



# When moving to a flat Agile structure, understanding what drives people is key

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Agile ways of working bring great benefits to organisations and individuals alike. Going from a classic hierarchy to a flat structure isn't straightforward. At [PA](#), an innovation and transformation consultancy, we've worked with many clients, guiding them through and working alongside their people to make the change. We have four major recommendations for keeping everyone motivated on the journey—around timing, teamwork, staying truly Agile, and tuning the career model.

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## 1. RECOGNISING THE ROLE OF MOTIVATION IN A SUCCESSFUL MOVE TO AGILE

The ability to flex and pivot, cost saving, and shorter time to market—these are just some of reasons why many organisations are switching to Agile ways of working. We've seen it bring great benefits to organisations and individuals alike. Our research found that 72 per cent of business leaders believe their company's ability to respond rapidly to change will make the difference between success and failure. This has been underlined by the COVID-19 crisis. When you're changing your operating model and people's roles, you need to focus on what drives people.

Traditional career progression involves incremental promotion to a 'senior' or 'expert' role—often within the same functional area. But the Agile organisation values team effort and T-shaped profiles. That means moving towards a flat structure and striving for more equality. So you might call each person a 'team member' rather than differentiate between 'senior architect', 'junior business analyst' and so on. Career progression in Agile organisations often means thinking outside the usual vertical siloes. Even though some employees today (particularly millennials) might be less concerned with hierarchical progression and the associated terminology and status, it still plays a role in motivation.

We've worked with many clients, guiding them through and working alongside their people to make the change to Agile. We have deep expertise in delivering long-lasting Agile benefits. With this extensive experience, we understand the role motivation plays in moving from a hierarchy to a flat structure. Drawing on this, academic research and a survey, we have four major recommendations for keeping people motivated during an Agile transformation:

- Don't drag it out
- Make it powerful
- Don't compromise, and
- Make it attractive.

## 2. WHAT MOTIVATES PEOPLE?

Academics identify this as 'intrinsic' and 'extrinsic' motivation. Intrinsic motivation is when you do something for the sake of inner satisfaction. Extrinsic motivation comes from tangible rewards, threats, deadlines, directives and competitive pressure.

Research suggests there are three factors that determine intrinsic motivation:

- *Autonomy* Being able to decide your own tasks in terms of what you want to work on, with whom and how, creates commitment.
- *Mastery* It's psychologically satisfying to develop within something you enjoy. You need an optimal level of challenge—neither too difficult nor too easy—combined with constructive (not negative) feedback.
- *Purpose* If you understand the ultimate meaning of your work, then even daily chores become more meaningful.

Agile working enables this thinking. So, once you're up and running, motivation levels should naturally be high. In fact it's a significant reason for becoming Agile. Here, we're talking about getting there. What's important is to prioritise these factors throughout the transformation journey.

