



DEFINING AGILITY IN TERMS OF RISK

VIDEO TRANSCRIPT

Speaker 1: Agile Amped shares stories of bringing agility and humanity into the workplace and beyond. Inspiring and provocative voices speak on topics from technology, to business, to living change. Dedicated to building more agile world, Agile Amped is brought to you by Accenture.

William Rowden: Welcome to another episode [00:00:30] of Agile Amped. I'm your host, William Rowden, and my guest today is Leo Tillman. He is president and CEO of Tilman & Company, a global strategic advisory firm. He is a recognized authority on strategy, risk intelligence and finance, and a long-term advisor to companies, governments and investors around the world. Previously, he served in executive roles at BlackRock and Bear Stearns and taught at Columbia University. Leo is the creator of the modern concept of risk intelligence and the author of four books, including [00:01:00] "Financial Darwinism" and "Agility, How to Navigate the Unknown and Seize Opportunity in a World of Disruption," a book he authored with former NORAD Commander General Charles Jacoby. Leo, thank you so much for taking time with me to record the session today.

Leo Tillman: William, it's a pleasure to be here.

William Rowden: What led you to focus on agility as a topic, coming out of some of the other topics that you've dealt with? What led you to focus in on agility?

Leo Tillman: [00:01:30] So a number of years ago, William, I sat down with General Jacoby, and we started a conversation about what are the biggest challenges that will be facing

leadership teams across industries across public and private sector going into the next decade and beyond. And it was our belief that it's the ability to navigate accelerating change, disruption, and [00:02:00] equally importantly uncertainty that will truly differentiate our leadership teams that succeed and take advantage of the environment in which we find ourselves, versus those who may become irrelevant. So we tried to answer the question of "What does this mean and what does it take to navigate in an environment like we're observing today consistently, proactively, aggressively?" And that led us to the concept of agility.

[00:02:30] What we encountered, though, is that there was no formal definition of the term. There was quite a bit of ambiguity about what it meant, but also how it differentiated itself from other kinds of competencies, like adaptability or flexibility. So it became a very rigorous inquiry into the concept of agility that we had to create and then all the surrounding aspects of it [00:03:00] that factor into how leadership teams run organizations.

William Rowden: Yeah, that I think is one of the unique contributions of your work that makes me, as an agile coach and as somebody that has worked in the agile industry, interested in it is that you've put effort into being rigorous about the definition of agility and broader than my background, for example, in software agility or developmental agility. You've got a clear [00:03:30] definition that can apply at both the strategic and executive level, as well as the software development

level. And so tell us a little bit more about that.



How do you define agility and differentiate it from other important capabilities?

Leo Tillman: So General Jacoby and I defined agility as “the organizational capacity to detect, assess and respond to environmental changes in ways that are purposeful, decisive and grounded in a will to win.” And, of course, [00:04:00] every word in this definition is a loaded one. And we wanted to truly be precise about the selection of these words, but also unpack them with respect to what does this mean to be able to detect changes in the environment? What does it take for an organization to assess something that is quite ambiguous and under a great deal of uncertainty? What makes an organization decisive? How does will to win apply to different [00:04:30] kinds of organizations? So we literally spent a number of chapters going word by word in articulating what kind of knowledge, what kind of capabilities, what kind of processes, what kind of cultures would facilitate an effective task of doing this.

William Rowden: Yeah, there's a lot of words there. And so I imagine a significant fraction of the work can be in just unpacking what you mean by each of those phrases. [00:05:00] There's at least three that really stand out to me, coming from an agile coach perspective, that I would sort of zoom in on. I'm intrigued by your emphasis on the environment. From an Agile Manifesto perspective, there's this idea of changing requirements and requirements discovered late in the game, and competitive advantage. But I have a sense that you are using environment in a more specific and maybe more well defined way. So I'm curious to understand [00:05:30] the role of the environment in agility.

