8

THE DNA OF ORGANIZATIONAL AGILITY

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UNCERTAINTY IS THE MOTHER OF INVENTION—and Agility

What is it about certain words, the word agility, for example?

After a period of eclipse, agility is currently more than a hot word; it’s a bona fide hot topic, a favorite of the press, the pundits, the analysts, and vendors. A question is, why now, or why again? The answer is as simple as its implications are profound; what’s driving this hot topic is a cold reality—the inexorable marketplace uncertainty we all face.

Consider: In a recent survey (Global Future Forum, 2002) of CXOs (senior corporate executives that have “chief” in their title) and senior executives, 40 percent reported that in the past year their organization had experienced radical change. The thing is, the uncertainty that drives radical change is now the only certainty of our competitive life. But just how prepared is business to deal with it?
Not very well prepared at all. In the same survey, 57 percent of the respondents rated their organization as “ineffective in managing the varying scopes of change.” This helps explain the critical need for agility. We all know that we face a significant amount of uncertainty; we also all know that such uncertainty creates fast moving business opportunities—for those able to exploit them. As we see it, this means building the capabilities and mechanisms needed to exploit those fast moving business opportunities—indeed, the very opportunities that uncertainty creates. To put it another way, uncertainty is the mother of invention, just as agility is the ability to mobilize your capabilities and resources to take advantage of those opportunities, and to do so before fast-following competitors can get into the act, copying the model, and bleeding off its value.

There has been much written on organizational agility—on what an agile company looks like, on the leadership needed to champion agile capabilities throughout the organization, and on sets of stuff to do to become more agile. As we’ll briefly discuss below, there are multiple and specific challenges to being agile, challenges we face everyday. Yet, what we want to explore in this article is a two-sided question: 1) is there a root cause that impedes organizational agility, and 2) is there a corresponding DNA for organizational agility. Such DNA, if it exists, can be excavated to expose another way of making sense of the challenges we face and from that being able to take action more effectively to become more agile.

On that note, let’s begin with a simple working definition:

Organizational agility is the capability to respond to new business demands and opportunities effectively and efficiently, rapidly shifting and aligning business assets to beat the competition to market.

And just how important is agility to executives? Very important according to 64 percent of the C-level executives from 250 mid-to-large size companies in the United States and the European Union, who said that “agile organizations that can react quickly to changing business models, technologies, and processes will outperform companies that focus on cost efficiencies.” (Unisys Corporation, 2003) Ponder that for a moment. In the calculus of uncertainty, agility is beginning to dethrone cost. Faced with this necessity, many executives perceive a new challenge: how to transform their company to achieve agility and all the success that goes with it. Such capability depends upon being able to execute quickly and effectively. So far so good—easily well accepted, and even more easily said. The difficulty, as we all know, lies in actually being agile. What is it about an organization that makes agility so difficult to achieve? And what is common to these difficulties? Let’s see.