TAMÁS BÍRÓ

INNOVATION AT STARTUP SPEED

PLAYBOOK FOR BUILDING ORGANIZATIONS THAT EXCEL IN DIGITAL INNOVATION

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DIGITAL READINESS FRAMEWORK

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E-BOOK VERSION

WHAT IS THE PURPOSE OF THIS BOOK?

Digital innovation without agility is impossible. Everyone knows that by now. The real debate is not whether agility matters, but how non-fake agility can take root inside an organization. Because let's be honest, most so-called *agile* organizations are nothing more than cargo-cult theatre, clinging to buzzwords while quietly strangling human motivation.

After years of research, painful projects, and far too much *bullshiitake*, I've come to a blunt conclusion: genuine agility only thrives in three places. First, in the raw, scrappy startup—a handful of founders with no money, living off adrenaline and caffeine, where the people doing the work are the owners and every decision has skin in the game. Second, in the corporate startup—the same lean setup, but bankrolled by a big company, usually with employees holding tiny ESOP slices instead of real ownership. And third, in the rarest beast of all: a fully transformed digital enterprise, a kind of unicorn where leadership genuinely understands agility and has the guts to live by it.

Everywhere else? Forget it. The average company is still run with dusty management methods borrowed from the last century, padded with myths, painful fake rituals, and big-four fairy tales. These practices don't just fail to support agility—they kill it stone dead.

This book is about how to build the opposite kind of organization: one that fuels motivation instead of draining it, one that allows agility at every level instead of just paying lip service, one that makes digital innovation not a wasteful gamble but a lean, frugal, repeatable process. Think of it as a recipe book for building companies that *actually work*.

Now, people love to say there's no recipe for success. That's a comforting lie. Let me give you a metaphor. If you've ever tried to bake a croissant without a recipe, you know it's hopeless. You'll spend months failing. But follow the twenty-plus steps—fold, butter, fold again, repeat until your hands ache—and you'll end up with that perfect, flaky pastry. Does a recipe guarantee you a Michelin star? No. But it saves you a *lot* of frustration.

This book works the same way. It doesn't promise you glory. It gives you a *framework*—a brutally practical playbook—that gets you there faster and with fewer scars. It's full of counter-intuitive truths that will piss some people off, because they clash with everything they've been taught since childhood. Schools drill the wrong lessons. Universities recycle outdated management nonsense. Even most MBA programs are stuck in the industrial age.

So why should you trust this framework? Because it's built on three solid foundations. First, actual science: research on human motivation, the psychology of change, and new economic thinking that challenges the old dogmas. Second, the lived practices of successful startups and digital organizations—I've studied their books, talks, and best moves obsessively. And third, my own thirty years of scars and wins in IT, including co-founding Barion, a fintech startup now worth tens of millions of euros. I learned from what worked, but even more from the failures, the endless ego-driven debates, the times when I knew I was right—backed by data and science—but was still voted down.

That's when I realized: the world doesn't need more corporate theatre. It needs a playbook that actually works.

Of course, many will dismiss this book. I didn't write it for them. I wrote it for the ones who are brave enough to face reality—for those willing to admit that most of what's taught in business schools is garbage, that LinkedIn "thought leadership" is mostly recycled fluff, and that success is not about luck, rich parents, good connections, or grinding sixteen hours a day. It's about the right methods and the right mindset.

If you're willing to drop the fossilized dogmas, to copy what truly successful startups do, and to apply it in your own world, you stand a real chance. A chance to build companies where people actually enjoy working, where customers spend gladly because they get real value, and where innovation is not a buzzword but a living engine of growth.

Here's my ask: use this book. Use it to build your startup, your corporate startup, or to finally transform your tired organization into something digital, agile, and alive.

"Do. Or do not.
There is no try."

– Master Yoda

THE HARD TRUTH ABOUT DIGITAL SUCCESS

Starting a company in the digital era means entering a world full of challenges and moving parts. Technology is not just a tool anymore, it shapes your product, your market, your customers, your team, and even how you think. To succeed, you need more than a great idea. You need the right mindset and the right practices from day one.

Many startups don't fail because the product is bad. They fail because the company behind it isn't ready. Too slow to adapt. No clear direction. Burning cash like a bonfire. Or unable to build a team that can actually grow with them. That is why *Digital Readiness* matters. It means building a company that is human centred, focused on results, connected to customers and prepared for constant change. It means creating a culture where your team finds meaning in their work, and where you as a leader are ready to lead that culture.

The problem is most founders don't have time to wade through endless theories and frameworks about how to run a truly agile, digitally capable organization. You're pulled in a hundred directions, solving real business problems every day. But skip this part and you risk building on the wrong foundations. In a fast-moving world, delay is defeat.

This guide is here to help you dodge that trap. It condenses the most important evidence-based insights about building and running a digital-age business. It offers a practical framework you can actually use without years of study. It gives you enough depth to shift your mindset, but not so much that it overwhelms. It's built for leaders who need confidence, clarity, speed and traction.

Without this kind of base, it's easy to fall into patterns that slow you down. You copy corporate habits that don't fit your stage. You mimic what you saw on TV or read online about how famous companies operate. That's how it's supposed to be done, right? At least that's what you heard, what business school preached, what logic dictates, what everybody does and believes. You fall back on outdated methods. Or you hesitate. And before you know it, innovation dies. The Digital Readiness Framework™ helps you act with confidence, align your

team and squeeze the most out of technology from day one.

This framework is *integrative* because it pulls from multiple disciplines and puts them into a form founders can use. It's *holistic* because it touches everything—from how you organise your team to how you deliver value. It's designed to support fast-growing companies that want to avoid the usual startup pitfalls and actually build something that lasts.

This is just one approach to digital readiness, but it's one that has worked for both industry leaders and scrappy early-stage teams. And in today's world every startup is a technology company, whether or not that's what you set out to build.

The framework will keep evolving. This is version two, and it will grow with new insights, feedback and practical use. Use it, challenge it, improve it. But whatever you do, don't ignore it. Building *Digital Readiness* into your startup from the start might just be the most important decision you ever make.

"It's a trap!"

– Admiral Ackbar

THE STRUCTURE OF THIS BOOK

Most books on startups or corporate transformation drown you in mechanics. They throw in frameworks, toolkits, and a forest of canvases, hoping that if you copy the rituals, success will follow. Spoiler: it won't. Mechanics are easy to sell, but they are not what makes the difference. Mindset is. This book puts leaders and their readiness at the centre. Without that, the smartest tool in the world won't save you.

Think of this book as a high-level playbook, not a methodological bible. I'm not here to bury you in detail, but to show you the essentials: what every founder, leader, or digital-age executive must know and prepare for. Use it to see the whole picture, understand how the pieces connect, and avoid the cargo-cult theatre that plagues most "agile transformations."

The core is the Digital Readiness Framework™ — a system built from 34 building blocks and 14 practices. On their own, each block is useful. But the real magic comes from how they fit together as one integrative and holistic system. That interconnectedness is what makes digital readiness work in practice, rather than remaining just another set of buzzwords.

Here's how the book unfolds:

Introduction to the Digital World

We start with the big picture. What makes the digital era so different? Why old management models fail? You'll meet the Coyote Effect — the illusion of stability that has many corporations running in mid-air, seconds away from a crash. And we'll make one thing clear: a fundamentally new *business architecture* is required.

Business Architecture and Its Flaws

We strip down what business architecture really means — the messy machinery underneath the glossy PowerPoints. Then we dive into the outdated assumptions most companies still operate on, from command-and-control leadership to silos and waterfall planning.

External and Internal Challenges

Here we face the storm: VUCA markets, shifting technologies, talent wars, and rising customer expectations. We also tackle the internal traps —

traditions, rigid strategies, toxic incentives, monolithic IT. This is the battlefield where your startup or transformation must survive.

The Digital Readiness Framework™

This is the recipe book. We walk through the building blocks and practices, from Purpose and Vision to OKRs, Servant Leadership, Agile Execution, Motivation Theory, and beyond. Each block comes with definitions, validation, practical advice, pitfalls to avoid, and how it connects to the rest. You'll see how the science, the startup practices, and my thirty years of scars fit together into one system.

Myths Out, Science In

Because business is still haunted by outdated dogmas and pseudoscience. Here we shine a light on the worst offenders and replace them with evidence-based practices.

The Digital Readiness Roadmap

Finally, we bring it all together into a practical path you can follow. A way to sequence the changes, avoid overwhelm, and move from your current state toward genuine digital readiness.

Throughout the Book, You'll Also Find

- Definitions in *italics* that are collected at the end for quick reference.
- Quotes from pop culture and science fiction — because let's be honest, Star Wars and The Matrix often capture reality better than business school textbooks.
- Examples, scars, and blunt truths that cut through the fluff and show you what actually works.

This book doesn't promise glory. It gives you a playbook to get there faster, with fewer scars. Think of it as your croissant recipe for building a digital-age company: follow the steps, adapt where needed, and you'll at least avoid wasting years on avoidable mistakes.

Some parts of this document may provoke you. Good. I didn't write it to comfort you; I wrote it to make you succeed. It's what you need to hear, not what you want to hear.

The rest is up to you.

"You may dispense with the pleasantries."

– Darth Vader

INTRODUCTION TO THE DIGITAL WORLD

We are living through one of the greatest shifts in human history. Just as the industrial revolution reshaped how people worked, lived and built organizations, the digital revolution is now rewriting the rules again. Technology no longer sits quietly in the background—it defines the economy, society and even how we think about leadership. To succeed, we must not only adopt digital tools but also rethink the very foundations of how businesses are created and run. This chapter introduces the digital era, the forces driving transformation and why a radically new approach to management and organization is essential for survival and growth.

Digital Era

We live in the digital era. This is the time when the world moves from an industrial-based economy to an information-based one, powered by software, mobile devices, cloud platforms and increasingly AI-driven systems. These technologies are not just channels of communication or commerce—they actively shape how value is created, delivered and captured.

Digitalization

Digitalization—often called digital transformation—is the adoption of digital technology to reshape services and businesses. It replaces non-digital or manual processes with digital ones, or older technologies with newer, smarter ones.

Digital solutions do more than support existing methods: they automate, scale and create entirely new forms of innovation and creativity. AI takes this even further by learning, adapting and performing tasks that used to require human judgement. Digitalization is not the same as digitization, which is simply converting information into a digital format.

Industries

Digitalization touches every industry. AI makes this impossible to ignore. All leaders are now digital leaders. All organizations are digital organizations. Leadership in the digital era must look very different from what most universities teach and from what most traditional companies still practise. The leaders who fail to understand the impact of emerging technologies risk making decisions with yesterday's logic in tomorrow's world.

Digital is Complex

Digitalization is powered by software, and software is inherently *complex*. AI adds another layer of complexity by introducing systems that don't just execute but also learn and evolve. Building software is radically different from producing physical goods, even electronic ones. The methods of the industrial age cannot be successfully applied to creating software—or AI-driven solutions. Because digital companies are built around software and data, complexity is everywhere.

Dealing with Digital

Organizations need a fundamentally different way to handle the complexity of digital work. Traditional management tools and industrial age thinking no longer fit. Hierarchies built for predictability struggle in environments where speed, change and uncertainty are the norm. New methods are needed that put learning, adaptation and people at the centre.

This isn't about adding a few new tools or tweaking existing processes. It requires questioning the very foundations of how companies are built—how strategy is created, how leadership works, how teams are organized, how technology is used, and above all how human talent is developed and motivated.

A fundamentally new *business architecture* is required.

The Coyote Effect

Many corporations are like Wile E. Coyote in those old cartoons. They've run straight off the cliff, legs still pumping in mid-air, looking around with that frozen smile as if nothing has happened. For a moment they seem fine—balance sheets still look strong, processes still run, managers still hold their meetings. But gravity always wins. The ground is waiting, and the fall is inevitable.

This is the state of many organizations today. They keep running on industrial-age assumptions, corporate habits and outdated management practices, even as the world beneath them has already disappeared. Technology, AI and digital markets have shifted the ground entirely, but inside the boardroom it feels "business as usual." They don't realise they are suspended in mid-air until it's too late.

The Coyote Effect is that dangerous illusion of stability—believing you're still on solid ground when in reality you're seconds away from a crash. The only way to avoid the fall is to stop, look down, admit where you really are and start building new ground under your feet before gravity does its work.

"Welcome to the real world."

– Morpheus

BUSINESS ARCHITECTURE

Before we jump in, let's be clear on what we mean by business architecture. It's the blueprint of how a company actually works—not the glossy strategy slides or the fluffy values posters, but the real machinery underneath. It connects strategy to execution: how people are organized, how decisions are made, how processes run, how technology supports it all, and ultimately how value is delivered to customers. Most companies have one, whether they admit it or not. The problem is, in many cases it's outdated, messy, or simply built for a world that no longer exists.

Structure

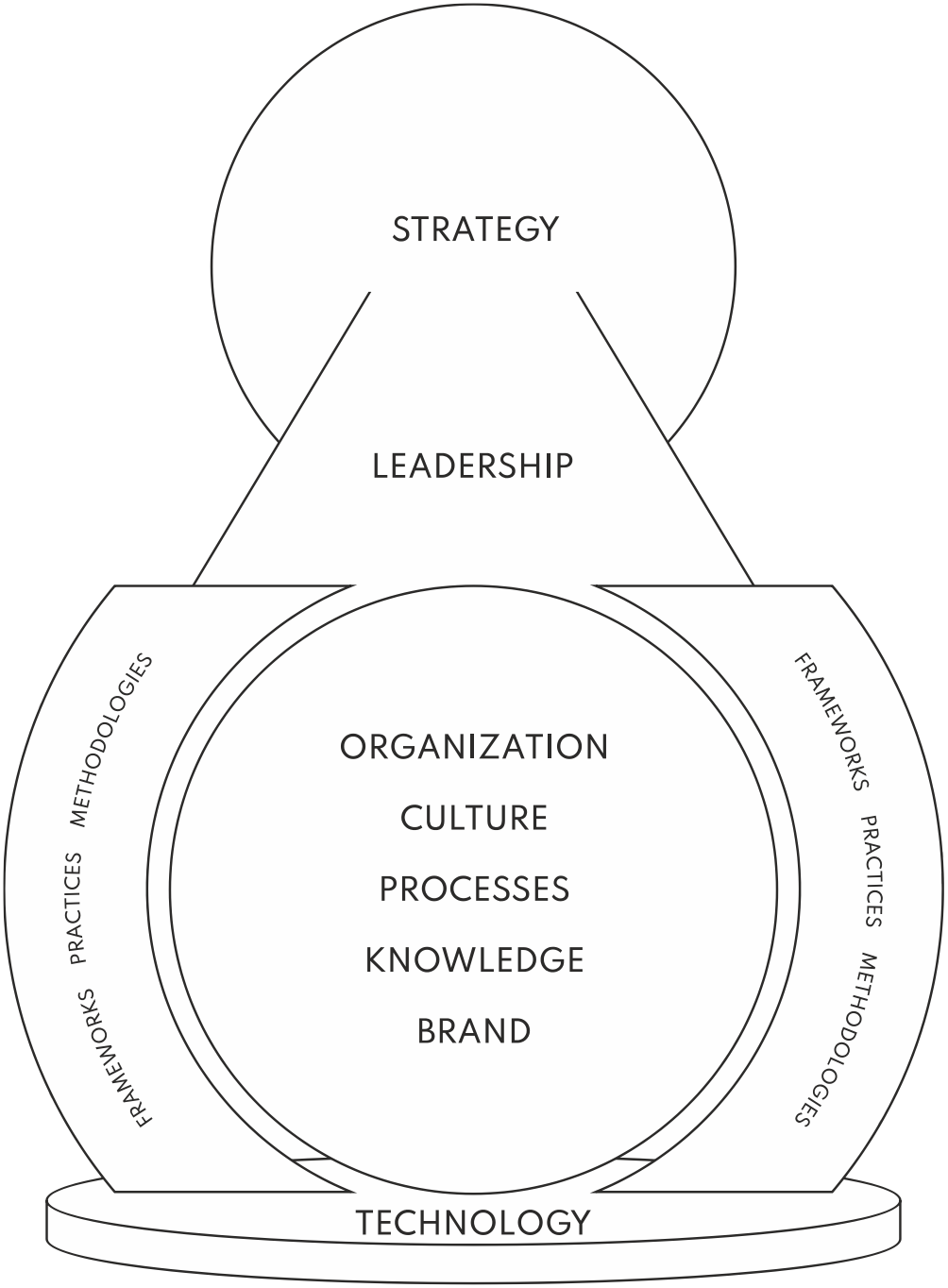
Companies of all sizes are built around the same logic. There is a strategy the company wants to follow, and there is leadership that translates that strategy into action. The organization has a structure, a culture, various processes, knowledge, and brands. Technology sits behind all this, enabling execution. The organization employs different frameworks, practices, and methodologies.

Accountability

Executives are accountable for building and maintaining the business architecture. The readiness of the executives, especially the CEO, is key to success. They drive the creation and execution of strategy; they build the organization and its culture. They shape and optimize processes and accumulate knowledge. CEOs are also accountable for how the company is perceived by the public.

Need for Change

In the following chapters, we'll show which external and internal factors demand radical changes to the business architecture of organizations that want to be *digitally ready*. We'll cover the symptoms of a traditional business architecture and dive into the root causes. Finally, we'll highlight the most important parts of the Digital Readiness Framework™ before going into detail.


STRATEGY
LEADERSHIP
ORGANIZATION
CULTURE
PROCESSES
KNOWLEDGE
BRAND
FRAMEWORKS
PRACTICES
METHODOLOGIES
FRAMEWORKS
PRACTICES
METHODOLOGIES
TECHNOLOGY

EXTERNAL CHALLENGES

As a startup founder or executive, you are not just building a company, you are doing it in the middle of a storm. The digital era brings challenges that cannot be ignored. Technology evolves faster than most teams can adapt. Global markets shift overnight. *Disruptive* business models appear unexpectedly. At the same time, customer expectations are rising, shareholders demand results, and the competition is constantly moving. The talent market is also changing, shaped by new generations with different values and work habits. All of this happens in what is often called a VUCA world, one defined by volatility, uncertainty, complexity, and ambiguity. Recognizing this reality is essential, because it is the environment where your company must survive and grow.