Leo Tillman: Absolutely. And that was one of the first steps of defining agility and then deconstructing it. Because you cannot really articulate how organizations can navigate disruption and change without deeply diving into our operating environment today. And we think of it in two dimensions. Dimension number one

is what are the dominant trends that are shaping our environment? When we started [00:06:00] writing agility, it was the Fourth Industrial Revolution that was truly dominating conversations within executive teams, World Economic Forum meetings. It was the notion that this revolution is disrupting every single industry in every single country and every area of knowledge you can think of. From nanotechnology, to gene editing, to robotization, to artificial intelligence are being seriously disrupted, and all of them have implications [00:06:30] for leadership teams, depending on the business you're in.

Just focusing on the Fourth Industrial Revolution may not be enough, because if you take a camera and zoom out, you will realize that this Fourth Industrial Revolution, with its accelerating change and disruption, is placed in a broader environment of equally profound disruption. Geopolitical conflict, the rise of nationalism and populism, societal changes, [00:07:00] bio events like the pandemic that we just experienced, the breakdown of trust in various kinds of institutions. So all of those factors are amplifying the volatility and unpredictability of the environment. So if we were to define what it means to be

successful, environments like these, we needed to articulate how you would think about these global trends in this way. So these [00:07:30] trends are the trends of the moment.

But an equally important conversation is what is the fundamental nature of our environments that transcends a particular point in time, transcends a particular stage of societal developments or technology?

And we turned all the way to Carl von Clausewitz and his theory of conflict. Because what Clausewitz did almost 200 years ago, [00:08:00] he described the fundamental nature of these competitive environments. And he emphasized that they're filled with what he described as fog and friction. And fog is the ambiguity that surrounds us, where we don't fully



know all the forces at play in everything that is happening. So how we conceptualize the environment, how we fight for risk intelligence, which is how we describe this process, is super important. Friction is uncertainty. [00:08:30] And that's one of the dominant features of our operating environments. Even if we gather all the information that we think we need to make an effective decision, we still will end up making the decision under significant uncertainty.

So thinking about the fog and friction, and then adding some of the modern concepts like the notion Niall Ferguson pioneered that these environments are teetering on the edge of chaos, and it takes just a tiny little push [00:09:00] to transition them into a totally different state. The notion that sometimes very forceful actions, like those of central banks, may produce very little results and some seemingly insignificant event can result in a major tsunami that it sort of envelops the world. So thinking about that combination of things, the fundamental nature of competitive environments, and the trends that are driving our environments today [00:09:30] is what made this discussion richer than usual, and it has a very specific implication. In addition to defining what agility means, it's now becoming a roadmap for leadership teams to study environments in this way, and truly understand how their organization fits into a giant, complex, adaptive system. (silence)

Speaker 1: [00:10:00] Stay connected with us at agileamped.com. (silence)

William Rowden: Interesting. Yeah. The other thing that captured my attention [00:10:30] around your definition is this idea of the will to win. And you've re-emphasize this in your discussion of the environment by characterizing environment primarily in terms of competition and the fog and friction of... I hear that as a war metaphor, which shouldn't surprise me based on your co-author, which is interesting for me as an agile coach, because within the firm and outside the firm are different environments. If you look at the early [00:11:00] research into the firm, one of

the fundamental differentiations is that competition isn't necessarily productive within a firm. Part of the firm is as a unit within an economy. And so I think me and other agile coaches spend a fair amount of our time encouraging collaboration rather than division, rather than silo-ing, et

cetera, et cetera. So we spend a fair amount of time on the collaborative elements and even within, say, lean we learned about [00:11:30] how Toyota rationalized the entire supply line, even if it was involving other firms so that they could do just-in-time delivery.

And so you're striking a little bit of a different note there by emphasizing the collaborative nature... excuse me, the competitive nature, not the collaborative nature, of the environment and what impact that has on how you make strategic decisions. And so I'd be intrigued to hear more about [00:12:00] that impact of the environment and that aspect of your focus.

Leo Tillman: So, William, you will see in a minute that actually our views are completely aligned. The message is that we operate in highly competitive environments. And even those who think they don't have direct competitors, like government agencies or NGOs, they still operate in environments of limited resources, fight for talent, fight for mindshare, market share. So [00:12:30] the mentality that is instilled throughout the organization, that we are in a highly competitive environment and that has significant implications of how we operate, is an important one. And I think some of the organizations that we have seen lack that realization and the sense of urgency that it creates. Now, the will-to-win concept goes really well and works really well only in conjunction [00:13:00] with another word in the definition of agility, which is purposefulness. And purposefulness, to us, was the cohesion of the whole organization around what we know describe as strategic and moral True north.

