Applying Sense & Respond to Create Adaptive Organizations

Daniel J. Forno

My experience with adaptive management techniques began in 1999 while working for IBM. A course taught by Stephan (Steve) Haeckel and his team called Sense & Respond was being offered by IBM’s Advanced Business Institute. I was working in the Global Services division of IBM and was responsible for all application development and maintenance for this division. The lure of the course was its assertion that organizations could be far more effective by becoming more adaptive to a host of unpredictable changes within the environment....and that there was a systematic way of doing that.

I learned early on that I couldn’t implement S&R without thinking differently in some fundamental ways. It flies in the face of too many broadly accepted management practices, such as expecting leaders to know in detail what is going on in their organization. That’s something a supervisor worries about and an empowering manager doesn’t. I saw—and experienced-- how inconsistent and destructive it is to demand detailed knowledge of how things get done while exhorting managers to empower their people. I learned that an adaptive leader makes sure that empowered people are innovating coherently -- a basic requirement for collaboration that relies on a leader’s competence in structuring organizations as systems of outcomes. Other common “malpractices” became obvious when I thought about them in S&R terms. Some obvious things are not obvious until you change your lens.

The organization I was responsible for was called Business Enablement Solutions (BES). It was a newly created collection of diverse functions, including decision support, application development, sales support, knowledge management, technical support services, and project management technology. Each of these had its own history, and structuring them into a coherent set of capabilities was a major concern of mine. Other difficult challenges were a fickle customer set from across the division, constantly changing budgets, and a demand for high quality and speed of execution in delivering applications and reacting to problem situations. Overall, BES performance impacted thousands of Global Service end users

I went to the two day class with these issues in mind, and learned a powerful approach to dealing with the challenges I faced then and over the next ten years managing different organizations. This approach to adaptive management turned out to be extremely effective in dealing with a host of situations and never failed to deliver. The following sections will describe how I used Sense & Respond’s (S&R) adaptive management principles and techniques to deal with those situations. My purpose in doing this is to encourage readers to utilize them in making their own organizations more adaptive and effective.

In my experience, the conditions described in the three situations below are increasingly common, and all can be addressed with the adaptive techniques I used. For example, speed of execution is of utmost importance almost universally. Likewise, controlling costs, fighting funding battles and absorbing
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abrupt changes in strategic or operational direction at a moment’s notice are typical issues faced by leaders at all levels. As you will see in what follows, each of these issues was successfully dealt with using the adaptive techniques I will describe.

### Characteristics of Situations being Faced

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### Situation 1: BES (Business Enablement Solutions)

This was the first large scale implementation anywhere of the adaptive management principles of Sense & Respond. It took place between May 1999 and May 2001. The business challenges were typical of large application development and maintenance organizations. There is an endless supply of changing requirements for automation to improve business results. As leader of a large organization, you are responsible for making sure it understands those requirements, translates them into information technology terms, and ultimately implements them in a production environment to deliver the expected benefits to the larger enterprise. And once these business information systems are installed, they need to be supported.

In my case, the BES organization reported to the CIO of IBM Global Services. There were 300 people in BES with an extended outreach to another thousand or so people that were performing work for the
organization in an internal outsourcing arrangement. Top among specific challenges I faced on assuming the leadership role were:

1. Funding for both new application development and maintenance activities constantly being reduced or redirected.
2. Customer Satisfaction low through all the component organizations.
3. Employee Satisfaction low.
4. Mission not clearly understood by customers or BES employees.
5. Application Quality inconsistent.
6. Uncoordinated execution of mission within BES and its partners.

I remember coming back from the Advanced Business Institute’s Sense & Respond course on the Adaptive Enterprise. I was all fired up. I could see where these concepts would prove valuable for my organization and perhaps for the entire division. I arranged to brief IBM’s CIO on the concepts in a one-on-one discussion. I was pleased that I was able to communicate the basics quickly and by the time the session was over, he was drawing roles and outcomes (an adaptive design principle) on a napkin! I thought “Success,” but no action followed. I also remember going out of my way to deliver a copy of Steve’s book to my managing director in the middle of a Global Services senior leadership meeting. I wanted him to tell everyone in the room to read it. That didn’t happen either.