Digitalization

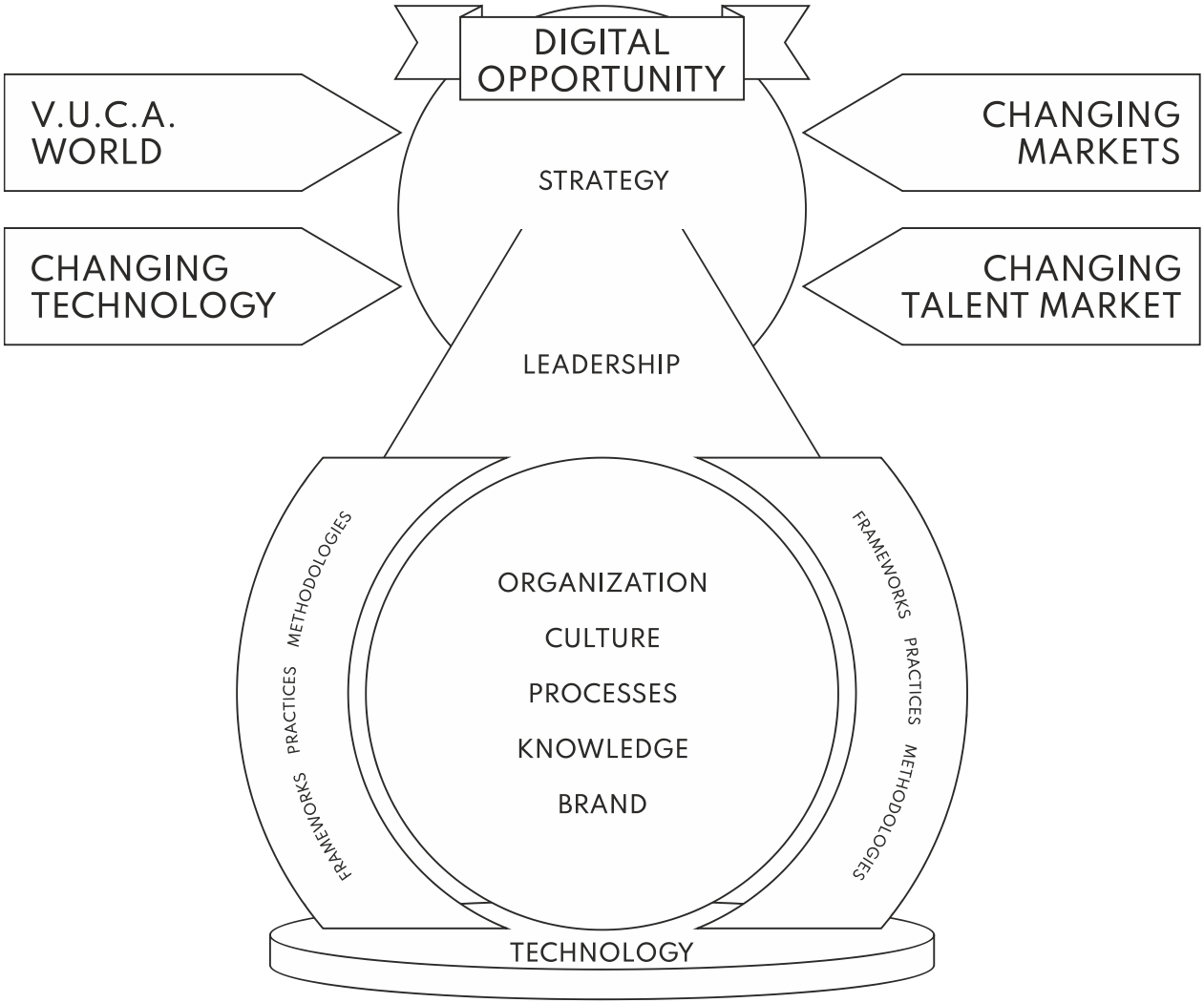
Digital technology is everywhere—in our homes, in our workplaces and in almost every part of daily life. Yet many people still struggle to understand and embrace it. They find it difficult to get the most out of digital tools. Businesses face the same challenge: they often fail to extract real value from digital technology and fall short in their digital transformation or product efforts. The chief cause of this is the inability to manage the complexity of digitalization.

Opportunity

At the same time, technology represents a powerful opportunity for growth. It creates new possibilities for organizations that can move quickly and seize the moment before their competitors do. Embracing digital technology is not optional—it is the only path to success in this era. Many experts argue it is also the key to survival.

Four Challenges and an Opportunity

We have grouped the most pressing challenges into four categories. In the following five paragraphs, we outline these four categories along with one major opportunity. A digitally ready organization has no choice but to prepare for these challenges. Failure to do so could be the last mistake the company ever makes.


DIGITAL OPPORTUNITY
V.U.C.A. WORLD
CHANGING MARKETS
STRATEGY
CHANGING TECHNOLOGY
CHANGING TALENT MARKET
LEADERSHIP
FRAMEWORKS PRACTICES METHODOLOGIES
ORGANIZATION
CULTURE
PROCESSES
KNOWLEDGE
BRAND
FRAMEWORKS PRACTICES METHODOLOGIES
TECHNOLOGY

V.U.C.A. world

Volatility, Uncertainty, Complexity and Ambiguity. Organizations face a growing array of unpredictable external forces including regulatory shifts, health crises, climate change, disasters, wars, terrorism, migration, and geopolitical tensions. These challenges are compounded by accelerating change and globalization, affecting resources, markets, and cultures. Meanwhile, the pace of technological advancement is unprecedented, further amplifying the pressure to adapt.

Changing Markets

Markets are becoming more dynamic and customer-driven, with rising expectations for speed, service, and innovation. New products, disruptive startups, social media influence, and fluctuating prices (raw materials, credit, energy) create intense competition and pressure for rapid adaptation.

Changing Technology

Technology evolves at breakneck speed, enabling disruptive business models, global competition, automation, and connectivity. Affordable, powerful computing, mobile ubiquity, and cloud scalability empower innovation while reshaping supply chains and industries. Artificial Intelligence in particular is accelerating this shift: automating complex tasks, surpassing human capabilities in specific domains, and unlocking new levels of decision-making and efficiency.

Changing Talent Market

Workforce expectations and dynamics are shifting. New generations value work differently, salaries are rising, and there's a global shortage of skilled talent, especially in tech. Education is lagging, remote work is mainstream, and companies compete fiercely for talent across borders.

Digital Opportunity

Digital technology presents a powerful opportunity for organizations to gain a competitive edge by embracing rapid innovation, automation, and data-driven decision-making. It enables businesses to solve previously unsolvable problems, streamline operations, reduce costs, and scale without massive investment. Companies can connect with customers in real time, enter new markets, and experiment quickly through platforms, APIs, and digital marketplaces. By leveraging the digitalization of other industries and the tech-savviness of new generations, forward-thinking organizations can disrupt competitors, discover new business models, and unlock value in entirely new ways.

"Things are only impossible until they're not."

– Jean-Luc Picard

INTERNAL ISSUES AND CHALLENGES

Do not build your startup or digital enterprise on outdated management thinking. Much of what is still taught today comes from the industrial age, a world built on predictable demand, rigid hierarchies, and slow change. The digital era operates under completely different conditions. Speed, complexity, and constant disruption are the new normal. Traditional methods will not help you succeed in this environment. They will slow you down and steer you in the wrong direction. It might feel safer to follow familiar playbooks, but that is a quick path to failure. If you want to build something that lasts, be ready to question everything and adapt faster than your competition.

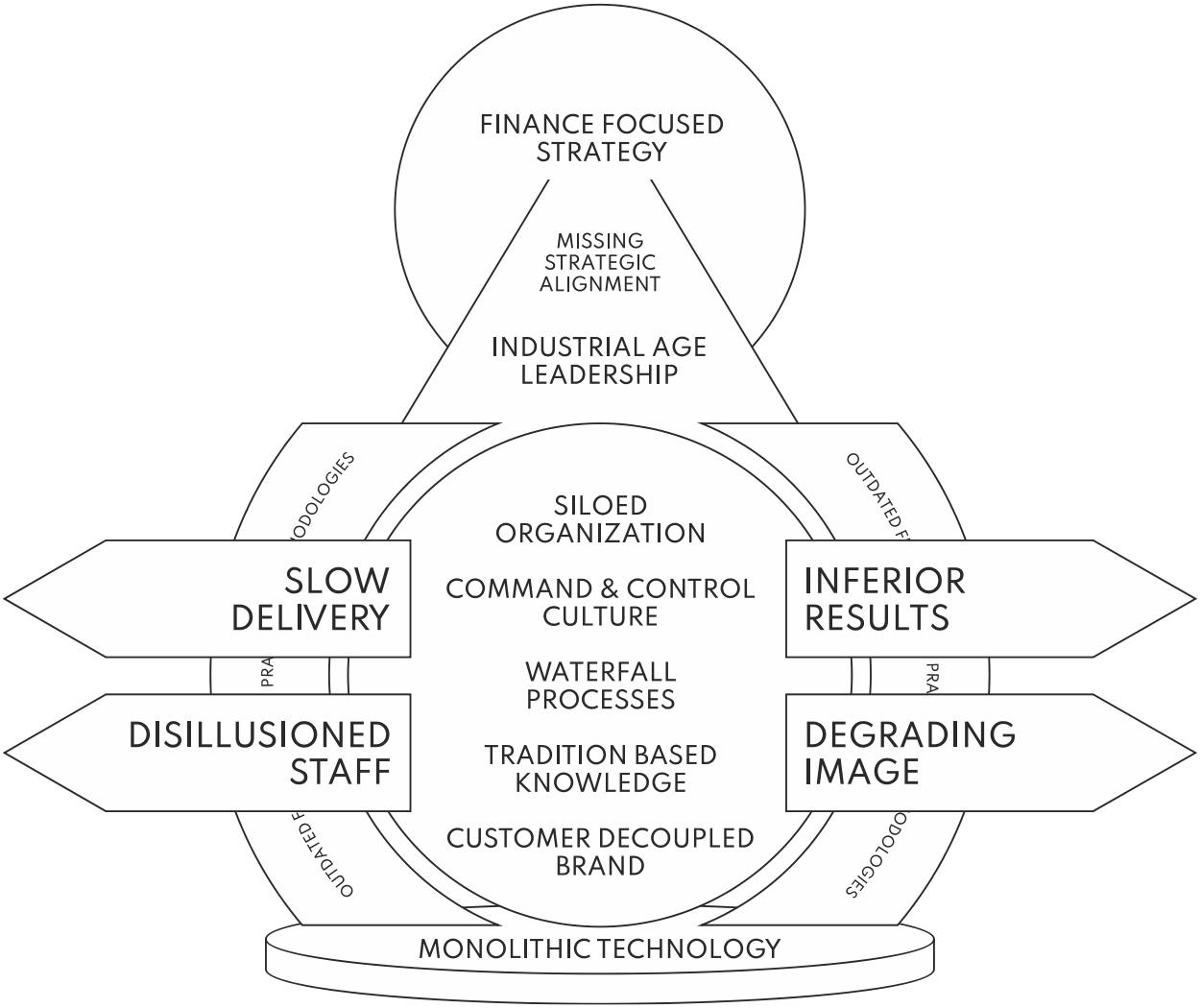
Flaws

In this chapter we highlight the most fundamental flaws of business architecture in the pre-digital era. Not all of these flaws apply to every organization. Companies sit at different levels of digital readiness, and some are already close to being prepared. Still, even modern digital companies often display these flaws and face the challenges described here. Executives who have the courage to confront these weaknesses—and the courage to change—are likely to become the winners of the years ahead.

Strategy

The strategy of the industrial age is finance focused. Instead of centring on the value created by people for other people, it treats strategy purely as a way to make money. Of course, digital businesses are also in the business of making money, but they recognise that revenue comes from customers paying for real value they receive in return. People are not motivated by someone else's hunger for wealth, even if they share a slice of it. Money is a consequence, not a goal of value creation.

Traditional strategy is also rigid, unable to adapt to external or internal change. Annual planning that leaves no room for feedback is doomed in a world where shifts happen at lightning speed and complex technology cannot be mapped out in advance.


FINANCE FOCUSED STRATEGY
MISSING STRATEGIC ALIGNMENT
INDUSTRIAL AGE LEADERSHIP
SILOED ORGANIZATION
COMMAND & CONTROL CULTURE
WATERFALL PROCESSES
TRADITION BASED KNOWLEDGE
CUSTOMER DECOUPLED BRAND
SLOW DELIVERY
INFERIOR RESULTS
DISILLUSIONED STAFF
DEGRADING IMAGE
MONOLITHIC TECHNOLOGY

Founder Incompatibility

Startups don't just fail because of bad ideas or bad markets—they often fail because the founders are fundamentally incompatible. The seeds of conflict are planted in differences that seem small at first but grow into chasms under pressure: core values, ethics, worldviews, even politics. Misaligned exit strategies, clashes over lifestyle choices or work–life balance, and different views on management practices all pile on. What if one founder believes in challenging the status quo, like the methods in this book, while the other clings to what business school taught them? Add biases, mental health struggles, neurodivergence or the deeper character flaws that come with personality disorders, and incompatibility may not show itself until stress brings it to the surface. When it does, the fallout can be fatal—not just for the partnership but for the whole company.

Leadership and Alignment

Leaders of the industrial age viewed employees as somewhat intelligent but costly machines. Managers saw their role as translating strategy into action and acting like commanders in an army. They motivated with *carrots and sticks*. The fundamental flaw here is that people need to know why they are doing a task. Without this, their judgement and actions are impaired. Furthermore, with little or no bottom-up information flow, the organization depends on management's knowledge rather than on the very people who do the work and interact with clients.

Silos

To support their army-like thinking, managers created deep hierarchies and built silos of employees specialised in a given discipline or activity. Most companies still copy this architecture today, largely because it is the traditional way and few dare to challenge it. Functional silos struggle to manage value streams that cut across multiple areas, as the hierarchy keeps them separated. Poorly aligned financial incentives and a lack of strategic alignment often turn silos into adversaries rather than collaborators.

Command & Control

As a result of this management style, a culture of direct orders and strict outcome control thrived. Employees became bosses and subordinates. Tasks and information flowed in one direction. Attempts at autonomy were usually suppressed. Rewards and punishments bred fear, motivation remained low due to missing strategic alignment, and work became a treadmill of grinding tasks.

Waterfall

The industrial age encouraged upfront planning for long periods, with the expectation of little change during execution. This produced the widespread use of the waterfall approach, where work is broken down into sequential phases. The flaw in waterfall is that it cannot cope with emergent behaviour, making it inadequate for managing the complexity of digital solutions and fast-changing environments.

Traditions

Countless organizations are built around traditions. Some traditions are genuine values that help define a company's identity. Most, however, are toxic myths carried forward from the past. Unmanaged knowledge and unchallenged myths can severely limit an organization's ability to grow and adapt to the challenges of the digital age.

Brand

Digitalization is not only about the technology organizations use but also about the technology customers use. The internet and social media have

transformed how customers interact with each other and with brands. Customers have never been closer to a brand—or to each other. Word of mouth now travels on a high-bandwidth, global network. One-directional communication no longer works.

Technology

Monolithic IT architecture is the enemy of innovation and responsiveness. Traditional corporate software solutions lack the flexibility to connect or extend, and they create data silos that limit the use of information. Many organizations still rely on outdated technology with performance, maintenance and development issues. Others are trapped in vendor lock-in. One of the toughest challenges is replacing these antiquated systems while maintaining service levels and protecting past investments.

Symptoms

Organizations struggling with weak or stagnant innovation typically face delayed time-to-market, projects with little or no return and stalled growth. Delivery is slow, financial and quality results fall short, and IT initiatives either fail or become endless money sinks. Costs are high, margins are thin, and motivation suffers. Talent leaves, engagement drops, and recruitment—especially for digital roles—becomes a major challenge. Internal knowledge disappears with departing staff, while company politics, disillusionment and strategic confusion further erode performance. Customer dissatisfaction rises, brand perception worsens, and digital products stagnate.

Strategy Issues

Often there is no clear or actionable strategy—just financial targets. Employees cannot relate to these, alignment is missing and organizations fail to respond to shifting market demands. Customer feedback is neglected or ignored, leading to wasted time and money on products nobody wants. Leadership may not be aligned or committed, and business models remain outdated or ineffective. Innovation stalls due to internal competition, and technology is rarely treated as a strategic asset.

Leadership Issues

Leadership frequently lacks engagement, vision or purpose, defaulting to command-and-control styles, outdated motivation tactics and demotivating practices. Talent attraction and retention suffer, collaboration is weak, meetings are inefficient, and alignment to strategy never materialises. People are treated as resources rather than contributors, which is why the function is still commonly called Human Resources (HR) instead of something more fitting, such as Talent Management. Important initiatives like digital transformation or agility are dismissed as fads, while leadership decisions are cost-driven and disconnected from strategic goals. Remuneration systems misalign with objectives, decision-making is slow, and leaders often lack the digital literacy needed to understand expert input or make informed choices.

Organizational, Process, Culture, Knowledge and Brand Issues

Silos dominate, departments clash, and service units such as legal, procurement or IT block progress. Cross-functional collaboration is rare and alignment to strategy is weak. Bureaucracy slows everything down, frustrating employees and draining innovation. Corporate culture may be toxic, with no clear objectives, overloaded KPIs and destructive internal politics. Brand values are not shared across the company, and bottom-up ideas vanish.