### 3. OUR RECOMMENDATIONS

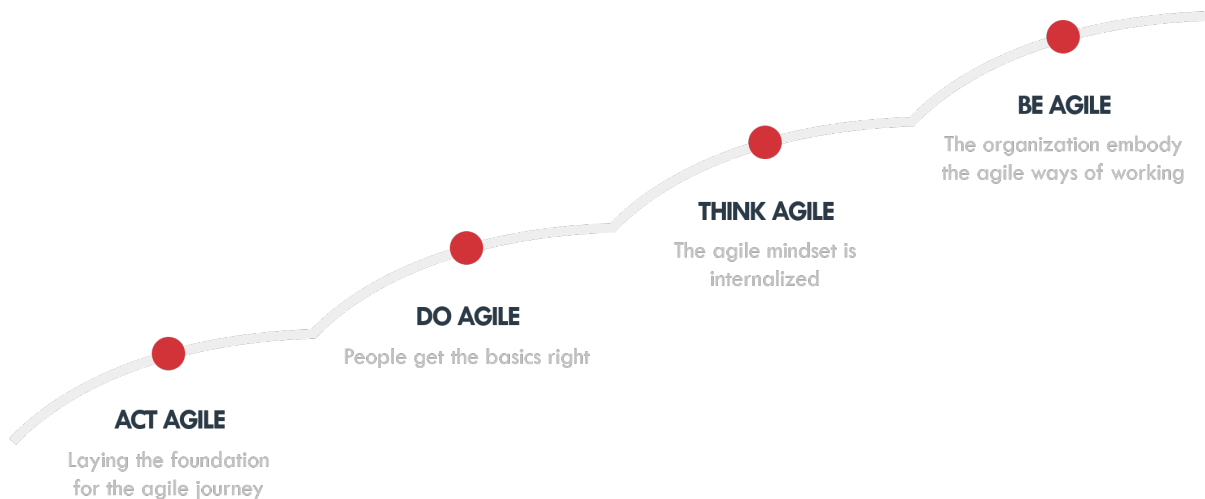
#### 3.1 Don't drag it out

We've seen cases where organisations announce a plan to switch to Agile but don't get started for up to six months. Those time lags brought uncertainty and anxiety—feelings which affect people's motivation. It meant there was fatigue and scepticism.

So we've worked with clients to help them do the groundwork to get in position to move quickly once they'd told people they were going Agile. You need to be 'Agile' in making the transformation. That means helping everyone understand, however you set things up to begin with, it's an opportunity to learn and if you need to rethink some of the arrangements or teams, you will. Running pilots can work well.

##### 3.1.1 Make sure the benefits of Agile working are delivered as soon as possible

'Acting' Agile is the first step to 'being' Agile so it's good to put things in place quickly even though they're very different working methods. You can start small, then scale fast. So, for example, introduce backlogs and daily stand-ups early on. That way people get familiar with the Agile ways of working, and get the events and Agile cadence under their skin. This will start to unlock the benefits of intrinsic motivation.



##### 3.1.2 Embrace the 'fail fast' culture

Sometimes delays result from eagerness to get things right first time. People end up spending a lot—and sometimes too much time on planning, designing, preparing and so on. But you can get going quickly with a 'minimum viable product', and use everybody's input and experiences to make changes as time goes on. (This has the added benefit of making people feel they can make a difference to the process of change.) A key to working in an Agile way is to 'accept' failure—not as failure as such, but as a way to learn. So, by 'fail fast' we mean 'learn fast'. People need to know, when things go wrong, there'll be a sense of achievement rather than blame. And constructive rather than negative feedback promotes intrinsic motivation.

Your people may be afraid to 'fail', so it can take a significant change of mind-set. Leaders need to set the tone. We saw a CEO describe to her staff how uncomfortable she felt about switching to Agile—she knew things might go wrong from time to time but was prepared to take the risk. She explained normally she'd have spent months planning, analysing and designing every little detail before announcing and implementing anything. She said she wanted to "take her own medicine" and learn fast. Modelling the behaviour had a powerful effect.

It rubbed off on the other leaders in the organisation. They also explicitly started to talk about things they were doing differently—experimenting on a small scale in their everyday leadership practices. This in turn was a visible change for the employees who talked about this radical shift. They saw it as a sign the leaders “really meant the change this time”.

### 3.2 Make it powerful

Agile ways of working are all about working in teams—and the power teamwork has. But we’ve seen concerns arise when organising people into new Agile teams. People can be enthusiastic but also concerned there might be dismissals or that their specialist knowledge won’t be needed. People can actually feel frustrated and anxious about the responsibility that goes along with autonomy. In our experience, making sure people get the best experience of being part of a team helps them overcome these issues. The feeling of team spirit and being a part of a high-performing group of people contributes strongly to the ‘purpose’ element of intrinsic motivation.

‘Psychological security’ is crucial. This is someone’s perception of the consequences of taking risks. Team members need to feel confident no-one will humiliate, make fun of or punish each other for having been wrong, asking questions or suggesting new ideas. To create psychological security, encourage people to ask for feedback and input and get team members to share information about their personal preferences and work style. Engender trust through clarity around plans, roles and responsibilities. Make sure everyone understands how the work affects users and the organisation and get user feedback.

