



Episode 9: Jon Smart *Episode Transcription*

Mik Kersten:

Hello and welcome to the Mik + One podcast where I sit down with industry leaders to discuss the Project to Product movement. I'm Mik Kersten, Founder and CEO of Tasktop and bestselling author of Project to Product: How to Survive and Thrive in the Age of Digital Disruption with the Flow Framework®. Today, my plus one is Jon Smart. Jon currently leads Deloitte's Enterprise Agility Practice. I have just started reviewing the draft of Jon's upcoming book Sooner, Safer, Happier on Patterns and Antipatterns for Organizational Agility. The book will be released just in time for the DevOps Enterprise Summit and is available for pre-order now. It's already number one in its category under Hot New Releases on Amazon UK.

Mik Kersten:

Jon and I have been sharing ideas on organizational agility and DevOps for years now and it's great to see his amazing and impactful thoughts gathered in this amazing and important book. I interviewed Jon for this podcast at the SEACON Conference back in November 2019. There's a bit of background noise, but I have to say it was quite comforting to be hearing that as it brought me back to my days surrounded colleagues that physically attended conferences. And I hope that you enjoy the discussion with Jon as much as I did. So, with that, let's get started.

Mik Kersten:

Hello everyone. I'm here at the SEACON Conference in London with Jon Smart, Partner at Deloitte leading Business Agility and a person who's influenced my thinking over the years, and had some of the core ideas that changed how I thought about flow items and flow in the Flow Framework, especially around risks and security and where things ended up today. And I'm just thrilled to talk to you here, Jon. So why don't you give a quick overview of what you've been up to lately and let's get started.

Jon Smart:

Thanks Mik. Thanks for having me on this. I've been working with a whole range of clients on Better Value Sooner, Safer, Happier and seeing some emerging anti-patterns and patterns.

Mik Kersten:

I met you when you were still at Barclays, your thinking influenced mine in the sense that we were both seeing the kind of the same thing, that Agile's transformations were being deemed a success, were being celebrated, but nothing was actually moving any better or really any faster if you took a look at it from either the end to end business or the customer's point of view. So, I think you've kind of shot this idea into the ecosystem that's now actually being considered a core part of the goal, the description, the definition of DevOps of Better Value Sooner, Happier, Faster. So, is it still that? Have you learned anything? Is it still that concept?

Jon Smart:

Yeah, I think if anything, it's really firmed up even more in my mind, that it really is about the outcomes you're trying to achieve. It's not Agile for Agile's sake or for DevOps's sake. And my previous employer, we made that mistake. In year one and year two, we were running an Agile transformation, I was the head of the Agile transformation, but Agile is not the answer necessarily. That's not the outcome you're trying to achieve. So when you take a step back and think, what job am I hiring Agile to do, what we came up with is Better Value Sooner, Safer, Happier. So it's quality. It's Value is OKR's, objectives and key results, so what are you in business to do. Sooner is lead time, throughput, and flow efficiency. Safer is control compliance. That's Agile, not fragile. It's GDPR information, security, cyber, data privacy, anti-money laundering, all of that stuff.



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Jon Smart:

And then Happier is happier colleagues, customers, citizens, and climate, because it's not at any cost to the planet or any cost to society. So when you measure all of those and when you focus on those, you then ask people to use their own brains and their own intrinsic motivation to improve on those outcomes. In some cases, like the ITIL Body of Knowledge or DevOps or Lean or Theory of Constraints or Systems Thinking or Design Thinking or Personas or Customer Journeys, are good tools to use, to help move the needle. And in my experience, in some cases, because of emotional scar tissue, because of three previous failed Capital A, Capital T Agile transformations, Agile is the last thing an organization, a complex adaptive system will tolerate or embrace.