Core values may be undefined or misaligned with key hires, and knowledge management is non-existent. Cost-cutting reaches its limit, yet performance fails to improve.

Framework, Practice and Methodology Issues

Many organizations operate with outdated mindsets or apply the wrong frameworks to the wrong problems. Training is inadequate, waste goes unmanaged, and decisions are made in isolation. Teams have little or no contact with customers, over-invest before validating, and rarely reflect due to constant firefighting. Agile skills are missing, planning is rigid and deadline-obsessed, and iteration cycles are too long to fail fast. Business and technology remain separated, handovers slow down execution, and data is underused in decision-making. IT security often blocks innovation, and engineering practices lag behind modern demands.

Technology Issues

Technology is often misaligned with strategy, constrained by legacy systems, data silos and monolithic architectures. Scalability and performance suffer, while firefighting old systems distracts from upgrading them or building new ones. A few experts hold critical knowledge, documentation is missing, and vendor lock-in restricts agility. Security teams are overly cautious, new tech skills are scarce, and learning is deprioritised. Balancing operational SLAs with long-term innovation becomes a constant struggle. Usability is poor, feedback is ignored—diverted into a humongous to-do list where good ideas go to die—and the latest technological know-how is rarely integrated into daily operations.

AI

Artificial Intelligence adds another layer to the technology challenge. For some companies it is the accelerator that unlocks new opportunities, for others it becomes yet another source of paralysis. AI is not just another tool—it raises questions of data quality, ethics, bias, regulation and trust. It can amplify human talent and open new business models, but it can just as easily drain resources if bolted on without purpose. Many organizations either overhype AI or dismiss it as a fad, and both approaches are equally dangerous. The winners will be those that treat AI as part of their core architecture—integrated into strategy, technology and culture—rather than as an afterthought.

“The greatest teacher, failure is.”

– Master Yoda

SUMMARY OF THE FRAMEWORK

Digital success doesn't come from complexity or buzzwords—it comes from simplicity, people, and agility. Motivated teams, servant leaders, and purpose-driven strategies create organizations that adapt fast and deliver real value. The Digital Readiness Framework™ brings these elements together into a practical recipe: lean structures, autonomy, iterative processes, and smart use of technology. The result is a company that's not only ready for the digital era, but thrives in it.

Simplicity

As a startup founder or executive, you may feel pressure to design complex systems and processes to prove you are building something serious. Experience shows the opposite is true. Overcomplicating your business architecture or management approach rarely leads to better results. What works is simplicity. A few well-chosen building blocks and clear practices, applied consistently and in a connected, holistic way, are more than enough to build a successful company. Focus on what truly matters and keep it lean.

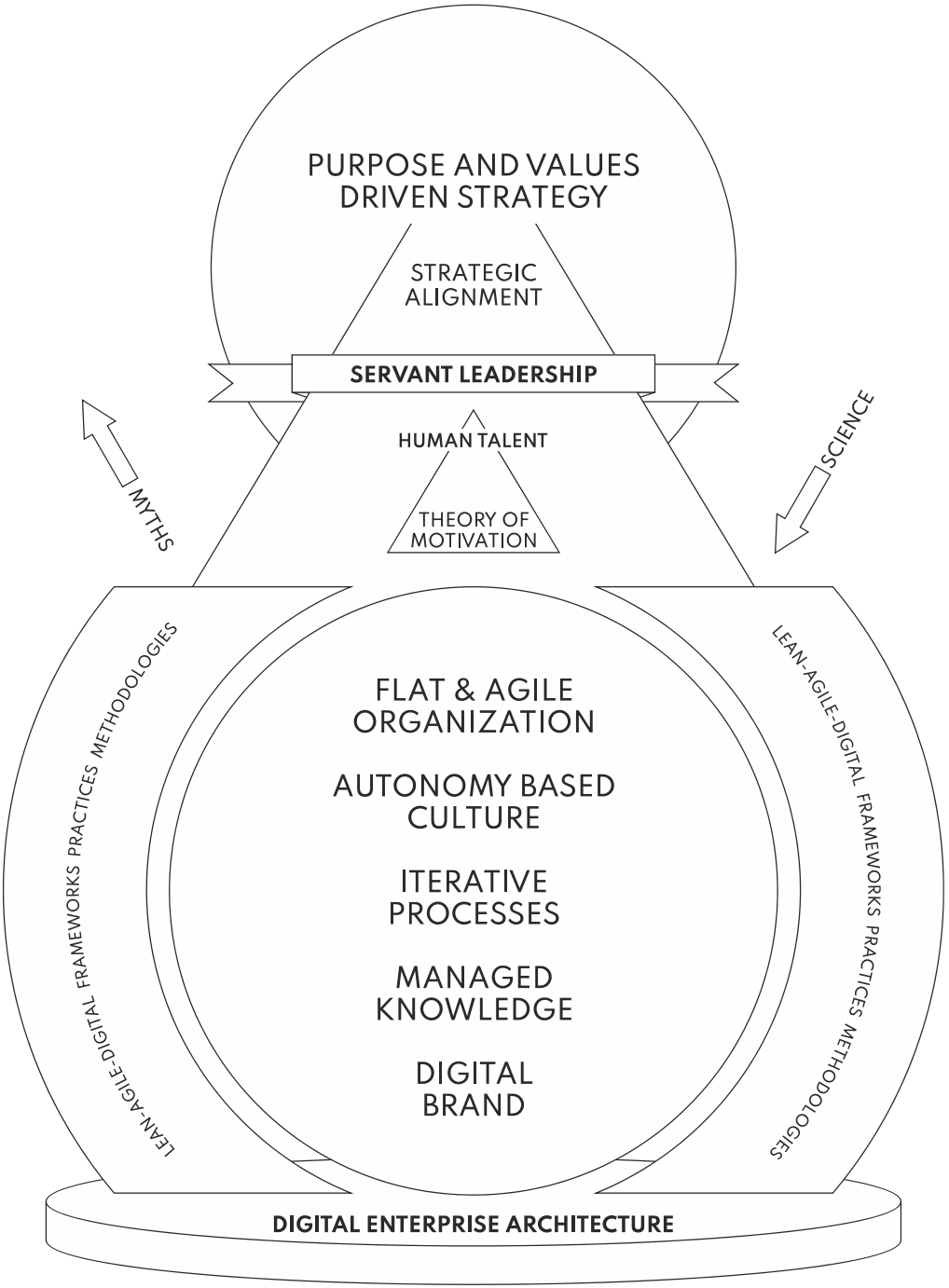
New Mindset

At the centre of digital organizations is human talent. To meet the challenges of the digital era, organizations and their leaders must learn how to better utilise that talent. This requires a human-centric mindset and a smarter framework for organizing work and keeping people motivated.

Focus on employees, give them freedom and guidance. Measure what matters and adapt frequently. Focus on customer value, not arbitrary indicators. Welcome and harness change. This is the agile mindset adopted to digital business.

Digital requires agile and motivated individuals, working in a culture that energises them. A great workplace isn't a luxury anymore; it's a necessity for survival.

Agile is a mindset, not a framework or methodology. It is not a buzzword or a fad. Those who dismiss agile because of failed adoptions make a dire mistake.


PURPOSE AND VALUES
DRIVEN STRATEGY
STRATEGIC
ALIGNMENT
SERVANT LEADERSHIP
HUMAN TALENT
THEORY OF
MOTIVATION
MYTHS
SCIENCE
LEAN-AGILE-DIGITAL FRAMEWORKS PRACTICES METHODOLOGIES
FLAT & AGILE
ORGANIZATION
AUTONOMY BASED
CULTURE
ITERATIVE
PROCESSES
MANAGED
KNOWLEDGE
DIGITAL
BRAND
LEAN-AGILE-DIGITAL FRAMEWORKS PRACTICES METHODOLOGIES
DIGITAL ENTERPRISE ARCHITECTURE

Levels of Agility

Leadership agility is the ability of top management to adapt quickly and lead in a digital-agile way. Strategic agility is the ability of the entire organization to make strategic changes as often as necessary. Team agility is the ability of self-managing teams to execute strategy and adapt as fast and effectively as possible. Digital success demands all three levels.

Purpose-Driven Strategy

People need purpose as a source of passion to stay motivated. A clearly defined and widely communicated purpose shifts the basis of motivation from money to value creation. The right mix of long-term and short-term objectives gives employees strategic alignment while enabling agility and feedback.

Strategic Alignment

Translating strategy into everyday action is no longer just the leader's job—it is the responsibility of the whole organization. Strategy must not bottleneck in leadership's knowledge. Strategic objectives relevant to employees replace commands. Measurable key results and regular reviews replace rigid control mechanisms and overloaded KPIs.

Servant Leadership

Instead of cajoling with rewards or threatening with punishment, leaders focus on maintaining an environment where employees flourish. Managers coach their colleagues rather than treating them like subordinates in uniform. They provide the physical and mental conditions that allow teams to perform at their best.

Motivation

Digitally ready organizations rely on the science of motivation. They give employees relevant objectives, autonomy and the chance to build mastery. Human talent is central to digital organizations.

Flat and Agile Organization

Efficient digital organizations are built around value streams rather than functional silos. A flat structure is more agile, delivering faster and with higher quality. Communication bottlenecks and long chains of command are replaced with collaboration facilitated by coaches, agile experts and *servant leaders*.

Autonomy-Based Culture

The culture of digital-agile organizations is grounded in employee autonomy and core values. Self-managing teams work toward strategic objectives they set in collaboration with managers. Employees measure their own work and cooperate with leaders to learn from the past and make better decisions for the future.

Iterative processes

An agile organization regularly stops to inspect and adapt its work. The Agile Execution Pyramid™ allows adaptation daily, monthly, quarterly and annually, while still aiming for a long-term mission and vision. Unlike the waterfall approach, iterative processes achieve better results in shorter cycles and at lower cost.

Managed Knowledge

Digitally ready organizations deliberately manage knowledge. They use frameworks and methods to build knowledge into the structure of the company. Instead of relying on tradition and myths, they rely on science and evidence. Knowledge is treated as pivotal to success.

Digital Brand

Digital brands connect directly with customers. They use existing technologies and create new channels to maintain two-way communication. Instead of relying on expensive, superficial annual satisfaction surveys, they gather direct and timely feedback.

Lean-Agile Practices, Frameworks and Methodologies

Executives must familiarise themselves and their managers with agile practices, then act as coaches to their employees in applying them. Training staff to be proficient in these practices is a major investment, but one necessary for successful agility or transformation.

Digital Enterprise Architecture

A flat, agile organization built around value streams requires solid technology as its foundation. One of the largest investments may be transforming the technology stack itself. Converting monolithic systems into service-oriented ones is hard but essential for digital success. Service-oriented architectures provide flexibility, interoperability and direct support for business objectives and agility.

Full Framework

In the next chapter, we present the building blocks of the Digital Readiness Framework™ in detail. This is followed by chapters on required practices and on the myths versus science of digital transformation.

"I can only show you the door. You're the one that has to walk through it."

– Morpheus

BUILDING BLOCKS OF THE FRAMEWORK

The core of the Digital Readiness Framework™ is made up of a set of essential building blocks. On their own, each element can already make a difference. But if you want to reach true digital readiness—the kind that gives your company real momentum—they need to be used together, as one integrated system. This framework draws from many proven tools, principles, and methods, but you do not need to study them all in detail. The goal here is not to overwhelm you with theory. It is to show you how these parts connect in practice and how they can work together to help you build a faster, smarter, and more adaptable company from the ground up.

Purpose

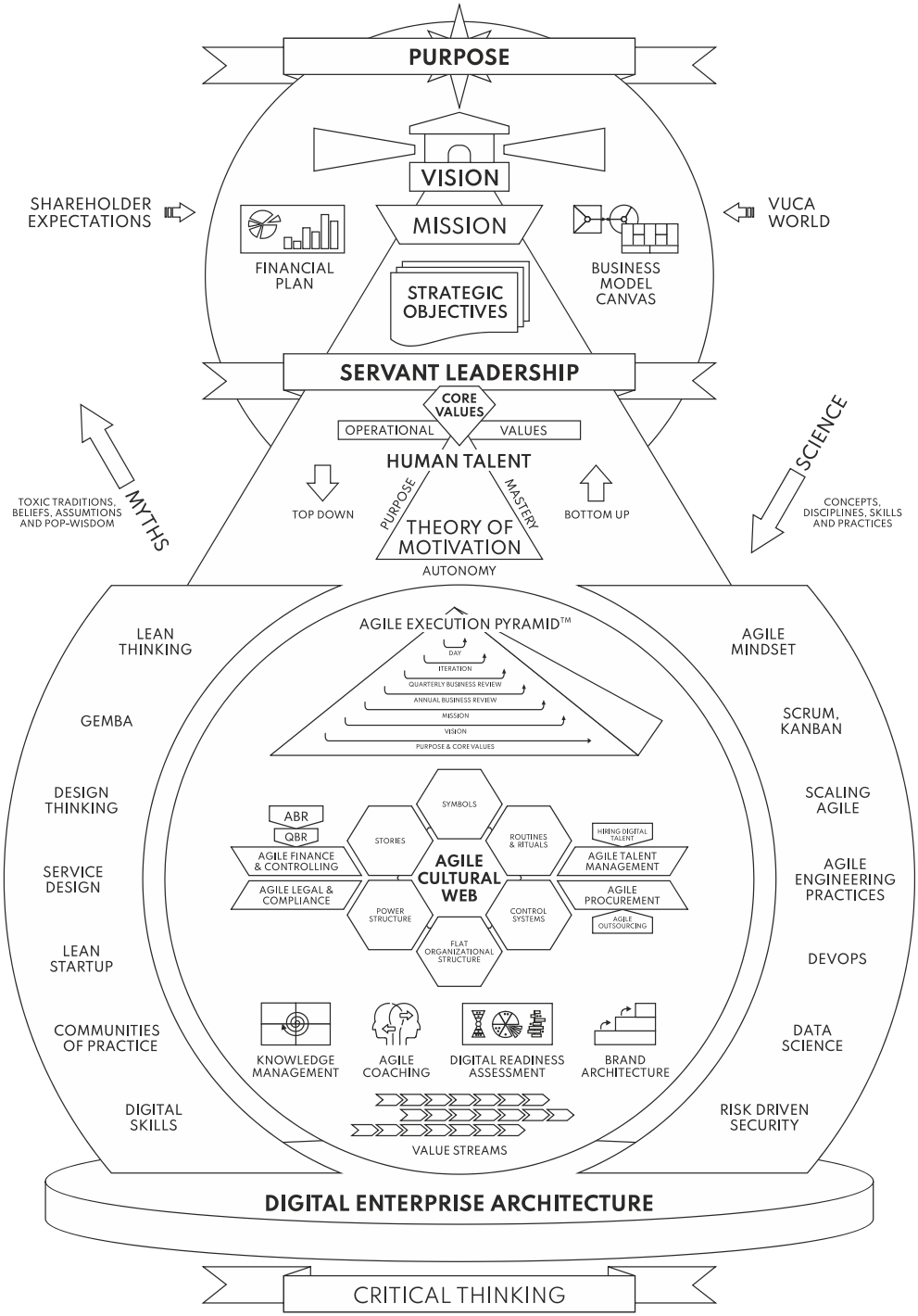
Purpose is the reason for a company's existence—a reason beyond making money. Often, purpose reflects a higher cause that the company's owners and leaders pursue. It may be a wish to change the world. Purpose is the driving force, the source of passion for leaders and employees. It acts as a North Star for all decisions.

Research shows that purpose- and values-driven organizations are more successful than others. Purpose should be defined by the founders or the highest-ranking leader of the organization. Almost all companies have one, but it is rarely documented or used officially, especially in smaller organizations. The purpose of a company rarely changes.

It must be widely communicated inside the organization as a basis for motivation, and outside as part of the brand. A purpose statement is often supported by a short descriptive paragraph to make it easier to communicate.

Purpose is often confused with Vision and Mission. Some experts use mission and purpose interchangeably. To avoid confusion, we stick to this definition. Beware of the "fake purpose"—a hollow statement that erodes motivation and trust instead of inspiring it.

Purpose provides the basis for a company's Vision and often for its Core Values as well. Having a clearly defined purpose is also central to the Motivation Theory behind this framework.


PURPOSE
VISION
MISSION
STRATEGIC OBJECTIVES
SHAREHOLDER EXPECTATIONS
VUCA WORLD
FINANCIAL PLAN
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SCALING AGILE
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RISK DRIVEN SECURITY
ABR
QBR
AGILE FINANCE & CONTROLLING
AGILE LEGAL & COMPLIANCE
SYMBOLS
STORIES
ROUTINES & RITUALS
POWER STRUCTURE
CONTROL SYSTEMS
FLAT ORGANIZATIONAL STRUCTURE
AGILE CULTURAL WEB
HIRING DIGITAL TALENT
AGILE TALENT MANAGEMENT
AGILE PROCUREMENT
AGILE OUTSOURCING
KNOWLEDGE MANAGEMENT
AGILE COACHING
DIGITAL READINESS ASSESSMENT
BRAND ARCHITECTURE
VALUE STREAMS
DIGITAL ENTERPRISE ARCHITECTURE
CRITICAL THINKING

Vision

Vision is the shared picture of mission success for the company. It describes a desired future state of the world and how it will be different for customers if the company succeeds. Vision serves as a lighthouse, giving direction to leaders and employees.

A strong vision helps employees stay motivated by providing a long-term objective. It should be defined by the founders or the highest-ranking leader of the organization and typically looks ten years or more into the future.

Vision must be widely communicated inside the organization as a foundation for motivation, alongside Purpose and Mission, and it often becomes part of the brand. The vision statement is usually supported by a short descriptive paragraph to make it easier to communicate.

A great vision is customer- or market-oriented, not simply about the company's own desired state. Some leaders hesitate to share their ambitious vision, fearing their employees will be intimidated by a "big hairy audacious goal."

