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ORGANIZATION AS AN ENABLER IN CONSTANT CHANGE

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Maailmasta on tullut levoton toimintaympäristö yrityksille, ja sen takia organisaatiot ovat pakotettuja tekemään muutoksia nopeammin kuin ennen. Pysyäkseen kilpailukykyisinä ketteristä organisaatioista on tullut trendi.

Tämän tutkielmien tarkoituksena oli ratkaista empiiristä tutkimusta hyödyntämällä avaintekijöitä muutoksenhaallinnassa ja miten ketterät organisaatiot ovat ottaneet avaintekijät osaksi päivittäistä toimintaansa mahdollistaakseen jatkuvan muutosten ratkaisemisen. Myös muutosta ketteräksi organisaatioksi on analysoitu.

Tutkimus paljasti, että yksilöiden arvot ja heidän motivaatiotekijänsä, yhdessä avoimen viestinnän ja johtamistyylin kanssa ovat keskeisiä tekijöitä, jotka mahdollistavat jatkuvien muutosten tapahtumisen ketterissä organisaatioissa. Lisäksi päätöksentekovallan antaminen työntekijöille ja työntekijöiden vapaus käyttää työaikaansa itsensä, sekä organisaation kehitykseen ovat positiivisia tekijöitä jatkuvassa muutosympäristössä.

Organisaatiolle, joka pyrkivät muuttumaan ketteriksi, on tärkeää löytää oikea tasapaino useiden tekijöiden välillä. Organisaatioiden erilaiset kulttuurit, toimialat ja koko voivat vaikuttaa siihen, mitä ketteriä käytäntöjä heidän tulisi ottaa käyttöön. Parhaiten soveltuvien työkalujen ja käytäntöjen löytämiseksi organisaation tulisi aloittaa muutos pienin askelin. Muutos on hyödyllistä toteuttaa useiden iteraatioiden avulla, joissa tavoitteena on löytää parhaat käytännöt yksittäiselle organisaatiolle. Vasta sen jälkeen muutos kannattaa skaalata koko organisaatiota kattavaksi.

Tavoite jatkotutkimukselle on löytää taso, jolloin yritystä voidaan pitää ketteränä organisaationa. Analyysi voisi hyödyntää kuutta raportin paljastamaa mahdollistajaa. Tästä yhtenä esimerkkinä on arvioida organisaation viestinnän läpinäkyvyyttä ketterissä organisaatioissa.

Asiasanat: Agile, muutosjohtaminen, organisaatiomuutos, ketterä organisaatio

ABSTRACT

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The world has become a turbulent place for companies to operate. It means that organizations have been forced to make changes faster than before. To stay competitive, organizations' changes to an agile organization have become a trend.

The object of this thesis was to make empiric research and identify key factors in change management and how these have been implemented into an agile organization to solve changes constantly. Also, the process of a transformation to an agile organization was revealed.

The report revealed that the values and motivation factors of individuals, combined with person-related power and transparent communication, enables organizations to handle changes constantly. In an agile organization, decision-making power is given to employees and individuals' freedom to use work time for self-development, are positive factors to respond to changes.

For an organization that aims to become agile, it is important to find the right balance between several factors. Organizations' different cultures, industries, and sizes may influence what practices they should use. To find these best-suited tools and practices, the organization should start the transformation with small steps. It is useful to make multiple iterations to reveal best practices and behaviors, and then scale the change through the organization.

Another goal for further study should aim to find the level when an organization can be considered an agile organization. The analysis could utilize six enablers. One example is to evaluate the transparency of communication in agile organizations.

Keywords: Agile, Teal, Change Management, Organizational Transformation, Agile Transformation

CONTENTS

| | | |
|-------|---|----|
| 1 | INTRODUCTION | 6 |
| 2 | CHANGE MANAGEMENT | 7 |
| 2.1 | Kotter's 8-Steps | 7 |
| 2.2 | ADKAR-Model | 8 |
| 2.3 | McKinsey 7S Model | 9 |
| 2.4 | Success factors | 10 |
| 3 | ORGANIZATIONS | 12 |
| 3.1 | Teal | 12 |
| 3.2 | Dual System | 13 |
| 3.3 | Agile Organization | 13 |
| 4 | NIMBLE ORGANIZATION | 15 |
| 4.1 | Shared Values and Company Culture | 15 |
| 4.2 | Staff | 16 |
| 4.3 | Structure | 17 |
| 4.3.1 | Teamwork | 17 |
| 4.3.2 | Communication | 17 |
| 4.3.3 | Reporting | 18 |
| 4.4 | Skills | 18 |
| 4.5 | Style | 19 |
| 4.6 | System | 20 |
| 4.6.1 | Resource allocation | 21 |
| 4.6.2 | Iteration | 21 |
| 4.7 | Strategy | 21 |
| 4.8 | Change in Nimble | 22 |
| 5 | TRANSFORMATION TO NIMBLE | 23 |
| 5.1 | Learn from others | 23 |
| 5.2 | Start small, aim big | 24 |
| 5.3 | Organize resources | 24 |
| 6 | CONCLUSION | 25 |
| 7 | DISCUSSION | 28 |
| 8 | REFERENCES | 29 |

