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Darrell Rigby on The Adaptive Agile Enterprise

Andy Murray: Hi, Darrell. Thanks for joining me today. It's so great to see you as ever.

Darrell Rigby: Andy, it's a pleasure. Thank you for having me.

Andy Murray: Well, I've got a lot of questions for you today, so hopefully it won't be too tough, but I'm really looking forward to it. And probably the first question Darrell, that I'd like to ask you is if you could tell me a little bit about your journey and specifically, take me to that moment when you knew you needed to write the book, *Doing Agile Right*, and what led you to that point?

Darrell Rigby: Well, the truth is I didn't want to write a book. I started learning about Agile approaches 15 years ago or something like that and I truly fell in love with the mindset and the method for doing Agile. And it's just become a part of the way that I approach work, but also a part of the way that I approach life. And so, I did begin writing articles about it and published several articles in the Harvard Business Review, but I don't know, I just wasn't sure I had it in me to be spending two years writing a book.

And then I found myself in a situation where the articles couldn't be long enough to say everything that I had on my mind and what I was discovering by working with companies to do this. So the Harvard Business Review had approached me before and asked me if I wanted to write a book and I'd always said, "No, no, no." And finally, in a moment of weakness, I said, "Yes." And then brought in my co-authors, and it turned out to be a very difficult, but a great, experience. And I'm grateful that I had the chance to do it.

Andy Murray: Well, you're just the opposite of most people. A lot of people have this dream of writing a book someday and then just never get around to doing it. You didn't want to write it and here you got one and it's doing quite well. So yeah, it seems to be doing really well.

Maybe just to lead into that a little bit, there is a big difference between having an Agile team, which some companies do, of course, a lot of companies do, and then having an organization that has loads of Agile teams doing it at scale. And then the other difference is really having an Agile enterprise. And this book really takes you up to that territory. What's the difference between doing Agile at scale and having an Agile enterprise?



Darrell Rigby: Yeah, it's a great question. And of course, as you say, the Agile teams are the heart of an Agile enterprise. And so you can't do anything if you don't know how to do Agile teams, right? And so we typically start there. And we like to create beacons of inspiration for the rest of the organization, so they look at the results of those teams and say, "Oh my goodness, look at how effective they are. Look at how fast they're turning out amazing innovations." And the people on the teams are talking to their friends and saying, "I'll never go back to the old way of working. This is just so much better."

And then eventually, as we're rolling out wave after wave of Agile teams, we'll get to a point that we call Agile at scale. And Agile at scale means two things: number one, we can do Agile anywhere we want better innovation. Whether it's in technology or whether it's in marketing or whether it's in supply chain, it really doesn't matter. We know how to do Agile anywhere we need better innovation, but it also means that we can do very large-scale programs.

So, a company like Saab Aeronautics for example is developing a fighter jet, the grip in fighter jet over four or five year periods. And they've got a hundred teams working in concert to do this. So you learn how to do that. But the interesting thing to me is over the past four or five months, I've had the opportunity to work with three of the companies that I'm sure everyone would describe as some of the most innovative and Agile companies in the world.

And what they say is, "Darrell, we can launch Agile teams and we can do Agile at scale, but the more we learn about Agile, the more we realize how much there is yet to know."

And so, yes, we can launch Agile teams, but if we don't surround them with an Agile operating model, we're constraining them, we're bottle-necking them. And so what we want to learn ***how to do is how do you take these concepts to the entire enterprise so that we really free up the potential of the entire organization and get the whole business to work the way we've got these Agile teams working?***

Andy Murray: Oh, that's really exciting. And it probably gets to one of the questions I wanted to ask you — might as well ask it now. You talk a lot about, and I've experienced myself, trying to harmonize the innovation work in a business with the operating side or what you would call bureaucracy side. And there's a side of both of that that's probably important at some level, but I'm curious around how do you harmonize a gap that I've seen and experienced, which is the strategic imperatives the executive teams working against versus the Agile team, things that are coming through that comes from innovation and test and learn with a customer, there's a bit of a gap there between those two worlds. Is that where the enterprise thinking kicks in? Or how do you address that particular gap?

Darrell Rigby: Yeah, we've got to close that gap. You're absolutely right. And so in my opinion, Agile actually has to start with the strategy of the company. And so when we're setting up Agile teams, the first thing that we're asking is, "Okay, what are our company's strategic imperatives?" And let's say at the very beginning of launching Agile teams, we'll start by saying, "Let's pick 10 to 20 areas and say if we could triple or quadruple the power of innovation to meet these strategic imperatives, what would



those 10 or 20 areas be?" And so we just start by listing them and then we go through and prioritize and sequence these so that we can determine in what order we would like to tackle them.

