></ul>
<b>Clarity</b>	<ul style="list-style-type: none"><li>• «Chasing the next quarter»</li><li>• Lack of vision / strategy / direction</li><li>• Management need willing to stand for anything</li><li>• (Micro)management by directive, without clear goals</li></ul>	<ul style="list-style-type: none"><li>• Build a sense of purpose and a common vision</li><li>• Leaders at all levels live, breathe, and communicate the common vision and the «WHY»</li><li>• Manage by objectives and guidelines</li></ul>



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