I resigned myself to implementing adaptive management in the portion of the business I was responsible for; and because my immediate manager was uncomfortable with such a radical change from supervision to empowerment, eventually went into “stealth mode.” I thought this was unfortunate, but perhaps the broader organization would be convinced by my results if I had success. That remained to be seen.

My first step after I had attended the course at the Advanced Business Institute was to arrange a two day training session for my leadership team. We worked through the principles and began identifying specific deliverables that we could start using in the workplace the next day. It was in that session that I saw how I could utilize the concepts to make a real difference.

**Reason for Being**

We hammered out our first ‘Reason for Being’. I love that phrase! It has power behind it. Those three words answer so many questions, much more than the more colloquial ‘Mission Statement.’ Working with Steve, we got very precise about who our customers were and what we were supposed to be providing them. This took several hours. I remember coming up with over 20 customers during the initial discussions. Steve told us that simply wouldn’t do and was probably a contributing factor to the problems we were experiencing. We finally worked the list down to one primary customer, and a short list of other constituents who we had to satisfy in order stay in business.

Distinguishing who we existed to support from who we had to satisfy in order to exist was a critical lynchpin in our Adaptive Design. With clarity about this, we could now begin the journey of building a customer- back design that would deliver the Reason for Being. That was very powerful, because we
finally understood who we were ultimately serving! Talk about laser focusing! This was a very simple but very difficult exercise that crystallized the rationale for our unit’s existence.

Once the customer was understood, discussions ensued about exactly what we should provide that customer. Again, Steve and his team were very helpful in getting that clearly understood in terms of a primary outcome. “Outcome” is an important adaptive management term. My whole team had dealt in nothing but deliverables. Outcomes are similar, but they focus on the benefits realized by the customer, and are better defined. They have conditions of satisfaction; they have roles responsible for delivering them and they are produced by a dynamic linking of outcomes that deliver the ultimate outcome— the Reason for Being.

Again, wrapping our heads around the essence of why we existed, what we owed our customer, and how the customer would benefit, allowed us to hold our team and our purpose in our heads and truly understand it. Walking into those sessions, we did not have that understanding. Walking out, we did and having it allowed us all to perform much more effectively.

**Governing Principles**

“We will always...”, “We will never...” what a way to build a set of usable policy boundaries for a team, large or small, within which to feel fully empowered to act.

This exercise is another element of building an adaptive organization. It involves coming up with a set of Governing Principles that the entire organization embraces and will live by. The attraction for me was the simplicity of the approach to develop them. The guidance we received from Steve and his team was to come up with a dozen or so principles that outlined the basic rules that people must follow while otherwise being fully empowered. Team members would accomplish their committed outcomes by leveraging their individual talents and skills while staying within the Governing Principle boundaries. We called it “bounded empowerment “which, together with the Role and Accountability Design described later, led to the realization of the BES Reason for Being.

The critical requirement for these principles is that they begin with “We will always” or “We will never”. Ultimately, these became the most powerful words that I used to lead the organization. They laid out, in simple precise terms, what the members of the organization could or could not do. They established the boundaries within which people were empowered to act -- without checking, and as rapidly as possible. By establishing these principles, I was confident that I could coherently empower individuals to do what was necessary to deliver the outcomes they were responsible for.

One of the Governing Principles I established had to do with decisions to either write custom code or to use packages. The culture in the organization was to write custom code. This was not surprising, given that coding was a core competence of the team of programmers and analysts that made up the bulk of the organization. However, writing custom code was not always the best way to solve our customer’s problems or requirements. We needed to consider the “buy” alternative with every request, because packaged software was becoming more and more available, easier to obtain and ultimately much cheaper to maintain. We created one of the dozen Governing Principles to deal with this cultural issue.
It simply said “We will always consider packaged software to address customer requirements before selecting custom code as the approach”.