And it goes all the way to behavioral psychology and evolutionary psychology, that it's the most



cohesive groups that win in highly competitive, uncertain environments. So the cohesion of [00:13:30] it, the collaboration that you refer to, is absolutely critical. If you see an organization where you have disjointed silos competing for limited resources, it's incredibly difficult to be agile in the sense that we're describing. So purposefulness, which ranges from an inspirational purpose of serving different stakeholders to the strategic direction in what it all means and the cohesion around that [00:14:00] is absolutely critical. And the will to win is referring to the external environment. Now, it was interesting how when the book was almost about to go to print, we had it reviewed by folks outside of the business world and it was interesting how a president of a university and a head of a government agency came back to us and said, "But we're not in the business of winning. What does this mean to us?"

So [00:14:30] in addition to this entire discussion on operating in a competitive environment, it became an opportunity to say, "Look, every organization now has an opportunity to define what winning means to it," which is a very important part of anything from incentives to strategy. And, of course, the publication of the book coincided with the Business Roundtable expanding the purpose of the corporation that was followed by the World Economic [00:15:00] Forum meeting. So the will to win became almost a gateway into the expanded

purpose of the corporation. And the opportunity to say that winning doesn't necessarily mean just delivering returns for shareholders. It means that we have to take into account every one of our major stakeholders, from customers, to communities, to suppliers, and to society at large. So all of a sudden the will to win, which could be [00:15:30] perceived as this cutthroat mentality, both internally and externally, first of all, reoriented to the competitive nature of things. It also offered an opportunity to really custom tailor the definition of winning to the purpose of your organization.

William Rowden: Okay, so that makes sense to

me. The Business Roundtable has admitted an expansion of [00:16:00] the definition of the corporation and the stakeholders of the corporation, which is not just a return on shareholder value and so you might have value to other sets of stakeholders. And so if you define your terms of winning broadly, then you're focused on that purpose and that true north. And so there's still a competitive environment in the sense that economics is the dismal science, because of the problem of scarcity. And so whatever [00:16:30] organization you're in, you're going to be dealing with the problem of scarcity, whether it's monetary, or staffing, or whatever it may be. And so focusing in on how you achieve your objectives within the terms of that scarcity does make sense, to me, as a kind of competition and a kind of focus on the environment that frames that competition.

Leo Tillman: Absolutely. And a great example of that in the current environment is [00:17:00] war for talent. So war for talent is something that is top of mind for every leadership team, every board of directors that we work with, but it has different kinds of angles. On the one hand is, are you creating an environment that attracts the most talented people? And it has to do with your growth, your potential, your culture. So the attraction side of things is [00:17:30] very important as a strategic consideration. But at the same time, if you don't have the right culture. If you have the culture that where people compete with each other, that would be very difficult to win this war for talent to retain some of these talented folks. So all of a sudden you see it as a strategic external dimension of things, but it also plays an important role. And, again, it goes to purposefulness, the cohesion, the clarity of [00:18:00] direction, the sharing of values and realization that we are all in the business of competing.

William Rowden: Yeah, it'll be interesting to see economists predicting that this particular time we're in can be called the Great Resignation. So it'll be interesting to see how that war for talent resolves itself, especially in North America, over the next little while.



Some words that capture my attention that show up frequently in your discussion of agility here [00:18:30] are strategic and culture, and I don't know if you've said it, but I'm also very interested in the executive level. We've got some very particular definitions of agility when it comes to how teams operate or how you deliver programs, but I think you've spent a fair amount of time thinking about what that looks like at a cultural, executive and strategic level. So

I'd love to talk more about those. So maybe we could pick one of those? What does agility mean from a strategic [00:19:00] perspective?

