



C-Suite Interviews

Agile Management in China – Between Cultural Heritage and Global Competitiveness

Christiane Prange talks to Tom Doctoroff, Chief Cultural Insights Officer Prophet, and Former CEO JW Thompson in Asia Pacific

With the current business environment becoming more complex, companies – and individuals alike – are challenged to increase their repertoire of available behaviors that is, they have to become more agile. The concept of agility has recently gained prominence both among business scholars and managers. Interviewing Tom Doctoroff, the former CEO of J.W. Thompson Asia Pacific (2012-2016) and currently Global Cultural Insights Officer, Prophet Management Consulting, reveals stunning insights into how Chinese companies incorporate agility into their operations. Most importantly, agility does not imply self-organization and freedom without purpose, but instead builds on guidelines and frameworks that provide the necessary stability to explore options and to prepare for evolutionary change.

Agile management has turned into a buzzword. Looking up the term agile in a dictionary delivers 'having the faculty of quick motion; being nimble, active, and ready' (Simpson & Weiner, 1989). Researchers talk about the ability of organizations to be quick and to have an effective response to unexpected variations in market demands (Brown & Bessant, 2003). Managers in turn realize they are operating under conditions of high complexity that require them to incorporate constant change into their organizations.

Agile management is seen as a solution to these challenges where conventional strategic planning falls short in delivering desired results (Sull, 2009). While the original idea of agility derives from software programming (Beck et al., 2001; Schwaber & Sutherland, 2013), today agility penetrates nearly every corporate function and industry.

However, there are differences across cultures regarding the ideological heritage that influences both the role of individuals in society, hierarchical relations, communication processes, and the need for meaning and purpose (Hinds, 2016). China poses a special case in that it is torn between cultural values and path breaking changes. Typically, agility builds on self-organization, experimentation, high failure tolerance, and individual responsibility (Singh, 2013) – seemingly irreconcilable with a hierarchical collectivist society (Cheng, Rhodes & Lok, 2010). Thus, it is questionable whether and how agile management can work in China.

Talking to Tom Doctoroff reveals challenging insights into how companies and individuals in China create a mindset for agility and deal with tensions resulting from both cultural history and modern values, individual status and societal welfare, creative freedom and guiding frameworks.

The Advertising Industry in China and the Need for Agility

Prange: Thank you very much for your time to talk about agility, agile leadership, and the challenges in your industry. First of all, can you please elaborate a bit on what you understand by agility?

Doctoroff: Obviously, the simple answer is that agility means adapting to change, becoming faster and faster. But one level below, it is not adapting to change in a revolutionary sense, but in an evolutionary sense. You have to have faith and confidence in what your ultimate center of gravity is – that is, your corporate DNA.

And many companies in the industry have lost confidence in what their DNA is. Our industry needs to have a sense of direction, and advertising needs to have a sense of what its true value proposition is. That's one thing, and then the other thing you would need to have is a financial regime, a framework, which encourages what you would call agility. If you evolve without that confidence, that courage of conviction, then you are just lost in space. So I think agility is not simply about change.

Prange: *I guess what you are saying is that there needs to be some resilience to counter-balance the speed around the core of the corporation. Has this something to do with structure?*

Doctoroff: ... you need to have collaboration at critical points. So people huddle, scatter a lot more and people come together at specific points during the conceptual and the executional phase of producing commercials. Project management can just pull people in and out. We are trying to find pioneering solutions – communications, the business model – all of this is good. And yes, it needs a structure.

Prange: *In this structural environment, what does agile leadership mean to you?*

Doctoroff: Agile leadership has two dimensions to it. One is how you shift in orientation from Western to Eastern culture and build bridges of collaboration and openness in communication between people that don't understand each other. That is the soft, high-touch element. And then there is also, still a high-touch element, but something

that is more fundamental, that is happening to the center of gravity of the industry, and how we adapt to it.

Prange: Is there a gap between the structural organization and the leadership function?

Doctoroff: I believe this ultimately comes down to what is the role of a brand in consumers' lives. A brand is a relationship between a consumer and some content that evolves over time but remains consistent. It

needs to have a life force and this is a fundamental source of ongoing innovation. To deepen the relationship and to create the loyalty, you need to have leadership and communication. And there needs to be an appropriate amount of flexibility so that managers are trusted for making decisions and are incentivized positively or negatively based on their success as opposed to being put in a straight jacket ahead of the game, or so to say, a rigid structure.

Agile Leaders in China – Freedom in a Framework

Prange: How would you create a flexible agile organization for the future?

Doctoroff: I would basically cluster assets. I would make sure that all the advertising agencies are in one group with a social peer agency fixed to it, but still remaining independent. I would make sure that every company knows what it should do in their parameters for what it can and cannot do and still make sure that they are hiring enough people to have bridges of collaboration in and to other companies. And I would be, at the same time, minimizing as much as possible, profit centers and silos. I would do away with matrix reporting.