Once I published the Reason for Being and the associated Governing Principles, I required every manager to walk through these elements with their teams. The change in direction was literally overnight. A problem in getting this to happen that had haunted the prior application development leadership vanished. I recall being at a leadership meeting with my CIO where he made the statement “it seems there is a great deal of interest in packaged solutions these days, what happened? That used to be such a taboo with this team.”

I knew exactly what had caused the change in hearts and minds, but, as mentioned above, I was operating in ‘stealth’ mode with regard to implementing “Adaptive Enterprise Techniques”, and did not want to launch into a training session with our leader. So I simply replied that we had been having discussions with our teams that were now having the desired effect.

There were other principles that had similar game-changing effects.

**Role and Accountability Design**

The next part of the effort was creating a new picture of the organization and its inner workings using a very new approach that Steve and his team taught us: diagramming the organization in terms of roles and outcomes and working that picture from the customer back.

This was all very new to us, but a key tenant of adaptive management from Steve’s perspective involved changing our focus from action to accountability. “Who owes what to whom” is the mantra of an adaptive organizational design, rather than “what actions are taken in what sequence.” We began listing the roles we had in the organization, starting with the role that had a direct interaction with the customer. We worked our way back, identifying roles that eventually took us down to the roots of the organization where the work actually begins. We then began drawing in ‘outcome arrows’ which were labeled with the outcome that linked one role to another.

This exercise is where Steve was very firm about using system design disciplines. For instance, multiple roles should not be producing the same outcome! Sounds simple, but when you use these techniques to describe the way you are working, you sometimes uncover major inefficiencies. We also got well schooled in exactly what an outcome was, how it was to be defined for clarity, how it had conditions of satisfaction, etc. Again, after completing this exercise, we had a sound understanding of the organization, how it was currently operating and how we wanted it to be operating. We also had a framework for monitoring how the organization was performing (measure the outcomes!) which was affectionately referred to as “measuring the lines, not the circles”.

The completed Role and Accountability design shown below provided us with a clear and concise view of “who owes what to whom” from every vantage point of the organization. One could see how all those interactions worked their way to ultimately delivering the Reason for Being. I think it was at that moment that I realized I would never run another organization without such critical information. I could plainly see how having that information would be beneficial for me, my organization, my division and
ultimately IBM. This made me wonder how in the world we were able to operate without it in the past. How could other organizations even come close to being their best without this type of understanding? Those questions remain today.

Sensors

In the course of several remote sessions where Steve or Joe Arteaga, a member of Steve’s S&R team, worked further with my leadership group and their teams, we became more and more precise in using the adaptive lens to understand how the current organization was operating, and how we wanted it to. We were introduced to another key consideration of building an adaptive management system called Sensors.

This concept also appealed to me. The notion was that you needed Sensors inside and outside of your organization that were picking up key information and firing so you could respond (building off the Sense and Respond roots of adaptive management). Just the exercise of trying to figure out where you would like such sensors, understanding that some already existed and that there were gaping holes where there were none was worth the exercise. We understood that sensors could be just about anything from a simple report to a sophisticated alert system that informed critical roles about a project going into “RED status” before a phone call came! This was exciting. We proceeded to ‘instrument’ our organization with all sorts of sensors to keep us informed, allowing us to ‘know earlier’ the things we
should know so that preemptive responses could be executed quickly and effectively, rather than of trying to react in crisis mode.

For example, we set up automated sensors at all levels of our project management system that sent alerts to the leadership team when projects went into a red status (we had hundreds of development/maintenance projects). Red flags were set by project managers at the front line to indicate that something was inhibiting the project from progressing and the potential for missing a schedule was high. Certain types of sensor alerts were sent directly to me, and project managers were sometimes surprised to receive a call from me offering ways to help them get the project back on track---literally seconds after they had declared red status! Getting my role involved in those situations helped clear out some difficult problems quickly. Without such ‘sense and respond’ wiring, those issues could take weeks or months to get to that level of awareness and therefore, resolution.

