

Strategic agility

What does it take to build an agile organisation?



Does our capacity for driving change exceed the turbulence around us?

Turbulence is here and is here to stay. Any attempt to ignore it will be futile. The way forward is to embrace the opportunities in turbulent environments and build an agile organisation. In this short viewpoint, we outline the nature of turbulence, what it takes to become an agile organisation and how to get started.

Turbulence is the new default

Turbulence has always played a leading role throughout socio-economic history. There has never been a dull moment. The sources of this turbulence have changed over time, but have always arisen from our political, economic, socio-cultural, technological or legal environments. Today, many will argue that we experience a significant acceleration in rate of change, growing exponentially, which subsequently has increased the influence on organisations. Every generation expresses that we are moving towards some end-state, but that is utopia. Turbulence indicates a disturbance in our environment, reducing predictability and heightening future uncertainty. The challenge at hand is that we organise our commercial activities on the assumption of continuing stability and the creation of predictable environments that we can control.

Unfortunately, we business leaders are not especially fond of turbulence. From an organisational context, we experience this turbulence as a major threat to the discipline of traditional management. We therefore need to evaluate which of our management principles that are not appropriate and test the assumptions that these ideas are based on.

QUESTION

What degree of turbulence has your organisation experienced over the last five years? How do you expect this turbulence to change in the future? Will it get better or worse? Easier or harder?

Reboot management please, a new operative management platform

While the impact of turbulence has accelerated exponentially since the industrial revolution, the discipline of management has stood virtually still in comparison. After a fast start at the beginning of the 20th century, the pace of innovation gradually decelerated and in recent years slowed to a crawl. The current discipline of traditional management gets free-spirited human beings to conform to processes, standards and rules, but doing so kills off large quantities of human initiative and imagination.

TO WHAT EXTENT DOES YOUR ORGANISATION:

1. Consider everything outside the core as non-relevant and therefore miss out on opportunities?
2. Have a systematic approach for addressing emerging change in the market and gather key information for systematic sense-making and fast decision-making?
3. Create and reinforce a culture that promotes speed, entrepreneurship, diversity, innovation and risk taking?
4. Have too much focus on continuous improvement and therefore get caught in shortsightedness and internal mindset?
5. Shy away from open cooperation to challenge ourselves, using the outside world as a change driver?
6. Experience management divergence and “my area” mindset that block unity around bold strategic decisions?
7. Have “old heroes” and clear division by hierarchy which slow down promotion and fast track change projects?
8. Evaluate decisions to the “same” experts leading to snap judgment and intellectual laziness?
9. Have core business managers “sitting on their resources” leading to very slow reactions to market changes – portfolio ossification?
10. Systematically reallocate cash and top management resources to the projects with the most potential?

It brings discipline to operations, but destroys organisational adaptability.

We experience a lot of business leaders who are excellent at “running the business”, however, they are significantly more challenged when turbulence causes the focus to shift to “changing the business”. The ability to bring this external “chaos” into the traditional line organisation and view it as something positive is a big challenge for most business leaders. From a leadership perspective, we need to cultivate our ability to be opportunity-seeking and offensive even though we will experience surprises constantly. We need to accept that we make bold decisions and change things, only to change them again shortly after. We communicate strongly internally and externally, only to experience that it turned out differently.

This is challenging and calls for a new mindset, nursing capabilities that are already in our organisations, but maybe have not been cultivated: bring the outside world into the organisation, reducing formal hierarchies and “destructure”, exploit diversity, reduce control and fear – build trust, share the work of setting direction, reinvent strategy-making and leaders as “social systems architects” who create meaning for individuals.

QUESTION

What parts of your management practices embrace change successfully, and what parts block your ability to exploit opportunities quickly and effectively?

Agility is the new black

Organisational agility is the capacity to identify and capture emerging opportunities more efficiently than rivals. Being agile is not about how an organisation should respond to a once-off crisis or rebuild after a downturn, it is concerned with an organisation's ability to navigate through continual turbulence. To be truly agile, an organisation must be able to dramatically reduce the time it takes to go from downturn to upturn. Mastering the art of organisational agility requires focus on four agility enablers:



QUESTION

How are you addressing agility as a competitive differentiator? Does the management team discuss speed and transformation ability? Do they have shared understanding of the key areas to focus on?

Evaluating your organisational agility capacity

For most organisations, developing a capacity for agility involves making fundamental changes to the way in which the business is managed. These fundamental changes can

be more or less drastic, depending on the organisations. Gaining insight into your organisation's current agility capacity requires the execution of an agility maturity assessment. The box to the left shows examples of the types of questions that should be included in that assessment.

Getting started with agility

Over the last three years, we have noticed an increase in the number of clients who have asked for help to create more agile organisations. While the major challenges and rationale for wanting to develop a more agile organisation always differ, the starting point for doing so is always the same and based around three major actions:

- 1. Agility on the management agenda** – start talking!
Take time at your next management meeting to discuss the following questions: What major changes occurred in our industry over the last five years? Did we see them coming? Was our response strong enough? If the answers to the last two questions were "no", then it might be worthwhile looking into how you can improve your organisational agility.
- 2. Agility Assessment Workshop** – what is blocking speed? Conduct a top management "agility assessment" workshop. Focus on creating a common diagnosis for understanding the organisation's current agility capacity and improvement potential. Improvement areas might include: culture, the way leadership is conducted, the way change projects are run, the way we are organised, the way decisions are made or the way we use the board. We advocate the use of a best practice model and ensure that the session is designed to identify and address all relevant issues, especially the most sensitive ones.
- 3. Transformation roadmap** – unleashing internal action. The organisation's agility potential and focus areas is discussed and finalised. Quite often, the best improvement is not the most complex, but a few well-chosen areas with symbolic effect that institutionalises a real change in the way the organisation thinks and acts.

QUESTION

What is your roadmap for improved agility in your organisation? Do you have a blueprint for how the organisation will have to transform?

For more information

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