Jon Smart:

So in one particular case, the answer was to do smaller waterfalls on other current roles and responsibilities, shine a light on the system of work, visualize the system of work, and then pursue evolutionary improvement. And the good thing with those with Better Value Sooner, Safer, Happier is they balance each other out. It's very hard to gain [inaudible 00:04:32] that because if you try to, as the state of DevOps report shows for the mediocre performers who reduce their lead time, the quality goes down. The trick here is you're doing this sustainably with your quality going up, your lead time going down, and your happiness going up as well. So, you're not forcing things through the system. You're not taking shortcuts; you've got technical excellence. You're thinking about how people are working together. You've got more empowerment and servant leadership. So they balance each other out. So it's super hard, I've not yet seen anyone kind of gain that, because you can't.

Mik Kersten:

This was one of my realizations as well, right, is that there's these Capital A, Capital T Agile transformations. There's this desire to be able to deploy this cookie cutter that will actually get to these results. And I think you and I, and some of the other key people in the community realize that there's actually a complex system underneath here, right? And unless you're able to understand that system, obviously that have the folks actually measure that system, right? So that you understand if you're making your organization focus much on safer, there might be some impact of that, right? Or if you've put too much flow load on one aspect of delivery, on one part of the portfolio, you might be taking that might have a cost down the line.

Mik Kersten:

So, I think having an organization to understand those tradeoffs and again, not to oversimplify that they can get to a result through training everybody in their organization, I think has been key. But why is it that we do have all these organizations there who want to move faster, who want software to be safer, who want their staff to be happier. Why is it that you think that they've been actually failing and doing this, right? Because the principles of Agile, the principles of DevOps, these principles of Flow Feedback learning and so on, what do you think is causing this, whether it's this oversimplification or this lack of understanding of the job that Agile was meant to do? I'm a fan of the Christensen's Job theory as well. What is it that you think is leading organizations astray?

Jon Smart:

I think when we're coming from a traditional way of working, which is deterministic, it's treating the world, it's treating complex adaptive systems and emergent change, as being predictable when it's not. And when you take a step back and you look at Carlota Perez, Financial Capital and Technological Revolutions, we've gone from where the organized human endeavor has been predominantly the age of all the mass production. So as organizations, as collective endeavor, we have had a competence in mass production of the same thing, which is deterministic. And this is where Henry Gantt came up with Gantt



Charts working with Taylor in the 1900s. And I'm going to be talking in my talk today, a bit more about Gantt Charts. So, for leaders in organizations with a charitable intent, with a positive intent, for some leaders, it's just a lack of awareness that there is another way.

Jon Smart:

The habitual behavior, the habit, is to treat complex adaptive product development work as if it's predictable. With a Gantt Chart, with milestones, with the work breakdown structure, with three months of analysis, three months of design before a single line of code is written in the case of IT. Now that's not very emergent in the same way that Toyota would not design a new car or BMW would not design a new car by doing a year of analysis, a year of design, and then build the car. No, they do CAD/CAM modeling, prototype screen, customer focus groups, play prototype, eventually build a mock-up, super cheap, and so on and so on and so on. What's in my head and for your question is, leaders are coming from a deterministic mindset.

Jon Smart:

So it's actually, and it's a belief system. My belief system is that I feel I'm in control when I have a Gantt Chart with milestones and I'm holding people's feet over the fire to achieve these milestones. However, as we all know, maybe not as we all know, that is locking out experimentation and it's locking out actually focus on the outcome where what we thought was right six months ago, when we did a big up front analysis, big up front design, turns out now that wasn't right. But the way we've been working historically, it's been super hard to change that.

Jon Smart:

So it's a mindset shift in leaders, again, with the charitable intent, of recognizing in our current organized human endeavor of complexity and emergent change in complex adaptive systems, we need to take a more experimental approach. We need to fixate on the mission, not on the output, so on the outcomes, not on the output. And then we need to let people use their own brains, which is where engagement goes up, to figure out how to best achieve that outcome. Which is a learning the military went through in the 1880s and the Prussian army going from detail command to mission command.