Deployment
Once the fundamentals described above were in place, the department leaders were held responsible for reviewing their business designs with all individuals in their respective departments. The purpose was to ensure that everyone knew explicitly what they were responsible for, and who their customers were. They saw their own roles and accountabilities, and the Conditions of Satisfaction for each outcome. And they could see clearly how their roles contributed to the overall success of BES.

We established an internal Web site which had our RfB prominently displayed for not only our department, but for all the organizations interfacing with us. Lastly, using the Role and Accountability design, I arranged to meet with the leaders of organizations that my team interacted with. The design proved to be a very effective communication tool, giving them clarity about our organization’s structure and purpose, and enabling a very specific discussion about the outcomes that would be provided and the conditions for providing them. Getting clarity up front about these conditions of satisfaction was a major improvement, and short-circuited many misunderstandings that could occur later.

During deployment I was informed of an unexpected 30% cut in all IT budgets, including mine. This was the first time I personally benefited from the new adaptive nature of BES. Since we had built our S&R organization anticipating that such situations could arise without warning, we were able to respond rapidly when that “sensor” went off. In fact, the response mechanism was an application of one of our Governing Principles: to outsource people-intensive program coding work to another IBM organization that charged an hourly fee for programming. They were much better positioned than BES to absorb swings in demand, because they had a wider scope of internal customers. So it was easy for us to adapt to a severe cut like this. All we had to do was reduce the number of (internal) customer requests we said “Yes” to. This adaptation was a natural consequence of linking our workload more tightly to available funding, and the demand changes we were able to absorb could be quite dramatic.

So when a divisional financial analyst came to me in May to announce that my full year budget would be cut by 30%, I simply said “OK,” because I knew from one of our Sensors that our coding supplier had sufficient flexibility to redeploy most if not all the coding resources to other programming needs inside IBM. The financial analyst was shocked -- and I think I detected some disappointment that he didn’t get
the typical push back from me. I can still see him walking out of my office scratching his head! He visited me two more times during the year to announce two more cuts, with the same result.

**Quarterly Adaptive Design Reviews**
The team met on a quarterly basis to review how well our adaptive organization was operating. We adapted the Role and Accountability Design, and occasionally the Governing Principles. As shown above, we used internally developed ‘Adaptive Notation’, using hexagons to represent roles, and showing key sensors that enabled us to anticipate changes that affected us. These reviews were very healthy and ensured that we treated the adaptive design as a living breathing asset for managing the organization.

**Measurement**
Following advice from the S&R consulting team, we established metrics for each of the outcomes occurring in the design. This turned out to be a powerful approach for zeroing in on the most important aspects of the department’s activities. It made complete sense to me that if all the outcomes were being delivered within their Conditions of Satisfaction, accomplishing the Reason for Being would be a natural end result. As it turns out, this phenomenon is a fundamental property of systems, and it occurs because the Role and Accountability Design follows the principles of system design….something that had never been done elsewhere, to the best of my knowledge. The approach also provided a very methodical way to establish metrics – for any organization using adaptive techniques. The key performance metrics shown below indicate the extent to which Sense and Respond adaptive management techniques were truly game changers for BES.

**BES Results**

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<td>- New Projects up and running before broader management team even knew there was a requirement.</td>
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<td>- Outcome success up from 40% to 87%.</td>
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<td>- Unexpected 12 point improvement in customer satisfaction survey.</td>
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<tr>
<td>- Complex restructuring driven by funding completed quickly and easily.</td>
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<tr>
<td>- New projects launched in 5 days versus prior 12 weeks.</td>
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<td>- Prototype utilization introduced into system in one day through key role communication.</td>
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<td>- 3rd quarter financial budget cuts dealt with through adaptive design with minimum to no upheaval.</td>
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Situation 2: Large Commercial Outsourcing Engagement

The next situation in which I applied adaptive principles was in a multi-billion dollar outsourcing engagement. It was IBM’s largest commercial application management outsourcing contract, involving 3000 IBM professionals around the world. I was asked to take on the challenge of leading the IBM Application Delivery team responsible for this contract. The team was projected to miss their revenue and profit goals, and customer satisfaction was so bad that the existing Application Delivery executive had to be replaced. The chart below shows the downward trend in all important measurements.

