

Adaptive Enterprise (Expansion of the SGEP)

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Collected Resources for Scrum Guide Expansion Pack

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It's difficult for an enterprise to be adaptive [2] without a climate where words and actions match. Over eighty engagement models were studied. Amongst those were scaling or descaling frameworks, and Product operating models, which can be useful for multi-Scrum-Team Products. Models range from going too far to not doing enough in helping the Product organization become more adaptive. There is no grand, universal truth or context-free 'Goldilocks zone.'

Of the engagement models studied, there are a number of notable contenders, including but not limited to Beyond Budgeting, Humanocracy, and Sociocracy, that, depending on the context, should be explored. Consider the combination with each other and with other approaches.

Beyond Budgeting

Beyond Budgeting [3-26] is a management philosophy that rejects traditional, rigid annual budgeting in favor of a decentralized and adaptive approach to organizational control and performance management. It is built on 12 guiding principles-six focused on leadership and six on management processes-that promote decentralized decision-making, transparency, team autonomy, and a strong alignment with customer value.

Instead of fixed targets and detailed annual plans, Beyond Budgeting encourages dynamic goal-setting, continuous planning, and allocation informed by real-time needs, fostering adaptiveness and responsiveness in a rapidly changing business environment. This approach aims to empower teams, enhance innovation, and ensure organizations are better equipped to navigate uncertainty [27] and complexity [28-33]. Beyond Bud-

geting is badly named (false assumption it's only about Finance) and well named at the same time (indeed going beyond budgeting).

Humanocracy

Humanocracy [34], as defined by Gary Hamel, is a management model that replaces rigid hierarchies and centralized control with systems that maximize each person's contribution and creativity. In a humanocracy, organizations exist to serve and empower people, not just treat employees as resources for company goals.

It is built on principles like distributed ownership, meritocracy, openness, experimentation, and community, fostering autonomy and innovation. Authority is based on competence, and decision-making is decentralized to those closest to the work. Humanocracy prioritizes trust, engagement, and unleashing human potential over compliance and control, aiming to build resilient, innovative workplaces where employees drive meaningful change.

While models like Haier's Rendanheyi [35-36]share values of decentralization and empowerment, humanocracy is a broader philosophy focused on replacing bureaucracy with people-centric principles that unlock collective capability and value.

Sociocracy

Sociocracy [37-41] is a governance system that organizes people into self-managing [42] circles and makes decisions by consent, not majority vote. Developed by Gerard Endenburg [43] in the Netherlands in the 1970s, it ensures everyone affected by a decision has a voice, with proposals advancing unless a reasoned objection is raised. Guided by the principle of 'good enough for now, safe enough to try,' sociocracy distributes authority, promotes transparency, accountability, and continuous improvement, and fosters collaboration and shared ownership. Its principles have influenced models like Holacracy and self-managing teams.

The most established variant is the Sociocratic Circle-Organization Method (SCM), the original, formalized method. SCM uses semi-autonomous circles, double-linking (where two people attend two directly related circles to connect those circles), consent-based decision-making, and open elections for roles. This structure maintains both organizational efficiency and member equivalence, and has a well-documented track record in businesses, cooperatives, and schools in the Netherlands.

While newer variants like Sociocracy 3.0 (S3) offer more flexibility, SCM remains the most historically validated and widely documented form of sociocracy.

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