

SolutionsIQ

Pinning Down “Business Agility”



By Evan Campbell

Abstract

Many enterprises that began the transition to Agile five to ten years ago have largely solved their technology delivery problems and are recognizing huge opportunities for further improvement. Now they must learn to adapt their organizational structures and processes and align to the voice of customers and users. This is precisely what Business Agility enables the Agile enterprise to do. In this white paper, we define what Business Agility means in different contexts and how to achieve it by mastering each level of the Hierarchy of Organizational Capabilities.

Introduction

Business Agility is a hot topic today, in part, because the adoption of Agile in IT, along with the increasing prevalence of Agile thinking and value stream alignment, has made significant progress over the last half-decade. Many enterprises that began the transition to Agile five to ten years ago have largely solved their delivery problems (the HOW) and are recognizing huge opportunities for further improvement by applying Agile and Lean to line-of-business, support, governance and funding functions. Companies undertaking “Digital Transformation” (another buzzword that’s

hard to pin down) must develop Business Agility competencies to realize significant benefits. After solving the HOW of delivering technology well, organizations must learn to align to the voice of customers and users, becoming more adaptive and granular in selecting WHAT to deliver. In other words, the problem domain has moved up from “We can’t ship quality/fast/responsively” to “The stuff we ship doesn’t thrill users or doesn’t drive competitiveness”.

What is Business Agility?

Business Agility is the set of competencies that enable an enterprise to:

1. Optimize all policies, processes, and structures throughout the value stream for responsiveness and short cycle times
2. Sense and respond to customer and market needs with disruptive products and services in an immediate frictionless manner.

The need for Business Agility is evidenced by the fact that business and technology leaders face ever increasing competitive and market pressures. More than ever, organizations must rapidly innovate and

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deliver, or succumb to nimbler competitors. Rates of business startup creation, disruption, and disintermediation are increasing exponentially. Bureaucratic firms unable to integrate rapid learning with speed to

market will succumb to increasing volatility, uncertainty, complexity and ambiguity (VUCA). Business Agility is the key to restoring control to enterprises confronting the velocity and unpredictability of modern markets.

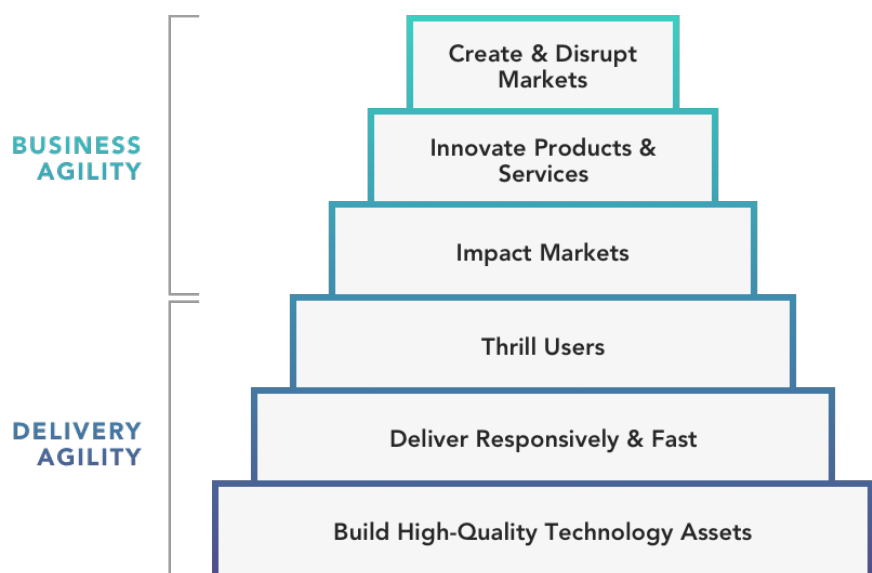
Hierarchy of Organizational Capabilities

Through decades of experience supporting innovation and delivery improvement initiatives of Fortune 500 enterprises, we have heard from Chief Information Officers, Chief Innovation Officers, line of business and product management leaders many variations on two common problem themes:

1. **We’re too slow.** “Our delivery organization is slow and unresponsive. It’s not capable of delivering the performance we need to satisfy our customers (internal or external) and win in the market.”
2. **We don’t get the intended result.** “Delivery ships working product ok, but our users/buyers are not using/ buying what we’re shipping. Our releases don’t deliver the intended business impacts.”

Our approach to implementing Agility transforms organizational effectiveness by ensuring the enterprise first builds the capability to responsively

deliver high-quality products rapidly and frequently before attempting to develop the higher-order business capabilities necessary to impact markets. We can think of these capabilities as forming a hierarchy (cf. Maslow’s), insofar as the ability to systematically and deliberately accomplish any higher-level capability depends on the organization mastering of every underlying capability.



Business Agility Hierarchy of Capabilities

Organizational Capability to Learn and Adapt

The most important all-encompassing and overarching capability is the organizational capability to sense, learn and adapt rapidly for continuous improvement. This capability enables the enterprise to move up the hierarchy to realize higher levels of performance. Competitive enterprises must continuously sense impediments and opportunities for improvement within the organization, and continuously adapt and improve towards becoming ever more effective and competitive. Modern knowledge-economy firms must become

learning organizations capable of adapting and reinventing themselves at the speed of market change in order to innovate and drive the competitive landscape. This ability ultimately transcends Agile or any other buzzword, yielding the highest competitive advantage possible. In his visionary series entitled “Why Organizations Can’t Learn”, SolutionsIQ Chairman Charlie Rudd explores learning organizations and the means for enterprises to leverage organizational learning for competitive advantage in the era of VUCA.¹

Conclusion

One increasingly encounters the term “Business Agility” in the mainstream business press. The term was hard to pin down for many reasons, not least of which is that it means different things in different environments:

1. In enterprise Agile transformations, Business Agility refers to the non-IT processes and functions in the value stream that must support responsiveness and short cycle times. Examples may include governance, portfolio management, budgeting, role accountabilities and incentives, leadership skills/styles, and even corporate culture. The enabling capabilities supporting this include embracing organizational learning, empowering highly engaged employees, and leveraging continuous improvement to sense organizational limitations and adapt the enterprise continuously.
2. Within the realm of innovation and Lean Startup, Business Agility means sensing and responding to customer and market needs with disruptive products and services in an immediate frictionless manner.

¹ “Why Organizations Can’t Learn” by Charlie Rudd. 2016

Organizations that pursue Business Agility capabilities embark on a complex but rewarding journey toward transformation of their competitiveness and market power. Implementation of cross-cutting organizational change poses significant challenges for leaders, but becoming an Agile business promises powerful new capabilities to address the challenges of the VUCA era.

SolutionsIQ has integrated a holistic change management framework around our Business Agility services to ensure

enterprises achieve their strategic business objectives at every level of competency. We tailor the transformation journey to each client’s unique current-state, goals, and strategy, leveraging the solutions that will have the greatest impact in the shortest time. Finally, our Hierarchy of Organizational Capabilities may function as a simplified roadmap for organizations to continue their journey toward transforming themselves and transforming their markets.

Innovate Now with Enterprise Lean Startup

Innovation is a key component of Business Agility. In our Enterprise Lean Startup workshop, you learn the core tools, practices and concepts for Lean Startup, Business Model Generation and Customer Development practices in a large organization. This workshop will help you transform your business to meet the challenges of your industry head on and to build the capability to innovate like a startup.

Contact us at info@solutionsiq.com to learn more.

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