And then we just start at the top of the list and say, *"What's going to create the greatest value? What poses the greatest opportunity and potentially greater risks for the company? And let's figure out if we're ready to begin setting up Agile teams there."*

And so we have a checklist: *Are we ready to begin with these Agile teams? And those include things like: Is it focused on a strategic imperative? Is it going to create extraordinary value for the company? Do we have sponsors at the executive level who are excited to do this? Do we have people in the business units who are eager to use Agile methods to attack this opportunity? Can we get access to customers, to co-collaborate with them, co-create with them, the innovations and test that?*

And when we find three, four, five of those — enough to get started — we launch, we get going. And then as we see progress, if we decide we want to launch more, then we just keep launching waves of Agile teams.

Andy Murray: Well, that list that you just rattled off is in your book because I just read it not that long ago. And I was looking for what are the essential elements you need to launch an Agile team. Now, that kind of is more from a strategic mandate down of what you just described, but you do a nice job of outlining those points.

Are there any other essential elements, if you were to boil Agile down, even if you don't have an Agile enterprise that you would really want to have identified or think about? Because Agile can go a lot of different ways, there's lots of different models, but there are some essentials. And I think you did a good job in that chapter, but was there anything else you would add to that if you were just an Agile team, you want to stand up an Agile team, but you don't have an Agile enterprise?

Darrell Rigby: Yeah. I think the biggest danger is that people who are unfamiliar with Agile start off by saying, "Well, let's work on something that isn't altogether that important. And therefore, if it doesn't work, what's the big deal?" And the problem is if you're working on something that doesn't really matter, then you're going to have a tough time getting some of the best people in the company to work on it because who wants to work on something that doesn't really matter?

Andy Murray: Exactly.

Darrell Rigby: And so, it turns into a lousy cascade of "we're working on something that isn't altogether that important. We've got people who've got nothing better to do than work on this, and we're not really going to spend the time training them or working with them to clear up the roadblocks." And pretty soon it just looks like any other initiative in any other period of time, and you're not going to accomplish anything that really will make a difference in the company.



Andy Murray: Yeah.

Darrell Rigby: So, I'd say number one, make sure that you're using Agile teams in the right places with the right people, and that you've got something that matters. You're willing to dedicate small teams of experts to working on it, and be convinced that you're going to be willing to let this team operate in Agile ways, that you're willing to give them autonomy. It's easy to say, "Well, let's put Darrell on this team. He's got nothing else better to do anyway." And so we'll say, "Okay, but just realize if you put Darrell on this team, let me remind you what you're signing up to do, because you're going to give him autonomy to make some decisions, to test things." And then they'll say, "Ooh, wait a second. I'm not sure. I'm not sure I'm willing to let Darrell do all of that." So-

Andy Murray: Yeah, exactly. It does answer a question though, that I've experienced, which is when you're a senior team, you know you got to do some big things. And one of the worst things I think you can do is assign it as a skunkworks project to a really good line operator because they're used to getting results and not really give them the methodology. And those when they start to unveil it and it's got holes in it, didn't have any multidisciplinary thinking, the operations head said, "This isn't going to work," and it's a little bit not invented here, a little bit of jealousy on they got to do all the cool stuff while you're doing the grind and... this answers a lot of that I think because of the way it's structured. It gets more people engaged, more people co-creating with a method to do that.

I've not seen a skunkworks method, if there is such a thing, but so many companies do that. They kind of pull it out of everything and try to make progress, and it almost inevitably falls short, but yes. A question — I don't want people to miss a word that you said that's so important because I think when they think of Agile today, of course, it's lots of still definitions, it's still early days, I think, but you said **method and mindset**.

And if you're not really exposed to what Agile is, it's easy to think of it as a method. And there is so much about mindset, and I'd probably add a third thing, motivation, which gets into the elements of how do you inspire and all the things you do to keep the energy high and momentum going, but how would you weight the method, mindset, and motivation? If you're looking at those three things, is it 80% method, 10% mindset, the more you do this, what have you learned about those three variables?

Darrell Rigby: It's a tough question to answer. It's a little like asking, "Which do you need more? Your brain or your heart?" I say, "Well, you'll die without both of them." I think they're all important. I guess if I had to prioritize things, I would say that the mindset or the values and the principles that you're going to use, which I think I include the motivation part in there, but mindset and motivation, I think are critical. The method is important because we talk to a lot of people about how to do Agile, and they say, "I got it. I've got the mindset, but somebody's going to have to tell me what I need to do."



And it's a little like, kind of, a physical fitness training program or diet. It's one thing to have the best intentions in the world, it's another thing to actually drag yourself off of the couch, lace 'em up, and hit the road.

Andy Murray: Exactly.

Darrell Rigby: So, you really got to do both of them or all three of them, I think, in order to make it work, but it starts with a legitimate desire to do something better.

