Influence of Large-Scale Organization Structures on Leadership Behaviors

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Introduction

- Project Background (5 minutes)
  - History of the project
  - Agile myths on leadership roles and organization structures

- Findings & Recommendations (20 minutes)
  - Debunking the Agile myths on leadership roles and organization structures
  - Key agile leadership behaviors
  - Influence of organization structure on these behaviors

- Questions & Answers (5 minutes)
Project Background

- Large-scale global development effort for the Health Services (HS) division of Siemens Medical Solutions USA
- The project team consisted of 300 developers, product analysts, scrum masters, and testers across 25 scrum teams in three development sites: USA, India, and Europe.
Project Background - 2

- Scrum with XP development practices
- Service Oriented Architecture (SOA) approach
- Organized into sub-programs:
  - Core application – developed in the USA and India, started with 1 team and grew to 11 teams
  - Common architecture and infrastructure – developed in the USA and India, started with 2 teams and grew to 7 teams
  - Common supporting application -- developed in the USA and Europe, started with 5 teams and grew to 7 teams
- Scaled from 8 teams to 25 teams
  - Project scaled primarily by growing the Core Application sub-program and adding additional teams from the other sub-programs into the project team
  - Common Architecture and Common Support Application groups maintained a hierarchical organization structure
  - The Core Application sub-program began with a flat organization structure and moved to a matrix structure
- Typical team of 11-15 people (SM, Developers, Analysts, and Testers)
Agile Organization Myths

- As the program scaled, we encountered two agile organization myths:
  - With self-organized empowered teams who are accountable for the project results, R&D leaders are not needed
  - There is a “best” structure for agile organizations (flat)
Findings: R&D Leadership Roles

- **Myth #1**
  - R&D leaders are not needed with self-organized empowered teams who are accountable for the project results

- **Reality**
  - Teams and team members still needed leadership support for topics ranging from resource management to strategic vision
  - Key leadership challenge was effectively building, maintaining, and motivating each team
Findings: R&D Leadership Roles - 2

- **Resource Management**
  - Recruiting (internal, external, consulting) with focus on hard skills (technical/domain) and soft skills
  - Building teams with an effective blend of capabilities, skill levels, and personalities
  - Enabling effective peer-to-peer feedback, monitoring the effectiveness of teams, performance management, and driving group-based incentives
  - Developing career plans and identifying skill gaps and education/training opportunities
  - Information-sharing at one-on-ones

- **Other roles**
  - Aligning and maintaining the agile process boundaries
  - Monitoring the effectiveness of the process
  - Setting the overall technical vision for the component & application
  - Working through procurement & contract details and facilities/environment
Findings: Organizational Structure

- **Myth #2**
  - There is a “best” structure for agile organizations (flat)

- **Reality**
  - Some organization structures have specific advantages in an agile environment
  - For a large scale project, an appropriate organization structure is one that encourages a program-wide perspective while effectively balancing the team versus individuals needs
Findings: Organizational Structure - 2

- Organization structure exist to enable a team to scale to a set of activities that can be performed according to some division of labor or specialization.
- Key differentiators of organization structures are the boundaries of the organization and mechanism of coordination, information flow, and decision-making.\(^1\)
- **Examples**
  - **Flat** – all the team members report to a single leader with responsibility for both the resources and the project.
  - **Hierarchical** – team is further divided into sub-teams with leaders responsible for supporting each smaller team; these sub-team leaders report to a leader with overall responsibility.
  - **Matrix** – individual needs are supported by a resource manager and the team needs are supported by a leader who is responsible for the delivery of the project.