Vision is derived from Purpose and provides the basis for Mission.

Mission

Mission is the master plan for creating value. It is the helicopter view of strategy, expressed in a compact statement or at most a few sentences. It outlines the actions needed to turn Vision into reality—or at least move closer to it. Mission acts as both map and compass, guiding everyday work.

Mission provides shorter-term motivation than Vision, as it is typically set for the medium term—usually no more than three years, although companies with distant visions may extend it further.

Mission is usually defined by the top management team but may also be shaped by bottom-up input from the organization. It changes more frequently than Vision in order to adapt to shifting circumstances.

Mission should be widely communicated inside the organization as a motivational tool, though it is rarely shared externally. The mission statement is often supported by a short descriptive paragraph for clarity.

Some experts use mission and purpose interchangeably, but to avoid confusion we stick to this definition: mission is an important assignment given to a person or group of people, while purpose is more of a vocation or calling. A common mistake is to confuse mission with a wish list or a set of tasks.

Mission is derived directly from Vision—as its definition implies—and serves as the basis for Strategic Objectives.

VUCA World

The outside world in the digital era can be described by the acronym VUCA. Disruptive changes have always happened, but the speed and scale of new technologies now have an overwhelming effect on our lives. In recent decades we have seen the rise of the internet and the World Wide Web, e-commerce, mobile computing, social media, blockchain, big data, the Internet of Things and now artificial intelligence, to name just a few. New business models and startups can appear at any time. In 2020 the COVID-19 pandemic disrupted our lives

overnight, without warning. Although pandemics are rare, the other categories of disruption are quite common.

VUCA was first used in 1987 to describe the volatility, uncertainty, complexity and ambiguity of modern conditions.

- **Volatility** is the nature and dynamics of change, and the speed of the forces driving it.
- **Uncertainty** is the lack of predictability, the constant potential for surprise, and the limited ability to understand unfolding events.
- **Complexity** is the tangle of forces, the confounding of issues and the absence of clear cause-and-effect.
- **Ambiguity** is the haziness of reality, the risk of misinterpretation and the multiple meanings of conditions and events.

The outside world directly and indirectly shapes Vision, Mission and Strategic Objectives. Businesses need ways to cope with disruptions that derail both long- and short-term plans. Those unable to adapt to the VUCA world will most likely not remain in business for long.

Shareholder Expectations

Shareholder expectations serve as the foundation of strategy. These expectations may vary, but expansion and profitability are the most common.

The financial goals set by owners usually shape strategy, and executing a particular strategy may in turn require investment. In a digitally ready organization, shareholders collaborate closely with management when setting financial goals.

A common pitfall occurs when shareholders attempt to control too many aspects of the financial plan—sometimes in counterproductive ways. Examples include limiting costs in specific areas or restricting headcount, both of which strip management of executional freedom. Expecting accountability without empowerment runs directly against Motivation Theory.

Shareholder expectations affect the Financial Plan directly, which then influences Strategic Objectives, Motivation Theory and ultimately the entire organization.

Financial Plan

Financial planning is the process of determining a company's future financial needs and goals, and the means to achieve them. It involves deciding which investments and activities are most appropriate in light of both the company's own situation and broader economic conditions.

Short-term financial planning involves less uncertainty than long-term planning, as market trends are more predictable in the near term. Short-term plans are also easier to amend in case of disruption.

Long-term financial planning connects directly to Vision and Mission, while short-term financial planning is tied to Strategic Objectives. The connection is bidirectional: financial goals set by owners may shape strategy, and executing a given strategy may require adjustments in the financial plan.

A toxic trend in today's business landscape is pursuing innovation without paying attention to either short- or long-term profitability. Another common pitfall is setting rigid, centralised budgets for silos instead of flexible

budgets for organizational units built around value streams. Rigid financial plans undermine business agility.

The Financial Plan is closely linked to the Business Model Canvas, Strategic Objectives and the Agile Execution Pyramid™. The Agile Cultural Web defines the structure for allocating budgets and setting revenue plans.

Business Model Canvas

The Business Model Canvas (BMC) is a template for documenting business models. It can be used both to design new models and to map existing ones. At its core, it is a simple chart with nine building blocks that describe the value proposition, infrastructure, customers and finances. Its greatest strength is simplicity, making it easy to communicate the business model across the organization and to use as a strategic management tool.

The BMC has been successfully applied in both small and large organizations as a simple yet powerful tool. Lean startups often rely on it almost exclusively. Management is accountable for documenting and communicating the Business Model Canvas within the organization.

The Value Proposition Canvas is a useful complement to the BMC. It ensures that products and services are designed and positioned around what customers truly value and need.

The BMC also serves as an important input for Financial Planning and for setting Strategic Objectives.

Strategic Objectives

Strategic objectives are statements that indicate what is critical or important in your organizational strategy. In other words, they are strategic goals the organization is trying to achieve in a certain period of time.

In this framework we use Objectives and Key Results or OKRs for setting and assessing strategic objectives. Objectives and Key Results increase strategic involvement and bring agility through concrete, specific and measurable action. OKRs are successfully used in large corporations as well as in startups.

OKRs provide short term purpose, a certain level of autonomy and the opportunity for mastery for employees, increasing their motivation. Objectives are motivating and actionable, Key Results provide an opportunity for regular measurement and adaptation. OKRs are used at different levels, from annual corporate objectives to quarterly organizational unit or team level objectives. Some organizations use personal OKRs as well.

OKRs provide visibility and transparency across the entire organization. The top management team is accountable for setting strategic objectives and running the OKR system. It is advisable to include bottom-up influence from the organization. The highest-ranking leader of the organization is accountable for setting, reviewing and monitoring corporate OKRs, usually working with a leadership team. The leader of an organizational unit is accountable for setting, reviewing and monitoring the OKRs of the given unit, in collaboration with the company's leadership team and members of the organizational unit.

A properly run OKR system facilitates learning, mostly learning from mistakes or spotting emerging opportunities. For learning to happen, consensus is required between teams and their leaders on how they interpret results or the lack thereof. This is true for all levels of management, even for board-level strategic decisions.

Maintaining an OKR system often requires a dedicated OKR coach who has the responsibility to train, mentor and coach employees involved in OKR setting and review, and to assist management in operating the OKR framework by organizing events such as Quarterly Business Reviews, also known as QBRs, or *Big Room Planning* sessions.

OKRs are widely communicated and must be central to the work of all employees. This brings about transparency and accountability.

Although OKRs are simple, there are many common pitfalls that can ruin an implementation. The most common ones are defining tasks instead of objectives or defining intermediate results as key results. Another dire mistake is to run a parallel system alongside the OKR system for managing and measuring performance, leading to confusion instead of alignment. Failing to synchronize organizational unit or team OKRs with one another or with corporate OKRs leads to clashes and misalignment. Focusing too much on financials in an OKR may be a sign of an uncertain or missing strategy.

OKRs derive directly from the Mission of the company. OKRs are translated to smaller OKRs, initiatives, tasks or agile backlogs at the team level, depending on the level of agility and type of agile Cultural Web in place. OKRs play a key role in bottom-up planning and Agile Execution.

Top Down and Bottom-Up Planning

When creating, measuring and evaluating Strategic Objectives with OKRs, valuable feedback from employees meets requirements from the leadership of the organization. When OKRs are implemented correctly, roughly 50% of them come from bottom-up planning. This practice highlights trust and enhances employee commitment and accountability.

In large organizations, top-down and bottom-up planning may take place in an event called Big Room Planning. Such planning sessions may be organized annually or quarterly, when all leaders, managers and key players gather in a large room—hence the name—to review, evaluate and set Strategic Objectives, facilitated by an OKR coach or facilitator. Our experience shows that a skilled facilitator can successfully organise such events with more than 100 participants at a time. In a startup, that often means bringing together the entire motley crew.

Servant Leadership

Servant Leadership is a leadership philosophy in which the main goal of the leader is to serve employees so they can perform at their best. When leaders shift their mindset and serve first, they and their employees both benefit: employees gain opportunities for personal growth, while the organization grows through their increased commitment and engagement.

Servant Leaders often coach their teams, moving from the “doer” style of management to a coaching role. Managers who adopt the coach approach focus on achieving strong operational performance by developing and maximising the talent of their employees. Doers, on the other hand, focus mainly on task issues and the technical aspects of the job. They often act as senior contributors themselves, which takes valuable time away from their managerial responsibilities. Servant Leaders, by contrast, are effective planners and delegators. They influence rather than control. To operate well, they require—and must foster—a culture of transparency and honest feedback.

Servant Leaders also rely on self-managing agile teams, where an Agile Coach or similar role helps teams manage their work without a manager. A common example of this is the Scrum Master in the Scrum framework.

Servant Leadership as a philosophy aligns well with setting Strategic Objectives and with Agile Execution.

Human Talent

At the centre of the Digital Readiness Framework™ is Human Talent.

The talent market is constantly changing. Talent is hard to find and expensive, so organizations need to make the most of it by keeping employees engaged and motivated. Fortunately, employees who find meaning in their work perform better.

A workplace where employees find meaning and happiness is no longer a pleasantry—it is a necessity for survival. More and more people, especially younger generations, are searching for what the slightly Westernized Japanese concept of Ikigai describes: doing what you are good at, what you love, what the world needs and what you can be paid for.

Workplaces where employees are happy and find meaning in their work also create a wider social impact. People bring less anger and frustration home, positively affecting their families and enabling family members to become better employees in other human-centred organizations.

This entire Framework is built around motivated individuals thriving in a culture where processes, technology, practices and bureaucracy do not hinder their ability to perform at their maximum.

Motivation Theory

Contrary to popular belief, the science of motivation is quite simple. For tasks requiring even basic cognitive skills, external motivators often backfire. Problem-solving demands intrinsic motivation, so managers must move beyond the outdated ideology of *carrots and sticks*. At the same time, demotivating factors are extremely easy to create.

Punishment does not work—and surprisingly, neither do rewards. Fear demotivates. Punishment clearly creates fear, but rewards can also trigger fear: the fear of losing the reward. Consequently, money does not motivate, but unfair compensation will strongly demotivate. Motivation Theory works best when money is taken off the table as an issue.

Intrinsic motivation is driven by purpose, autonomy and mastery. Purpose comes from long- and short-term objectives. Autonomy is enabled by Servant Leadership, a Flat Organization in the Cultural Web and Agile Teams. Mastery arises from frequent inspection and adaptation, which provide opportunities to learn and grow. Learning is further supported by Agile Talent Management and Servant Leadership.

A good rule of thumb for motivating knowledge workers: *to motivate, do not demotivate.*

Common pitfalls include reverting to command-and-control mechanisms after a minor failure, leading to the false conclusion that self-managing teams do not work, or attempting to measure individual performance "objectively." Instead, leaders should measure what matters—Key Results—using OKRs.

The study of human behaviour enables businesses to form an optimal ecosystem of people: first employees and customers, then suppliers, authorities, other stakeholders and the wider public.

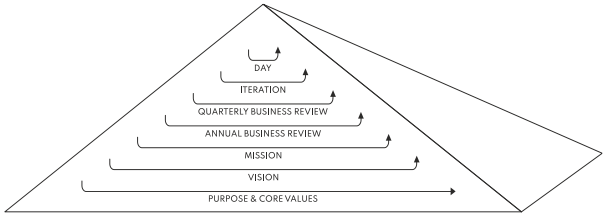
Motivation Theory connects to almost every other element of this Framework. It directly underpins Purpose, Vision, Mission, Strategic Objectives, the Agile Mindset and Agile Execution.

Agile Execution Pyramid

In a digital-agile organization, iterative execution and transparency are key to success.

Agile Execution builds on the foundation of human talent and motivation: fostering self-organization through coaching-oriented Servant Leadership, and continuous inspection and adaptation in gradually decreasing timeboxes.

A common pitfall is attempting to "do agile" without adopting the Agile Mindset, or neglecting to employ Agile Coaches or Scrum Masters. Some companies also struggle to connect OKRs with agile frameworks such as Scrum.



AGILE EXECUTION PYRAMID™

Purpose and Core Values

Purpose and Core Values rarely, if ever, change, so they can be considered perpetual to the organization. They are updated only when there is a major change in circumstances, such as mergers or acquisitions.

Vision

The Vision helps employees stay motivated by serving as a long-term objective—typically for more than a decade. It should only be updated when achieved or when circumstances render it obsolete, such as a major change in the market, technology or legal environment.

Mission

The Mission is the medium- to long-term master plan of the organization. While it can last as long as the Vision, it usually spans the next couple of years—rarely longer than three. It may need to be revised from time to time, often as part of the Annual Business Review, or when circumstances demand.

Annual Business Review

The primary role of the Annual Business Review is to act as an annual inspect-and-adapt event: reviewing the past twelve months and planning for the next twelve, using organization-level OKRs. An annual Digital Readiness Assessment precedes the review to provide data on employee values and readiness, supporting informed planning.

Quarterly Business Review

The Quarterly Business Review (QBR) is held at the end of every quarter to review the period and plan the next. The QBR is a regular opportunity to inspect and adapt, enhancing strategic agility and transparency. It works primarily with organizational unit-level OKRs.

Iteration

The timebox for monitoring OKRs should not exceed one month. Organizational unit and team-level Agile Execution is carried out in timeboxed iterations defined by whichever agile framework the organization uses. In the case of Scrum, Sprints must not exceed one month. Bi-

weekly iterations are common, while very short iterations are usually avoided.

Day

The smallest timebox is the workday. Most agile frameworks prescribe daily inspect-and-adapt events, such as the Daily Scrum. Following such daily practices is usually a sound approach.

Digital Readiness Assessment

Digital Readiness Assessment measures the level of Digital Readiness of the organization, with a strong focus on the Operational Values of employees. Organizations that measure and manage their operational values and readiness have consistently been found to perform better than others.

The assessment has two parts. Assessing the Operative Values of individuals and of the current and desired culture of the organization and assessing how the building blocks and practices of the Digital Readiness Framework™ are implemented and used.

Digital Readiness Assessment is usually conducted as an anonymous online survey of employees. Results should be analysed by a professional with experience in cultural assessments. The survey may be customised for different roles, such as managers, coaches or specific professions.

The assessment takes place during the two weeks leading up to the Annual Business Review, with data analysed the following week. The results are then reviewed in the Annual Business Review. The assessment should not be conducted more than once per year.

For new startups, where there is no existing culture to assess, evaluating founder compatibility is strongly recommended. This can focus on core values, personal goals, exit plans, lifestyle choices, worldviews and attitudes towards outside-the-box practices such as those described in this book, and even mental health. Misalignment in these areas is a frequent cause of interpersonal conflict and, in many cases, outright failure.

Core Values

Core Values are non-negotiable foundations of corporate culture, identity and alignment in execution. Purpose- and values-driven organizations have been found to be more successful than others.

Core Values are the set of principles, beliefs or ideals that an organization regards as central and never to be compromised. They provide the basis for building a company culture with strategic alignment.

Common Core Values often reflect beliefs about the world, society, people, markets, the industry in which the company operates, the technology it uses, the environment, work, employees, leadership, business practices, value creation or money.

Core Values should not include vocational or technical principles, as these may change with technology. Avoid confusing Core Values with Operational Values (also known as cultural or leadership values). Operational Values must be monitored and managed continuously, while Core Values rarely, if ever, change.

Experience shows that employees who do not embrace the Core Values of the organization contribute less than those who do. Differences in Core Values create conflicts that cannot be resolved, because they touch the principles that guide people's lives.

Core Values form the foundation of culture and directly influence Talent Management and Agile Outsourcing.

They are closely connected to Purpose, Vision and Mission, and the Cultural Web and Agile Execution are built on them.

Operational Values

Operational Values are the set of values and behaviours shared by employees and leaders that shape how they interact with each other and with the outside world.

Values-driven organizations have been shown to be more successful than others. Research consistently indicates that such organizations outperform their peers. They have a low percentage of limiting values and behaviours, and a strong alignment between current and desired values.

Operational Values emphasise how people work together (e.g. trust, openness, fairness) and what is important on a day-to-day basis (e.g. performance, quality, productivity).

Unlike Core Values, Operational Values must be monitored and managed continuously. The annual Digital Readiness Assessment provides a quantitative report on the values of the organization.

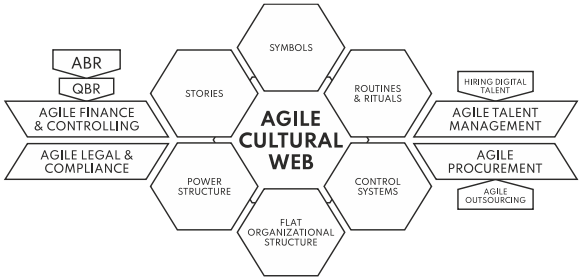
Agility depends on people becoming proficient in living the five *Agile Values*: Commitment, Focus, Openness, Respect and Courage. In a digital-agile organization, these Operational Values should be treated as default values under the umbrella of Agility or the Agile Mindset.

Operational Values are closely related to Core Values, Purpose, Vision and the Agile Cultural Web. Monitoring of Cultural Values happens annually during the Annual Business Review as part of the Digital Readiness Assessment.

Agile Cultural Web

The Cultural Web model provides operational excellence through structure, stories, processes, rituals, symbols and controls. The Agile Cultural Web is a version of the Cultural Web adapted for agile organizations and agile control mechanisms.

The Cultural Web identifies six interrelated elements that make up the “paradigm” – the pattern or model – of the work environment. By analysing each of these factors, leaders can see the bigger picture of their culture: what is working, what isn’t, and what needs to change. The six elements are: Stories, Rituals and Routines, Symbols, Organizational Structure, Control Systems and Power Structures.



Agility works best in flat organizations; hierarchy is the enemy of autonomy and, therefore, motivation. Hierarchies also hinder rapid inspection and adaptation by introducing chains of command and unavoidable bureaucracy.