Andy Murray: Well, if you look at what's been going on with COVID, I'm curious to your perspective on, there was a big, I don't want to say epiphany around Agile, but it was a lot of movement happening before COVID. And then COVID comes in and some companies probably took an operational mindset of all hands on deck, top-down directives because you're getting through a crisis. And then I suppose I would see Agile start to return as people start to look at what's next and what's new.

What's been your observation of the journey from the going through a COVID period and then where we are now in terms of importance of Agile and how it plays as a model versus the crisis mode?

Darrell Rigby: Yes. You raised a very important point, and I've had a lot of discussions with senior executives on this very topic. And it turns out that you're right, the initial instinct was, "Oh, this is a crisis. We've got to spring into command and control mode." And they quickly learned that that wasn't going to work and, in fact, that it wasn't necessary because what they found is that the ***crisis required that they start acting in more Agile ways, and that their teams were ready to do that.***

Andy Murray: Interesting.

Darrell Rigby: So a lot of them were pleasantly surprised that all of these people that they didn't think were capable of being innovators — it turns out they actually were. They didn't have to restructure the organization, they didn't have to bring a whole lot of new people in, these people were ready to spring into action. And so they started doing a lot of Agile, and by that I mean things like, well, let's focus on what really matters. There's a bunch of stuff we're doing right now that if we delay it by six months, who cares? It doesn't really matter. And we've got people in the field that are close to the customers and close to the operations, they're seeing things that need to change fast. Let's unleash them and let them do those things.

And so there were a lot of Agile ways of working that started springing up. However, I think in my conversations with CEOs in particular, what they're saying is, "After I read your book, I realized that springing into action meant doing Agile, but I feel like there are two things that we're still not doing right. One is those innovations are still a little sporadic, a little haphazard. They happen sometimes, but they don't happen as often as we need them to happen or as systematically as we need them to happen. And the second thing is, the very last sentence in your book, Darrell, says, 'If you and your teams are not having fun with Agile, you're not doing Agile right.' And as much as we hate to say it, we're burning out,



a lot of people in the organization. They're fatigued, they're exhausted. And our fear is that when the pressure lets up, they're just going to spring back into traditional ways of working and then we'll have to keep moving along until the next crisis hits and we have to reinvent this process all over from scratch again."

So what they're asking me is, "Can you help us bottle up the pieces that are really working, but figure out how to make it more systematic and more sustainable so that this just becomes a natural way of working and as we go from crisis to crisis, because this pandemic will pass, but there are trade wars, there's social unrest, there are military conflicts, there are natural disasters, we have to find ways to keep this kind of urgency, to keep this kind of motivation high, even after this pandemic passes." And that's what I'm having fun working on companies with right now.

Andy Murray: And that sounds like it's tied a little bit to the enterprise approach, thinking of the whole company in a more systematic way. And I do think there's probably a little blend of remote working and how that's taxing as well, on top of this approach, right? There's some things that it's hard to correlate, which has the biggest impact because this has really probably exacerbated the difficulty of the dive.

Darrell Rigby: Yes, you're exactly right. The problem with humans and human organizations is that we're complex. And so you don't always know exactly what's going to happen when you turn the dial and it's not as easy to figure out. I know we all love attribution models that say, "Well, which thing really had the greatest impact?" But in a complex system like an organization, you don't really know. You have to move a bunch of things and see what effects you get and test and learn and say, "Ooh, we turned that a little too far. Let's turn that back this way."

And so our recommendation is to ***use Agile approaches to become an Agile enterprise. You can't do that in a predict and command and control bureaucratic method. Use Agile methods. Test and learn and figure out what's working.***

Andy Murray: There's so many things you said in there that I could unpack, and your background and specialty is retail as well, you've got a lot of retail strategy stuff, and from my experience at retail, when you're testing an idea in a store, a pilot store, and it's you're trying to create a different customer experience, you might try six things that work holistically, but then when you go to the finance side of it and pencil, "Which one should we scale or not when it works together?" You really do need to have an enterprise framework of how you're going to do the ROI analysis on that because the attribution kills you.

You can't really tell sometimes, and isolate those variables on, what's driving that true experience — it's the collection of that. And you might have to look at lifetime value or a different metric than you're used to putting a financial budget in place against.



Darrell Rigby: You're exactly right. In fact, we often have to add new metrics when we're helping companies to become Agile enterprises. And one of those metrics is what in kanban we would call lead time, some people might call cycle time, that says when we see a problem, particularly when we see a customer frustration, how long does it take us to fix that problem? And some people are surprised to find there's a lot of things we've been kicking around, not for weeks or months, but for years that we've never really done anything about. And so we will almost always add a metric that says, how long, what is the lead time? What is the time required to move from discovering a problem or an opportunity to actually getting that into the marketplace?