\(^1\) Nitin Nohria, “Note on Organization Structure,” *Harvard Business School* Note 491-083.
Leadership Behaviors

As the program scaled, we also learned the following:

- Large-scale organization structures will influence leadership behaviors
- But the organization structure is less important than identifying leaders who independently demonstrate these key leadership behaviors

We envisioned that our R&D leaders would:

- **Lead versus manage**
- **Flex existing team boundaries**
- **Drive both team and project success**
- **Balance team versus individual teams**
Findings: Leadership Behaviors – 
*Leading versus Managing*

**Challenge**
Setting a direction, aligning people, and motivating & inspiring to achieve goals versus top-down planning, organization, controlling & problem solving

**Succeeded...**
Where the organization structure promoted broader project focus (multiple scrum teams, product strategy, etc.)

**Less so...**
Where the organization structure promoted more narrow project focus (single scrum team)

**Leadership Warning Signs**

- Deep engagement in the day-to-day tasks of the team beyond setting a direction and addressing obstacles & blocking issues
- Interacting with individuals to solve problems versus bring issues to the team
- Not a “chicken” during stand-up
- Authoritative vs. participative decision making
Findings: Leadership Behaviors – Flexing Existing Team Boundaries

**Challenge**

Decomposing large-scale program into smaller projects that can be executed in parallel and maximizing the velocity of these smaller projects through cross-program teams to minimize cross-team dependencies and coordination

**Succeeded…**

Where the organization structure promoted flexible team boundaries

**Less so…**

Where the organization structure were well-established and the formation of these cross-program teams created a conflict

**Leadership Warning Signs**

- Protecting team boundaries
- Creating a specific team vision instead of marching towards program/project vision for the team
- One way ticket – resources move to one team and never return
Findings: Leadership Behaviors – Driving Both Team and Project Success

Challenge
Effectively balancing the needs of the program and the individual teams

Succeeded…
Where the organization structure promoted broader project focus (multiple scrum teams)

Less so…
Where the organization structure promoted more narrow focus on single scrum team

Leadership Warning Signs
- Directing team to stretch goals before helping out other teams
- Creating specific team vision instead of marching towards program/project vision for the team
- Measuring just team success
Findings: Leadership Behaviors –
*Balancing Team versus Individual Needs*

**Challenge**
Balancing the needs of the team and individuals

**Succeeded…**
Where the organization structure aligned leaders with a small number of people

**Less so…**
Where the organization structure aligned leaders with a large number of people or created multiple leaders for each team members (project vs. resource)

**Leadership Warning Signs**
- Infrequent one-on-ones
- Limited focus on coaching/mentoring and career development of the team
- Ambiguity of resource and project leadership roles in a matrix organization structure
What We Learned – Leadership Behaviors

- Effective leaders in an agile environment demonstrate these behaviors:

  ✓ **Lead instead of manage**
    - Set a direction for a team consistent with the overall project vision, align team members, coach/mentor, and motivate
    - Formal relationships are not needed to achieve the appropriate influence

  ✓ **Flex team boundaries**
    - Recognize the need to maximize team velocity by building cross-program teams and are open to shifts in team members

  ✓ **Drive both team and project success**
    - Understand the success of an individual team does not guarantee the success of the program
    - Continually seek opportunities to help ensure program success

  ✓ **Balance team and individual needs**
    - Recognize that a team consists of individuals with unique needs and career goals
    - Consider both needs during team formation
What We Learned – Organization Structures

- Organization structures that create a tight affinity between leaders and individual teams influenced more…
  - Managing versus leading
  - Guarding team boundaries
  - Focus on the team versus project success
Conclusion

- Our experience debunked the following agile organization myths:
  - R&D leaders are not needed with self-organized empowered teams who are accountable for the project results
  - There is a “best” structure for agile organizations (flat)
- We identified several key leadership behaviors in a large-scale agile environment but also learned that the organization structure was less important than identifying leaders who independently demonstrate these key leadership behaviors
- Overall, the challenge with scaling agile projects is locating leaders who can demonstrate these behaviors in any organization structure
- As you build a leadership team, remember that Agile is a mindset, not a skill set

“You manage things; you lead people” -- Grace Murray Hopper