The Agile Cultural Web should be analysed, adjusted and documented by management, and updated as required if it no longer serves the execution of Strategic Objectives.

Organizations should be built around Value Streams instead of functional silos. Such organizational units must

be cross-functional, meaning they contain all the functions and skills necessary to create value. While some centralized functions may be unavoidable, they introduce dependencies and bottlenecks. Certain functions can remain centralized, while others may be divided between agile, value stream–oriented units and centralized ones.

Each organization is different, so the type of agility needed should be built around the company's Vision and Mission, Strategic Objectives, and Brand Architecture. It is also strongly connected to Digital Enterprise Architecture, which must be adapted to the agile organization. However, because of its complexity and cost of change, enterprise architecture may limit agility, at least temporarily.

Copying other agile organizations, such as Spotify, should be avoided. While frameworks for enterprise agility exist, custom-tailored agility nearly always works best.

Servant Leadership and self-management are key to creating and sustaining an Agile Cultural Web.

Agile Finance and Controlling

Rigid annual financial planning must shift to continuous inspection and adaptation, supporting agility at every level.

The execution of strategy requires financial planning and controlling. If changes occur in execution, the financial plan must follow — otherwise agility is lost. The financial plan should be prepared with potential disruptions in mind, as such abrupt changes can also be harnessed for strategic advantage.

OKR-based Strategic Objectives require quarterly review and the setting of new objectives, also known as the Quarterly Business Review (QBR). The QBR is an ideal place to make adjustments to the financial plan when needed.

A common pitfall is weakening agility by refusing to change financial plans or by locking in structures too early, such as rigid capital or operational budgets. Employees in finance-related roles may feel disempowered by agility, so they may require coaching.

To maintain agility, the Agile Controlling team must be able to support day-to-day decision-making in other organizational units or agile teams.

Quarterly Business Review (QBR)

The Quarterly Business Review is held at the end of every quarter to review the quarter and plan for the next. The QBR addresses organizational unit–level strategic objectives and agile financial planning.

It is a quarterly opportunity to inspect and adapt, providing strategic agility and enhancing transparency. The QBR also helps align different organizational units by bringing them together.

The leadership team is accountable for holding the QBR, but it may be organized by the OKR coach if there is one. Depending on the size of the organization, a QBR usually lasts one to two days. Every fourth QBR also serves as an Annual Business Review (ABR), where additional reviews and planning are conducted at the end of the business year.

The QBR is for leaders and key members of each organizational unit. They come together to review and score existing OKRs and to set new OKRs for the next interval. The goal of the QBR is to learn from the experience of the previous quarter and plan for the next.

Agile Finance and Controlling are essential for the QBR to be effective. Changes in strategic objectives may require changes to the financial plan — or the plan may be constrained by available resources.

For large teams, the QBR is usually run as a Big Room Planning event, with up to 100 participants. Such an event should be facilitated by an experienced facilitator or OKR coach.

The OKR system also requires monthly monitoring between QBRs, where OKRs are checked to stay in focus. However, they are not fully evaluated and no new objectives are set at these monthly reviews.

Common pitfalls for QBRs include failing to hold them due to a perceived lack of time, or failing to reach agreement on lessons learned from OKRs — especially failed ones. In such cases, it is all too easy to slip into finger-pointing.

The QBR is closely related to Strategic Objectives, Agile Finance and Controlling, and is a cornerstone of Agile Execution.

Annual Business Review (ABR)

Every fourth QBR is also an Annual Business Review (ABR), where additional reviews and planning are performed at the end of the business year.

The ABR differs from a QBR in scope: it deals with organization-level strategic objectives and organization-level agile financial planning.

It is an annual opportunity to inspect and adapt, providing strategic agility and enhancing transparency. The ABR helps align different organizational units by bringing them together.

The leadership team is accountable for holding the ABR, but it may be organized by the OKR coach if there is one. Depending on the size of the organization, it usually lasts two or more days. The ABR also includes a QBR, reviewing the last quarter and planning the first quarter of the upcoming year.

The ABR brings together leaders and key members of each organizational unit to review and score existing annual OKRs and set new ones for the coming year. The goal is to learn from the experience of the previous year and plan for the next.

Agile Finance and Controlling are required for the ABR to be effective. The annual financial plan is reviewed and finalized for the next business year. Financial reports for shareholders and authorities are also discussed here, although preparing them may take longer depending on company size and legal requirements. Baselining the financial plan and strategy for the next year usually begins a few weeks before the ABR.

An annual Digital Readiness Assessment precedes the ABR, so data is available about the values and readiness of employees to support planning. If the results require action, they are turned into Objectives within the OKRs for the coming year.

As part of the ABR, the Mission and Vision are reviewed to see if they need adaptation.

For large teams, the ABR is often a Big Room event, with up to 100 participants. Such events should be facilitated by an experienced facilitator or OKR coach.

Common pitfalls for ABRs include scheduling them too early or too late — or not holding them at all, due to end-of-year stress and increased workload. Rigid annual

financial planning (often requiring plans to be frozen in the autumn) makes the year-end QBR futile and breaks strategic agility.

Note that the annual planning cycle does not need to coincide with the calendar year. While it usually matches the business year, this is not strictly necessary.

The ABR is closely related to Strategic Objectives, Agile Finance and Controlling, and is a cornerstone of Agile Execution. The Digital Readiness Assessment is an integral part of the ABR process.

Agile Legal & Compliance

In a digital-agile organization, legal and compliance teams must align with the pace and value delivery of agile teams.

Traditionally, legal and compliance functions have slowed down organizations with lengthy or counterproductive processes. Yet in regulated industries and in certain domains their role is critical. Failing to involve them early can result in severe consequences, including unexpected legal or regulatory action.

Whenever possible, involve legal and compliance experts from the very beginning of any new initiative. If a full-time role is not feasible, create a *Center of Excellence* (COE) from such experts and establish clear service-level objectives for supporting agile teams.

Management is accountable for ensuring cooperation between legal, compliance, and delivery teams. This includes setting clear objectives, managing expectations across the organization, and defining the company's *risk appetite*, which must be widely communicated.

Management is also responsible for preparing legal and compliance teams for agility: equipping them with the necessary digital skills and fostering close collaboration with technology experts.

Agile Talent Management

In a digital-agile culture, human talent is critical. To signal the different attitude towards employees, the term Talent Management is used instead of Human Resources.

A digital-agile organization shall practice value-based hiring: selecting staff based on how well they embrace the Core Values and the Purpose, Vision, and Mission of the organization. Employees are trained, developed, coached, and mentored either by their Servant Leader or by specialized experts in their domain. New hires shall be introduced to the Digital Readiness Framework™ and the artifacts emerging from its use.

Organizational structures that promote the development of digital talent include Communities of Practice, both organized and informal. These allow employees to deepen expertise, share knowledge, and grow beyond the boundaries of formal teams.

Many talented technology professionals exhibit behavioural patterns that non-tech colleagues may find odd or even irritating. Such individuals are often labelled with terms like *geek* or *nerd*. Managers and coaches must be prepared to recognize and embrace this psychological diversity instead of trying to suppress it.

Leaders, including members of self-managing teams, shall apply Diversity Management to optimize performance at the individual level. Personal OKRs can be used to manage opportunities or challenges related to specific people or teams.

Annual performance reviews shall be replaced by continuous feedback and coaching. OKR-related and Agile

events—such as QBRs, monthly monitoring, or agile retrospectives—provide regular opportunities to inspect and adapt in the field of Talent Management. These events also create natural moments for formal performance feedback from peers and managers alike.

The only sustainable way to motivate employees is to remove demotivating conditions. One unavoidable condition is financial compensation: failing to meet employees' expectations in this area leads to a major loss of motivation. Ownership-based compensation systems fit digital-agile organizations best. They simplify bonus calculation and eliminate the need for goal sheets or other secondary measurement systems. Talent management experts must therefore study and embrace Motivation Theory and the science of human behaviour.

Employee Stock Ownership Programs (ESOPs) also fit the personality types sought by digital-agile organizations.

In a flat organization, each Value Stream is managed by cross-functional groups of employees, usually organized as agile teams. Many organizations also establish Communities of Practice, not only to manage knowledge and development but also to share employer responsibilities, such as setting remuneration or making hire-fire decisions.

Hire and fire decisions in self-managing teams (such as Scrum teams) may be delegated to the team itself or to a line manager responsible for the team. In either case, an Agile Coach (or Scrum Master) is strongly advisable to facilitate the process, but coaches must never take part in decisions concerning the people they coach. Servant Leaders who practice coaching-based management do not count as coaches in this respect.

A common pitfall is using a remuneration system that conflicts with the Strategic Objectives of the company. Another is linking pay directly to OKRs. Talent Management is haunted by myths, false beliefs, traditions, and *pop-wisdom*, so it benefits greatly from proven practices of agility.

Most organizations encounter "agile bad apples" during their digital-agile transformation. These individuals may actively resist change out of fear of losing power—or the false assumption of doing so. Transparency, clear communication, and pre-emptive training about agility can prevent some of this behaviour. However, it is almost always necessary to discharge such employees early in the process; otherwise, they risk causing irreparable damage.

Many startups adopt the principle of hire fast, fire faster, based on the reality that cultural fit cannot be fully assessed without hiring—and those who do not fit must be let go quickly.

Agile Talent Management is rooted in Motivation Theory and interwoven with Agile Execution. The Cultural Web must be structured to support Agile Talent Management and to foster Servant Leadership.

Digital Recruitment

Hiring digital talent is often a challenge for business leaders. Many managers lack the technical know-how to properly assess the competency of tech professionals and may even struggle to communicate with them effectively.

We promote value-based hiring. To ensure cultural fit, new recruits must embrace the Core Values of the organization. A significant portion of workplace conflicts can be traced back to differences in Core Values. Since these values are extremely difficult to change, they usually

fall outside the scope of Talent Management, Coaching, or Diversity Management.

There are many techniques for assessing culture fit and technical skills, yet no single approach has proven consistently superior. We advise leaders to experiment and adopt methods that work best in their organizational context.

Leaders of organizational units are accountable for hiring. They must involve their teams in the process, and in some cases hiring decisions may even be delegated entirely to self-managing teams. Agile Coaches may facilitate interviews, but they must never take part in the final decision. Naturally, when hiring coaches, the decision should be made by other coaches together with their leader or by a self-managing team.

A common pitfall is compromising on Core Values, usually justified by a candidate's exceptional skills or by pressure to fill the role quickly. Such compromises almost always backfire and undermine long-term cultural health.

Digital Recruitment is part of Agile Talent Management and is closely related to the Cultural Web.

Agile Procurement

Agile Procurement is an open and collaborative approach that works with agile teams to acquire goods, services, or external work faster.

Where traditional procurement often obsesses over price and imposes tough conditions on suppliers, Agile Procurement focuses on quality, speed, shared values and sustainable cooperation.

A central procurement team can still add value for certain goods and services where volume strongly influences price and conditions. But for agile teams, time usually matters more than price. Any savings from a lengthy procurement process can be quickly outweighed by the losses caused by delay or declining motivation.

A good practice is to prepare for unplanned procurement by keeping a portfolio of prequalified, trusted vendors under framework contracts.

Management is accountable for setting expectations and objectives for the procurement team.

A common pitfall is prioritizing price — often through tendering or competitive bidding — at the expense of quality or delivery speed. Involving procurement and agile teams together in creating Strategic Objectives helps set clear expectations on both sides.

Agile Outsourcing

Agile Outsourcing is the practice of delegating specific activities to an external service provider, usually in IT development or operations. Outsourcing typically takes two forms: a project with a defined outcome, or renting talent for a fixed time.

Organizations outsource to gain temporary capacity, access special expertise or technology, or meet urgent deadlines. The best partners are agile service providers with strong cultural fit. Small, well-scoped projects may work with traditional outsourcing, but for larger or ongoing needs, agility is essential.

Assessing a provider's agility can be difficult. Involving an Agile Coach is recommended. Tenders are often counterproductive, though useful elements — such as separating technical evaluation from price — can still be applied. Culture and mindset are best evaluated through

live presentations, site visits, or trial projects. References help, but experimentation works best.

Since qualification can be tedious, many organizations maintain a portfolio of prequalified vendors under framework contracts for rapid assignment.

When working with outsource partners, collaboration should take precedence over contract negotiation, as per the Agile Manifesto. Agile contracts — similar to time-and-materials but with clear exit clauses and mechanisms for change — usually work best. They balance flexibility with reduced risk through transparency, frequent inspection, and adaptation. Fixed-price, fixed-scope contracts may seem safer, but often lead to low quality, inflated pricing, or endless change requests.

Common pitfalls include choosing large companies for their perceived safety, only to see the work further outsourced and falling into vendor lock-in, where switching becomes prohibitively costly. Over-documenting rarely prevents lock-in but does raise costs.

Long-term outsourcing can also prove more expensive than hiring staff. Headcount limits may hinder agility and reduce managerial autonomy. Core competencies should never be outsourced.

Finally, central procurement is usually ill-suited to IT outsourcing. Procurement specialists must collaborate directly with the unit or agile team in need to find the optimal solution.

Agile Outsourcing is closely tied to Agile Execution and Core Values.

Knowledge Management

Knowledge is central to a digital organization. The deliberate process of acquiring, creating, and transferring knowledge is known as Knowledge Management. This process may be formal or informal, but in either case Communities of Practice play an important role by fostering the sharing of expertise and supporting the development of individuals as professionals.

The ultimate goal of Knowledge Management is to cultivate tacit, or implicit, knowledge in employees — knowledge that can be applied in real work but is difficult to put into words or transfer directly. Passing on this kind of experience, insight, and wisdom is equally essential, and a variety of techniques can be applied to do so. Among them, learning by doing has consistently proved to be one of the most valuable ways of embedding knowledge into practice.

There are several common pitfalls that organizations face when managing knowledge. One is failing to capture and transfer the key knowledge held by an individual before that person leaves the company, which often leads to a permanent loss. Another is cutting back on training for fear that the investment will be wasted if employees leave, while neglecting the greater risk and hidden cost of having untrained staff remain. Many companies also make the mistake of encouraging employees to accumulate certifications and exams rather than developing real tacit knowledge. Similarly, tying learning too closely to financial rewards strips away the natural curiosity and enjoyment of learning, and often results in demotivation rather than growth.

Knowledge Management, when done well, creates a living system of shared expertise. It is closely connected to Communities of Practice, which provide the structures and

relationships that make it possible for knowledge to be created, transferred, and sustained over time.

Agile Coaching

A digital-agile organization requires a profound mindset change and ongoing attention to maintaining the lean-agile mindset, upholding Core Values, and living the Agile Values. Experience shows that even the most seasoned agile teams need continuous coaching and guidance from dedicated team coaches, agile coaches, or, in the case of Scrum teams, Scrum Masters. The presence of such coaches strengthens performance, reduces conflicts, and fosters collaboration both within the team and across the wider organization.

For an organization to achieve true agile excellence, its primary leader must become an agile advocate and coach for the entire company. This responsibility cannot be delegated; it is an integral part of the digital-agile CEO's role. Without agile thinking at the highest level, there is always a risk of relapse into old, non-agile patterns, jeopardizing the transformation. Executive teams are therefore advised to employ a dedicated senior agile coach who can mentor other agile coaches inside the organization and lead a community of practice for them.

A frequent pitfall is to rely on renting expensive agile coaches from external providers instead of investing in training and developing internal talent. Another is attempting to economize by stretching agile coaches, particularly Scrum Masters, across multiple teams. Such practices undermine agility and send the message that agile is not a true priority for the organization.

Agile coaching is required for all agile activities. Beyond direct team support, agile coaches may also take on the role of practice and methodology trainers or mentors, helping to sustain agile thinking and strengthen the organization's long-term capability to adapt and thrive.

Brand Architecture

Brand Architecture provides a framework for guiding customers through their journey and for ensuring consistency in both internal and external communication. It not only shapes how the organization presents itself to the market but also helps employees understand the promises made to customers. Since employees play a critical role in delivering on these promises, any misalignment between their internal experiences and the messages communicated externally can lead to frustration and demotivation. A clearly defined and widely shared brand architecture within the organization also fosters transparency and alignment.

The process of defining brand architecture begins with analyzing products and services and identifying the relevant brands. A destination plan then establishes the company's objectives for each brand, specifying target audiences and clarifying how the organization intends to influence their thoughts, emotions, and actions. From there, product features are translated into functional benefits, which support emotional benefits that, in turn, create a meaningful customer experience. Finally, communication vehicles are chosen to carry the brand messages emerging from this process to existing and potential customers.

Since product delivery has a direct impact on brand perception, brand architecture must remain agile, with regular inspection and adaptation to ensure it remains relevant and effective. A common pitfall is treating branding as separate from the rest of the digital-agile business architecture, executing marketing activities in isolation. In reality, many elements of the Digital

Readiness Framework™ directly or indirectly influence brands, just as brands shape the effectiveness of other elements.

Brand Architecture is closely connected to Value Streams and Strategic Objectives, since strong, coherent branding supports the achievement of sales-oriented goals and reinforces the overall strategic direction of the organization.

Value Streams

A Value Stream is the set of actions that create value for a customer, starting from the initial request and extending through realization of that value. It begins with an initial concept, continues through development and delivery, and concludes with support and the customer's actual experience of value. By definition, every Value Stream begins and ends with a customer.

Value Streams are key components of the business ecosystem, describing how a customer or stakeholder receives value from an organization. Identifying and analyzing Value Streams is a responsibility of management, and in digital-agile organizations they form the foundation for optimizing value delivery. Instead of structuring around functional silos, organizations should build an Agile Cultural Web around Value Streams.

A common pitfall is failing to allocate certain capabilities—such as IT development, legal, or compliance—directly to organizational units built around Value Streams. This omission creates dependencies that undermine agility. If it is not feasible to embed these capabilities into each Value Stream, they may be centralized, but in that case they must operate with agile practices and mechanisms to serve multiple Value Streams effectively.