#### 3.2.1 Give people confidence

*“Some team members didn’t like the responsibility. They preferred having the project manager in charge of planning. Other team members were very positive about it.”*

—Director, DSB

Managers need to trust employees. If organisations don’t succeed in decentralising, they wave goodbye to one of the three factors of intrinsic motivation. There’s a balance to strike though. We’ve seen leaders go from extreme micromanagement to completely ‘invisible’ more or less overnight. At one client this resulted in a complete paralysis amongst their people. Because there’d been such a strong centralised decision culture, employees weren’t sure exactly what to factor into the decisions they needed to make. And with the leaders suddenly providing no clear boundaries, direction or coaching, the employees simply didn’t know what to do and/or weren’t comfortable doing anything.

Getting this right is a leadership task. One of the most effective ways of actually empowering people and not just ‘dumping responsibility’ is to provide proper guardrails, a clear direction and set of priorities, as well as coaching. Those guardrails can be ‘dynamic’, including backlog items, acceptance criteria, product vision – and ‘stable’, including The Development model, Definition of Done and Non-functional Requirements. We’ve helped clients with this by picking up on it in the ‘Agile Leadership Community of Practice’ formed as part of the Agile transformation. We use it to support leaders in ongoing reflection and sharing knowledge amongst themselves. We mix leaders in groups cutting across their traditional organisational silos to maximise the impact.

*“It takes a while for people to realise the team have power to decide and make suggestions—they ask permission to do things they could just do without asking.”*

—Head of Device SW, GN Hearing

#### 3.2.2 Have regular celebrations

Feedback is key to building a sense of purpose, and praise is often motivating—especially when given in public. So, make system demo events into celebrations where the team can shine and enjoy public recognition and attention from senior stakeholders. Being acknowledged and given constructive feedback are essential to intrinsic motivation.

It will be important to coach stakeholders to make sure they understand their role, show up and don’t just sit quietly in the corner at these events. We always pick up on this in our Business Owner masterclasses, where we talk about the important aspects of the role in terms of their leadership behaviour both in and between the Agile events. Business Owners are often hesitant about giving feedback, especially in the

beginning. This can be because they don't want to 'steal focus' in the meetings from the teams presenting. Or it can be because it's the first time they've seen things in development not just a finished product. For us this is a testimony to the way Agile ways of working makes an organisation 'flatter'—bringing senior stakeholders much closer to the teams.

And you can 'celebrate failure'. We found most of one client's celebrations were to mark successful fire fighting and congratulate individuals who'd 'saved the day'. We helped them turn that around and start putting more emphasis on celebrating feedback, learning and collective achievements. Some organisations get end-users to vote for their favourite team on a regular basis. (That provides a valuable combination of intrinsic and extrinsic motivation).

### 3.3 Don't compromise

When managers or employees don't persevere with the Agile framework and miss out meetings, artefacts or roles and responsibilities, the chances of maximising intrinsic motivation are damaged. See Appendix: **'How different Agile disciplines foster the three factors of intrinsic motivation'**.

We've seen clients where a Product Owner didn't communicate the iteration goal or a Product Manager kept the product vision to themselves. Team members struggled to understand how the small user stories they were completing brought value to the bigger picture. In such situations, the purpose element of intrinsic motivation is non-existent. Providing people with a sense of purpose comes with the fact that a user story linked to a feature being linked to an epic supporting a strategic theme—giving people a clear line of sight. Anti-patterns like a lack of IP iteration where employees can excel, a lack of business value in features, or a 'dictatorial' Product Owner all counteract the intrinsic motivators.

You need to be disciplined about fulfilling the practices. Think carefully about how you'll 'make up' for the impact of leaving anything out. Every element you 'de-select' will compromise the benefit you'll get from moving to Agile.

#### 3.3.1 Highlight causalities

Where we see organisations 'slacking' in terms of implementation, we don't see it as lack of commitment to the transformation. It's more a lack of clarity around the impact of not holding a demo, or ignoring some responsibility. So, it's important people understand the causality inherent in the Agile framework. Sometimes there's a trade-off an organisation could be forced to make—they might need to allocate one product owner for several teams, say. And we've seen clients try and combine roles. That can overload people. Wherever possible, you should avoid such compromises or at least make informed decisions so you compensate in other ways to harvest the motivational benefits. If you compromise too much, you'll miss out on the benefits of Agile.

