



# Agile: When the Squad is in charge

## Core concepts and practical examples of agile management

by Dr. Christian Bühring-Uhle

---

Agile management has developed into a buzzword in recent years, but there is no generally accepted understanding of what “agile” actually means. The term originates from software development, where it is often associated with “Scrum”, a term originally used in rugby, referring to gradual progress achieved in small steps, frequently interspersed with minor setbacks. In software development, the “agile” approach consists of breaking down a complex development task into a multitude of individual tasks and entrusting these tasks to small teams working in parallel, with relative autonomy, resolving their task “from A to Z”. These teams are often called “squads” and are led by a “product owner”. Instead of attempting a complete and comprehensive resolution through a classical, hierarchical structure with close coordination and top-down monitoring, the teams are given the freedom to proceed in “sprints”, i.e. to experiment with partial solutions in quick succession, to learn from experience. The aim is also to obtain a maximum degree of feedback and to systematically focus on the end users.

“Chapters” operate across squads, like in a matrix: colleagues from similar functional backgrounds exchange information, for example, on new technical trends. The ability to act autonomously stimulates action orientation and creativity – resulting in faster and more pragmatic decisions. Interdependencies between the subprojects are clarified in frequent, short coordination rounds between the teams. Processes become faster and comfort zones are eliminated (a change that may not be savoured by all employees alike). When a subtask is completed, the team is disbanded, and the members move on to new teams specifically composed for the next subtask.

At first glance, this iterative approach, which deliberately dispenses with a thoroughly planned approach and leaves room for learning from mistakes and regressions, may seem inefficient. In certain scenarios, however, it has proven to be very effective and efficient due to its greater flexibility, since wrong turns are recognised as such more quickly and with less waste of



resources. Another advantage is the interdisciplinary work, because developers, designers and programmers work together directly in a team and approach the problem to be solved from different points of view. The increased autonomy of the teams enables self-organisation and orientation towards factual rather than hierarchical aspects. Everyone learns from each other and from the task.

Even far away from the agile practices in software development, companies of all sizes, histories and industries are now trying to jump on the bandwagon and make their companies “agile”. This does not always succeed, because with the advantages also come challenges. In addition to responsibilities and organisational models, this applies above all to the topic of leadership. But how exactly must leadership change – or not – if a company is to function as an “agile” organization?

Agility first and foremost requires (self) discipline, motivation and cohesion. In many agile companies, ideas are developed jointly, continuously and spontaneously – and eternal meetings and “PowerPoint battles” are dispensed with. This can work well, but only with a very high degree of discipline. This may at first seem surprising: the additional freedom and flexibility is “acquired” through (because it is conditional on) additional discipline. Otherwise you face the threat of chaos. Accordingly, the role of the manager must also change: In future, managers should work less via control and delegation – and rather take on a “transformational leadership role” (or, in the words of Pascal Houdayer: to see oneself as a “social architect” – read the following interview). This philosophy of “servant leadership”, founded by Robert Greenleaf, is characterised by a kind of mentoring function: The manager as a role model who coaches employees, transfers responsibility, promotes independence as well as personal development and, last but not least, inspires a sense of purpose.

In the context of agile transformations, distinctions have to be made according to the history and developmental stages of a company. The Swedish music streaming service Spotify, for example, is an “agile native”, i.e. Spotify has been organised in an agile manner since its inception. The company is a popular success story and has grown to have 4,000 employees, 217 million users (100 million of which pay for a subscription in the framework of Spotify’s freemium business model), EUR 5.5 billion turnover and EUR 22 billion market capitalisation. Organised from the outset into squads and tribes, and orchestrated by a young but very disciplined top management, Spotify has mastered the transition from a hip start-up to a large listed company without sacrificing agility and efficiency.

Freitag, a medium-sized manufacturer of carrier bags made from recycled truck tarpaulins, is an example of a company that first grew as a classical hierarchical organisation and later initiated an agile transformation. The Zurich-based company, founded by the designers Markus and Daniel Freitag in 1993 and still owned by the two brothers, had developed from a start-up into a classically organised, “stratified” company with over 200 employees at its headquarters and various production sites abroad. With rapid growth came a leadership crisis; the CEO was changed several times. The brothers no longer felt “at home” and decided on a radical change. With the help of external consultants, a “holocracy” was established and documented in a “constitution”. They abolished the position of CEO and then the entire top management level. The founders/owners



no longer have an office on the top floor – the executive suite was abolished – but they are located “in the middle of things” again. Traditional hierarchical levels and departmental structures were replaced by “circles” that organise themselves without a “boss”. Instead of a marketing department there is, for example, a “Commercial” circle. These are not specified from above but are decided jointly in the circle (in the biweekly “Governance Meeting”) and adapted if necessary. If a topic concerns only part of the circle, a sub-circle is formed, e.g. for “viral marketing”. The sub-circle acts autonomously, i.e. the upper circle can formulate suggestions to the sub-circle but cannot give instructions. The day-to-day business is discussed in the weekly “Tactical Meeting” in a strictly defined process facilitated and overseen by a moderator. (Only) those who have put an item on the agenda or are affected by their role participate. During a check-in round, everyone briefly reports on where their project stands, and the degree of completion is documented in a checklist by the moderator who also helps to clarify questions and any differences. Questions may be asked, but lengthy discussions are not allowed in the Tactical Meeting. Any course corrections or modifications in the individual projects are decided autonomously by the member of the circle entrusted with the respective role. Action orientation and flexibility take precedence over consensus and perfection. The occurrence of mistakes is accepted, and they are corrected autonomously. The tactical meeting lasts about an hour, and the results are documented immediately and made available online to all those affected. Transparency is of critical importance. All employees have access to practically all figures in the company. Apparently, this works – the autonomous style of working is reported to produce an increased degree of accuracy and accountability. It has to be noted, however, that this did not come about overnight, as a result of a resolution by the owners, but it had to be implemented in a gradual process involving all employees in the company, and it has not reached all areas yet. Especially in production, which is highly susceptible to errors, the company is still in a transitional stage.