Leo Tillman: Sure, sure. Again, so agility is the ability to detect, assess and respond to change in very particular ways. So, for us, it was almost immediately clear that there are two different kinds of agility. One is strategic agility. It's the ability of the leadership teams to recognize major changes in the environment and reposition balance sheets, products and services, human capital to this new reality. [00:19:30] So it's entirely the realm of senior leaders, and it deals entirely with large and systemic changes in the environment. What we did, we described it as the ability of companies to move with the speed of relevance. Speed of relevance to different stakeholders as environments change. Tactical agility is what happens next. Once you reposition the entire organization to this new reality and you [00:20:00] feel that the strategy is aligned, human capital is aligned, you've built the right capabilities. Now, the entire organization will be dispatched to go and execute on the strategy.

And when they do, they too will recognize that the environment, their own environment, has changed, or they will encounter unexpected obstacles or opportunities. So what creates their ability, on the execution level, on the tactical level, [00:20:30] to do the same, to detect, assess and respond in the same kinds of ways? And, of course, it's very, very clear that both are equally important. Both strategic and tactical agility are equally important and they feed off of each other. So you could have an organization

that is great at recognizing big trends and repositioning, and then it fails to execute. And then everybody's micromanaged and they're completely unable to experiment and [00:21:00] innovate. Or vice versa. You could have a great culture of people running around, inventing things, but if the company is not positioned the right way to the current environment, then it won't matter. So we spent quite a bit of time distinguishing between the two.

And then we realized that the world of agile, which is incredibly powerful in certain settings, is actually closely associated with tactical agility. Because agile and [00:21:30] its principles are oriented towards cross-functional groups, quickly iterating, understanding changing requirements to achieve certain objectives and their applications to project management, software development, marketing have been very powerful. But these are tactical implementations of this strategy. So once you describe it this way, you describe the world of strategic agility, you describe the world of tactical agility and you show [00:22:00] that agile is an integral part of the tactical agility work, then it all comes together and there are no concepts or principles within agile that are contradictory to what we proposed on a macro level and vice versa. So that's been really, really powerful.

And when you have retail, healthcare, manufacturing, energy completely disrupted, it's the strategic agility that will make [00:22:30] the difference. Once we get through this period and we're more in an execution stage, it's the tactical

agility that will be more important. But right now, with most of our clients, it's the topic of strategic agility, repositioning organizations to this new reality, but also cultivating the capacity to do this over and over and over again as environments change. That is top of mind. (silence)

William Rowden: [00:23:30] Yeah, from a strategic agility perspective, you don't want to be continuing to invest staff in the development of film, if the industry is about to turn into almost entirely digital. So there's definitely an area of



detection of the environment that's pretty important to how organizations position themselves. The way I've seen that play out in agile [00:24:00] transformations is that usually the coaches are paired with some group that's working in OCM that makes sure that we're also developing a plan for talent. So that's a little bit more of the strategic. The agile coaches tend to emphasize more, as you said, on what you're describing as tactical agility where we're looking at how you deliver within a given context. But there's also "Do you even have the right people for that and are they focused in the right direction?" which is a little bit more on the strategic level. Although I think you go even farther [00:24:30] than just OCM and HR interventions to the overall goals of the firm.

And so that certainly implicates the senior leadership and the executive level. And so I'm curious what you would say about the kind of leadership that enables the agility you're talking about? What does leadership agility look like at the executive level?

Leo Tillman: So we never wanted to write a book on leadership or a book on culture. But the deeper we got [00:25:00] into this study of agility and the more we focused on hardcore knowledge, and capabilities, and theories, and frameworks, we realized that they're incredibly important, and they are something that will constitute sort of the skill set for the 21st century, pretty much across different industries. But none of them will work if the leadership and culture are misaligned with that task of detecting, [00:25:30] assessing and responding. So we had to carefully think about what are the leadership qualities that facilitate both strategic and tactical agility? And then what are the cultures within which they can operate? So a good example is, again, take the process of detection, assessment and response to a dramatic change, like COVID, or a global recession, or emerging [00:26:00] inflationary pressures, or whatever the case may be.