Mik Kersten:

Yeah, I actually feel like my own journey has been some of that learning, right. I used to code my own features and then I was basically running a team, then a set of teams, and I actually remember very vividly the moment at which I could no longer have that level of determinism of saying, "okay, no, this is higher priority than that. This is not as big as you think it is. We haven't actually come up with a creative enough solution." One of my staff, realizing that I was doing this sort of across the company, handed to me Team of Teams, right, General Stanley McChrystal's book. And I realized that for me to actually control outcomes and to assume this level of determinism, and that I knew better than the teams who were closer to the work, closer to the ground, often closer to the customer, was just completely flawed, right?

Mik Kersten:

And this is where I actually shifted my own thinking from having any impact on the actual any detailed road mapping or delivery, to my role now, which is basically making sure, looking at the end-to-end Flow, looking at how it impacts business results, so cost, value, happiness of the staff on the value streams, and then again, doing what I think we should all be doing as leaders which is removing any impediments to that flow, right? Because we may be understaffed, for example, on the UX front and those things can make it clear. Or we may actually need to bet on a whole new data model and data backend, which the teams have been talking about, but we've never actually gone through procurement on. So, I think you're



absolutely onto something, right, is that this desire for the determinism, that was much, much easier when it wasn't software and creative work.

Jon Smart:

Yeah. I think it's important for organizations to ask themselves the question, what are you optimizing for and what do you want to optimize for because people will always be tribal. You will always have silos. So the question is, what type of silo do you want to have? Do you want to have silos with handoffs and poor flow efficiency? Or do you want to have silos where there is a very short end-to-end lead time, concept to cash, and people are tribal around the value stream and tribal around the customer, which you probably do in today's world. You probably don't want to have a tribal identity of we're all blacksmiths and we're in the blacksmith's guild and the holes on their side of the boat, it's not our problem, which is kind of how it's been in the past. So I think it's very important for organizations to think, what are the outcomes we're trying to achieve, for example, Better Value Sooner Safer Happier and then how do we optimize for those?

Jon Smart:

And that could be Agile, it could not be Agile. It could be DevOps, it could be Theory Constraints, it could be systems thinking, it could be smaller waterfalls, it could be the real estate, it could be your environment. So, speaking to somebody today, talking about just how the physical environment affects the outcome of the team, they're more engaged, they're happier, they can collaborate more, it's a nicer working environment. The question to ask is what are you optimizing for today? And what do you want to optimize for?

Mik Kersten:

Yeah, I think again, I think that's a brilliant insight for, I realized this as well for me, just within Tasktop and of course it's easier in a tech company, but I realized we were having the same kind of thing. We started optimizing for internal efficiencies. And I just realized that customer obsession, you have to continue to get back to that being the structure, right? And I think Jon, that's very interesting what you say is that no matter what, you will end up with some silos, right? So if those silos are aligned around customer pull, are aligned around customer obsession, even if it's an internal customer, right, because you could be talking about some platform team, some shared service team. If they're obsessing about delivering the greatest possible data pipelines in every single business product, chances are, they're better off than when they're optimized around. I think what happens too often, because the problem is not just at the high level of organizations internally around their own internal processes.

Jon Smart:

And also related to this is incentivization, most large companies today are still promoting people and incentivizing people and appraising people in their job role. So, what you end up with is you end up with competition within your silo of, "I'm a developer, I'm a tester, I'm in change management, I'm in the PMO, I'm in the front office." I've seen very, very, very few organizations who are actually incentivizing within the flow of value, aligned to the customer. You end up with information hiding. You end up with it because the competition is only one in a hundred are going to get promoted this year. You will get people deliberately withholding information so that they're the one that gets promoted. And some organizations will do stack ranking where the bottom 10% either get no bonus and the top 10% get 90% of the bonus. That also drives some pretty negative behaviors.