1 INTRODUCTION

The world is a turbulent place for companies to operate these days. A trigger for a required change can come internally, but it can be an external force. In the case of external force, a pressure that challenges a company can be a lack of growth, economic situation, technological change, change in customer behavior, or regulation. Internal forces can be a change in a strategy, a need to learn a new behavior or skill, new personnel in an organization, or a company's low performance. Also, innovation in a new product or service can be a trigger for a change. (Arvinen-Muondo & Perkins 2013, 243.)

In today's world, several factors push pressure on organizations. Just to name a few, the trade war between China and the USA put companies to rethink investments. The same challenge exists with Brexit. On the technology side, 5G makes entry onto markets by providing more capacity for data transfer. At the same time, customers' buying habits have changed. The number of customers in online shops has increased over the years. Now that the new generation has entered working life, they have more money to spend, but they also prefer to make purchases over the internet.

For a company it is highly important to be able to respond to a change, otherwise it may lead to failure and bankruptcy. The average lifespan of companies is getting shorter, which is a sign of low performance. In the S&P 500 index, where the 500 biggest US companies are listed, their average lifespan in 2012 was under 20 years. The lifespan of companies dropped by almost 20 years between 1958 and 2012. (Sheetz 2017, cited 17.6.2019.) To remain competitive, organizations must adopt the required changes.

A current trend in organizational development is a transformation to an Agile organization. The purpose of the transform is to become an organization, which is capable of adapting changes faster and with better results. (Ahlbäck, Fahrback, Murarka & Salo 2017, cited 17.6.2019.)

To understand these organizations which are more capable of handling changes constantly, this paper aims to identify key factors in change management and how agile organizations have implemented those into their daily operations. The paper applies qualitative methods by using empirical research. In addition, the study aims to find a way how a company can make a transformation and become an organization that can integrate changes faster in the future.

2 CHANGE MANAGEMENT

Change needs to be managed, in order to improve the success rate or to avoid gaps in organization performance. To improve the responsiveness of changes Kurt Lewin developed in the 1940s one of the earliest change management models. It describes how to carry out a change in an organization. (Cummings & Worley 2009, 23.)

The model has been argued by its simplicity, while it consists only of three steps: unfreeze, move, and freeze. The main idea of this model is to move people from a comfort zone to an uncomfortable zone, and then make a change permanent. (Cummings & Worley 2009, 24.)

To get a broader view of the change management models, this chapter aims to identify key activities from three different models. These models are:

- Kotter's 8-step model and a framework to lead a change.
- ADKAR human-centric model, which is used to plan and analyze change.
- McKinsey's 7-S model, which includes shared values and three hard, and three soft factors.

2.1 Kotter's 8-Steps

The first step in Kotter's model is to **establish a feeling of urgency**. He debates that it does not matter who starts the process of a change within an organization. It is important to start, and then clearly communicate the need for a change. The majority of the top management should support a change at this point, before proceeding to the next step. (Kotter 1996, 35, 48—49.)

A **guiding coalition** is an effectively performing team. This team will lead a change, and in the best case, it contains the power to make decisions and keep the process moving. Other important factors are the right amount of expertise within a team, credibility, and leadership which is mentioned as one of the most important factors. (Kotter 1996, 55—57.)

Vision and strategy are necessary for a core team to make, while they plan a change. Properly developed vision and strategy will also increase employees' desire to reach and complete a change, which increases their motivation as well. (Kotter 1996, 85.)

Developing a strategy is not alone enough, it needs to be **communicated**. According to Kotter, the best way is to use multiple communication platforms and repeat the message. Executives are in an important role in the change. They need to show their support for it and communicate that they want the change to happen. (Kotter 1996, 95—100.)

Managers may lack knowledge about how to **empower** people. Nevertheless, they need to support employees to get enough training and to overcome a change. Hierarchies may slow down this process if an organization is not aligned with a change. (Kotter 1996, 102, 115.)