The client’s industry was not growing, and neither was the client. In this particular situation, we were constrained by an existing multi-year, one thousand page contract that, among other things, enabled the customer to dictate arbitrary and large swings every month in the number of IBM professionals deployed. The contract with IBM had become a lever used to cut costs by reducing that number every month. This made it even more important to ensure the organization was highly adaptive and driving every minute to create value for the customer. Because of the experience I had with BES, I was ready to apply S&R’s adaptive management techniques.

Reason for Being
I knew the first step was to get the IBM Application Delivery team wrapped around a common purpose.

Obviously, having everyone in the organization read the contract, understand it, and translate it into coherent action was impractical. What typically happens in these cases is that the senior leaders get a
good, but personal, understanding of the contract and convert that interpretation into action. This doesn’t work for a complicated contract, since the many individual interpretations often don’t match. Constructing a Reason for Being would go a long way to ensure that all members of the organization were on the same page. I couldn’t wait to get the leadership team in a room to go through the creation of an RfB.

I brought the six directors and several other key managers into the planning session. I used IBM’s “Team Focus” mobile capability to facilitate the session. We spent hours on creating this Reason for Being:

_The IBM Application Delivery Team exists to deliver high quality application development and maintenance services to [confidential customer name] within the terms of the contract resulting in high customer satisfaction, low costs and additional business opportunities._

We then spent nearly a day creating the Governing Principles, and during the process gained insights from each others’ perspectives on how things were actually being handled. I remember one very simple governing principle regarding “preparation for customer meetings.” It arose from the discovery that many times IBM personnel were showing up for meetings without proper preparation, while the customer was always prepared. This resulted in very serious concern by the customer about IBM’s ability to perform. As a consequence the customer became much more demanding about project details, which made it increasingly difficult to make progress. More importantly, because IBM appeared unprepared on already assigned work, the ability to drive more work and pursue additional opportunities rarely was discussed. Frequent customer complaints had become the norm and the relationship became more contentious. So thorough preparation for customer meetings became one of the “We will always....” Governing Principles and was communicated formally, along with the rest of the principles, to ALL 3000 personnel on the IBM team. Whether preparing for a one on one meeting with a customer contact or preparing for a high level meeting with the senior customer executives, outstanding preparation became a top priority. Within a few weeks, meetings became a lot more productive and the customer began to focus on business issues instead of IBM’s lack of readiness.

**Role and Accountability Design - Introducing a Culture of Authenticity**

We identified the major roles in the organization and the outcomes that linked the roles. As with the BES effort, it turned out that no more than a dozen roles were necessary to specify the essential interactions. We ensured that the roles and the outcomes were clearly defined with Conditions of Satisfaction.

We also brought in a consulting company to train the top 50 managers on “Authentic Negotiation.” The two day training involved fascinating exercises in “unlearning” the communication defense mechanisms we all develop from childhood, and replacing them with techniques that significantly improved the quality of our discussions and negotiations with the customer. These were put into practice and paid off instantly. Immediately following the session, a few of my senior leaders called me personally to describe discussions they had where they had used the improved communications approach. They were amazed how effective a tool it had become and were very pleased with the specific interaction. When a large number of leaders in an organization begin communicating more effectively, all at the same time, the
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benefits are exponential. There are fewer misunderstandings, less wasted time and more energy channeled into delivering the appropriate outcomes. You could feel the improvement in all interactions.

