



## Agility 2.0

by Sheila Julien, Senior Associate

### Change is no longer a constant... it's accelerating.

In the past 10 years we have seen an *unprecedented* acceleration of the rate of change. In his recent book, *Thank You For Being Late*, Thomas Friedman chronicles the breadth and pace of disruption in today's world, identifying 2007 as an inflection point in our transformation — also noting that inflection points are spotted only in retrospect. In or about 2007, an extraordinary number of new developments began transforming the world we once knew:

- the number of internet users crossed the one billion mark;
- Apple introduced the iPhone;
- Google bought YouTube and launched Android;
- AT&T led the other telecoms in a huge expansion of transmission capacity to handle a data deluge;
- Amazon launched the Kindle;
- Airbnb was born;
- Intel introduced non-silicon materials;
- bitcoin was created; and
- the world saw an exponential rise in energy efficiencies through solar, wind, LEDs, and advanced building designs.

“Disruption is when someone does something clever that makes you and your company obsolete,” says Craig Mundies, former chief of strategy and research at Microsoft, “Dislocation is when the whole environment is being altered so quickly that everyone starts to feel they cannot keep up.”

Whether we are experiencing ‘disruption,’ ‘dislocation,’ ‘disorientation,’ ‘disaster,’ or unprecedented opportunity, we have clearly moved into an era where the extraordinary becomes the expected and subsequently obsolete at an unprecedented rate. This acceleration of change has important implications for business — specifically for the organizational traits and capabilities that determine who will thrive, survive, or fail.

The capabilities, knowledge and expertise that got us where we are today are not likely to get us where we need to be tomorrow. For example, economies of scale once conferred substantial efficiencies that smaller enterprises had to work hard to overcome. While organizational size still enables efficiencies, it also can slow and distort the information flow from customers and markets to the strategic decision makers. The size of the organization may also increase the difficulty in turning the ship to take advantage of new opportunities and avoid the iceberg ahead.

The speed of change in the market, competition, and technological capabilities has increased desire for greater agility. Agility has long been (‘long’ being maybe ten years) a valued practice in [software development](#) and project management. But what is *organizational agility* and how can we get some?

### And what is organizational agility?

When “organizational agility” is mentioned, the word “entrepreneurial” is often bandied about, but that’s not exactly the same as an agile organization. Not all entrepreneurs are very agile, and an organization full of



entrepreneurial types may too often go it alone and fail to leverage the organization's knowledge and capabilities to make the most of the developing opportunities. But it is easy to see why [entrepreneurial is associated with agility](#), because vision, leadership, rapid decision making, and an intense customer focus are all necessary for agility.

Organizational agility is the ability to identify the developing threats and opportunities to our mission and to quickly align or realign resources to thrive in the new environment. Agility requires these two components:

- The ability *to see and understand* the external developments and what they will mean for us,
- And the ability *to quickly adapt* our resources to leverage the emerging opportunities and to avoid the looming threats.

These two key abilities together provide a profound competitive edge in an era of vast and accelerating developments and enable an agile organization to thrive.

## How does an organization develop agility?

Everyone wants more agility, but few organizations develop it. For most of us in leadership roles, the planning and management methods we mastered on our way up the ladder were designed and effective in a different time, when change moved at a much slower pace. We need much faster, stronger, better management and execution systems today. To gain agility, leaders must build in their organizations four enablers:

- fast and effective information flows,
- strong teamwork,
- relentlessly streamlined and simplified processes, and
- flexible investments.

### I. Create fast & effective information flows

We'd all like to be Wayne Gretzky and "just skate to where the puck is *going* to be." What a brilliant idea! Of course, if we knew where the puck was going to be, everyone would be there. We *don't* know. That's why we need to build fast and effective information flows so that when indicators emerge about developing changes in the customers or markets, we spot them quickly. Here are some things we can do to accelerate critical information flows.