#### 3.3.2 Prioritise coaching

Coaches help the team remember why you're doing things in a new way. And coaching the right people on the right issues makes all the difference. They make sure new working approaches become habit and Agile anti-patterns don't emerge. They support team members to excel in their new ways of working and get the opportunity to feel the sense of mastery and purpose. A good coach can provide a power boost for the Agile mindset change in the team and actually help them bridge the gap between just 'acting' or 'doing' Agile to actually 'think' and 'be' Agile. We've seen inconsistencies can arise between how teams work if you spread coaches too thin.

### 3.4 Make it attractive

Given that you'll be taking away the traditional career paths within your organisation, you need to put something in place instead.

You need a simple framework in which salary and bonus are competitive and equitable, and so not the main focus. You're pivoting from extrinsic motivation towards intrinsic motivation. Incentives should take more creative routes, including non-financial ones, and be given based on collective performance and effort. Individuals' objectives should reflect more than technical expertise. It's an opportunity to bring ingenuity to bear.

#### 3.4.1 Reward people for broadening their capabilities

Make your talent management or competence strategy explicitly value people being able to deliver end-to-end within a team as well as having deep specific knowledge. Reward people for their efforts to add broad

experience to their existing expertise. The next step can then be to go from T to E. An E profile values and encourages people to grow their abilities within Exploration and Execution to supplement the expertise. The ability to get stuff done and be curious enough to innovate and experiment are key capabilities in today's world of work and are ingrained in Agile ways of working.

We designed a new competence framework for a client setting objectives and performance management. We described expectations in terms of deep professional expertise, cross-functional competencies and personal competencies—like communication, collaboration, exploration, and so on. This shone a light on new opportunities for people to grow their careers. The company was previously dominated by an expert culture focusing on deep technical skills and struggling with 'knowledge hoarders'.

In another company we saw people with deeply specialised profiles writing articles, creating content for websites and internal communications after the switch to Agile. Before, the only writing they'd done was external letters. The employees broadened their horizons and had a confidence boost. The teams gained extra flexibility in getting stuff in their backlog done. And the company discovered an unused and valuable capability.

*"Testers are still seen as different to the team, even though they are a part of the team—we're trying out different initiatives to show that testers can code and coders can test."*

—Head of Device SW, GN Hearing

#### 3.4.2 Provide development opportunities outside the primary team focus

Replace traditional promotion steps with other opportunities to grow experience. For example, taking an active role in the Communities of Practices and potentially hosting one of these. You can also encourage and reward people for mentoring, buddying, developing, or training others. In other words reward people for using their 'I' to develop others' 'T or E'.

One client had a group of highly skilled people with strategically important competencies who became demotivated when Agile was first introduced. Before, they'd had a special informal position where they were the ones pulled in last minute to firefight and fix problems. With the shift in focus to 'built-in quality' and new cross-functional teams, they felt they'd lost both informal status and the most challenging and fun aspects of their work as the teams were now able to do this themselves. They resisted the Agile ways of working and created bad energy in their teams. Besides addressing the need for an attitude adjustment, the leaders gave them a special responsibility: to hire and train a group of people to build on their unique skillset. This provided a new challenge and career path and provided them with a new informal status.

Another option is for people to develop their skills in a field in high demand across the release train. Then they can take on a 'shared services' or guest player role and contribute to work across teams. You can use re-deployment, perhaps shuffling roles, so for example you could rotate scrum masters, to help people expand their horizons.

One of our clients was great at developing talented with a passion for Agile. They gave them the chance to shine. Some started out as shadow-coach to the external coaches, then moved on to roles like Agile coach, scrum master, and so on. One of them ended up being responsible for building a major Agile IT hub and is now Release Train Engineer and runs one of the organisation's Agile set-ups.