I discovered that mapping an existing organization in terms of roles and accountabilities could be a powerful diagnostic tool. For example, there was a persistent problem in IBM’s way of validating that monthly changes in authorized project personnel were being adhered to. The time and effort required to authenticate this was preventing us from applying IBM resources to revenue growth opportunities. I sat down with the most knowledgeable person regarding the situation. She had previously worked for the customer and now worked for IBM, and knew what was going on in both sides of the project. The diagram below is a simplified representation of the “as is” R&A design. FTP stands for “Full Time Professionals” currently authorized for the project. The first question was “What is this organization designed to do?” The answer was clear from the diagram: the purpose of this organization is to make certain two data bases are kept in sync! In other words, the organization was designed around a constraint (an onerous contract clause that we had to meet in order to exist) rather than a customer benefit (what our mission statement said we existed to produce).

using r&a principles to analyze a systems integration contract

The As-is diagram made blindingly clear an obvious yet unnoticed problem: the IBM project delivery execs had no contact with the client program managers. So I immediately tasked every IBM delivery exec to start regular meetings with their respective client program managers, and take personal accountability for ensuring that the number of full-time IBM professionals deployed was always the
amount authorized by the customer. As anticipated these regular meetings enabled discussions about collaborative opportunities for new projects ……specifically projects that would benefit the internal customers of the client program managers. From this point on, IBM revenue and profit started growing.

It is not much of an exaggeration to say that I transformed my organization by drawing one additional line—connecting the IBM Delivery Executive to the Customer Program Manager, and labeling the outcome in terms of a customer benefit.

Using r&i principles to analyze a systems integration contract

Putting all these aspects of adaptive management together took about 5 months. From that point on, the organization was running in an adaptive manner. I established measurements around the outcomes and implemented automated and manual sensors throughout the organization.
A dramatic turnaround was accomplished in less than one year of adaptive management, improving both customer and IBM outcomes. Customer Satisfaction, which was going to miss its target and cost IBM one million dollars (a condition specified in the contract), was instead met. Revenue, which had been projected to miss its objective, instead came in at 106% of target. Profit, which was also projected to fall short, instead came in at 139% of plan. Lastly, the audited overall assessment of the contracts by IBM business controls was the highest rating possible “A.” Although there are other contributing factors to this success, I attribute most of it -- and the speed at which it occurred -- to using the adaptive techniques of Sense & Respond.

As I look back at that experience, the most meaningful result for me personally is the memo I received from a senior customer executive saying that I had single-handedly changed the “culture” of the IBM team. CULTURE CHANGE! Wow, perhaps there is a way to rapidly address cultural problems that are thought to be intractable. Perhaps the secret is as straightforward as making people accountable, and rewarding them based on the benefits they provide to their customers.
Situation 3: Internal Transformation Project

This situation was a project originally focused on improving IBM Global Services’ use of its workforce. A team of outside consultants had been hired to analyze personnel costs, which represented nearly 80% of Global Services costs at that time. The analysis done by the consultants pointed out several areas of concern. I was asked by the managing director of Global Services Excellence to analyze the results of the study and identify the root cause. The charter of this project, originally named On Demand Workforce, evolved beyond the original analysis objective to incorporate a solution. We renamed it Adaptive Workforce.

I was now comfortable and confident with my ability to apply adaptive management principles. This time I decided to apply them to two aspects of the project simultaneously. I would organize my project team using adaptive techniques and I intended to develop a world-wide Global Services solution as an adaptive system of roles and accountabilities. I will focus on the Global Work Force Management system.

Very early on we were serendipitously visited by a team from within IBM that was trying to figure out a way to apply supply chain techniques to Global Services. This had been attempted several times with no luck, and the leadership of Global Services had fended off any such involvement by the IBM Supply

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Chain enthusiasts—who were not a part of Global Services. The resistance was based in a belief that in the case of workforce management we were dealing with people not parts, so supply chain techniques were not applicable, and even offensive. I heard this “people not parts” objection from the moment I bought into the idea that the supply chain solutions could be successfully adapted to the dynamic allocation of skills.