To be able to generate **short-term wins** is important on many levels. Kotter has mentioned by celebrating milestones, it helps employees to release stress, recognize achievements, but also motivates them to reach more. (Kotter 1996, 122—123.)

Change can become a complex project. It might bring a need for new changes. Top management must be able to keep the importance of change and motivation among employees on a high level. Also, the core team solves emerging obstacles and generates wins. These increases motivation. (Kotter 1996, 136—141.)

Cultural change comes last and it is the hardest change. Some parts of the culture can be difficult to recognize because these are deep within people. To make a change last, it requires a lot of talks, feedback discussions, and positive examples of what change has brought. (Kotter 1996, 155-157.)

2.2 ADKAR-Model

ADKAR model is created by Prosci company's founder Jeff Hiatt. The model consists of five steps which must be executed in order, like in Kotter's (1996) model. (Prosci 2019f, 3—4.)

The first step in a change is to create **awareness** and tell why a change is needed. The message must be shared between each stakeholder and a consequence if the change is ignored. The

company's leaders are the best persons to speak about a change and influence others to follow through a change. (Prosci 2019b, 3, 7.)

Creating a **desire** is one of the hardest steps to fully complete. Employees need to be motivated and willing to change. Reasons for how the change will impact an employee need to be mentioned, together with what needs to be changed. (Prosci 2019c, 4—5.)

Knowledge answers a question on how to change. This phase should provide education for employees by increasing their capability to overcome a change. (Prosci 2019d, 3, 8—9.)

People are not able to maintain a change if they cannot hold on to it. The **ability** focuses on giving personnel time enough to learn new skills or behaviors. (Prosci 2019a, 3, 6—7.)

To make a change permanent, the **reinforcement** of change is needed. To understand when change is reached, an organization may need to generate indicators to evaluate the implementation of a change. Also, feedback and additional training may be needed to avoid that a person falls into old habits. (Prosci 2019e, 3—4.)

2.3 McKinsey 7S Model

McKinsey's 7S framework is a tool for analyzing an organization's capability to perform a new strategy in order to stay competitive. The model is used in the context of organizational change and it is structured by seven elements. Each of the elements needs to be in balance with each other in order to receive the best outcome for a change. (Bensoussan & Fleisher 2015, chapter 20; Birkinshaw & Mark 2015, chapter 29.)

- **Structure** describes how an organization is aligned, what are the relationships between different people, and what are the reporting pipelines.
- The **system** focuses on daily activities, processes, and how tasks are performed.
- **Strategy** defines how a company is going to compete in the future and how it utilizes its resources and capture opportunities, which may arise.
- **Staff** elements should reveal employees' motivation and attitude, but also explain how they are rewarded.

- This element should reveal the **skills** required for employees or how they are trained.
- **Style** of how a company is led affects an outcome. This element should reveal how executive members of an organization behave.
- **Shared values** are placed in the center of the model. This element is also seen as an organizational culture and it defines the higher goals of an organization. (Bensoussan & Fleisher 2015, chapter 20; Birkinshaw & Mark 2015, chapter 29.)

2.4 Success factors

Some factors, which have been identified as important for successful change management are communication, decision making, leadership, employee training, and increased motivation among employees. In addition, Jorgensen, Bruehl, and Franke (2014) conducted a study, which reveals success factors for a change (see table 1).

TABLE 1: Change Management Success Factors (CMSF) (Jorgensen, Bruehl, & Franke 2019, 6)

| Importance (%) | Change Management Success Factor |
|----------------|--|
| 83/100 | Top Management Sponsorship |
| 64 | A shared vision |
| 57 | A corporate culture that motivates and promotes change |
| 53 | Honest and timely communication |
| 51 | Ownership of change by middle management |
| 46 | Employee involvement |
| 39 | Change agents (pioneers of change) |
| 27 | Efficient structure and roles within an organization |
| 24 | Skillset of project team |
| 18 | Efficient training programs |
| 14 | Adjustment of performance measures |
| 9 | Monetary and non-monetary incentives |
| 7 | Focus on project management tasks |
| 6 | Regular status reports to management |

The next chapter introduces different organization types. The aim is to reveal if the change management success factors have been implemented as part of the organizations' daily operations. Subsequently, the analysis reveals how change management activities have been utilized to handle changes constantly.

3 ORGANIZATIONS

Organizations have evolved over centuries. Now they have come to a point where constant performance of changes is required. This chapter introduces three examples of organization types and how these organizations operate.