And another metric that we'll use is what we call flow. And flow just means "of that time." If it's, let's say it takes a year, how much of that time is spent working and how much of that time is spent waiting?

Andy Murray: Right.

Darrell Rigby: And one of the things that we find is that way too many teams are working, it looks like slowly, like they're not working hard enough, when in fact they're working very hard, they're just spending a lot of time waiting on other parts of the organization or regulatory agencies or whatever it might be, but I'm not making this number up, it is not unusual for people to spend 70, maybe more, 80% of their time waiting in order to get things done. What a shame.

Darrell Rigby: And so in Agile, we're trying to do is not get people to just work harder or faster just to the point of exhaustion, we're trying to say, "No, let's find what's killing our time, what's wasting our time, what are we waiting on? And let's remove those bottlenecks and just free up the teams to do what they want to do."

Andy Murray: Well, that could be scary because I think some of the bottlenecks, at least in my experience, could be the executive team making a decision. So, let's free those guys up. And sometimes, I'd like to tell a story, but when you get to the senior team, a lot of times you're going to get problems that are hard to solve, right? And so you got those problems that come in there. And if you were reflecting back or waiting on this decision and you're measuring that, there'd probably be more decisiveness to make things. And I've always said, there's two types of problems that you have to solve if you're on an exec team.

One is those that are complex and difficult to understand. And so you have to go get more data, and perhaps then that slows things down.

And there's those problems that are just hard to swallow because you're killing a sacred cow or you're going to have to prioritize and make it part of the priority call and knowing the difference. But the worst thing you can do is send a team back to get more data when the real thing is, it's just a decision that's hard to swallow, not hard to decide



But having that metric back to the leadership on this is the impact of delaying these decisions and what it does to flow is really powerful. I've not seen that before. That's a great metric.

Darrell Rigby: Yeah, you're exactly right. And that's the problem with traditional bureaucracies. Isn't it?

Andy Murray: Yeah.

Darrell Rigby: It's the problem with command and control centers where every decision has to be approved by someone at the center. And we found in lots of situations, including hurricanes, Chernobyl incidents, any kind of urgent situations that a central team simply does not have enough time and capacity to be able to approve every one of those decisions. And there are some that are irreversible that we need their approval on, absolutely, but ***there are a lot of other decisions that, to be honest about it, the front lines are going to make these decisions as effectively as a senior executive team is going to make those decisions, maybe even better, if we're being perfectly frank about it.***

And furthermore, if we give them the opportunity to test those solutions by building prototypes and getting them in front of customers, getting them in front of audiences and getting regular feedback, let's say every week, every two weeks, maybe every day, how far wrong could they go?

Andy Murray: Exactly.

Darrell Rigby: They're not going to mess things up, if you're getting that kind of fast feedback. So, you learn to build trustworthy employees. You're not just blindly trusting them, you're building trustworthy employees that you gain more and more confidence in and say, "They're doing this better than I ever could. Let's just unleash their potential and let them go at it."

Andy Murray: Well, what it does say is that probably one of the best decisions a senior exec team could be making is what to stop doing in order to free that up. And also by the way, as you know, it's probably the hardest thing that you have to do. And the clearer the senior team is around the outcomes they're trying to create for the company, the fewer objectives they need to get there. The more cloudy that is, it seems like it multiplies the number of objectives because there's got to be a pony in there somewhere that's going to solve the problem. And all of a sudden the organization's overburdened with too many objectives to chase and no capacity.

The nice thing about a crisis is about, of eight things, we're going to do these two. And that unlock alone of just saying, "We're going to focus on these two," is pretty powerful. What I worry about is post-pandemic, the six other objectives that were on the back burner come to the front and now you're just overloading an organization when actually I'd rather go further with a couple.

Darrell Rigby: Oh, I could not agree more. Thank you for saying that. And I really do measure the agility of an organization, not so much by how fast can they start things, but how fast can they stop things when it's obvious that it's not really adding value? And the problem with a lot of strategic planning



processes is that what happens is a team comes in and they make a proposal for a new initiative and the senior management team says, "Oh, I don't know." And they request more data and more data and more data. And so people spend, again, I'm not making this up, a year building a plan for what the company should be funding.

And then the senior management team all gets together and they approve this budget for five years of funding and say, "Okay, you've got the money. Well, what happens?" Then they go out and they hire people, and they build assets, putting millions of dollars into the ground. And it's like they own that money. They got five years. Just back up the Brinks truck, give us the cash and we start spending it. And it doesn't work very well.

Andy Murray: Never.