Not long after that initial contact and after several in-depth discussions on the topic, it became clear that the Global Services personnel cost problem was due to the fact that they had no disciplined resource allocation system for skills. One specific resource-related occurrence supported this hypothesis. A Services Contract manager in the Northeast was seeking hundreds of skills while another manager, about 20 miles away, was busy laying off people with the same skill sets. In fact, the skills that were being shed were EXACTLY what were needed by the first contract. This lack of awareness was very costly and I could see clearly that an adaptive global skill allocation system had the potential of hundreds of millions, if not billions of dollars if implemented on a global scale.

Armed with the understanding of what was missing and a vision of what needed to be implemented, we launched the initiative under the name Adaptive Work Force (ADWF). It was initially a project to apply adaptive principles and a supply chain for the 30,000 people in IBM Global Services, but early success in the first year or so led IBM Executives to extend the scope dramatically.

Reason for Being

As with the other two initiatives, I began by clearly establishing the Reason for Being for Workforce Management in IBM Global Services. We assembled a number of internal S&R consultants to assist with the creation of the RfB. This effort took approximately one week and delivered the Reason for Being and an initial high-level Role and Accountability Design. A subsequent meeting with Global leaders of Workforce Management produced the Governing Principles. We used the IBM internal “Team Focus” software once again to facilitate this effort.

**Reason For Being:** “Workforce Management exists to provide optimal staffing recommendations to Resource Requesters based on business priorities.”

Governing Principles

We came up with 10 Governing Principles. I remember distributing them to our Global leaders as we launched the project from Global Services headquarters. I also remember how quickly things changed, especially regarding reuse of resources. As indicated above, one of the issues that had been discovered was the recurring workforce separation costs associated with each resource action. There was no effort to find out if there was a need elsewhere in IBM for the resources being separated. These were very costly actions in the long run—not only in terms of human capital, but in terms of meeting customer needs and contractual commitments. The Governing Principles rapidly changed behavior worldwide, making the “new normal” a practice of looking Worldwide for available skills prior to taking significant local human resource actions.
We spent considerable time and effort to further define the Governing Principles, explaining why they were important, what the implications were and what issues we expected to run into. This kind of in depth analysis helped the global implementers accomplish their mission. I recall that during deployment of the Governing Principles globally, they came to be called “Golden Rules” in Europe. I wondered whether I should insist on the naming being consistent with S&R terminology, or be pleased with the fact that they were being embraced regardless of what they were being called. I opted for the latter.

**Role and Accountability Design**

The Role and Accountability Design contains too much client-specific information to include in this paper. The customer role was (and is) the “Resource Requester” and is populated by hundreds of individuals around the Globe. A new role, labeled “Staffing Recommender” was created as the one-stop-shopping responder. The response itself is a recommendation that satisfies the criteria in the RfB and the current Governing Principles. It takes the form of a list of candidates from the available worldwide skills pool that satisfy the Requesters’ requirements at the lowest cost to Global Services. It is not a commitment to fill the request, which remains the responsibility of the Resource Requester.
Although some of the description on the above chart is not perfectly aligned to S&R guidelines (e.g., some items describe activities, rather than outcomes) it was familiar enough to people accustomed to Job Description formats to enable us to populate the roles of the fledgling Adaptive Workforce Design. But all of the interactions were labeled as outcomes (nouns, not verbs). Also, the autonomy of geographic industry and product organization had to be respected, which is why the system-level outcome is a recommendation.

It was obviously not feasible to train all of IBM on Sense & Respond principles and its associated techniques. To be adopted it would have to be introduced in familiar terms. So my approach to implementation was to not get hung up on form. Significant progress was evident early on, and as the roles matured, appropriate refinements were made. The environment was continually evolving from the old think to the new and so some inconsistencies were permitted that were not detrimental.
Results
The implementation of the Adaptive Workforce solution For Global Services was eventually extended to all of IBM. The project was renamed again as the Workforce Management Initiative (WMI). It included all 400K employees of IBM across the globe.