3.1 Teal

The Teal organization is capable of handling constant changes, without having change management practices. Laloux argues, that Teal organization is an evolutionary organization, where change happens naturally, and three breakthroughs make it possible to happen. (Laloux 2016, 128.)

The **self-management** is the first breakthrough. The Teal organization operates without managers and without pyramidal structure. It would be wrong to make assumptions that the Teal organization would be chaos or mess without a structure. Instead, the Teal has a structure. Teal organizations are structured by cross-functional teams. Since teams do not have a manager, managerial tasks are shared among team members, but none of them have power over another. In addition, teams may have servants who are helping teams in challenging situations. Decisions are made by using an organization's protocol, or a framework, but the core is that each employee has a right to make decisions, not just executives anymore. (Laloux 2016, 58—64.)

The second breakthrough is **wholeness**. The Teal organization aims to be as safe a place as possible. This means that employees should not be worried about financial results or a paycheck. In a Teal organization, personnel can be who they really are. The aim is to let people focus on utilizing their core capabilities, not to make them think about how they behave, and this way disturb their focus. (Laloux 2016, 83—95.)

In Teal organizations, employees have a strong sense of **purpose**. These people, in Teal organizations, know where to point focus so they can reach a common goal. For that reason, these organizations do not need a strategic plan to state needed actions to obtain the goal. (Laloux 2016, 113, 119.)

3.2 Dual System

“Shut up, take orders, and do”, is how Kotter describes an organization, which is not capable of unleashing personnel’s potential to solve business challenges. He also mentions, that work in these companies is mainly repetitive work, which does not serve business in the long run, or when changes are needed. (Kotter 2012, 17.) Additionally, he argues that the dual system, which combines hierarchical structure and network, is a solution. The dual system lets the organization operate efficiently, solve problems fast, and accelerate business. (Kotter 2014, 20—26.)

Principles of the dual system:

- Let people share their experience
- People should have a purpose and desire to work
- Let people work with their heart and brain
- Leadership over managing
- Information should flow freely (Kotter 2014, 20—26).

The dual system uses the same approach to proceed with a change than Kotter has described in his *Leading Change* book in 1996. By having a managerial level on the dual system, it makes a major difference compared to the Teal organization.

3.3 Agile Organization

Agile project management methodologies have revolutionized IT-sector over the past few years. It has increased the quality of software, team motivation, speed to a market, and productivity. Therefore, it is not a surprise that Agile methods and philosophy, which have also a link to Kaizen and Six Sigma techniques, spread in different industries and companies. For example, John Deere uses Agile to develop new machines and Saab new fighter jets. (Rigby, Sutherland, & Takeuchi 2019, 1; Kroll, Boeing, Schmidt, Vogg, Thöle, Lengfeld, & Rauch 2017, 2, 11.)

Agile philosophy leans on four values, which are:

- Importance of individuals and interactions come before processes and tools
- A working product is more important than comprehensive documentation
- Collaboration with a customer is more meaningful than contract negotiation

- Reacting to change is seen as more important than following a plan (Beck, Beedle, Cockburn, Cunningham, Fowler, Grenning, Highsmith, Hunt, Jeffries, Kern, Marick, Martin, Mellor, Schwaber, Sutherland, Thomas, & van Bennekum 2001, cited 4.9.2019).

As an organization, Agile differs radically from a traditional hierarchical organization. Used methods are different and personnel is not placed in silos. Instead, people work in cross-functional teams, and therefore Agile organization can be called a network. These human-centric organizations use iterative approaches to work, make fast decisions enabled by technology, learn continuously, and utilize Agile tools. (Aghina, Ahlback, De Smet, Handscomb, Lackey, Lurie & Murarka 2018, cited 2.7.2019.)

4 NIMBLE ORGANIZATION

This chapter combines two previous ones. The analysis exposes how change management practices can be seen implemented as part of an organization's daily practices by enabling the handling of changes constantly. The word nimble has been used instead of agile to describe this kind of organization. It is also used to avoid misunderstanding with Agile tools. McKinsey's 7-S model is utilized to expose how change practices have been implemented in different elements.

4.1 Shared Values and Company Culture

Organizations are formed of a group of individuals. Practices and values, which they have learned, form an organization culture. Culture can be also described, like an onion. Values form the core of an onion, and therefore it is hard to change, while practices, including behavior and beliefs, form the outer layer. Those last mentioned are easier to change because they are not deep inside of an individual. (Hofstede, Hofstede, & Minkov 2010, 10.)