Darrell Rigby: Most of my clients who are Agile enterprises are learning to fund those kinds of initiatives much more like venture capitalists do. So, show me the plan, I'll look at the plan and decide whether I want to pursue it or not, but I'm not going to give you \$10 billion right up front. We'll give you seed capital to test this first part and see if we like what's going on. And if we do, we'll do Series A funding. And if we like that, we'll do Series B funding. But if we get to a point where we say, "This operation is not cutting it," then we're not committed to funding the whole thing.

We'll just stop it and say, "You got to pivot it, or you got to figure out how to make this work, but we're not going to keep funding this until we see more evidence that the original hypotheses were actually correct."

And the interesting thing is when you talk to venture capitalists, what they'll say is, and as I look back at my successes, when I stuck to the original plan, 80% of those businesses went wrong, but if I look at the successes, two thirds of those companies pivoted significantly from the original plan that I decided to fund. And that's cool, that's fine. As long as we keep adapting along the way, we're very successful. And that's what we're trying to bring to corporations, that venture capital kind of thinking.

Andy Murray: That's great. And somehow you probably have to sort out at the top as you report to shareholders and such, how do you still hit the quarterly numbers and make sure those things are still insulated so that protection is somehow there for those that are publicly traded. And I've always felt like the three-year plan that everybody has to submit is really created to make astrology look credible.

It's fiction because it's a financial hypothesis really more so than driven by real customer value propositions that are going to get launched, that have been through this process, you're ready to scale.

How wonderful it would be if you had the Agile teams there and you had a backlog of scalable, backlog is not the word, but you had some scalable ideas that have already been through certain rounds of proofing that you know you can have more competency if you did need to make a longer term plan.



Darrell Rigby: Yes, I agree with you. And I've been working with major corporations for 42 years now, and I think a lot of stock analysts would be surprised to see the way that companies get to their earnings forecasts.

Andy Murray: Right.

Darrell Rigby: Because typically, they're offsetting errors to tell you the truth.

Andy Murray: Good way to look at it.

Darrell Rigby: I've gone back and looked at the original operating plans and said, "Well, yeah, we met our number. Yes, you did, but not in the way you expected to meet your number. Some things went much better than expected, some things did not."

And so I just think you have to have the courage to say, "We're going to focus on performance more than predictability," because the truth is those that are striving for very smooth earnings, I just recently did this analysis and said, "What percentage of a stock price movement is accounted for by having very, very stable, predictable earnings?" And the answer is, about 1%.

Andy Murray: Wow. Wow.

Darrell Rigby: So, 20 to 30 times more important than that is showing growth and showing high returns on invested capital. And this is the mentality that you see at a place like Amazon that says, "Ah, if a quarter is not quite what we expected it to be, we're convinced that the next quarter will be twice as good as it was expected to be. So we're going to take a long-term perspective, we're going to break it up into chunks and do our best to hit those, but we're going to constantly keep our eye on the long-term horizon."

Andy Murray: If you have an Agile enterprise, you get more transparency — the way the model works to what innovations, at what stage, than you would have without it. So, the ability to actually predict into the future gets stronger in my opinion, than having no visibility to what's happening in the real front-edge customer landscape, because you don't have the teams generating those insights and working directly with customers.

Darrell Rigby: Oh, I love that comment because I think it dispels one of the greatest myths about Agile. I think a lot of people feel like Agile does not believe in planning. And nothing could be further from the truth. Agile always has a plan. It's just an adaptive plan. It's a plan that says, "Yeah, we've got a roadmap of what we want to accomplish, but if we find ourselves getting off track, we're going to come back and adjust it."

So, the truth is Agile teams are much better predictors of the future than traditional teams because they have so much practice. Every two weeks they're estimating their velocity and what they can accomplish



in a period of time, and they just get better and better at doing that. So, thank you. I love you dispelling this notion of Agile doesn't know how to plan or they don't even believe in planning.

Andy Murray: No, no, no, just the opposite, it gives you more data to do better planning, as you just said.

A hidden concept in my mind, and in your book that I think is important that you just briefly touch on, is the concept of sequencing. And I've seen this happen at Walmart when Greg Foran was there and how to drive change and I think you guys might've worked in some of those spaces, but there's real power in, if you look at what needs to get done, of sequencing things, that you're always playing with the house's money.

You're doing things in an order that allows you to create energy and resource to the next thing versus going forward to the board and say, "We need \$250 million or \$10 billion or whatever it is, to launch all these big strategic objectives, it's the VC model." But what do you think about when you talk about this word, sequencing? Because you didn't go into it too much in the book, but I found it's a powerful concept of being able to self-fund innovation.

Darrell Rigby: Yes. I love that question because a lot of companies will talk about, "Oh, we prioritize. Yeah, we do prioritization all the time." And I'll say, "Well, show me your priorities." And 90% of them are top 10% priorities. I say, "Wait a second, this isn't prioritization, you don't really have priorities until you can sequence things and say, 'If we delay this by six months or a year, how much is this really going to cost us?'" I mean, really. Which things are big and urgent and we really need to get started right now?