It is important to note that Value Streams are neither processes nor customer journey maps. Rather, they represent the holistic flow of value delivery. Value Streams have a direct impact on both the Digital Enterprise Architecture and the Agile Cultural Web, and they serve as one of the most important lenses for structuring a digital-agile organization.

Digital Enterprise Architecture

Digital Enterprise Architecture (EA) is a modern approach to enterprise architecture that fully recognizes the impact of digital transformation and strives to keep the organization ahead of the digital curve.

Agility requires replacing monolithic architecture with service-oriented solutions focused on interoperability. It also requires abandoning the traditional up-front planning mindset in favour of experimentation and a lean mindset. At the same time, emerging technological trends—such as AI— must be continuously monitored, tested, and assessed against the organization's Vision, Mission, and Strategic Objectives.

Certain IT responsibilities are more effectively managed by a central team—such as infrastructure operations, networking, and security. Others, however, are best placed close to the Value Streams. Software development and integration, for example, may be distributed into cross-functional agile teams within organizational units built around Value Streams, or they may remain within a central IT organization. In most cases, the optimal solution is a hybrid model where some functions are centralized, and others are distributed. A central IT team may also host *Centres of Excellence*, but close collaboration with distributed teams is essential. Leadership is accountable for facilitating this balance and finding the optimal arrangement for the organization.

The head of IT must be a member of the top-level leadership team or board, ensuring that technology decisions are fully aligned with strategy.

Large organizations face the challenge of upgrading their enterprise architecture while maintaining reliable services to the rest of the business. This requires careful balancing of long-term transformation and short-term operational stability, demanding top-level decision making and strategic foresight.

A common pitfall is to expect the flexibility required by agile execution or modern software development from outdated legacy systems. Another frequent issue is misalignment in the level of risk-taking tolerated by IT professionals compared to managers, leading to clashes and restrictive policies that curb opportunities and impair user experience. Information security is a particularly sensitive field where this tension often manifests.

Digital Enterprise Architecture spans the entire landscape of information systems within the organization. These systems must be designed to support Value Streams, the Agile Cultural Web, and Agile Execution. To achieve this, organizations should adopt Agile Engineering practices to unlock the full potential of IT.

Myths

Many organizations are burdened by traditions, beliefs, myths, and *pop-wisdom*—or even outright pop-psychology. Practices rooted in tradition or pseudoscience rather than science can cripple the digital-agile way of working, so leaders must act decisively to remove them from daily operations.

Unlearning harmful practices takes time, particularly when they originate from authority figures or respected individuals, sometimes even from the company's founders. Others persist because they are based on faulty analogies—concepts that may have worked well in the industrial age for physical production or engineering, but which fail in the digital-agile domain.

At the end of this document, we provide a list of such toxic practices, along with their evidence-based counterparts.

Science

The Digital Readiness Framework™ is augmented by concepts, theories, laws, disciplines, skills, and practices that help leaders both understand the framework and apply it effectively. Learning these enhances its impact, so leaders must actively promote their adoption throughout the organization.

Some of these practices require outside-the-box thinking, as they may appear counterintuitive at first. Others challenge the status quo so strongly that many managers instinctively dismiss them as false. Yet their consistent application provides a measurable advantage in digital-agile organizations. A list of such useful practices is included at the end of this document.

Critical Thinking

The entire Digital Readiness Framework™ rests on scientific findings and Critical Thinking. At its core, critical thinking is the rational, sceptical, and unbiased analysis of facts to form sound judgment.

It is self-directed, self-disciplined, self-monitored, and self-corrective thinking. It demands adherence to rigorous standards of excellence and mindful command of their use. It also requires effective communication, structured problem solving, and a deliberate effort to overcome both personal egocentrism and cultural bias.

A common pitfall is to let cognitive biases undermine critical thinking. A bias is a disproportionate weight for or against an idea, individual, group, or belief, usually in a closed-minded, prejudicial, or unfair way. Biases may be innate or learned, and in science and engineering, bias manifests as systematic error.

Critical thinkers practice the art of reasoning and debate instead of confrontation. They are able to identify logical fallacies and biases not only in others' arguments but also in their own.

When applying critical thinking, it is important to differentiate between two very different situations that may at first appear similar. Neurodivergent individuals—such as those with ADHD, autism spectrum conditions, or related traits—often demonstrate literal thinking, a strong attachment to facts, and difficulty tolerating "white lies" or ambiguity. These tendencies are not signs of resistance or malice, but of a different cognitive style. In fact, such individuals often bring clarity, precision, and an unwavering commitment to truth that can be of great value in digital-agile environments, provided they are understood and supported.

Some neurodivergent individuals also experience Rejection Sensitive Dysphoria (RSD), a heightened emotional response to perceived criticism or rejection. What may seem like ordinary feedback can be felt as deeply painful, even if no offence was intended. This is not stubbornness or unwillingness to improve, but a neurological pattern. Recognising RSD helps leaders and peers deliver feedback with empathy and clarity, ensuring that constructive guidance is received as intended rather than experienced as personal harm.

In contrast, manipulative individuals, including those with certain personality disorders, may appear equally rigid in argument but for very different reasons. Their goal is not to arrive at truth or facts but to exert control, protect their ego, cause harm or pursue a hidden agenda, usually involving money or power. In such cases, no amount of factual reasoning will resolve the conflict, as the dispute is not about truth but about power. Leaders and coaches must recognise this distinction: the first group benefits from patience, inclusion, and psychological safety, while the second requires firm boundaries, accountability, and often removal from positions of influence. Confusing the two can either exclude valuable neurodivergent talent or empower destructive behaviour.

Critical thinking is indispensable for applying the Digital Readiness Framework™ in its entirety.

"You must unlearn what you have learned."

– Master Yoda

ESSENTIAL FRAMEWORK PRACTICES

A digitally ready organization must apply a set of frameworks, tools, and practices to succeed. The list that follows may not be exhaustive, but it covers the essentials. These are the practices we have found to be most critical — the ones you cannot afford to overlook without putting your digital readiness at risk.

Lean Thinking

Lean thinking is the continuous reduction of waste while creating value. Every employee must be trained to recognise waste and to contribute to a culture where eliminating wasteful work and processes is considered a virtue. The principle is simple: use only what is absolutely necessary to create value. This means only the essential documentation, only the essential policies and processes, only the essential hierarchy and control, and only the essential people, checkpoints, approvals, and handoffs. Anything beyond that is waste.

Lean Startup

Lean Startup is both a mindset and a set of practices for developing products and business models. It is also a global movement that has transformed how products are conceived, built, and launched. The approach works by releasing products as early as possible and running experiments based on customer feedback. By focusing only on the features necessary to test viability and market fit, Lean Startup reduces waste and avoids overbuilding. It values customer insight over intuition and flexibility over rigid planning. In other words, Lean Startup encourages failing fast in order to avoid wasting time and money. Although it is most widely associated with startups operating on shoestring budgets to launch disruptive products, the principles and techniques of Lean Startup are just as relevant for organizations of any size seeking to innovate in a fast-changing market.

Gemba

Gemba is a Japanese term meaning “the actual place” (or even “crime scene”). In business, it refers to the place where value is created. The principle is simple: if you want to understand what is really happening, you need to go to where the work is being done. The Gemba Walk is the

practice of managers and employees walking through the value creation process together, observing, asking questions, and discussing possible improvements. The purpose is not to police people or enforce rules, but to see the value stream with your own eyes, uncover waste, and spot opportunities for improvement. The goal of a Gemba Walk is to understand the value stream and its issues, rather than making assumptions from behind a desk.

Design Thinking

Design Thinking refers to the cognitive, strategic, and practical processes through which design concepts are developed. It encompasses methods such as context analysis, problem finding and framing, ideation and solution generation, creative thinking, sketching and drawing, modelling and prototyping, and finally testing and evaluation. The aim is to tackle complex problems in a human-centred, experimental, and iterative way, moving quickly from idea to tested solution.

Service Design

Service Design is the practice of planning and arranging the people, infrastructure, communications, and material components of a service to improve its quality and the interaction between provider and user. It can be used either to enhance an existing service or to create a completely new one. Like Design Thinking, Service Design is collaborative, iterative, and centred on customer value, making it a natural fit for digital-agile organizations.

Communities of Practice

Communities of Practice form around shared interests and expertise. Cultivating these communities is the keystone of an effective knowledge strategy and is essential for digital success. To strengthen agility and self-management, organizations should actively encourage the formation of Communities of Practice, both in organised and informal forms. Beyond knowledge sharing, these communities can be entrusted with real responsibilities: talent development, contributing to recruitment and employee performance evaluation, setting standards and frameworks, and spreading expertise across organizational boundaries. When properly supported, Communities of Practice not only accelerate learning and collaboration but also help dissolve silos, creating a more resilient and adaptive organization.

Digital Skills

Living and working in the digital era demands skills that go far beyond traditional job descriptions. Boundaries between disciplines are dissolving, and more and more people are becoming proficient in multiple fields. In a digital organization, a certain level of technological literacy is required from everyone—though naturally in varying degrees depending on role. Developing these skills is a critical responsibility of any digitally ready organization.

A common pitfall is when business professionals lack digital skills and struggle to cooperate with digitally adept colleagues. The reverse is equally true: tech experts must develop a working understanding of business. *Cross-functional* agile teams are designed to promote this two-way learning, but the willingness to learn cannot be taken for granted. Agile coaches must be prepared to address resistance, foster mutual respect, and encourage growth on both sides.

Agile Mindset

At the core of the Agile Mindset is the recognition that complex systems and activities with emergent behaviour

cannot be predicted with certainty. The mindset embraces the Agile Manifesto and its twelve principles, and it accepts that complexity can only be managed through continuous inspection and adaptation in a culture of candour and transparency. Key elements of the Agile Mindset include transparency, an understanding of complexity, empiricism, timeboxing, ethical scope management, the Agile Manifesto, and the building of high-performance teams. It is not a framework or a methodology but a way of thinking and behaving that allows organizations to thrive in uncertainty.

Scrum & Kanban

Scrum is a lightweight agile framework that enables people, teams, and organizations to generate value through adaptive solutions to complex problems. It is built on empiricism and lean thinking, and it employs an iterative, incremental approach to optimise predictability and manage risk. Scrum brings together groups of people who collectively hold all the skills required to do the work, and who share or acquire additional skills as needed. Although Scrum originated in software product development, it is now used in many domains that involve complex work.

Kanban, a Japanese word meaning “signboard” or “billboard,” is a lean method for managing and improving work across human systems. Its goal is to balance demand with available capacity while improving the handling of system-level bottlenecks. Work items are visualised, typically on a Kanban board, giving participants visibility into progress and process from start to finish. Work is “pulled” as capacity allows, rather than being “pushed” into the system when requested. Work in progress is deliberately limited to reduce pressure and maintain motivation. While Kanban has its roots in lean manufacturing, it is now widely used wherever work items emerge continuously and demand is unpredictable or fluctuating. In a digital-agile organization, most work is complex, making Scrum—or Scrum combined with Kanban—a strong starting point when selecting an agile framework. This combination is often called Scrumban. Both Scrum and Kanban can be extended with practices from other agile approaches, such as Extreme Programming. Each element of the Scrum framework serves a specific purpose essential to its value and results. Omitting elements, altering its core design, or failing to follow its rules conceals problems and reduces effectiveness, sometimes to the point of making Scrum useless.

Scaling Agile

When a certain job requires more people than can reasonably fit into a typical agile team, multiple teams must work together. As the number of teams grows, coordination becomes increasingly complex. Once it reaches a certain threshold, some kind of scaling framework is required to maintain agility across a high number of individuals. Several well-known frameworks exist for this purpose, including LeSS (Large-Scale Scrum), SAFe (Scaled Agile Framework), Nexus, Disciplined Agile, and the much-misunderstood Spotify model—which was never meant to be copied as a framework.

Agile Engineering Practices

Not all software engineering practices are created equal: some promote agility, while others actively undermine it. Practices that enable teams to deliver software earlier, release more easily and more frequently, and achieve higher quality and better user satisfaction should be prioritised, taught, and embedded in the production of digital solutions. With state-of-the-art engineering

practices, a digital organization can build an Enterprise Architecture that genuinely supports business agility rather than holding it back. Communities of Practice play a critical role here by collecting, defining, and spreading Agile Engineering Practices across teams, ensuring consistency, knowledge transfer, and continuous improvement.

DevOps

Development and operations are inseparable. Keeping them in separate silos creates bottlenecks and slows down delivery. Many teams have found that to deliver valuable software early and continuously, they must also take responsibility for operations. DevOps is the set of practices that unites development (Dev) and IT operations (Ops) to shorten the system life cycle and enable continuous, high-quality delivery. While there is no single definition, DevOps is best seen as a culture of collaboration and shared responsibility that removes barriers between building and running digital systems.

Data Science

Data science is an interdisciplinary field that applies scientific methods, processes, and algorithms to extract knowledge and insights from structured and unstructured data. Closely related to data mining, machine learning, and big data, it enables organizations to make data-driven decisions that support business agility. Experimentation remains crucial, but it should be reserved for cases where relevant data is unavailable or cannot be extracted.

Risk Driven Security

The importance of data protection and cybersecurity in a digital organization needs no justification. As with physical security, protection against malicious activity is essential, yet overly strict measures can obstruct value creation and degrade the user experience for legitimate users. Risk-driven security manages this tension by deliberately balancing protection with efficiency. Every digital organization must debate and define its *risk appetite*, making clear how much risk it is willing to tolerate. Without this, conflicts between security and agility are inevitable, and unresolved disputes will slow down value delivery.

"I know kung fu."

– Neo

MYTHS OUT, SCIENCE IN

In this section we list the toxic beliefs, traditions, assumptions, myths, and destructive *pop-wisdom* that a digitally ready organization must reject. Alongside them, we include scientific findings, concepts, principles, laws, skills, and practices that should be promoted and widely applied. Where useful, we present these as reject–promote pairs to highlight the contrast. The items are shown in no particular order, and future versions of this framework will expand and refine the list.

IT as Service Department

Many organizations still treat IT as a service department, there only to fulfil the technology needs of others. In a digital organization, this mindset is no longer adequate. IT is not just support—it is a driver of strategy, innovation, and competitiveness. Reducing it to a service role sidelines the very function that now sits at the core of value creation.

Pressure Motivates

A common misconception is that stress or pressure motivates people to do more or better work. While a degree of self-imposed pressure can energise some individuals, excessive pressure on an agile organization or team is toxic and directly undermines agility. Instead of pushing harder, leaders should apply Diversity Management practices to create an environment where different people can thrive without destructive pressure.

Proverbs

Although some proverbs contain truth, many are completely false. Longevity alone does not make them valid. Some sayings even reinforce fallacies and cognitive biases. Critical Thinking is needed to distinguish which ones hold up and which ones mislead. Whenever someone uses a proverb as part of their reasoning, it is a signal to stay alert.

Timeboxing

Timeboxing is the practice of allocating a fixed time period, called a timebox, within which a planned activity takes place. It is widely used in project management approaches, most notably in agile. A common pitfall is to treat the end of the timebox as a hard deadline. While some agile activities do require teams to learn to fit their work into a predefined timebox, in most cases the end of

the timebox is simply a signal that it is time to inspect and adapt.

Parkinson's Law

Parkinson's Law states that work expands to fill the time available for its completion. It applies in two ways: one describing the natural growth of bureaucracy in organizations, the other in relation to timeboxing. If a timebox is too large, work will inevitably expand to consume it. Best practice is to select small timeboxes—sometimes even smaller than the team thinks necessary—and then inspect and adapt at the end. This creates a degree of self-imposed pressure: enough to motivate, but not so much that it causes stress.

False Assumptions

Avoid making decisions based on assumptions. When an assumption proves false, it can undermine work, and in some cases the consequences may be devastating—or even fatal. Fact-checking and evidence-seeking are the best ways to counter false assumptions. When evidence is lacking, frame the assumption as a hypothesis and use experimentation to test its validity. Agility demands that assumptions are challenged constantly, and leaders must coach their teams to see such challenges not as threats but as essential to adaptive work.

Talent

Many believe exceptional abilities are the result of innate talent—something we are born with and cannot acquire later. Research shows no evidence to support this assumption. While we may be born with attributes that make certain skills easier to develop, it is learning and practice that lead to mastery. The same is true in digital technology: no one is born with computing skills, though some cognitive traits may help in learning them. Motivation plays a more important role than "talent"—it is ultimately our willingness to learn that drives competence. If someone can tackle high school science, they can also acquire Digital Skills.

Peter Principle

The Peter Principle states that competent employees are promoted until they reach a role for which they lack the necessary skills, at which point they become incompetent and stay there. Agile organizations must reject this principle by promoting people based not on past performance but on their ability to succeed in the new role. Promotion itself can be treated as an experiment: give people opportunities to try new roles with feedback and support, and only confirm the promotion if they prove capable.

Dilbert Principle

The Dilbert Principle, by contrast to the Peter Principle, assumes that hierarchy serves mainly as a way to remove incompetent employees by promoting them to higher positions where they will be unable to cause damage to the workflow. It rests on the assumption that the upper echelons of an organization have little relevance to actual production, and that the majority of real, productive work is carried out by people lower down the power ladder. Unlike the Peter Principle, the individuals promoted under the Dilbert Principle were not particularly competent in any of their previous roles. Moving them into supervisory positions is therefore a way to quietly remove them from the workforce without actually firing them. Flat organizational structures, transparency, measurement of results, and continuous performance feedback by peers may curb the effects of this principle.

Negative Selection

Negative selection is a political process that occurs most often in rigid hierarchies, though it can also appear in corporations. A leader who wishes to remain in power indefinitely surrounds himself with associates chosen primarily for their incompetence—ensuring they pose no threat to his position. Subordinates, in turn, often mimic this behaviour, selecting weaker people beneath them. Over time, the hierarchy fills with progressively more incompetent individuals.