When it comes to change management, a study made by Jorgensen, Bruehl, and Franke (2014, 6) exposes that culture is an important factor in a successful change. An organization that supports change lets it happen easier with less resistance. This can be argued to be true for individuals whose values base on stimulation. These people are more open to newness than people who value security. (See table 2.)

In nimble organizations values form a base of doing. Values, which are strongly represented in nimble organizations are self-direction, benevolence, universalism, and stimulation. Self-direction value helps people to be comfortable in an organization, where managers are neither using power over people nor saying what to do. Values also help individuals define what is wrong, and what is right. This helps employees to navigate in the right direction as part of a self-organized team but also helps them to make decisions. Another example of the value that is strongly represented in a nimble organization is benevolence. Benevolence is required when an organization wants to behave transparently, and be honest and loyal, which are important factors in a successful change.

TABLE 2. Human Values (Schwartz & Sagie 2000, 32)

| Value | Definition |
|----------------|--|
| Self-Direction | Independent thought and action-choosing, creating, exploring |
| Stimulation | Excitement, novelty, and challenge in life |
| Hedonism | Pleasure and sensuous gratification for oneself |
| Achievement | Personal success through demonstrating competence according to social standards |
| Power | Social status and prestige, control or dominance over people and resources |
| Security | Safety, harmony, and stability of society, of relationships and of self |
| Conformity | Restraint of actions, inclinations, and impulses likely to upset or harm others and violate social expectations or norms |
| Tradition | Respect, commitment, and acceptance of the customs and ideas that traditional culture or religion provide |
| Benevolence | Preservation and enhancement of the welfare of people whom one is in frequent personal contact |
| Universalism | Understanding, appreciation, tolerance, and protection for the welfare of all people and nature |

4.2 Staff

According to the study made by Jorgensen, Bruehl, and Franke (2014, 6) they found that incentives are not seen as an important motivational factor in a change. Instead, the change management models stand and speak about the importance of recognition and monetary and non-monetary rewards.

The monetary factor and its importance to the employee cannot be ignored altogether because it fulfills the basic needs of the people according to Maslow's hierarchy of needs. Another motivational theory, made by Herzberg, found the same as Maslow did. Major motivational factors for individuals are achievement and recognition. (French, Rayner, Rees, & Rumbles 2015, 117, 120-121.)

To help personnel fulfill the need for achievements, nimble organizations make performance evaluation transparent. It breaks an entity of work and projects into milestones and visualizes it. Visualization improves communication, but also help people to see when they have achieved a certain milestone. The aim is that employees can be satisfied with their achievements, which also increases their motivation to reach more.

To fulfill an individual's needs for recognition, leadership and team members play a crucial role. Recognitions, or rewards, do not need to be money, instead, an encouraging sentence, is enough. In a context of change, acknowledgments make people feel that they have done the right things. That helps them to stay on the right track and reach even higher targets.

4.3 Structure

In contrast to Taylorist organizations, which are pyramidal structures, where employees have their specific tasks, and where power is related to a position, nimble organizations are different. Nimble organizations are completely flat, formed by self-managed teams, without managerial positions.

4.3.1 Teamwork

Removing managers does not mean that teams or individuals are alone with problems or challenges. Teams will get support from other members of an organization. For example, in Agile companies' person who helps teams to break obstacles which slow a team's performance, is a process owner, called Scrum Master.

The benefit that teamwork brings, compared to a work done alone by an individual, is complex problem-solving. A diverse team has more capability to innovate different solutions. That helps especially in complex changes.

4.3.2 Communication

The change management models and CMSF-table state the same. Communication is an important factor in change. It needs to be transparent and properly timed. When it is correctly done, it is a

minimizer of possible resistance. If a company fails with it, it makes them struggle later with a change process.

Nimble organizations try to take advantage of digital solutions. With relevant IT solutions, a company tries to make information available everywhere, anytime, and for each stakeholder. The aim is to make a fast decision making possible. The nimble organizations lean dialogical communication over monolog and transparent communication is based on benevolence value.

All limiting factors should be avoided in effective communication. Therefore, the nimble organization may have set a framework for initiating communication and implementing a change. One example that organizations may utilize is A3-tool. It is a problem-solving tool that gathers information about a problem, its current state, how to solve the problem, and it defines a plan for execution.

4.3.3 Reporting

Reporting is not a duty, but again, the aim is to let everyone know what is happening within an organization and make operations transparent. Transparent reporting lowers the level of rumors that could otherwise slow down changes.