Perhaps Spotify, which has been agile from the very beginning, and Freitag, a comparatively young and small company that has always had a rather unconventional culture, are not entirely representative of all other companies, especially larger ones. So, how do you introduce an agile system into a “traditional large company”? A frequently cited example of the transformation of such a company is the international insurance group ING. Here, agile management methods were introduced across the board in order to adapt the company to digitisation with its changing (and increasing!) consumer requirements and the associated ever-increasing intensity of competition. In a large-scale “complete transformation”, the teams were reduced in size and the organisation was made more flexible. Each employee had to officially re-apply for a job in the new organisation. Around 30% of managers had problems finding their way into the new structure – and left the company. As part of the transformation, the company was divided into squads. Managers were no longer responsible for specific organisational units and the achievement of pre-assigned goals but had to motivate squads within the framework of the new agile management model, and help them to consistently focus on satisfying customer needs and to derive the overarching goals and priorities from these needs.

The pharmaceutical company Novartis with its 100,000 employees has also committed to agile ways in order to promote personal responsibility and innovation, and thus increase adaptability and performance. Vas Narasimhan, the new Group Chairman, propagated the “Unboss” concept



when he took office in February 2018. The idea was not to abolish all bosses but to initiate a re-think and to transform the behaviour of Board members, general managers (360 people!) and the 15,000 middle managers. They all undergo an “Unbossed Leadership Experience” with training, 360° feedback and personal coaching. 60,000 employees have assessed their bosses, and the willingness to change vs. resistance are monitored using specially developed indicators.

The path to agility can be rocky and is not always successful. The example of Zappos, an online shoe retailer from the USA, is a good illustration, as they were struggling in the context of the agile transformation. In 2013, all executive positions were abolished with the aim that employees should focus radically on the end customer in a stringent “bottom-up” model and organise themselves completely autonomously. At first, this led to chaos, as no one really felt responsible, processes came to a standstill and employee satisfaction dropped precipitously. The profound change towards an agile organisation had been introduced too abruptly, and the resulting shock to established processes and structures was underestimated. In the end, Zappos was able to recover and is now regarded as a pioneer and model for a culture of consumer “obsession”. Zappos even founded a consulting branch and now accompanies other consumer goods companies on their path to “holocracy”.

Agile working does not suit every company or every corporate function, but in times of constantly accelerating change, no company can avoid dealing with it. In our second article, Felix Waldeier explains where agile working makes sense and what you should bear in mind during the introduction. We learn a very personal perspective on agile management techniques in the subsequent interview with Pascal Houdayer, who has promoted innovative leadership practices in a variety of companies.



**THE TRUSTED ADVISOR** are our firm's regularly published articles, featuring not only insights derived from our project work but also guest posts and interviews with leading business figures. They offer food-for-thought and practical advice on a variety of key topics in the leadership, ownership advisory, governance and strategy domains.

Should you wish to receive **THE TRUSTED ADVISOR** automatically and on a regular basis, please send an e-mail to: [tta@avs-advisors.com](mailto:tta@avs-advisors.com)

You are welcome to recommend and share our articles. All previously published articles can also be found on our website: [www.avs-advisors.com/trustedadvisor](http://www.avs-advisors.com/trustedadvisor)

## Office Frankfurt

Untermainkai 31  
60329 Frankfurt  
Germany

[frankfurt@avs-advisors.com](mailto:frankfurt@avs-advisors.com)



## Office Geneva

Rue du Mont-Blanc 19  
1201 Genf  
Switzerland

[geneva@avs-advisors.com](mailto:geneva@avs-advisors.com)

## Office Zurich

Tödistrasse 36  
8002 Zürich  
Switzerland

[zurich@avs-advisors.com](mailto:zurich@avs-advisors.com)

## Office Hamburg

Neuer Wall 80  
20354 Hamburg  
Germany

[hamburg@avs-advisors.com](mailto:hamburg@avs-advisors.com)

## Office Paris

7, rue Georges Ville  
75116 Paris  
France

[paris@avs-advisors.com](mailto:paris@avs-advisors.com)

## Office London

9 New Square  
Lincoln's Inn  
London WC2A 3QN  
United Kingdom

[london@avs-advisors.com](mailto:london@avs-advisors.com)

## Office Bogotá

Edificio Bogotá Trade Center  
Cra. 10 No. 97A-13, Torre A,  
Oficina 701  
Bogotá, Colombia

[bogota@avs-advisors.com](mailto:bogota@avs-advisors.com)