Prange: Do you think 'Agile Leaders' exist? And what do they look like?

Doctoroff: I think you need three things in this industry. *One* is you need to be a lateral thinker. Lateral thinking is not just about creating ideas and brand strategy, it is about seeing associations between pieces being put together. The *second* thing is that these people have to be natural leaders. By natural leaders I mean people that they have the confidence to persuade. But they also have to encourage and drive themselves. The *third* thing you need is people around you that are different. You need to embrace that difference and not be fear-based.

Ultimately, the more agile, the more human you get, the more you have to be known as a humanist. And that comes from non-ego centrism.

Prange: Leadership often means that you provide others with structure while agile leadership also implies sharing responsibility. Do you think this is difficult?

Doctoroff: I call this 'Freedom in a Framework'. You do need to have a top-down defining framework of rules, or in the brand's case, of message clarity. But you also need to empower people to play on that framework, to take risks, to express themselves. But there still has to be a framework and we have to be very careful about not falling into chaos. We can't be reverting back to the Roman Empire, there still needs to be a governing conceptual framework and an operational one as well. As long as that is clear then things can go well, but if it is not clear, people get immobilized. And in Asia, where people are so much more risk-averse, and so much needing faith, and positive acknowledgement, and not wanting to lose face, this top-down framework is even more critical.

Prange: Is it difficult for Asia to adopt principles of flexibility or agility?

Doctoroff: All Asia is hierarchical in a very secular sense. China is hierarchical, but it is also profoundly ambitious. Down to the farmers in the field, it is not like what we find in India or Taiwan. In China, there is a tension between projection of status and protection of self-interest. So you have this dragon in the heart of most people. The amount of fear that comes from people's inability to navigate this tension is dramatic.

This means a leader in Asia needs to show where they are going. And we are talking about the very bright and ambitious people, who ultimately are fearful of what they don't know. And that's why you have very little innovation here. That's why you have incredible price competition. If you take a look at the Internet economy, it is very different from the West. We don't have typical channel marketing here. We have the big digital portals TenCent, Alibaba, and Jingdong that control everything. Here it is the efficiency, this operational consistency, which we would consider soulless – but they consider absolutely filled with soul. And these are just different dimensions of how people need reassurance at every level. So there's never going to be a Google playground – ever. Agility here needs a very different framework than agility in America.

Prange: Within this framework you can be very flexible. Is this a fundamental trait of Chinese society?

Doctoroff: Chinese use a word to describe this, *Jing Li*, the manager, who has the ability to execute tasks, control the risks, and the ability to weave around barriers. You are right, there is a constant beta testing. But what people often misperceive is that there is very little mold-breaking value evolution or even value proposition change. It is always about doing more for less for more people, that is 'Frugal Innovation.'

To have the confidence to create a new idea, you need to give people the right to speak up to a hierarchy. And I saw this happen where people used a lot of room inside their little boxes. But there are boxes. If you consider the entertainment industry, it is not creating value yet. I think it is too bold to innovate. I don't think that incremental innovation is the same thing as qualitatively innovating.

“ You need to have ‘Freedom in a Framework’– a top-down defining set of rules, or in the brand’s case, message clarity.”

The Chinese Mindset and Implications for Agility

Prange: The Chinese mindset is in a constant flux between traditional and modern values, do you think this phenomenon is different across industries, or is it a rather general trait?

Doctoroff: The answer to your question is 'no'. However, there are variations. Advertising as a creative industry will be more inspired, but there are still other limits to creativity due to people's unwillingness to challenge existing conventions. Strategic industries are different, ultimately reinforcing the central government's patriarchic right and responsibility to manage the lives of the masses because people want to see provocative things. Online portals like WeChat, and advertising in general, are not considered strategic in the same sense, and people are having a lot more freedom of experimentation. So I'd say strategic versus non-strategic, inspired versus means-to-an-end

Prange: Is there a Choice for Chinese Companies not to be Agile?

Doctoroff: No, because no matter what, the competitive landscape is changing so dramatically, and business models are so fundamentally new, except in the protected old industries, and even there they will change. In the private sector, and even in the public sector, I think you always have to evolve, but the question is to evolve from what? If you consider evolution into the area of freedom of expression and value-added innovation, that commends a price premium versus Western brands and I don't think that Chinese companies can be agile in that direction.

But they certainly can be agile so that they encourage people in their framework to build on their strengths. But it's got to be done in a different way.

I think agility needs to be defined, but if we define it as evolving from the core, then Chinese companies can do it.

Prange: What criteria do you use to judge whether companies are agile?

Doctoroff: Whether they have a vision. Whether their product evolves. Google is agile, not the Alphabet Google. You know Google, it is interaction - it is bringing the world closer together. I think that Apple is agile. Apple is using technology to humanize the world. Nike's *Just Do IT*, even when they have their batches, you know the Nike wearable instruments, it still was deepening the relationship between the consumer and the brand. Disney is an agile company. Even

though it has ups and downs. Again, it is all about a vision for a role in life.