In the nimble organization, reporting can be done by utilizing a daily stand-up meeting. In these meetings, each employee shares what he has done on a previous day and what the person is aiming to achieve before the next meeting. The main idea is to share information and help to identify possible problems at an early stage. The aim is not to monitor persons. The only one who is monitoring individual performance is the individual itself. This enables the evaluation of personal growth and a need for learning. Servant leaders or team members may help with this if it is needed.

4.4 Skills

An effective training program is not ranked high on the CMSF-table. However, change management models state its importance. In case employees do not receive training, there is an increasing risk that employees fall back to their old habits.

The reason why efficient training programs might not be ranked high could be Sørensen's argument that people do not learn much from courses nor readings at work. Instead, most of the learning happens during work, when people have a possibility to do, test, and repeat. (Sørensen 2015, cited 9.9.2019.)

In the nimble organization, individuals are encouraged to test and iterate new things, but also question old habits and arouse a need for a change. The aim is to constantly find new ways to do work, innovate products, and increase performance and customer value.

At Nitor (cited 10.9.2019) for example, employees can use ten percent of working hours for self-development, but they can also use the time to develop their organization. In addition, Spotify has the same ten percent self-development time, which has turned to Hack Week. (Kniberg 2014, cited 9.9.2019.)

On a large scale, the nimble organization tries to increase performance level by focusing on creating a teaching organization, where knowledge is shared among others. If best practices are not shared among employees, they may fall into pit holes and repeat the same mistakes which former workers have done. In the nimble organization, process owners, or team servants who assist teams to increase performance, should share knowledge and best practices with teams. Then teams have the possibility to learn and take new skills into use.

4.5 Style

In the context of change management, Jorgensen, Bruehl, and Franke (2014, 6) have written that "successful change starts from the top and includes the entire organization." In a change, a hierarchical organization's top management has an important role. Executives hold decision-making power, and they have the right to reward personnel for good results. These managers are also capable to empower employees to face change.

In nimble organizations, managerial positions have been removed. In these companies, decision-making power is given to each person. The aim is to speed up the decision-making process and thus hasten change.

One example, where decision-making power is given to employees, is Buurtzorg. They have set a framework aiming to help employees to make a decision but also keeping the process transparent to everyone who will be affected by the decision. The guideline lets people comment on the possible outcomes, and give a recommendation based on persons' expertise. After that, it is up to a change agent, a person who has started the discussion if he makes changes to his decision, according to what others have suggested. (Laloux 2016, 69—73.)

Removing the managerial level does not mean that the organization does not have a chief of executive operation (CEO) role. Businesses may still have these high-level positions, but their status does not give them power over people. In a context of change, the director must show charismatic or transformational leadership skills. It means that a leader must be visible in change and encourage others to take the necessary steps to reach a goal.

Nimble organizations are formed by groups that do not have management. Nevertheless, teams can have a leader. The leader can be a person selected for that position, but it can also be based on situational leadership. Hersey and Blanchard have described that sometimes people have willing but not knowledge, and sometimes they may have knowledge without a willing (French, Rayner, Rees & Rumbles 2015, 299). In these situations, team members must take a leadership role or act as a servant. It means that a person must be able to encourage others and help the team progress as the situation demands.

4.6 System

Systems refer to day-to-day tasks, operations, and communications channels. On this element, nimble organizations challenge hierarchical organization in many ways.

When change is needed, it is about a company's system on how to process it, organize resources, and how the organization communicates it. This element focuses on analyzing resource allocation and communication, but also how a team works and communicates.

4.6.1 Resource allocation

Human resources are allocated to complete certain tasks from a backlog, within an employee's own team. A backlog is a pile of tasks where top priority ones are placed on a top. In the context of a change, resources may need to move into another team or create a new one to solve a challenge.

Some cultures and countries, like Finland, respect stability. In nimble organization stability and focus on certain tasks can be brought by utilizing an agile working style called sprint. The aim is not just to bring stability, but also increase predictability in performance. In the end, it is about a company culture, how long one sprint takes. It can vary from two weeks to a month, for example.

4.6.2 Iteration

In Taylor's organizations, tasks have clearly been mentioned, as well as needed skills. In the nimble organization, depending on a task that a person does, it might have Taylorist features. Anyhow, work should be based on a plan, do, check, and act phases, also known as PDCA-cycle.

To give an example: in production, a team aims to create a minimum viable product (MVP), as soon as possible and then test it on the market, collect feedback for improvements to the next PDCA-cycle. Person and company should adjust mentality "Fuck it, and ship it" as Rehn (2015, cited 7.9.2019) calls it. If customers are aware of the improvement that the product will get, they should not feel to be fooled. Instead, creating MVPs is an effective approach. When a customer has a possibility to be part of the development from an early stage, it might increase their commitment to using a product, but also customer happiness when a product gets constant improvements.