Jon Smart:

There's a massive piece around incentivization and recognition and reward, around incentivizing teams, not individuals, which is something that I pivoted to. I pivoted to incentivizing teams that with kind of 80/20



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shared outcomes. So, as a team, you succeed or fail together. In my experience, in terms of performance, teams are orders of magnitude better at optimizing their own performance than a manager. So the traditional way of thinking, and then coming from Taylorism, where the foreman knows best, the manager knows best, and this whole concept of performance management in companies where a manager is performance managing an employee, I think is a fundamentally wrong construct.

Jon Smart:

Let the team manage performance and I've seen this happen a number of times where if someone is viewed to be "support performer" it could be because there's something going on in their personal life. The team get behind that person, they show that person up. It's like, "It's okay, take some time off because you got some stuff going on outside of work. We'll get behind you, we'll pick up your work," and they get behind that person. Or if that person is genuinely mal intent, that person gets ejected in a tribal manner, gets ejected very quickly from that tribe. Teams are super, super good at managing, from human evolution, are super good at managing their own performance. So, I think there's a whole big topic here around optimizing for incentivization and appraisals and performance.

Mik Kersten:

Absolutely. One thing I remember again, the step in my own journey, is understanding how important it was to empower those teams. The Team of Teams aspects is actually one of the things that led me to the product values firms as a first-class entity, right? So, where we ended up today, just so you know, I'd love your feedback on this, is we actually have flow metrics on that product value stream, which is a team of teams in the end, is responsible and delivers on, right? So, they will set a target, their own target, mind you, not a top-down target because they get the reasons for that, for what their flow efficiency improvements should be for the year, what their flow velocity improvement should be for the year. And of course, they're in control of their own flow distribution.

Mik Kersten:

The company has a North star, we have some business goals, but how you deliver on that in terms of the ratio of say, tech debt work that you do to feature work, is completely up to you in understanding how you fulfill the North star. So, what's your experience on that? I think that's why one of the trickier things I'm realizing for customers, one of the trickier things is how to set-up that structure, that Team of Teams structure, which is part of my goal with establishing the product value streams because I think I've seen some blind following of a Spotify model that goes into places that are in comprehensible to me. So just your reflections on that.

Jon Smart:

Think big, start small, learn fast, achieve big through small. The rule of one, one experiment, one team, one location in production. Don't pass go until you've got it working with one and then do two and then do three and then do four. When you get to about 10 or 15 teams, then go in units of five. When you get to about 30 teams, go in units of 10. So, you changed the gradient of the curve as time goes by and it's an S curve. So, my view on having done this multiple times, we previously had five S-curves running in parallel, one per business unit. And five S-curves adds up to one S-curve. So, the point is you keep the gradient low and lower than you think, for longer than you think, because at the beginning, it's the hardest in an organization. You've got the most amount of impediments, the least amount of belief in the organization.

Jon Smart:

So, you have to create social proof. So you do that with small, safe-to-learn experiments with your most passionate innovators who are willing to take some personal risk and do the hard jobs and have a very thick skin and be very resilient and have a very strong belief system, having probably having worked this



way elsewhere, or even despite the company, not because of the company. And then you start, and then you create social proof, and this is the diffusion of innovation curve.

Jon Smart:

This is the innovators on the left are the early majority, the late majority the laggards. The costing of the chasm by creating that social proof, you can cross the chasm from the early adopters to the early majority. This is a bit like the guy dancing on the hill video, where the crazy guy dancing on the hill, then two people join him and then the tipping point, and everyone's running to join him on the hill. The high guards then are like, people are looking at the high guards who are sitting down and thinking, "Well, why aren't you dancing?" And they either get up and dance or they go and sit on another hill. Or you go and work for another company. Both of those are a win-win.

Mik Kersten:

Could not agree more. And I think it's those visionaries and empowering them and giving them material to help with their mission, I think is so key to what we're trying to do. So, on that note, I've been following your awesome posts on Medium. They appear to be leading somewhere. So, rumor has it that you're actually in the midst of writing a book?