*"Give talented people the opportunity to shine."*

—Senior VP, Kamstrup

#### 3.4.3 Don't ignore money, power and titles

We may be seeing a shift these days where people seem more motivated by intrinsic factors like mastery and purpose, but extrinsic factors still count. Where people are used to an emphasis on financial rewards, they may struggle to see enough value in the other rewards Agile working brings, so you do have to address the issue. You need to make sure you don't risk having to move people down the salary scale. This is sometimes an issue when we're helping clients staff the more senior agile roles like RTE and Product Management. Here we often seek candidates that can work on and match senior stakeholders in the line organisation. But we struggle to attract the right talent because, for example, the Agile roles don't have the span of control, or P&L responsibility needed to place the role on the necessary payroll band to make it attractive/relevant.

There are different ways of handling this depending on how far you've got in the journey:

- You can separate Agile roles from titles and compensation packages. For managers to feel comfortable moving into the Agile roles, they keep their existing job-levels (title and

compensation) as-is. So, for example, you could guarantee they can keep their title and compensation package for two years, even if it means a very small Span of Control or potentially no people leadership.

- Another option is to make your career model flatter by removing hierarchy, adjusting job classifications, not adding 'seniority' to roles (only having Scrum Master, not a Senior Scrum Master, and so on.)

We're helping a global organisation cater for this by revising their career model. That means creating job descriptions for all Agile roles with responsibilities and competencies attached. We're making sure the Agile job descriptions fit into the right classifications according to complexity and seniority—not taking into account the old criteria based on P&L responsibility, for example.

Team-based bonus systems might be the next thing to consider. These can be linked to Agile KPIs and value creation. Reward in Agile organisations should be less individually financially focused and more team based.

#### 4. MOTIVATION PLAYS A KEY ROLE IN YOUR AGILE JOURNEY

Theories about intrinsic motivation lie at the heart of Agile working. Our experience tells us the most crucial time for shaping and supporting motivation is during the transformation journey itself. Organisations need to acknowledge the impact an Agile transformation may have on different individuals. The process of moving towards a flat Agile structure might have a negative impact at least on some people. But, with ingenuity, close attention and taking care of the HR-related perspectives, it's possible to limit the extent to which that happens.

Our experience with clients has shown us that leaving people hanging following an announcement that an organisation is moving to Agile is a problem, so get going as soon as you can. Helping teams to gel and function well is crucial so focus on creating the right environment. We've seen that it's not possible to go Agile in a half-hearted way, without sacrificing people's motivation, so stick to the Agile best practices. Bring the non-financial benefits to the fore, not forgetting the financial ones still matter. And even consider revising your career model.

Motivation of any sort is precious and finding the right balance between intrinsic and extrinsic motivating factors is key to a successful transition to Agile. Once you're truly Agile, motivation will take care of itself.

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## APPENDIX: HOW DIFFERENT AGILE DISCIPLINES FOSTER THE THREE FACTORS OF INTRINSIC MOTIVATION

### Autonomy

- The Product Owner doesn't dictate how and by whom the individual user stories are made.
- The team is self-organising with empowered people
- The Scrum Master doesn't assign tasks to individual team members—team members pull items from the sprint backlog based on clear priorities and where they see they can contribute
- The team decides on the sprint goal in the end of the planning and commits to this—in alignment with the overall priorities and approved objectives for the Programme Increment.

### Mastery

- The IP iteration is a priority when SAFe has been implemented as framework. It allows people to learn through formal courses, cross training, study visits, innovation, spikes, design sprints etc
- User stories are sufficiently challenging
- Retrospectives are held so people continuously reflect on how to improve
- The iterative approach that's embedded in so many aspects of Agile provide a constant flow of feedback
- Continuous attention to technical excellence.

### Purpose

- Team members understand the value they deliver because business value is transparent
- The Product Manager communicates vision at PI planning
- The Product Owner provides sprint goals
- The backlog is broken down so that user stories appear with value-based descriptions
- A user story is linked to a feature, which is linked to an Epic, which in turn is linked to a strategic theme—leading to clear line of sight so each team member can see they're contributing to something bigger.