So, first of all, sometimes detection is clear, because it just arrives at your door and you sort

of say, "Oh, the environment has changed." But in many cases, change comes in the most ambiguous ways, at the very edges of the market. And unless the entire organization is oriented toward looking for change and then the entire organization knows how [00:26:30] to disseminate this information to the right decision makers, we may not notice something profound about our clients, about our competitors, about changes in technology, until it's too late. So right away, just the detection part shows that the entire organization needs to be primed to know "What is our strategic

direction? What are the kinds of decisions that we will be making it as an executive team?" so they can know the kinds of signals [00:27:00] to look for. Once the signals are recognized, we need to understand, "Are they real? Are they noise? Are they the new emerging trend?" And then we have to shape our strategic responses to that.

If you have a culture where dissent is discouraged, where those who bear bad news are penalized, where executives dominate the conversation and sort of impose their views, it's humanly impossible [00:27:30] to take something ambiguous and complex, debate it in good faith, and then figure out the true driving factors and the true solutions to that. And same applies to response in terms of execution of things. So what we discussed is that you have to have cultures of truth, where unvarnished exchange of ideas permeates the detection, the assessment [00:28:00] and response to change. Where you have cultures of accountability, and equally importantly, you have cultures of empowerment and trust. And a lot of these components you can demonstrate how directly they correspond to the organizational ability to go through detection, assessment and response over and over again.

Actually, Napoleon in the Napoleonic Wars presents [00:28:30] an amazing example that, after many years of research and Clausewitz in between, became the dominant doctrine of U.S. Armed Forces, which is called mission



command. In mission command, there's a upgrading doctrine where the role of the executives is to shape the direction, shape the culture and create the right plans for the organization. But then it's the empowerment and alignment [00:29:00] where everybody then kicks in and starts implementing it, but they still feel empowered to innovate and take the right risks and be creative. So it's a very interesting combination of a top down vision, values, culture and strategy and bottom up experimentation, execution, creativity. And that's what creates this kind of environment. So needless to say, you need the right leaders [00:29:30] to do that. The leaders who understand that unless they shape the strategic direction for the company and very clearly articulate what it means for everybody, you cannot create an organization.

If you have executives who don't live the values that they try to instill throughout the organization, none of this going to happen. If leaders are micromanaging instead of focusing on things that only they can do, can't achieve any of that as well. So [00:30:00] we didn't try to talk in depth about leadership and culture, but it became necessary to identify very specific leadership qualities and very specific dimensions of cultures that enable that kind of agility.

William Rowden: Yeah, the way I like to think about this, and I've done some research in this area or some study in this area I'll say, is as information flow. And so one of the things that captures [00:30:30] my attention about what you're saying is that, if there's information about the market or changes in the market, it could very well be subtle. And it has to get to the decision makers, it has to get to the

executive level, and to the extent that the executives are creating a culture of fear, a culture of performance, a culture of fiefdoms, all of these things are going to slow down or distort any information or signals that you might be getting from the environment and leave you with not [00:31:00] really very good information on which to make decisions. And so some of the things that I might think of as just sort of human

values and the sorts of ways that you might want to treat people with authenticity, and truth, and respect for their ideas, and ability to dissent, these are values, fundamentally.

But I hear, in your framework, they have a very practical implication in terms of the ability [00:31:30] to get the information that you need in order to sense, what you say, sense, assess and respond to changes in the environment.

Leo Tillman: Absolutely. and you bring up a great example of how knowledge, processes and cultures interact with each other. So information flows. Question number one is, "What information should we be looking for in the environment?" Because there are an infinite number [00:32:00] of things that we could be studying or tracking. So what is relevant? So one of the key advances that risk management and risk intelligence enable us to do is to describe business models and organizations in terms of the underlying portfolio of risks. And once you have that discussion, knowledge of the portfolio of risks and uncertainties that we face, as an organization, focuses our mind on things in the environment that [00:32:30] we should be looking for. So in unusual ways, risk informs how that information flows starts and how an organization is primed to do that.