A project that had been launched in a portion of a division representing less than 10% of IBM's human resources had been extended to cover all of them. After 4 years of implementation the project had delivered $1.2 Billion in financial benefits to the IBM Corporation, as detailed in a report to IBM Senior Executives (Direct reports to CEO). The chart below summarizes the project’s accomplishments.

Results

- **1.2 Billion Dollars in cost savings** between 2004 and 2007.
- Unanimous adoption of Workforce Strategy.
- Fully implemented a common taxonomy across IBM for skills.
- Achieved all 2007 Workforce Directives for skills assessments yielding 80% of entire IBM world wide population (400K+) complete.
- 90% of Client Facing People with current skills assessments and resumes.
- Full deployment of Professional Marketplace tooling.
- 100% of Workforce Management roles populated.
- Global Opportunity Marketplace (for internal and external job application management) completed in all major geographies.
- 2007 resulted in lowest lost revenue due to lack of skills since measure began in 2004.
- Employee satisfaction with Skills up from 45% to 60%.

As mentioned, I also applied Adaptive principles to the organization of the project team itself. We created our Reason for Being, Governing Principles, and Role and Accountability design. Running the team as an adaptive organization allowed us to reach our milestones in record time, untangle ourselves from typical inhibitors like organizational silos and deliver on the charter of the project.

Summary
Looking back on the entire experience of utilizing adaptive management techniques to organize and execute on critical projects in IBM, it strikes me how obvious many of the changes I made in each situation now seem. At the same time, I am amazed at how un-obvious they were until I looked at these
Applying Sense and Respond

situations through the Sense and Respond lens. Here are some lessons I learned that I believe are generally applicable:

1. Applying these principles to portions of the part of the enterprise you are responsible for is very doable and very worthwhile. A great deal of benefit flows from just doing that. Trying to get the rest of the organization onboard is very difficult if they do not catch the Sense and Respond fever.

2. The principles can be applied to any level in the organization, the higher the better and the more benefits that flow to the enterprise. It is obvious to me after three applications that S&R Adaptive principles can be applied to all so-called projects. In any enterprise, running departments, fostering innovation and performing team related activities, are all opportunities to benefit from adaptive project management. These principles provide an excellent framework from which to consistently manage and deliver results for the enterprise.

3. Adaptive organization design and management can incorporate non-adaptive organizations by treating them as roles that relate to the adaptive organization in terms of outcomes. “

4. Adaptiveness starts to spread naturally, as it did in Situation 1. When I began to speak of my organization’s Reason for Being, the clarity about BES purpose was so sharp that my colleagues began coming up with their own reasons for being. Of course, they may not have passed the Steve test, but it was a start.

5. Implementation in stealth mode is OK, but the downside is that the enterprise is never aware of why many accomplishments are being made and will therefore not get interested in making larger portions of the organization adaptive. The upside is that when you are the only one practicing adaptive techniques, you appear to have magical powers! You find yourself surrounded by people saying “How did you do that” as you move mountains in the enterprise.

6. Getting the three critical ingredients (Reason for Being, Role and Accountability Design and Governing Principles) complete primes the pump and delivers the value very quickly. Additionally, these elements provide a great framework to apply other management principles—such as authentic communication—driving more results in very synergistic ways.

Hopefully, the reader will gain an insight into adaptive management from these brief descriptions of my personal use of its principles over a span of nearly 10 years. I am convinced there is no better way to organize and manage an initiative—large or small. Of course, adaptive management techniques were not all that was needed to achieve the objectives in front of me, but they provided a robust framework to apply complementary project management components in a coherent and adaptive way.

I have since retired from IBM and am now running a one person technology business. The first thing I did was create a Reason for Being!

Note: Readers can make comments and ask questions of the author at the post on http://www.senseandrespond.com/?p=1717