This phenomenon is built on false assumptions. Reject negative selection and instead promote competent employees into key positions. Far from weakening a leader's authority, this increases productivity and ultimately strengthens their position.

Hierarchy itself is the adversary of agility. Building flatter organizational structures, improving transparency, measuring results, encouraging continuous peer feedback, and applying executive coaching can all help eliminate the effects of negative selection.

Logical Fallacies

A logical fallacy is the use of invalid or faulty reasoning in the construction of an argument. Such arguments can be deceptive because they may appear stronger than they really are. Some fallacies are used intentionally to manipulate or persuade by deception, while others are committed unintentionally through carelessness, ignorance, bias, or emotional influence. Logical fallacies waste time and energy, often leading to unproductive disputes or poor decisions. This waste runs counter to Lean Thinking. Organizations must reject the use of fallacies and train employees to recognise and challenge them. Understanding logical fallacies is a cornerstone of Critical Thinking and an essential part of Digital Readiness.

Cognitive Bias

A cognitive bias is a flaw in thinking that causes a person to diverge from rational reasoning or sound decision-making. Biases can lead to distorted perception, inaccurate judgment, illogical interpretation, or what is broadly called irrationality. While biases often operate unconsciously, awareness and training can help reduce their impact. Employees should be equipped to spot biased thinking both in themselves and in others. As with fallacies, understanding cognitive biases is critical to building Critical Thinking skills and achieving Digital Readiness.

Excellence

Excellence is difficult to define—it lives in the space between "good enough" and "perfect." Good enough means *satisficing*: meeting the minimum requirements to achieve a goal, keeping existing customers and perhaps attracting a few new ones. Perfect means making every customer ecstatic, but often at the cost of unsustainable margins, because perfection usually demands resources that outweigh the return.

Excellence strikes the balance. It delivers a customer experience that fuels growth: customers are satisfied, they return, and many become advocates for the brand—without the organization overspending to delight beyond what is necessary. Servant leaders should advocate for Excellence, aiming for this sweet spot where value, satisfaction, and sustainability meet.

Value Based Thinking

Value Based Thinking, as opposed to Cost Based Thinking, is a leadership philosophy that shifts focus from keeping costs low to maximising value. Focusing on value does not mean neglecting cost management, but it does mean that opportunities to increase revenue and create customer value are considered before turning to cost control. Costs should be kept low by optimising processes, not by exploiting employees or damaging the company's reputation with low-quality products. Aggressive cost-cutting frequently backfires, resulting in poor-quality work, higher stress, increased staff turnover, and ultimately financial loss. Scrum Product Owners are required to practise Value Based Thinking, ensuring that value creation—not cost obsession—drives decision-making.

Values Driven Leadership

Values-driven leadership implies a conscious commitment by leaders at all levels to act from their values and to shape a corporate culture that balances financial performance with ethical practice, social contribution, and environmental impact. Defining Core Values is essential to practising Values-Driven Leadership, as they provide the foundation for decisions, behaviours, and long-term alignment.

Silos

Silos are organizational units that perform poorly when it comes to sharing information and aligning strategy. They typically arise in rigid hierarchies and traditional departmental divisions, but poor Enterprise Architecture design can also create information silos.

Silos are not fit for the digital era. A digital-agile organization must reject them and instead build a flat structure around Value Streams, composed of self-managing agile teams. These teams must align with Strategic Objectives and maintain frequent communication—not only during formal events like QBRs, but continuously.

Celebrating failure

A common piece of *pop-wisdom* says that failures should be celebrated. In reality, not all failures deserve celebration—only those that result from deliberate experimentation. When failure comes from ignorance, incompetence, or bad practice, it is nothing to cheer about. What should be celebrated is learning, even when an experiment fails.

Big Room

Achieving alignment in meetings within large organizations is often seen as difficult—or even impossible—because of the high number of participants involved. Yet facilitation techniques such as the Fishbowl make it possible for more than a hundred people to debate effectively and reach decisions together. Big Room discussions can deliver real alignment, but only if they are guided by a skilled facilitator.

Fishbowl

Facilitation technique for discussions with a large number of participants. Proven to be useful for Big Room planning sessions. Fishbowl relies on participants self-managing the discussion after a brief introduction to the mechanism.

Consensus

Agile teams and organizations should aim to make decisions by consensus. While often seen as difficult—especially with large groups—consensus becomes far easier when employees share Core Values, a common Purpose and Vision, and aligned Objectives. Still, reaching true consensus regularly requires the support of a skilled facilitator, even in small teams.

Certification Fallacy

Many assume that a certification proves expertise. In reality, some certificates are little more than paid badges. Certain organizations hand them out for a fee, making them easy to obtain because their real business is selling certificates, not upholding standards. This is especially rampant in the field of agility. A simple test: if the pass rate is near one hundred percent, the certificate may be worthless. Look instead for certifications that are hard to earn and transparent about their pass rates.

Feedback Culture

A feedback culture is one where feedback is freely given and openly received, regardless of position. In such an environment, employees feel safe to speak up and to listen, knowing that feedback is part of growth rather than a threat. This framework promotes a Feedback Culture built on relentless candour, courage, openness, and respect. Building such a culture is not easy—it requires patience, persistence, and coaching. The events in this framework provide many opportunities for feedback, but the ultimate goal is to normalise continuous feedback as part of everyday work. Giving feedback is itself a skill that must be learned, because poorly delivered or badly timed feedback can cause more harm than good. Hurtful comments can even be disguised as "feedback," and when this happens the victim may be criticised for not being able to receive it. True feedback culture must guard against such abuse.

Fixed CAPEX/OPEX

A common pitfall in growing or large organizations is fixing capital and operational expenses far in advance and refusing to adapt when circumstances change. While sometimes intended as a reasonable way to control costs, this practice is more often just a relic of tradition. Agile organizations handle major expenses with flexibility, making decisions even well into the business year. Agility in controlling is just as important as agility elsewhere. When rigid budgeting prevails, managers often bypass it through informal "gentleman's agreements" with suppliers—creating waste and causing unnecessary financial loss.

End of Year Spending Spree

A common pitfall in growing or large organizations is allocating budgets based on how each unit spent the previous year's budget. This often triggers an annual spending spree, where money is used up regardless of actual need or value created—simply to avoid a future budget cut. Agile organizations must reject this practice. Instead, budget planning should be tied to Strategic Objectives, reviewed at least quarterly, and guided by Value Based Thinking.

Impeding Contracting Process

Bureaucratic contracting rules often block agile teams from procuring goods and services quickly enough to support agility. Contracting is frequently delegated to legal departments that may have little understanding of the business arrangement or the technological details. This slows the process even further. Agile organizations must reject this practice.

Managers should be accountable for contracting, including outlining agreements with all relevant business and technology terms. The legal team's role is to support them through proactive consulting, mentoring, preparation, and review of the legal documents. Legal experts ensure that business terms are enforceable and that contracts comply with corporate and government regulations. From this perspective, members of self-managing teams are also considered managers.

For complex contracts, running a workshop with the third party to co-create the outline or resolve contested terms is far more effective than endless document exchanges. Reject the habit of sending drafts around by e-mail with tracked changes until the very last stage. Use modern content management tools with collaboration features instead and don't be afraid to pick up the phone.

Finally, it is strongly advisable to build a legal team proficient in agility—one that understands and serves the needs of agile teams rather than standing in their way.

Impeding Procurement Processes

Centralised procurement may have made sense in the industrial age, when efficiency was measured by bulk purchasing and price alone. For simple goods bought en masse, it can still reduce costs. But for complex goods and services—like IT infrastructure or agile solution providers—centralised procurement is a relic that slows execution and kills agility.

Leaders must ask: which creates bigger waste—a less-than-perfect procurement decision, or the delays that cripple agile execution, drain motivation, and slow time to market? In today's world, the cost of delay almost always outweighs the cost of a suboptimal purchase. The remedy is clear: build a procurement team that understands agility and works with agile teams instead of constraining them. Procurement must evolve from gatekeeper to enabler if organizations want to stay competitive.

Corporate Rules and Regulations

Guidelines, internal rules, and regulations are often seen as necessary in growing and large organizations. While sometimes useful, rigid rules frequently make value creation harder, generate waste, and cripple agility. Agile organizations must reject inflexible rules and maintain systems where rules can be updated quickly and reviewed regularly. Create a culture where challenging rules is not frowned upon by management or compliance staff but welcomed as a path to improvement and growth. Build a compliance team proficient in agility that works with and serves the needs of agile teams.

Analysis Paralysis

Analysis paralysis occurs when a team attempts to plan or design a complex system entirely up front and becomes stuck in the process. Because complex systems exhibit emergent behaviour, it is impossible to fully analyse and plan them in advance. Teams that try often sense they are on a mission impossible but fail to recognise or admit it, leading to endless planning and design sessions that paralyse progress. Agile processes reject heavy up-front planning and instead promote short iterations with real customer feedback, allowing solutions to emerge step by step.

Command & Control

Command-and-control is the dominant management style in the Western world. It is prescriptive and hierarchical, built on silos where decisions are separated from work. Staff are controlled with *carrots and sticks*, measured against arbitrary targets like deadlines, and constrained

by rigid up-front plans. It is the antithesis of self-management and must be rejected by digitally ready organizations.

GANTT Charts

Some teams use Gantt charts to track progress, but these are mostly tied to waterfall thinking, up-front planning, and deadline obsession. Transparent OKRs, simple release plans in tables, or product backlogs with forecast sprint dates usually communicate delivery plans far better. The time spent polishing fancy charts is better spent creating value.

Left-Brain vs Right-Brain myth

The idea that people are "right-brained" or "left-brained" is a myth. While we all have different personalities and talents, these differences cannot be explained by dominance of one half of the brain over the other. Theories and practices built on this myth should be rejected—or at least treated with suspicion.

MBTI

The Myers–Briggs Type Indicator (MBTI) is one of the most popular personality tests in the corporate world—and one of the least scientific. Despite its wide use, MBTI has no solid grounding in psychology, shows poor reliability, and fails to predict behaviour or performance. In short, it's pseudoscience dressed up with four letters. Digitally ready organizations should avoid basing decisions on it.

Handoffs

Handoffs occur when the work required to develop a product is split between different groups, with incomplete work passed along for the next stage. A typical example is separating design, implementation, and testing. Agile development rejects this approach, as valuable insight and information are lost with every handoff. The remedy is cross-functional teams. When multiple teams are required, split the work in other ways that avoid handoffs.

Measuring Employee Engagement

It is common in growing and large organizations to measure and try to improve employee engagement. While engagement matters, treating it as a key metric is a fallacy—it is only an intermediate result, not proof of high performance. Setting Strategic Objectives and measuring Key Results is far more meaningful. Many employees, when asked without their managers present, ridicule engagement surveys and consider them bullshiitake.

Measuring Intermediate Results

Measuring intermediate results is often misleading. Focus instead on measuring what truly matters. Identifying strong Key Results takes practice, but a seasoned OKR coach can help. Always think in terms of value chains, and look for Key Results at the end of those chains. Startup investors, for example, focus on profit, revenue, growth rates, and churn—real results that reflect actual business performance.

Won't Work in a Large Organization

Many managers in large organizations dismiss startup practices as unworkable at scale. In reality, most can succeed in companies of any size. Failures usually stem not from size but from context: pulling a practice out of a startup and dropping it into a bureaucratic, command-and-control organization is a recipe for failure. Such practices need a holistic framework of agility—like the Digital Readiness Framework™—to work in large organizations.

Courage is the Lack of Fear

Courage is not the absence of fear—it is doing the right thing or speaking up despite fear. Courage is a core agile value, and no digital-agile organization can function without it.

Diversity Management

Diversity Management means recognising and managing people's differences in a way that helps them thrive. Servant leaders must practise it. Too often the concept is reduced to cultural or ethnic differences, while behavioural differences can be even more influential for workplace performance. Diversity Management is especially critical when working with digitally adept—or "geek"—employees, whose unique traits are often the very source of innovation.

Managing Geeks

The word *geek* was once slang for eccentric outsiders, but today it usually refers to experts or enthusiasts deeply absorbed in a field—most often digital technology, computers, or programming. Managing geeks requires a different approach. Their beliefs, behaviours, group dynamics, and the specialised nature of their work demand more from managers than traditional experience with non-geek employees can provide. Purpose is especially important to geeks.

Unfortunately, geek and *nerd* are still sometimes used as pejoratives. Too often, non-technical corporate types dismiss geeks as "annoying but necessary" assets. Companies must reject this notion. Cross-functional teams help bridge differences by fostering mutual understanding, and developing both groups in Diversity Management is strongly recommended. Their cooperation is not optional—it is a cornerstone of agility.

Generational Stereotypes

A popular management fad is to label employees as Baby Boomers, Millennials, Gen Z, and so on, attaching sweeping stereotypes to them. Research shows these claims are mostly myths. Behaviour is far better explained by factors such as age, career stage, family background, neurodivergence, mental health, or context. Managing people through generational clichés wastes time and fuels bias.

"In my experience, there is no such thing as luck."

– Obi-Wan Kenobi

DIGITAL READINESS ROADMAP

As a founder or executive, you are constantly juggling priorities—product, team, customers, funding—and it can be hard to know what to focus on next. The Digital Readiness Roadmap is here to help with that. It lays out the logical sequence of the key building blocks from the Digital Readiness Framework™, showing how they connect and build upon one another.

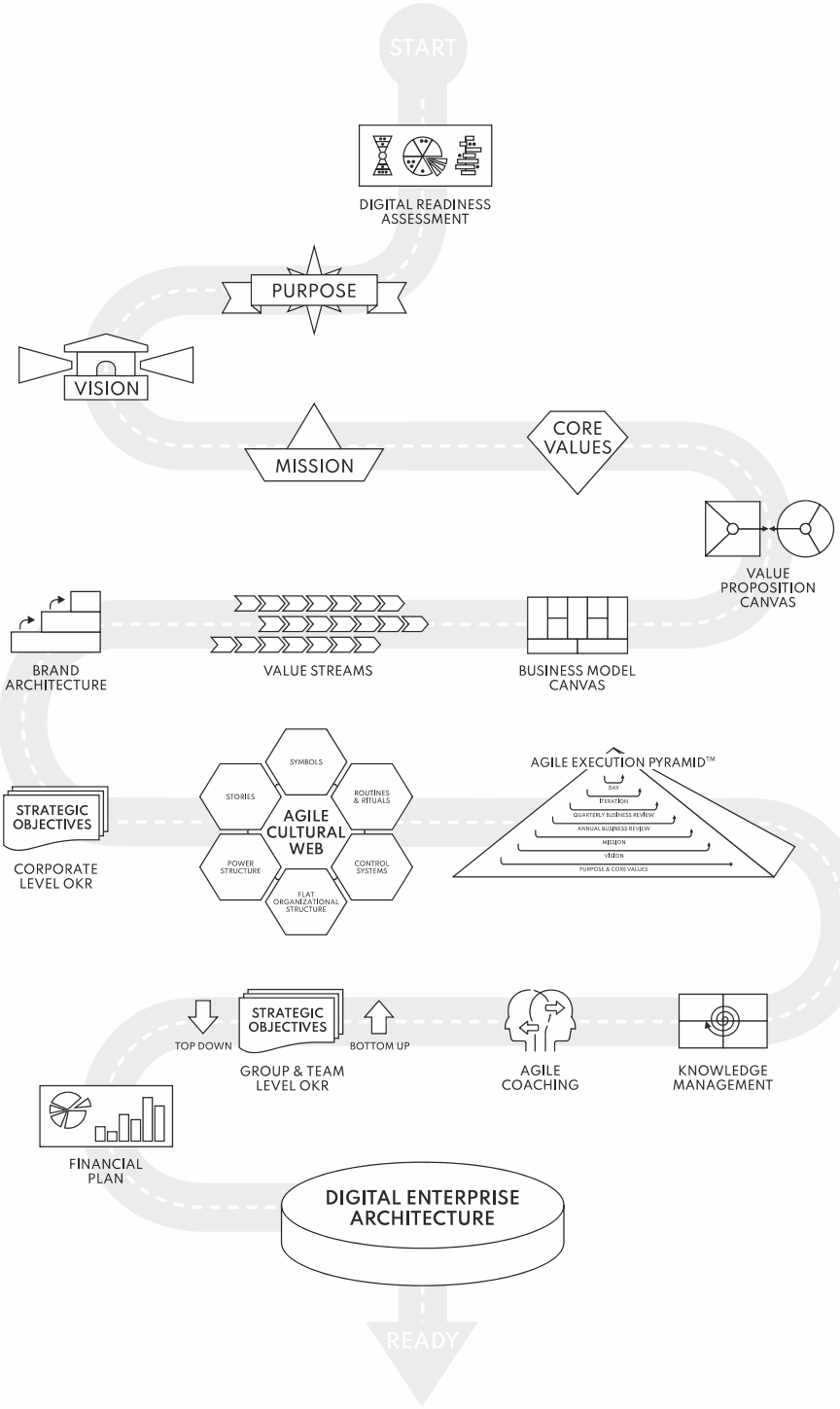
This is not a to-do list or a timeline of activities. It is not meant to prescribe exactly when to run workshops, train your team, or roll out tools. Instead, it gives you a clear mental model of how digital readiness evolves inside an organization. Think of it as a strategic blueprint. It helps you see where you are, what might be missing, and what needs to be in place before the next step makes sense.

The roadmap is intentionally simplified. In the real world, things do not always happen in perfect order. Some steps may run in parallel, and you will often need to revisit earlier stages as your company grows. Iteration is part of the process. But having this structure in mind will help you avoid common traps—like jumping into agile without the right culture or investing in tech without strategic alignment.