4.7 Strategy

Strategy defines how business goals are reached. It can be described by utilizing a Balanced Scorecard. However, Alahuhta argues that financial goals mislead organization into a wrong path. The focus should be on people: customers, employees, and then other stakeholders (Alahuhta 2015, cited 25.7.2019).

The nimble organization may operate in a turbulent environment. Therefore, developing a strategy can be unnecessary and a waste of time and resources. In case the organization has one, it should be able to make changes quickly when the force of change demands it.

4.8 Change in Nimble

As the analysis shows, the nimble organization has transformed into a shape, where many important change management success factors are implemented as part of daily operations. These implementations aim to make it possible for an organization to handle changes constantly.

Nevertheless, not all of the success factors can be implemented. Examples are change agents, ownership of change, and skillset of a project team, which are still needed. To avoid missing any of the elements, a company should have a guideline of how a change should be preceded and managed, meaning that an organization needs to have change management.

5 TRANSFORMATION TO NIMBLE

Transformation to a nimble organization is an iterative approach and therefore it is not more than a start, do, and learn (Wolberg 2015, cited 9.9.2019). Therefore, this chapter could be skipped. Because what is most important, is to know what to change and those factors were introduced earlier as part of the analysis and magnitude of it, depends on an organization.

Organizational transformation is one of the hardest changes because of its complexity. As previous analysis has shown several different factors might be needed to change if a company aims to become an organization that can handle changes constantly.

Change may require changing the whole culture: values, behavior, and practices. These changes need to be done at an organizational level, but individuals need to transform also. Because values are deep within an individual, like ethic, which defines right and wrong. A person who values power and dominance over people may feel uncomfortable in an organization where this power over people is removed.

Transformation can be a challenge, but it should not be skipped. An increasing number of millennials, who have entered the job market in recent years, require some elements that the nimble organization can offer to them. These are coaching, mentoring, and a possibility for self-development. (Emmons 2012, cited 9.9.2019.)

5.1 Learn from others

Organizations that have a plan to transform can learn from others. In different industries, organizations have started their journey to become an agile organization. The internet and books offer a lot of information about how transformation can be done. For example, PayPal, Microsoft, Bosch, ING, Nordea, and OP, together with many others are sharing this information about their own transformation journey to become an agile organization.

To start a transformation, ING and PayPal have followed the same approaches that change management models recommend. In the PayPal case, the organization decided to begin the

transformation, iterate and learn more while they execute the transformation. (Wolberg 2015, cited 9.9.2019; Kemenade, cited 9.9.2019.)

5.2 Start small, aim big

To understand on a deep level what needs to be changed, a cultural mapping may help an organization to find present values and who are the most willing to change. Nevertheless, an organization needs to find by iterating, what are the best practices and tools, which they will take into use.

Laloux, in his book, states that it depends totally on an organization on how they want to proceed with the transformation. It can be driven with small steps, or at once, with a whole organization. (Laloux 2016, 142—143.) Large organizations, especially multinational corporations, may benefit if they start the transformation with small steps and try to find best practices, before scaling the change. (Fæste, Hemerling, Keenan & Reeves 2014, cited 25.6.2019; Rigby, Sutherland, & Takeuchi 2016, 10—11).

Since agile approaches can be harder to implement into all business units, it may be recommended to start where scalability is higher. When agile principles are learned within an organization, empowerment and learning from others can happen. (Kroll, Boeing, Schmidt, Vogg, Thöle, Lengfeld, Rauch 2017, 11.)

5.3 Organize resources

Human resources can be organized in different ways. If an organization wants to proceed slowly with a change, it can first create networks, which operates beside a hierarchical pyramid, just like Kotter (2014) had mentioned in his book *Accelerate*.

Another opportunity to organize employees is the Spotify style. In this style, employees are organized into tribes, squads, or chapters. A way how Spotify has organized its employees can serve as a guide, but a company may also develop it as ING has done. (Kemenade 2016, cited 9.9.2019.)

6 CONCLUSION

The study aimed to find an answer to the question of how an agile organization has implemented the key factors of change management into their daily operations. The analysis identified six enablers (see table 3), that let a change happen easier in an agile organization but does not fully remove a need for change management.