Jon Smart:

Yep. Super excited, Sooner, Safer, Happier is the current working title. And it is due to be published November 2020. And it's going to contain kind of anti-patterns and patterns observed in the wild and learned firsthand. So yeah, super excited.

Mik Kersten:

Because your learning's have evolved as well, right? What I love about your perspective is very deep application to the point where you actually came up with that Lean control tool. I think a tool that is still missing from any industry tool, it's for actually managing risk in a way that's parallel on still first class to how we tend to manage Agile backlogs. But you've now had the experience with Deloitte of working with very senior business leaders, trying to do these things. Who's the book for? What's your ultimate goal for what it will do?

Jon Smart:

So, the book is aimed at the horses, not the unicorns. It's aimed at the large traditional companies. It's aimed for people who are not in the Agile, DevOps bubble. It's for people who are new to this topic, it's aimed at leaders at all levels. And it is presented as a series of anti-patterns and patterns because there is no one right way. There is no best practice because this is emergent. That said, the meta-level, there are patterns that have been observed in the wild to succeed more often than they fail and vice versa, to fail more often than they succeed. So, for example, achieving big through big is an anti-pattern, which doesn't have agility and it doesn't play to the emergence of the domain or a complex adaptive system, that is a group of people. The pattern is achieved big through small, for example. So, it's running through these anti-patterns and patterns.

Jon Smart:

What I'm hoping is, and this is what I'm already picked sensing and picking up from conference talks and so on, is people very quickly identify with the anti-patterns it's like, "Oh, my God, we're doing that." Yes, I feel this latent pain. I'm laughing, but I'm crying. Where we're doing this and we kind of know it's not quite right. So, I'm hoping my intent is, it's shared learning and I'm hoping people can use it in their organizations to go, look, let's point to this one, anti-pattern 3.2. I think we're doing this, I think this might



be an anti-pattern, I think maybe let's run an experiment on pattern 3.2. Let's see if that works in our context, knowing full well that it's not one size fits all.

Mik Kersten:

Yeah. I mean, that sounds brilliant, right? I think it's very easy to point out the anti-patterns, but I think that this community, especially the people outside as you say, of this Agile and DevOps bubble, they also need a path to the pattern as well. So that's great to hear. So, I'm very looking forward to that. And just the last question, writing books is a lot of work, the way you've been doing lately is, I imagine, a tremendous amount of work and travel and challenge. So what do you do to find your own flow?

Jon Smart:

That's a really good question. I treat time as an investment, like a monetary investment. Like all of us, we've all got way more than we could possibly be doing. I try to firewall time for different purposes. So, family time, exercise, health, look after the goose that lays the golden eggs. So, I try to segment time and I am very deliberate, very intentional around what I spend time on, surprisingly detailed about what I spend time on. I believe in managing my time. I go to quite great lengths to avoid time managing me. To the point where I'll have a breakdown for a rolling four-week basis with using colors as to what I'm spending time on. Is it strategy? Is it kind of thinking one year in the future, three years in the future? Is it next week? Is it client meetings? Is it travel? Is it team building? So very deliberate about trying and I never get it right. No one ever gets it right, I don't think. Nevertheless, being intentional around how I'm investing time like it's money.

Mik Kersten:

Love it. It sounds like your calendar might have two extra colors over mine, but I think that that is the most precious [inaudible 00:22:02] for ourselves, for our companies, too. Excellent. Well, thank you so much, Jon. I'm really looking forward to the book coming out and thanks for taking the time.

Jon Smart:

Thanks Mik.

Mik Kersten:

A huge thank you to Jon for joining me on this episode. I highly recommend following Jon on Medium, where he publishes some great articles, as well as on Twitter or LinkedIn. For more, follow me in my journey on LinkedIn or Twitter using the hashtags #MikPlusOne or #ProjectToProduct. You can also search for Project to Product to get the book, and subscribe to the newsletter. And remember that all author proceeds go to supporting women and minorities in technology. Thanks, stay safe, and until next time.