And so the problem with companies that don't know how to sequence, but think they're prioritizing, is everything is a priority and therefore everybody, and again, I'm not making this number up, what happens is when we've looked at companies and the number of projects or significant initiatives that the average person is working on, the average person ends up having to work on three and a quarter major projects at a time, three and a quarter. And 25% of the people are working on five or more major initiatives at the same time.

And we know that multi-tasking makes us stupid. It's sad, but true. Humans are not built for multitasking. If we're working on three things at the same time, we lose 40% of our productivity, and our creative capacity drops significantly. And so what we say is, "Look, if you give me three tasks to do, if you'll just let me finish the first task and then go to the second task and then go to the third task, I will triple the value that you get from our team because we'll finish the most valuable things first. We may not even end up having to do some of the other things, we'll increase our productive capacity by 40%. Please don't force us to multitask. Let us sequence things, fully dedicate our attention, our time on things. We'll be committed like you can't believe to getting that work to work the way it should. You'll love the results. Try it, you'll like it."



Andy Murray: Well, a good example that I would look at perhaps is, if you're trying to improve a call center and you're maybe not getting satisfied customers, so you jump to the idea of "Let's make a better script for the call center," which would be a common first-place to go.

But if you did a little bit of sequencing work and you found that say — I'm making this up — but 80% of the calls are, "Do you have this in stock?" And that is creating such a bottleneck of overload, writing new scripts aren't going to really fix that. You might want to go find a different way to answer that question for the customer so they don't have to call the call center, rather than trying to create happy customers by giving them better scripts, because they're still going to be overloaded.

And those are things that I think come out of thinking about sequencing. And I know from a retail standpoint, if you look at how much promotions you're doing and you might want to cut that back, the benefit of doing that first might be the impact on labor in stores, because you're not putting up and tearing down end caps and all the things that go with that. And so looking at things holistically and finding out, which is the unlock that creates real value to the next thing that you're talking about, which is exactly what you just said.

Darrell Rigby: Yeah, I could not have said it better. This is the reason companies like Toyota get so good at what they're doing because a lot of companies will look at that flow efficiency, for example, and say, "Well, boy, there's a lot of wait time in there. How are we going to cope with that wait time? Well, I better give people five things to work on so that while they're waiting, they can fill it up with things." And that just exacerbates the problem. We're plastering over the real problem and hiding it as opposed to saying, "Well, wait, why are we taking so much time to just wait on things? Let's fix that real problem."

And so what you're talking about that methodology says, "What are the real root causes? What are the deep whys?" And we often encourage people that will make an observation to say, "Well, this is happening." You say, "Well, why is that happening? Why is that happening? Why is that happening?" If you can get down to the deep root causes and fix those, you can actually significantly improve productivity and innovation, but not just cover it up, get it out on the surface.

And sometimes people accuse Agile actually of, oh, well, it's pointing out all of these problems. Those must be caused by Agile. No, you've always had-

Andy Murray: You're kidding.

Darrell Rigby: Oh no, no, no, you've always had this problem, it was just invisible. You didn't know it. We're just surfacing it. Now we can deal with it. Watch what happens to the speed.

Andy Murray: Wow. Well, that's fascinating. The Ishikawa Diagram, root cause, that's been around forever with the total quality, but it still works. It doesn't make it any less true as a good tool and it's certainly one I would use in the Agile.



Another area that I think we had a talk about, I'd love to hear your thoughts on, Darrell, is that since post-industrial times, we've really been promoting and valuing left-brain type leadership, people that can scale optimizations, people that can scale efficiency. And if you're a creative, that typically gets you sent off to the Island of Misfit Toys at best, or some other place, and some would say there's even a bias against creativity. But what Agile does in its best form I think is encourage a bit more right-brain thinking to have the ideas to be able to take to customers and feed that ecosystem, yet most organizations aren't developing that side of the brain to think differently, think like an artist, look at things differently. Where do you think the organizations are today in being able to get value and bring back a bit more right-brain thinking and value right-brain leaders?

Darrell Rigby: Well, you're exactly right. And I think we have Frederick Taylor to thank or blame for this situation. Scientific management, the idea that all you have to do is analyze and that the senior executives are the people, they're the ones that can be thinking, everybody else — they don't have the brains or they don't have the motivation or they just are not willing to do it — they should just do what they're told.

Andy Murray: Told, yeah.

Darrell Rigby: And so over about a hundred years, we've just trained a generation of leaders to believe, well, that's your job. You do the thinking, you do the visioning, and then you tell other people what to do. And if it's not working, then you just need to spend more time planning and more time telling them what to do and more time supervising them. So even though bureaucracy is the problem, we use even more bureaucracy to try to solve the problem, which just makes it worse and worse. We find it so difficult to develop a different kind of mindset.