Then there's processes. How is the information flowing throughout the organization, because you don't want to rely on accidental things where someone sees their boss around the water cooler and says, "I saw something [00:33:00] with our clients that is unusual, what do you think?" So one is the knowledge of what to look for and what are the frameworks that orient the organization. Another one is processes that enable this information to flow and be properly assessed and then arrive at the right decision makers, and the third one is surrounding leadership and culture. And each one of them is equally critical. Because you could have the first two and have a culture of distrust [00:33:30] and lack of dissent and all of this breaks down. So that's what makes it interesting. It also separates this work from a lot of the things that we have



seen, because it makes some of these inspirational qualities that all of us want to cultivate within organizations very practical.

And you show how very specifically the lack of either accountability, or honesty, or empowerment, [00:34:00] or trust can really break down the kinds of steps you need to become an agile organization. (silence)

Speaker 1: Agile Amped. Bringing humanity into the workplace and [00:34:30] beyond. One podcast at a time, at a time, at a time.

William Rowden: Yeah, that makes a lot of sense. Even if you have a culture of trust, there needs to be an understanding of what kind of information would be relevant, and then a forum in which that information is exchanged. The kinds of things that at the team level we might build into retrospective discussions or some sort of cadenced meeting, [00:35:00] but you need to have that broadly across the organization so that relevant information is getting to people who can make decisions with it, not just operational decisions, because, hopefully, like you said with the military model, hopefully within an overall North Star, people can make operational decisions very close to where they're receiving the information. But at the level of detecting whether the magnetic north pole has moved a little bit, and therefore we need to adjust. Seems like that [00:35:30] has to be done at a bigger picture level and so there's got to be some multiple steps in the chain to get that information to the right place.

The piece I'm not entirely clear about is how this relates to your background in risk management, because you talked about that a little bit at the beginning, but I'm not sure that part is clear to me. I make up the part of what you're saying is that your risk management studies sort of sensitize you to the kinds of information that would be relevant based on the kinds [00:36:00] of risks a company is running, but maybe you could say a little bit more about that.

Leo Tillman: Yeah, and it's interesting that it's

been pretty much my life's work to connect risk management to executive decision making and strategic decision making. So agility, in this reincarnation, is very closely related to all of that. So in my prior book that came out at the moment when Lehman Brothers [00:36:30] was going down and the world was going into the global financial crisis, the book was called "Financial Darwinism" and essentially it posed a question. It said, "Look, we've gotten incredibly sophisticated in how we analyze companies and organizations. We can think about balance sheet statements and income statements. We can think about org structures. We can talk about all sorts of different features of organizations and businesses, et cetera. And yet [00:37:00] we see over and over again how an organization's earnings can peak right before it crashes. Or that significant problems with respect to business models or balance sheets come as a complete surprise to both external stakeholders and internal stakeholders, like boards of directors. So why is that?"

And the realization was that something was hidden from you, from view. And what was hidden from you was the portfolio of risks [00:37:30] that underlies a business, an organization. So that was an interesting breakthrough to essentially start describing businesses not in terms of their products and services or org charts, but in terms of the kinds of risks they take to achieve their objectives. Financial risks, operational risks, strategic risks. And that creates an entirely different conversation. But the moment you do that, the moment you describe an organization [00:38:00] as a portfolio of risks, you realize that many of these risks are cyclical in nature and they change with economic cycles, they change with changes in the market environment. S

understanding what your portfolio of risks is and actively managing that portfolio of risks, you're going to get into trouble in variety of ways.

So you could have totally viable products and services and a great culture, but if you mismanage [00:38:30] or don't proactively



manage that portfolio of risks, you're going to get into trouble and you're not going to create a relevant long-term organization. So this concept of risk intelligent dynamism became a very important part of it. It was totally aligned with what was going on in the investment world and financial institutions, but it was rarely applied outside of finance. So agility is just the broader version of it. It's about [00:39:00] dynamism. It's about the ability to reposition yourself to change, but it doesn't just involve repositioning the portfolio of risks. It involves repositioning the entire organization in terms of products and services, and the cultures, and human capital. So there is a very natural evolution from the world of Financial Darwinism and dynamism of risk to a broader [00:39:30] realm that became agility.

