

The Agile Strategy Manifesto

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Authored by Stephen Bungay



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Strategy

Strategy is one of the oldest and most demanding of human disciplines. The word derives from the Greek word *strategos*, a military commander or general.

We need a strategy when four conditions apply: we are trying to achieve a determinate goal, with limited resources, against opposition, in an uncertain environment:

If we have no determinate goal, all we need is a sense of purpose.

If we have unlimited resources, all we need is trial and error.

If we have no opposition, all we need is a policy.

If we have total certainty, all we need is a plan.

Strategy is about making good judgements about what collective actions to take when those four conditions apply. The domains in which they generally do apply are: military conflict; politics and international relations; and business. If operations are about doing things right, strategy is about doing the right things. Without strategy, tactical successes will be victories on the path to defeat.

There are no rules for success in strategy, but there are principles which, if properly applied, will shift the odds in your favour. The purpose of strategy is to gain an advantage. Having an advantage does not guarantee success. Success comes from robust strategy, excellence in operations and a measure of luck. That said, those who are consistently lucky usually deserve to be.

Whilst the principles of strategy have never changed, the circumstances in which those principles are applied have always changed. Every situation the strategist faces is unique and given the uncertainty of the environment, the consequences of even the wisest of actions are subject to the vicissitudes of fortune. For that reason, even the greatest master can fail. Furthermore, every strategy has a counter-strategy.

Therefore, in strategy, unlike science, there is no progress. Every generation of strategists, and every individual strategist, must acquire the core competence of good strategic judgement anew for themselves.

When we develop a strategy, we plan what actions we need to take to achieve the outcomes we want. A strategy creates a coherent relationship between ends, ways and means: the outcomes we want to achieve, the opportunities offered by the situation and the resources we can deploy.

Thinking through ends, ways and means to develop and execute strategy is peculiarly demanding because it requires a combination of different skills. Generals and executives must direct, manage and lead. Directing is the conceptual skill of setting direction. Managing is the practical skill of allocating and controlling resources. Leading is the moral and psychological skill of motivating people.

Some of us can achieve competence in all three. A few of us can achieve mastery in one of them. Achieving mastery in all three is extremely rare.



Tactics without strategy is the noise before defeat.

Sun Tzu

The Challenges of Execution

In executing a strategy, we must overcome the inherent gaps between plans, actions and outcomes. These three gaps create three fundamental sources of psychological uncertainty:

1. There is a knowledge gap: because we have to make decisions with limited information, we can never be sure that the actions we are planning to take are the right ones.
2. There is an alignment gap: because human beings are independent agents, we can never be sure that people will take the actions we want.
3. There is an effects gap: because of unpredictable events and the actions of others which we can neither predict nor control, we can never be sure that the collective actions we do take will achieve the outcomes we want.

A volatile, fast-changing environment creates a high level of real uncertainty, which widens the three gaps.

When the level of uncertainty makes it impossible to attach probabilities to future scenarios, uncertainty is radical.



In war, everything is very simple, but the simplest thing is difficult.

Carl von Clausewitz

The Consequences

1. In radical uncertainty, strategy itself must be agile. An agile strategy is one that is developed and formulated on the assumption that the future is unpredictable. Therefore:
 - > it sets direction in terms of a broad compass heading rather than a plan for reaching a specific destination.
 - > the actions taken to realise it will constantly need to adapt to changing circumstances without losing cohesion.
2. In radical uncertainty, strategy can only be translated into action by deploying an agile operating model. An agile operating model combines high alignment and high autonomy.

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3. Alignment should be the product of a shared common understanding, trust, and support rather than tight control.
 4. Autonomy implies distributing decision rights by specifying an area of freedom in which each individual is expected to make decisions and take actions on their own initiative.
 5. A good decision is one which is 'about right – now'; is robust with respect to all plausible futures; and opens up, rather than closes down, future options.
 6. Decisions should be taken by the people with the best relevant information at the point in time the decisions have to be made, and those people have to be willing to take them.