- At each customer touchpoint, we need to solicit, capture, and quickly flow back feedback to be understood, prioritized and used to improve the work and better align the products and services with customer values and unmet needs. [Steve Denning](#) calls it the "Copernican revolution in management" – an obsession with delighting the customers. In the Copernican model, the customers are at the center of *our* orbit.
- Engage in rapid prototyping with customers. Develop small experiments and try them out with some real customers to accelerate learning about what they really think, want, and value.
- Find out what data you have available, and develop ways to use it to understand how your customers are using your products and services. Many businesses have access to an astonishing amount of information, but do not yet know how to use it. Start by identifying the questions you and your team would really like to answer – and then explore what the data can tell you. When millions of answers are available, the advantage goes to whomever has the best questions.



- Establish ways of bringing into the organization information about changes in the marketplace, in the available technologies, and in other industries that could impact the opportunities and threats.

Accelerate internal communications as well:

- Establish effective mechanisms for quick, effective cross-functional knowledge sharing. (See teamwork, below)
- Build the capability to communicate a clear message throughout the organization in a quick and effective way. The “waterfall” method is often slow and may be highly prone to gaps and distortions.
- Build ways of hearing what the employees are thinking and feeling on a regular basis (not annually). And even further, develop ways of learning what your employees think you are saying. It’s not always what you meant. Effective two-way communication with employees is needed for fast, effective execution.

## II. Strong leadership and teamwork

The second enabler of organizational agility is strong leadership and teamwork to turn insight into action. Here are some things a leader can do to create the strong teamwork needed to operate with agility:

- Foster trust on the team. Knowledge is becoming obsolete at a faster rate than at any time in history, so an agile team must be absolutely fearless about admitting their gaps in knowledge and questioning what they have long believed. This challenging, learning and growing does not happen when team members cannot let their guards down.  
In addition, an agile team must have the courage to openly acknowledge and discuss threatening developments in the external world that could undermine the value of a part of the organization or even jeopardize the organization’s very survival. These are very difficult and uncomfortable discussions and require genuine trust among team members.
- Establish a cadence of frequent and effective team communications: both formal and informal. These ensure the team is on the same page, and even able to write a really good page together.
- Time is short and agile management teams leverage the tools available to help them get further faster. Some examples include affinity diagramming, interrelationship diagrams, cause & effect diagrams, FMEA, prioritization matrices, and quality tables.
- Because innovations and process improvements have a shorter shelf life than ever, they must be executed more quickly. Make and stick to prioritization decisions and use a Kaizen approach or Design Sprints to accelerate results. (An additional benefit from shorter cycles of execution is the [acceleration of learning](#), which builds organizational skills and capabilities.)

## III. Streamlined, simplified processes

If the processes that comprise your value stream are held together by patches, expediting, and human vigilance, or are full of inspection, rework, delays, over-specification, redundancies, excess inventory, complexity, etc. you will find it very difficult to execute changes you need. An [agile organization](#) must relentlessly streamline, simplify, and error-proof the work.



- Teach and collaborate with the people close to the work to identify and eliminate the waste, the barriers, whatever slows or dilutes the creation of value for the customer.
- Streamline all the key processes so they can move *fast*. Aim to cut in half the amount of time required to execute your key processes with high quality, using [poka-yokes](#) to prevent errors.
- Focus processes more closely around customer needs, using rapid prototyping and experimentation.
- Use the Kaizen approach to problem solving. Plan—Do—Study—Act **faster**.

In a time of change, this is more important than ever because making any significant changes to a process full of patches and workarounds is difficult, slow, expensive, and error prone.

#### IV. Flexible Investments

Acceleration of change makes acquired assets obsolete faster, so both the investment and hiring strategy should consider the need for flexibility.

- When making investments, consider what choices we could make today that will ensure the asset retains value if the expected use disappears.
- How quickly and easily can this asset scale up, scale down, or change uses?
- What skills should we hire for?
  - How much weight do you give to learned skills?
  - How much weight do you give to learning skills?
- When should we use contract resources?

By working on these four enablers of agility, an organization increases its ability to both see and to capture opportunities as they emerge and to avoid the strategic threats. Agility is the new competitive advantage.