William Rowden: And for those of us that don't have a financial background, let me see if I am grasping what you mean by portfolio of risk. So whatever product or services your corporation is offering or organization is performing in order to get to whatever your goal is, there's some assumption around a market or a continuity of some activity that may or may not continue [00:40:00] into the future and so that's the risk that you're exposed to? And so you're then converting sort of your, the way I would think about it, as products and services, you're looking at it as a portfolio of risks. Am I grasping what you mean by that phrase?

Leo Tillman: Yeah. For instance, you could walk into any organization and say, "Okay, show me your risk management report that catalogs all the important risks and uncertainties [00:40:30] that we face as an organization." The obvious one is the earnings shortfalls and earnings volatility, which is a financial risk. But we have lots and lots of holdings that have market value exposures and will change values if interest rates change or inflation skyrockets. Some of our business have credit exposures. Some of them have liquidity exposures. So there's a whole slew of financial risks that we take as an organization to do [00:41:00] what we do. And same applies to operational risk. Whether we

have our people more or less, whether we have straight-through processes or not, whether we have a lot of human interaction that introduces mistakes, whether we have a culture that detects and prevents fraud. So this the operational risk.

And same applies to how we take our brand equity and deploy it with new products, [00:41:30] new services, social media campaigns. And same with strategic risks. So there is an ability, now after 30 years of evolution of risk management, to truly assess the risk exposures of the organization that underlie its business, and then start talking about how they change over time, how we manage them, how some of them could be excessive, or how our risk appetite as a firm may [00:42:00] not be big enough to achieve our objectives. So this entire, really sophisticated machinery of understanding risks and managing risks

that was originally developed in finance and investments now can be increasingly applied to the non-financial industry in very, very powerful ways. So and, again, once you understand what these risks are, you have to declare how you're going to manage them. Whether you're just [00:42:30] going to sit on them, where you're going to actively hedge or rebalance them when economic cycles change. And examples range from concussions in the NFL, to how balance sheets are managed, how products and services are rolled out.

William Rowden: Yeah, that's a fascinating story of how you've taken a financial concept and a risk management concept and broadened it and generalized it into [00:43:00] a concept of agility that can then be used to look at all levels of the organization, and of which agile software development is a subset. So you can bring in, as you said, 30 years of a different body of knowledge to that way of looking at how we transform corporations and, particularly, how we lead corporations. So that's a fascinating journey. ([00:43:30] silence)

Speaker 1: You're listening to Agile Amped. (silence)



William Rowden: I think I only have one more question for you and it's one I [00:44:00] think you've been primed for, because it's the one that we ask every guest on Agile Amped, which is what are you amped about?

Leo Tillman: Well, William, this conversation zeroes in on what I love doing. I love working with senior teams at this intersection, at this nexus of strategy, risk, organizational issues and leadership and culture, because the true nature [00:44:30] of the challenges and opportunities facing organizations is located exactly at that nexus. So "Agility" as a book has been really, really productive. It enables us to unify a lot of these conversations. It enables us to be very precise and practical about how one would go and create an institutional capacity to detect, assess [00:45:00] and respond to change and not just once to the current environment, but in general, under the notion that the change will be accelerating, disruption is going to continue, vast uncertainty is going to continue. And it all will be wrapped into this world of geopolitical conflict and competition, climate change, bio events, nationalism, populism, all of these big trends. So it's exciting to have something practical to offer [00:45:30] to executive teams who are truly trying to conceptualize this new normal and then answer the question of whether the organizations are positioned to succeed in this environment.

So that's what excites me and that's what we have been actively working on with our clients throughout this pandemic and now, and that is why I was so looking forward to this conversation.

William Rowden: Yeah, well, thank you very much, Leo. I have appreciated your time [00:46:00] with me today.

Leo Tillman: Such a pleasure. (silence)

Speaker 1: Thanks for listening to this episode of Agile Amped. If you learned something new, please tell a friend, coworker, or client about this podcast. For more inspiring conversations, subscribe to Agile Amped on your favorite [00:46:30] podcast app. If you have an idea for a topic or feedback on an episode, email us at agileamped@accenture.com. (silence)