And yet, as we're finding in this crisis, the people in the organization are capable of doing much more creative thinking. They like to do it, they're good at doing it, we just have to bring it out and give them the opportunity to do it. And there's a lot of research to show an extraordinarily strong correlation between happiness and creativity. That when people are happier, we're more creative, and when we're more creative, we're happier. And I don't care how that loop starts as long as you get a virtuous cycle going there of "let's get people contributing their ideas."

A couple of things that I find so fascinating. I think a lot of people will look at a company like Amazon and say, "Jeff Bezos, how brilliant to come up with all of those ideas." And if you know Amazon well enough, you know certainly Jeff Bezos is no slouch, he's plenty bright. But you look at something like Amazon Prime, well, that wasn't his idea, that came from an engineer way deep down in the organization who submitted the idea through an electronic suggestion box and it bubbled up and Bezos looked at it and said, "I like that idea. Let's try it." And then with their organization and plenty of people with autonomy, they launched it in about two months.



And so that kind of speed of execution and the ideas flowing up from everywhere, that's what we need to do. But I just worry that over decades, over a century, we have beaten creativity out of our employees, because they're so afraid that if they get caught making a mistake, they're going to be punished for it. And so instead of focusing on the wonderful opportunities, the wonderful improvements, performance improvements, that can come from employees, we just scare them into not being willing to try even a small experiment that may not go right, because who knows exactly how it's going to work?

Andy Murray: Well, and if you're not using the right-brain it does atrophy. And if you don't have that opportunity to use it in your work, you get penalized for it, you get chastised, if the idea doesn't work, it starts to drift and not be an effective bit of the way you think and lead.

And one of the challenges to boost creativity that I've often put out there was to do this simple exercise every single day. When you drive to work, look for something that you've never seen before, and it teaches you that power of observation. And then every day you go on that commute and come back, of course, it's just stairs for me. But pre-COVID, looking for that one thing you've never seen before and you'll be surprised how, but that creates a muscle movement and development of being able to be a better right-brain thinker. And power of observation is so important when you're trying to solve customer problems and you're able to get there and see it.

So, I do think it's a muscle that could be reignited, and the workforce should recognize that. And I think Agile teams, it's a safe ecosystem that lets that start to develop. That without that methodology, you don't really get that unless you're just a brave soul that just has the audacity to do it, right? Then you're just playing on audacity, which is a great attribute too.

Darrell Rigby: Yes, yes, yes. It's a great point. Sorry, just let me build on that because I think it's such a fascinating point.

I love the word that you used, atrophied, because we have those muscles, we just tend not to use them. And I have a friend who's a professor that did an interesting piece of research where he looked at successful startup companies and said, "What a fascinating idea. Where did you get that idea?"

You might be surprised that 71% of those entrepreneurs said, "Oh, I had that idea at my last company, I just couldn't get anybody to pay attention to it or let me do it. And so I left the company and started this company." And now often, by the way, the companies that wouldn't let them do it will go back and buy the company back for tens of millions, hundreds of millions of dollars. So it's just, it's a terrible thing to waste. I agree that that creativity is latent but existent in most people, in most corporations.

Andy Murray: The retiring CMO of Facebook, Antonio Lucio, basically said he believes we're going into a golden era of creativity that's coming up. Because if you look at all, even brands like Pepsi, where a lot of the line's been cut because of the crisis and pandemic, and then you look at, well, some of those weren't



performing as well anyway. So now you're going to have all the shelf space — what's going to replace it? And I think he's right about that. I do think there's going to be a demand for more creativity.

If you take that right-brain, ignite it in an Agile environment, now you've got something, now you've got something that will work. But Agile, without that support on the creative side, is just going to be probably removing dissatisfiers and optimization. It'll be harder to get to the new value propositions without having some sense of creativity to go with that.

A quote from your book, it says, "All of the things that can boost emotions, motivation, and perceptions during a work day, the single most important is making progress in meaningful work." What did you mean by that? That was a great quote.

Darrell Rigby: What I meant is that a lot of times people that are working on innovations may not see any results from that work for two years or three years when it finally gets introduced into the market, but when you're working in Agile ways, you're reviewing your prototypes with customers every two weeks or every week. And you're getting feedback.

If we can just convince people that the prototype doesn't have to be perfect, just get something that's working in front of the customer, because the customer feedback, the earlier the prototype is, is actually better. They're more open to playing with things and saying, "Oh, I might do this. What if we did that?" And so their feedback is better.

Plus you're more receptive to that feedback because you haven't invested two years in it and you don't have to rationalize why the customers are saying what they're saying. You're listening with a third ear to say, "I get it. This is not quite right." And you're early enough in the process that you're willing to change it.