What is strategy? A mental tapestry of changing intentions for harmonizing and focusing our efforts as a basis for realizing some aim or purpose in an unfolding and often unforeseen world of many bewildering events and many contending interests.

Col John Boyd USAF

Pre-Conditions

To put in place an agile strategy or an agile operating model, three pre-conditions must be fulfilled.

1. The organisation has to be populated by people who are technically and professionally competent in their allotted roles and are ready, willing and able to make independent decisions.
2. The organisation structure must make it possible for those people to be held accountable for achieving specific outcomes, so that decision rights can be granted to them. In principle, the organisation structure should follow the task structure. In practice, a sub-optimal structure can be overridden by a project-based structure, either permanent or temporary.
3. The incentive system must support the achievement of the strategy. If it creates sets of interests in conflict with the strategy, the strategy will not gain any traction.



Strategic decisions should never be taken through problem solving. The important and difficult job is never to find the right answer, it is to find the right question. For there are few things as useless – if not as dangerous – as the right answer to the wrong question.

Peter Drucker

The Practices

1. To develop a clear direction, we should use what knowledge we have about fundamentals to identify the essentials of a situation and make choices about what it is most important to achieve now.
2. Under radical uncertainty we should extrapolate what we do know to form a set of beliefs which represent testable hypotheses about the future environment and what will enable us to thrive within it.
3. Based on those beliefs, we should then formulate strategy as an *intent*. An intent explains *what to achieve and why* and is therefore articulated as a task and a purpose. It does not say what to do and how, nor is it a plan. It gives expression to an act of will, an undertaking to try to shape the future in a specific way. It articulates what success looks like and should include a set of measures which will tell us to whether we are making progress. It guides others by creating a framework for decision-making.
4. Each level should formulate an intent of its own by adding some specificity to that framework so that the intent at each level is nested in each higher level intent. Each decision-making framework is generated by deriving from the intent of the level above the actions it implies are needed to realise it, delegating decision-making authority to those responsible for carrying them out, allocating resources so as to ensure that there are no gaps and no overlaps at the next level, and defining the main effort.
5. To allow people to take effective action, we must make sure they understand what they are to achieve and why. To do this we brief them by explaining to them our intent and as much of the context as they need to enable them to make autonomous decisions inside the boundaries within which they are free to act.
6. They should then explain to us what they are going to do as a result, by defining the implied tasks and briefing us back to ensure we have a common shared understanding. In this 'backbrief', they should include a consideration of interdependencies to ensure that there are no gaps and no overlaps between them.
7. As the situation changes, everyone should be expected to use their best judgement to adapt their actions to achieve the intended outcomes. Leadership style and organisational processes should be such as to encourage them to do so.
8. Progress should be reviewed at intervals determined by an operating rhythm, and future actions adapted as necessary. As a rule, all reviews should open with the question: 'Has the situation changed?' We should be ready to revise our beliefs based on what we have learned from the changing situation.
9. The tightness or looseness of control should reflect the requirements of the specific situation and the capabilities of the people involved, rather than the personal preferences of the person doing the controlling.
10. People should be given as much responsibility as possible given their level of competence and experience so that they can operate at the edge of their comfort zone, expand it by learning, and so develop as individuals.



Our job is not to get people to obey orders, but to devise methods by which we can best discover the order integral to a particular situation. We should exercise authority, but always the authority of the situation.

Mary Parker Follett

Operating Principles

1. What has not been made simple cannot be made clear, and what is not clear will not get done.
2. Giving clear direction involves making choices.
3. In making choices about direction, optimize for robustness and avoid what could kill you.
4. A decision not to take action is a decision.
5. In radical uncertainty, advantage is a function of relative rate of learning.
6. In order to learn, you usually need to take action.
7. People dominate processes.
8. Outcomes dominate inputs.
9. The specific dominates the general.
10. Reward achievement, not compliance.



Strategy is a system of heuristics. It is more than science, it is the application of knowledge to practical life, the development of an original guiding idea under constantly changing circumstances, the art of taking action under the pressure of the most difficult conditions.

Helmuth von Moltke the Elder