The diagram provides a clean, high-level view of the path, while the text that follows adds depth, examples, and the nuance needed to adapt it to your specific startup journey. Use it as a guide to build momentum, stay focused, and make smarter decisions as you scale.

Digital Readiness Assessment

Assessing the current state of the company is advised as a "step zero" on the roadmap. The Digital Readiness Assessment has dual purpose. First, it establishes a compelling reason for change and application of this framework. The results give executives and managers an objective view of the Operational Values and the


START
DIGITAL READINESS ASSESSMENT
PURPOSE
VISION
MISSION
CORE VALUES
VALUE PROPOSITION CANVAS
BRAND ARCHITECTURE
VALUE STREAMS
BUSINESS MODEL CANVAS
STRATEGIC OBJECTIVES
CORPORATE LEVEL OKR
SYMBOLS
STORIES
ROUTINES & RITUALS
AGILE CULTURAL WEB
POWER STRUCTURE
CONTROL SYSTEMS
FLAT ORGANIZATIONAL STRUCTURE
AGILE EXECUTION PYRAMID™
DAY
ITERATION
QUARTERLY BUSINESS REVIEW
ANNUAL BUSINESS REVIEW
MISSION
vision
PURPOSE & CORE VALUES
TOP DOWN
STRATEGIC OBJECTIVES
BOTTOM UP
GROUP & TEAM LEVEL OKR
AGILE COACHING
KNOWLEDGE MANAGEMENT
FINANCIAL PLAN
DIGITAL ENTERPRISE ARCHITECTURE
READY

Digital Readiness Assessment for Startups

For startups, a full Digital Readiness Assessment may not yet make sense—the organization is too young, practices are still fluid, and there's no real culture to measure. What can and must be assessed early, however, is founder compatibility. At this stage, readiness depends less on systems and more on the alignment of the people building them. Founders who clash on values, ethics, lifestyle, worldview, or exit strategy will almost certainly pull the organization apart, no matter how brilliant the idea or product. Compatibility assessments should therefore include Core Values, personal goals, tolerance for risk, and attitudes toward outside-the-box practices such as agility. They should also consider mental health, neurodivergence, and personality traits—factors that often remain invisible at first but profoundly shape collaboration, decision-making, and resilience under pressure. Misalignment here is one of the most common hidden causes of early-stage startup failure—and unlike tech debt, culture debt is nearly impossible to repay.

Purpose, Vision, Mission

Everything in this framework is purpose-driven, so the first step on the roadmap is defining Purpose. It serves as the primary source of motivation. Next comes Vision, built on that Purpose, setting the overarching goal that guides all activities. Finally, Purpose and Vision are translated into a master plan for the coming years—the Mission, a high-level blueprint for how the organization will move forward.

Core Values

Core Values are essential for building a digital-agile organization. They belong up front in the roadmap, right after Purpose, Vision and Mission. In fact, many executive teams work on all four in parallel, often through a series of workshops with frequent iteration. Starting with values is logical: they provide the foundations for culture, alignment and decision-making.

In most organizations, Core Values are originally defined by the founders or the CEO. These values reflect the principles and beliefs they consider non-negotiable. For this reason, founder compatibility is critical. If founders or senior leaders hold conflicting values, it creates friction that no amount of process or coaching can resolve. Misalignment here undermines motivation, trust and ultimately the organization's ability to act with coherence.

Core Values that come from the CEO and founding team must therefore be clear, authentic and consistent with the Purpose, Vision and Mission. If they are vague, fake or contradictory, they quickly erode credibility—inside the organization and with customers.

Knowledge Management

In the new Cultural Web, formal knowledge management is needed to assess existing knowledge and teach new practices required to make the business model reality. This is an ongoing process that continues indefinitely. It is advisable to start preparation as early as possible, for as wide an audience as possible.

This way employees involved in the transformation will be prepared to take part and will make better decisions about their place in the agile organization and its strategy. Digital Readiness requires a mindset transformation, too. Teaching the tools and practices used in the transformation is also paramount.

Value Proposition and Business Model Canvases

Right after the foundations of the strategy, the next step is the business model. Using the Value Proposition

Canvas, it is easy to discover and document what value the organization can provide its customers, focusing on existing pain points and possible gains.

The result is then inserted into the Business Model Canvas, where other aspects of the business model are added, namely what is needed to provide the given value to customers and what is the high-level cost–revenue structure of the business.

Naturally, as new insight is gained from the business model, it is logical to iterate back to the foundations of the strategy to double-check.

Value Streams

Value Streams must be identified and defined, so the organization can be organised around Value Streams for optimal execution. Such architecture makes handoffs inside a Value Stream avoidable, increasing agility and information flow.

Brand Architecture

After the business model and Value Streams have been defined and are transparent for employees, it is time to shift attention to the outside world. Brands influence how customers think and act when they come in contact with the organization and its products. It usually makes sense to iterate back to previous blocks about value creation.

Corporate-Level Strategic Objectives

After value generation, the business model and Brand Architecture have been defined, it is time to move to setting Strategic Objectives for the entire organization. This is done by setting one to four corporate OKRs. These provide strategy for the entire organization to align with and follow.

Depending on the given organization, setting Strategic Objectives may precede creating a Brand Architecture, as some features of the brand may serve certain Strategic Objectives. The best way is to iterate frequently when creating interdependent artefacts.

Agile Cultural Web

The second most challenging part of a digital-agile transformation is the rebuilding of the Cultural Web, notably the flat organizational structure. The most important input for designing the Cultural Web is the Value Streams, as flat agile organizations are built around them. In an agile organization, each Value Stream is managed by a *cross-functional* group of employees, usually made up of cross-functional agile teams.

It is a common practice to start with an assessment of the existing Cultural Web, focusing on spotting good practices that are sometimes informal but are key to execution. Many of the stories, symbols and rituals are replaced during this phase with new ones. It is crucial to pay attention to the less formal parts of a culture as these are emotionally important to employees.

Involving employees of all ranks in the transformation process is a useful practice. Facilitated big-room events may prove to be great tools for increasing awareness and involvement, also preparing employees for bottom-up planning and self-management, which they are usually not used to.

Agile Execution Pyramid

The Cultural Web is about structure, the Agile Execution Pyramid is about executing strategy and managing work. The multilayered iterative execution provides agility. At the tip of the pyramid, different agile frameworks and

practices may be used to manage work. Some organizations require custom-built agile execution.

Agile Coaching

Implementing the flat Agile Cultural Web and the iterative Agile Execution Pyramid requires continuous support from Agile Coaches—coaches with deep knowledge of the agile way of working and thinking. Their presence is indispensable for guiding employees through change. Their absence increases the chance of reverting to old practices.

Group and Team-Level Strategic Objectives

Before agile execution in the new structure can begin, the corporate Strategic Objectives must be translated to group and team level. Groups of employees built around a Value Stream set their own OKRs in cooperation with the executive team and other groups. This brings top-down and bottom-up planning together. Agile teams may either create their own OKRs in a similar manner or form agile backlogs directly from group-level OKRs.

It is advisable to always iterate back to the beginning of the roadmap, especially when new insight is gained from cross-team and bottom-up cooperation. New information may affect the corporate OKRs, brands, Value Streams, the business model or even the Mission.

Financial Plan

At this point, all is known for completing the financial plan for the new structure to achieve the new objectives. Financial planning is a continuous endeavour. From this point on, agile financial plans shall be reviewed at every QBR as part of agile execution.

Digital Enterprise Architecture

The most challenging part of a digital-agile transformation is updating the Digital Enterprise Architecture so that it serves the new organization with its new Value Streams and new Strategic Objectives. This may be a long process, even taking years depending on the size and age of the organization and the number and condition of monolithic IT solutions.

Ready

When all building blocks are in place, the organization is ready for the digital-agile way of working. Nonetheless, work does not stop here. An agile organization requires regular inspection and adaptation, while knowledge management and coaching must be continuously provided to keep agile execution working.

Startups

For startups and newly founded organizations, the roadmap is not just a tool for transformation but a foundation for growth. Unlike large companies that need to unlearn rigid traditions, startups have the rare advantage of starting fresh—without silos, bureaucracy or outdated processes weighing them down. By defining Purpose, Vision, Mission and Core Values early, then aligning them with a clear Business Model, Value Streams and Strategic Objectives, a startup can grow with coherence and agility from day one. This proactive approach prevents costly cultural debt later and allows the organization to scale on strong, value-driven foundations rather than having to retrofit them under pressure.

Ask for Help

Founders and executives do not have to figure all of this out alone. Assessing compatibility, defining Core Values,

or setting up the first version of a business architecture can be daunting without guidance. This is where asking for help matters. My team and I have worked with both startups and large enterprises, from idea to scale-up to digital transformation, and we know the traps to avoid. Sometimes an outside perspective makes hidden misalignments visible before they explode. Whether you are building a new organization or transforming an existing one, reach out—we can help you assess, align, and accelerate.

"There's a difference between knowing the path and walking the path."

– Morpheus

DEFINITIONS

Business Architecture

Business architecture is a discipline that represents a holistic, multidimensional view of capabilities, end-to-end value delivery, information, and organizational structure, as well as the relationships among these views and strategies, products, policies, initiatives, and stakeholders.

Readiness

The state of being fully prepared for something—or the willingness to do something. This document asserts that both are required for great leadership and culture.

Framework

Unlike a methodology, a framework is a loose and often incomplete structure. It leaves room for other practices and tools to be included, while providing much of the process or structure required.

Integrative

Combining two or more things to form an effective unit or system.

Holistic

Dealing with or treating the whole of something or someone, not just a part.

Digital Readiness or Digitally Ready

Prepared and willing to embrace the digital era, to change how work is done. Prepared and willing to adopt the mindset and guidelines of this document. Prepared and willing to let go of old habits, toxic memes, pop-wisdom bullshiitake, and pseudoscience.

Agile, Agility

Living the Agile Mindset: the full set of agile values, principles, and ways of thinking.

Agile Values

Defined in the Scrum Guide, the values of Commitment, Courage, Focus, Openness, and Respect are applied in a wider sense throughout this document.

Complex

Complex is sometimes confused with complicated. A system is complex when it exhibits emergent behaviour that is impossible to predict, even with careful analysis.

Geek, Nerd

Slang for technically adept people. Sometimes used pejoratively. The author of this framework is a proud geek, so these words are used positively and with pride here.

Bullshiitake

A softened version of *bullshit*, coined by Guy Kawasaki, combining the word with *shiitake* mushroom as a nod to his Japanese heritage. Slang meaning rubbish, nonsense, or deception. Used as a rebuke against communication or actions seen as misleading, disingenuous, false, or superficial.

Pop-Leadership, Pop-Wisdom, Pop-Psychology

Popular, usually non-scientific notions, often condensed into an adage and spread as memes. They sound profound but are more often trivial or outright bullshiitake.

Carrots & Sticks

The outdated practice of motivating people with rewards and punishments is often referred to as the "carrot and stick" approach. It assumes that people work harder when promised a reward (the carrot) or when threatened with punishment (the stick). While this logic may hold for routine, mechanical tasks, research shows that it fails badly in the digital era, where most work requires cognitive effort, problem-solving, and creativity.

Daniel Pink, in his book Drive, famously popularised findings from behavioural science experiments showing that when tasks involve even rudimentary cognitive skills, higher monetary rewards often lead to worse performance. Participants promised larger rewards performed significantly worse than those with smaller or no external incentives. The conclusion: extrinsic motivators can narrow focus, reduce creativity, and actually demotivate.

In a digital-agile organization, relying on carrots and sticks is toxic. Problem-solving and innovation require intrinsic motivation—purpose, autonomy, and mastery—rather than fear of punishment or greed for reward. Leaders must learn to remove demotivators, foster meaningful work, and create environments where people are motivated not by external bribes or threats, but by curiosity, contribution, and shared goals.

Disruption or Disruptive

Disruption describes a process whereby a smaller company with fewer resources is able to successfully challenge established incumbent businesses. Specifically, as incumbents focus on improving their products and services for their most demanding (and usually most profitable) customers, they exceed the needs of some segments and ignore the needs of others. Entrants that prove disruptive begin by successfully targeting those overlooked segments, gaining a foothold by delivering more-suitable functionality—frequently at a lower price. Incumbents, chasing higher profitability in more-demanding segments, tend not to respond vigorously. Entrants then move upmarket, delivering the performance that incumbents' mainstream customers require, while preserving the advantages that drove their early success. When mainstream customers start adopting the entrants' offerings in volume, disruption has occurred.

Risk Appetite

Risk appetite is the level and type of risk an organization is willing to accept in pursuit of its objectives, before action is deemed necessary to reduce or mitigate that risk. It defines how much uncertainty the company is prepared to tolerate in areas such as finance, operations, technology, legal, or reputation. It represents a balance between the potential benefits of innovation and the threats that change inevitably brings. It is essentially the "boundary line" between acceptable and unacceptable risk. If risk appetite is not defined and communicated, legal, compliance, and management teams often default to risk avoidance, which slows down innovation and creates friction with agile teams.

Centre of Excellence or COE

Within an organization, a centre of excellence may refer to a group of people, a department, or a shared facility. It may also be known as a competency centre or a capability centre. COE teams in a digital-agile organization shall form a special kind of agile team servicing other agile teams. COEs are usually formed when a special skill is required throughout the organization but only occasionally, or when the talent required is so scarce or

expensive that having dedicated experts in many teams is not feasible or economical.

Satisficing

Satisficing is a decision-making strategy or cognitive heuristic that entails searching through the available alternatives until an acceptability threshold is met. The term is a portmanteau of *satisfy* and *suffice* and was introduced by Nobel Prize-winning economist and cognitive psychologist Herbert A. Simon.

Cross-functional Team

A cross-functional team is a group of people with different functional expertise working towards a common goal. Business and IT-oriented people working closely together is one of the key principles of agility.

"Your focus determines your reality."

– Qui-Gon Jinn

LIST OF SOURCES

My mindset and the practices in this framework have been shaped by hundreds of books, probably thousands of articles and dozens of professionals and trainers I worked with in these thirty years. It is impossible to list them all. I do my best and list the ones that significantly impacted my work.

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ACKNOWLEDGEMENTS

First, I wish to recognise András Berczeli, who pushed me to cook up my own innovation framework. Your encouragement gave me the guts to cut the bullshiitake and finally write what I actually believe.

Balázs Borsi, PhD, your insightful feedback has been instrumental in improving this document.

To Alex, cofounder of Barion, for the constant sparring that sharpened my thinking and to the entire Barion team for proving through their hard work that success can be built with relentless drive, belief and the right methods.

To the current and former staff of Sense/Net, whose talent and dedication have made this whole fantastic 30-year journey possible. Also, my heartfelt appreciation to our clients who trusted us and worked with us tirelessly. It's been an honour.

I also acknowledge the inspiration of the late Sándor Utassy, PhD, Rafal Lukawiecki, Csaba Mányai, Santiago Maciel, Lyssa Adkins and Ken Schwaber.

I also appreciate the many truly outside-the-box authors, entrepreneurs, scientists, and content creators, as well as my teachers who shaped my mindset, and my mother, who paid for my education.

I am grateful to Péter Vityi, Tamás Kürti and the whole of Kürt Akadémia for collaborating in testing the raw version of the Digital Readiness Framework™ with their top clients.

Finally, a special word of appreciation goes to my current business partner, co-CEO of Sense/Net Group, Norbert Vörös, for your relentless support and enthusiasm in building Manfred with my framework, and for being the best co-CEO one could ask for.

"So long, and thanks for all the fish."

– Dolphins

INNOVATION AT STARTUP SPEED

Written and edited by Tamás Bíró

Published by Sense/Net Inc.

E-book edition, 2025.

ISBN 978-615-02-4380-1

Cover design and typesetting by Tamás Bíró

Illustrations by Tamás Bíró

Set in League Spartan and Noto Sans, available from Google Fonts released under the SIL Open Font License.

E-book edition published in PDF format.

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To celebrate Sense/Net's 30th anniversary, we're offering 30% off all pre-orders of the upcoming illustrated book – packed with examples, case studies, deeper explanations, practical tools, and more.

Sense/Net co-CEO Norbert Vörös is also preparing a companion booklet, Innovation at AI Speed, which explores how artificial intelligence accelerates innovation.

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IS THERE A RECIPE FOR INNOVATION?

Yes—and no. Innovation is wild. You can't predict if your invention or service will soar, or which competitor will dominate. What you can do is test with minimal cost, increase your odds with the right tools, and—crucially—cut away the everyday bullshiitaket that drags you down. That's what this book is: a brutally honest, outside-the-norm playbook that challenges the status quo and gives you a shortcut. I wish I'd had this when I launched my ventures. It would've saved me—and everyone I worked with—years of wasted time, energy, and draining conflict. Because most battles aren't about technology—they're about people: motivation, rewards, team dynamics, values, strategic alignment and methods. Bad dynamics can wreck not just businesses, but friendships. Hell, some legendary bands broke up at their peak and ended up in court. This book also helps you avoid that trap—making sure the people you build with are compatible for the long haul. This is not academic. It's not another methodology guide lost in theory. It's lean, proven, and ready to apply. With psychology, real world–tested techniques and more than thirty years of on-the-ground experience baked in, it delivers what matters: clarity, confidence and a fighting chance.

After graduating from Nottingham Trent University, Tamás, the author, has spent 30 years in the software business, taking on roles ranging from programmer and product owner to marketing chief, head of security, agile coach, business architect, and consultant. He co-founded ventures such as Sense/Net and the fintech company **Barion**, where his bold pivot helped launch its success story. Along the way, he brought agile into practice across organizations, trained more than 2,000 people, and created the Digital Readiness Framework™ to help leaders build digital-agile companies. Today he is co-CEO of Sense/Net Group, where he continues to build and advise startups, corporate startups, and corporations using this framework.

ISBN 978-615-02-4380-1

DIGITAL READINESS FRAMEWORK