So, if you're doing that every week or two weeks or three weeks, you're seeing progress, you're feeling like you're learning and growing, and you're seeing the results of your efforts on a regular basis, and that's encouraging you.

Andy Murray: Yes.

Darrell Rigby: You know, we don't talk about it very often, but neuroscience is extraordinarily important to figuring out how you, as a leader, get the most out of a team, because when we set a goal and we achieve it, our brains release dopamine. And when we're working very hard on something that we think is impactful, that gives us a greater purpose, our brains release serotonin. And when we're working hard and we're at risk of being fatigued, but we feel like we're accomplishing something good, our brains, our bodies release endorphins, and it overcomes exhaustion and it makes us feel good. And all of these things are things that good Agile leaders by nature do, and good Agile behaviors become addictive in the same way that a runner's high becomes addictive.



And you say, "If I stopped doing this, I wouldn't have all of these good feelings. I'm not just being mismanaged, I'm suffering a kind of chemical withdrawal actually that I miss being able to have that kind of respect." So-

Andy Murray: Well, it's interesting, Darrell, there's a book out called *Alive at Work*, you may have read it already, but to get into exactly what you just said, the neuroscience, that it's built in, they call it a seeking system, that it's built into our DNA. This Quest for adventure, this Quest to go do something hard. And I didn't believe that until, as I was told Ben before, when I saw the first commercial for P90X and I thought, "This is the worst marketing ever."

I mean, they're saying, "Go do this, it will nearly kill you. It is the hardest thing you will ever do in your life." And I'm like, "Well, they're never going to get anybody to do that." And sure enough, it was wildfire, it just took off because there is something inside us that says, "Yeah, I'll take that. That sounds hard. That sounds worthy."

I mean, as long as there's a meaningful purpose to it, I think more people than not are up for it and they want to do something as long as it's meaningful, and that's the word I keyed into there that you really locked into.

Darrell Rigby: Yeah, you're absolutely right. You know, we, as humans, we're social animals, we love working with teams. And the longer we can work with a team and build trust and psychological safety and the ability to get an idea out there, I think we're learning a lot more than we did before about the value of diversity, the value of listening to people's opinions and respecting them. That just because someone has a different opinion than us, that's what we want. You only need one person if we all have exactly the same opinions.

Andy Murray: Exactly.

Darrell Rigby: We want diversity. And again, go back to neuroscience, when we work with team members and we're building on each other, our brains release oxytocin, and we get happier, we want more of that. And so I am really looking forward to this golden era, which is the way you described it. We're living in a world of constant crisis these days, let's face it.

Andy Murray: Yeah.

Darrell Rigby: If the pandemic ends, there will be other diseases, and there will be natural disasters, and there will be data breaches, and there will be trade wars, and there will be military battles. It's a world of constant crisis, and we've just got to learn how to thrive in that kind of a world. I think Agile is a great way to do that.

Andy Murray: That's fantastic. What a way to close. I'll ask you just one more question. When you look out into the world and as you've just so eloquently described the challenges that we're after, or up



against, what gives you hope when you look out. Let's just short-term it to the next two years, and you look out at the business landscape and the human landscape, what are some of the things that give you hope?

Darrell Rigby: I do believe a few things. One is I think that leaders are beginning to understand that the way they add value is not by predicting and commanding and controlling better than they used to do it. It's learning how to learn, learning how to empower, learning how to adapt. I can certainly tell you that in my own experience, ***the most gratifying experiences that I've had at work come from building the next generation of leaders who will be better leaders than I am.*** And when I have somebody come to me, maybe they've left the company or they come back and say, "The best experiences I ever had at work were working with you, Darrell," there's nothing that comes close to that kind of a feeling.

Andy Murray: 100%.

Darrell Rigby: And so I believe in that, I do believe that we will grow to understand and appreciate the value of every person in the organization.

The value of human dignity, the value of diversity, of inclusion, I think it's been wasted for far too long, but I believe that the next generation of leaders coming through the organization today, they're going to grow up with a different mindset. They're not going to have Frederick Taylor's mental models constraining them, they're going to expect to be able to make stronger contributions earlier. And that gives me great hope.

Andy Murray: Fantastic. Well, Darrell, this has been inspiring, informative, educational. I have just thoroughly enjoyed the conversation and I'm sure our listeners will too. We'll put some show notes and access to your book.

Thank you for spending the time. You've been a huge influence on my thinking, and also a lot of your thoughts have been shared with the Walton College of Business and the Center for the Customer Centric Leadership Initiative. So, lots of gratitude for how you lead and how you think, and you've really made Agile much more accessible for so many. Thank you.

Darrell Rigby: Thank you. And I'm the one that's grateful. I appreciate the chance to chat with you.