TABLE 3: Enablers of constant change

| ENABLER | explanation |
|-------------------------|---|
| Values | A person's values form a base of doing, help an individual to operate in agile organizations and help an employee to direct closer to a common goal. |
| Culture | An agile company is a human-centric organization where individuals' potential is released by letting them work with their values. Iterative working style, guidelines, and Agile tools help to keep the environment positive for changes. |
| Communication | Communication leans on the dialog and transparency by giving each person the authority to review the information and utilize his expertise, to recommend solutions to solve a challenge or problem. |
| Decision making | In an agile organization, decision making power is shared among each member of an organization. |
| Leadership | In an agile organization, position related power over people is removed. Leadership is situational, where servants help an employee to overcome obstacles and each member may motivate others when it is needed. |
| Self-development | Employees are given time to learn new skills constantly, but also take part in developing their organization alongside their daily work. |

The value is the first enabler. In an agile organization, personal values form the base of doing. Individuals' values help people to operate in an agile organization and help them to direct towards a common goal. People who value security are afraid of making changes. Therefore, in an agile organization, these people who value traditionality and security should be a minority, to avoid a

situation where organization becomes static and thus is not able to capture possibilities what change might offer.

Organizational culture is a set of values, behavior, and practices. An agile organization is a human-centric organization, which aims constantly find a better way to perform, by utilizing iterative ways of work, Agile tools, and by releasing employees' built-in curiosity to find new ways to work by letting them live by their values at work.

The key factor that has been needed in changes, has been the top management sponsorship. Formerly, these managers have owned the authority to make decisions and use power over other people. In an agile organization, decision-making power is given to each employee, by targeting in speeding up change processes.

Common for an agile organization is that a managerial level is removed, it may have many different impacts on an organization, but it affects also in communication. One enabler, in an agile organization, is transparent communication. It is based on dialogical communication meaning that each stakeholder, who is influenced by a decision should be able to access all information that is used to make a decision but also have a possibility to comment on it and bring his expertise to make able that the best decision is made.

One key factor that is needed in a successful change, is leadership. In agile organizations, leadership is shared and is based on situations. A person can be named into a leadership position, and it can be a transformative leader, but in the first instance each person in an organization is responsible to motivate others in order to overcome possible challenges in daily work. An organization may also have servant leaders whose task is to help people to solve obstacles in their daily work.

In a change, an employee may need to learn new practices or behavior to achieve a change. The sixth enabler that analysis revealed was self-development. In agile organizations, employees are given time to develop needed skills or behavior constantly, not just when a need is pointed out. Self-development time aims to improve employees' performance in their work. Another benefit of self-development is that employees can use the time also to develop their organization. This enabler, them to start a need for a change and make an organization move faster toward their goal.

The second question that the report aimed to answer was how a company can become an agile organization. The report shows that the transformation follows a common change management framework but utilizes the typical characteristic of an agile organization. This attribute is that the transformation contains a set of iterations. The aims are to improve organizations' capability to adapt changes constantly, meaning that the transformation might never be done.

To integrate all enablers into an organization, it is relevant to start on a small scale. This means that the transformation should start for example from one business unit, by teaching employees to use tools like Kanban, Scrum, and A3. This approach lets the employees get used to it with new tools, but it will also help them to learn new behavior and values, which may be needed. Testing tools and iterative approaches at the beginning aim also in finding a balance between different practices in a certain environment.

Later, when the best tools are identified, scaling the transformation among organizations can start. At this phase, the employees who have already learned necessary practices, can teach others and encourage and convince them of the benefits.

7 DISCUSSION

This study has brought two wide topics together, change management and agile organizations. Contrasting these topics and utilizing the 7S-model, the analysis has revealed that communication, culture, individuals' values, decision-making, leadership, and an individual's willingness to self-develop, are enablers for an organization to be able to handle changes constantly.

This study was made by utilizing empiric research, but what needs to be taken under consideration when an organization aims to make the transformation, is the specific setting of an organization. This study has revealed six enablers, but the balance between them may vary based on an organization's unique mixture of values and learned practices. Therefore, the organization which aims to drive a transformation may benefit to study how other companies with similar factors like size, origin, and industry have transformed. In any case, the study shows that the transformation is not just learning Agile tools. It is an approach to become a human-centric organization, where financial key performance indicators are a secondary metric for performance evaluation.

Another focus for further studies can be to reinforce the theory of the six enablers and that the enablers allow continuous changes to happen. By focusing on single organizations, further study may reveal more specific information about the different factors. It can also reveal a scale whereby an organization can be considered an agile organization.

Lastly, as an author, I want to mention my satisfaction, in being able to get deeper into individuals' values and motivational factors in an agile organization. The complexity of several topics taught a lot about organization theories, but also about leadership and Agile tools which can be utilized in different contexts.

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