One of the challenges will be to define where Chinese companies can be agile and where they cannot. Where they want to be and where they could be. There is the government imperative from 'Made in China' to 'Created in China'. In reality, I don't know whether or not Chinese companies understand their own limitations. You don't have many companies that are extending beyond their core - it's still much about the basics. I very am curious to see where people will feel comfortable.

Prange: Thank you very much for sharing your experiences and interesting insights.

Speed, Change, and the Quest for Innovation

Agility can cause many anxieties if there is a lack of guidance, purpose, and direction. While it seems counterintuitive that freedom and independence in decision-making can result in bewilderment, even emergent strategies require some deliberate frameworks (Mintzberg & Waters, 1985). This is far from contradictory if agility is considered as 'evolving within a framework'. In order to be agile, Chinese leaders need to experience a stable and reliable framework with an unchanging set of core elements that preserve their position in society. Within this safeguard, they can experiment and adjust to changing circumstances. The arising challenge for managers is to balance the tensions between flexibility and stability, and this balance is often communicated through the brand.

This also bears a strong cultural component with countries like China being torn towards a stable backbone. While a mechanistic approach to organizational structure could indeed present a barrier to agility, its abolition is not the solution (Birkinshaw & Ridderstråle, 2015). Structural change does not automatically yield agile work procedures, but needs to be accompanied by a change in leadership and mindset (Joiner & Josephs, 2008).

Different leadership behavior drives agility, ranging from control within a framework to initiating organizational change. An agile mindset predominantly focuses on collaboration and interaction, e.g., on human dimensions.

'Ultimately, the more agile, the more human you get, the more you have to be known as a humanist.'

Transforming a company into an agile organization requires behavioral norms for success, and principles that unite people in their work environment. In the Chinese context, behavioral norms are strongly based on the ideological past, the culture, and the position of the individual in society. Chinese culture fosters a strong belief in hierarchy, including failure avoidance, which poses barriers to implementing agile thoughts. However, this is not to say Chinese companies are not agile. Agility can take on fundamentally different facets in different contexts. Striving for agility with the idea of uncompromising change in mind can be a daunting task, but defining agility as evolution in line with a core belief is human and feasible – at least in Confucian societies.

REFERENCES

- Beck, K., Beedle, M. et al. 2001. *Manifesto for Agile Software Development*. [cited 19 September 2014] Available from URL: <http://agilemanifesto.org>
- Birkinshaw, J., & Ridderstråle, J. 2015. Adhocracy for an agile age. *McKinsey Quarterly*, [cited 20 November, 2016]. Available at URL: <http://www.mckinsey.com/business-functions/organization/our-insights/adhocracy-for-an-agile-age>
- Brown, S., & Bessant, J. 2003. The manufacturing strategy--capabilities links in mass customization and agile manufacturing: An exploratory study. *International Journal of Operations & Production Management*, 23(7): 707-730.
- Cheng, V., Rhodes, J., & Lok, P. 2010. A framework for strategic decision-making and performance among Chinese managers. *The International Journal of Human Resource Management*, 21(9): 1373-1395.
- Hinds, P. 2016. Research: Why best practices don't transfer across cultures. *Harvard Business Review*, June 27th, 2016. [cited 10 August, 2016]. Available at URL: <https://hbr.org/2016/06/research-why-best-practices-dont-transfer-across-cultures>.
- Joiner, W., & Josephs, S. 2008. *Leadership agility. Five levels of mastery for anticipating and initiating change*. San Francisco: Jossey-Bass;
- McKinsey. 2015. Agility rhymes with stability. [cited 25 August, 2016]. Available at URL: <http://www.mckinsey.com/business-functions/organization/our-insights/agility-it-rhymes-with-stability>.
- Simpson, J.A., & Weiner, E.S.C. 1989. *The Oxford English Dictionary*, New York: Oxford University Press.
- Singh, A. 2013. Why do companies fail in adopting agile practices? *Scrum Alliance*, 16 December 2013. [cited 4 August, 2016]. Available at URL: <https://www.scrumalliance.org/community/articles/2013/december/why-companies-fail-in-adopting-agile-practices>
- Sull, D. 2009. How to thrive in turbulent markets. *Harvard Business Review*, Feb. 2009: 78-88.

ABOUT US

The AgileVentureLab is a global think tank that researches and advises on dynamic strategizing and agile transformation in the digital age. Founded in Shanghai, our partners serve clients globally. We are expert partners in helping companies achieve competitive advantages in an increasingly complicated and complex world.



Contact: Prof. Christiane Prange, c/o Tongji University, 1500 Siping Road, Tongji A-Building, Office 2015, 200092 Shanghai, P.R.China, email: prange@agileventurelab.com

This text is a short and modified version of an interview published in: Prange & Heracleous (2018). *Agility.X. How Organizations Thrive in Unpredictable Times*. Cambridge University Press. Picture credit: www.pixabay.com