

Strategic Agility

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By all accounts, the twenty-first century is bringing rapid innovation driven by the continuing Digital Renaissance and expanding global markets from the last decade of the twentieth century. The accelerating rate and volume of change will continue to be driven principally by the exponential growth and global availability of information, technologies and technology-based infrastructure. How well are organizations prepared to survive in this business climate?

Part of the answer is that organizations will not only survive but thrive that can continually monitor, anticipate and adapt to trends in the business environment. Their products and services must match, and sometimes even create, customer demand. This capability depends on strategic agility.

I first discovered the value of strategic agility during my 23 years as a Naval Officer responsible for Diving and Explosive Ordnance Disposal teams. These were highly-trained, physically and mentally prepared men and women who faced rapidly unfolding and changing circumstances. The key ingredient that separated the good from the best teams was agility. Current and future trends indicate that organizations will be operating in environments characterized by the same ambiguity and uncertainty that I found in the Navy. Typical strategic situations lack structure and are open to varying interpretations, and potentially pertinent information is often far-flung, elusive, cryptic, or even contradictory.

Strategically agile organizations possess the requisite skills to navigate in this milieu and are fluid enough to alter their actions to function and excel in this complex

environment. The successful organization will evolve, not through random mutation, but through purposeful and agile strategies that influence and respond effectively to unpredictable and shifting marketplace demands and world events. However, organizational agility embodies both the proactive (innovative) and reactive (adaptive) nature of change that produces anxiety in the organization and often results in what could be referred to as “psychosclerosis”—hardening of the attitudes and behaviors about change.

Why did Kmart go bankrupt and Wal-Mart excel? The companies entered the market in the same year (1961) and Kmart quickly grew to 10 times the size of Wal-Mart and was the stock market darling of the sector. What went wrong? What was different about the strategy, the structure and the people that made such a difference? The answer rests in strategic agility.

We view strategic agility in organizations not as a goal, but rather as a fundamental existence necessity. Organizations have always had to be sufficiently agile to adjust to their changing environment or cease to exist. The only reason agility is being discussed recently is because the environment is changing faster than it used to, and faster than most organizations are capable of matching. This is a new and unfamiliar business situation, and poses a threat to organizational viability. A number of companies have started focusing on the marketplace value of agility (e.g., EDS’ Agile Alliance, HP’s Adaptability-themed marketing, Microsoft’s introduction of XML as “Software for the Agile Organization, etc.).

Agile is a word best associated with cats that are both physically adept at movement and

also mentally adept at choosing useful movement appropriate for the situation. We often associate strategic agility with organizations that have the characteristics of cats—focused, fast and flexible.

Organizations are faced with executing current strategy to survive today's challenges while being fluid enough to adapt to tomorrow's turbulence. Since executing and adapting often require many of the same resources, organizational leaders face the strategic agility dilemma of preparing people, processes and technology to deliver goods and services and the equally vital need to build agile capability and invest for the long run.

Today, in business after business, fast beats slow. Three years ago, Apple was on the brink of extinction, with its share of the PC market continuing to dwindle and its stock selling for \$11 per share. Today, the success of the iPod digital music device has helped Apple become the envy of the tech world and demanded by every adolescent, regardless of age.

When the iPod was introduced in November of 2001, it took 18 months before it sold 1 million units. Since then, sales have skyrocketed to a reported 10 million units sold by the end of 2004. Apple is experiencing a huge demand for its product and continuing to build market share. In fact, a new means of delivering organizational communications is through a "Pod Cast." Apple's iPod illustration of strategic agility responded to trends and consumer demands in real time.

The iPod phenomenon has been made even more exciting by focused, fast and flexible entrepreneurs that have ridden the iPod retail wave. From colorful socks that keep their players safe and warm to voice-recording

devices, 12 million iPod users are spending millions more on outfitting their music players with useful peripherals and whimsical accessories. An example of a strategically agile organization that has gained from its ability to anticipate change is Griffin Technology. Griffin makes some of the most popular iPod accessories, including its bestselling iTrip, a lipstick-sized transmitter that sends an iPod playlist wirelessly to an FM stereo.

Founded in 1992 by Paul Griffin as a company to make cables and connectors, Griffin Technology has grown by developing products for Apple computers and the iPod. This is strategic agility in action.

So what does it take for an organization to become strategically agile? Recent research has led us to the conclusion that agility requires the alignment between people, processes and technology, as reflected in **Figure 1—ACT AGILE™**.

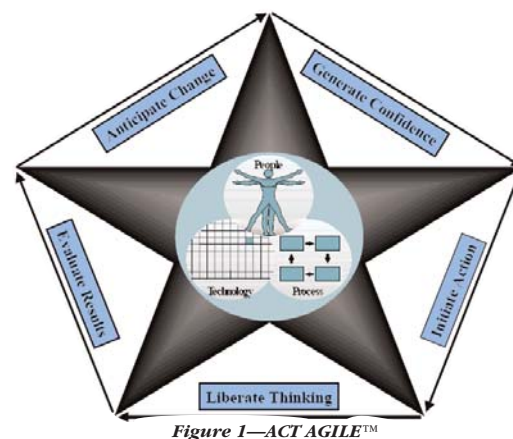


Figure 1—ACT AGILE™

One without the other will not be sufficient, as has been the case with the number of "agile" technologies introduced during the last decade that were derailed by organizations that did not have their people and processes aligned to support them (e.g., ERP, CRM, etc.).

To achieve this alignment in a continuously changing environment requires the following capabilities:

Anticipate Change: Interpret the potential impact of business turbulence and trends.

Generate Confidence: Create a culture of confidence and engagement.

Initiate Action: Make things happen proactively and reactively.

Liberate Thinking: Empower others to be innovative.

Evaluate Results: Manage knowledge to learn and improve from actions.

The Agile Model™	Organization Capabilities (People, Process & Technology)
Anticipate Change	<ul style="list-style-type: none"> • Good understanding of forces that cause change • Key metrics monitoring primary business drivers • Strong awareness & industry involvement • Always probing ~ never complacent ~ at all levels
Generate Confidence	<ul style="list-style-type: none"> • Clear mission "line of sight" throughout the organization • Active leadership practices ~ in touch and listening • Alignment of resources to priorities ~ tools to win • Commitment to building right team and skills to win
Initiate Action	<ul style="list-style-type: none"> • Effective system for bringing focus & priorities to action • Effective capabilities for decision-making down the line • Culture that promotes a bias for action & resourcefulness • Capability to mobilize cross-functional action swiftly
Liberate Thinking	<ul style="list-style-type: none"> • Organizational climate that encourages innovation • Process and product improvement and on-going expectation • Promotes participation and idea generation at all levels • Constantly searching outside the box (company & industry)
Evaluate Results	<ul style="list-style-type: none"> • Developed a company scorecard that balances key metrics • Each business or functional unit has key metrics aligned • Part of evaluating results is <i>learning</i> how to improve • Results provide feedback for each of the other areas above

These capabilities characterizing strategic agility can be quantified through an **Agility Audit™**.

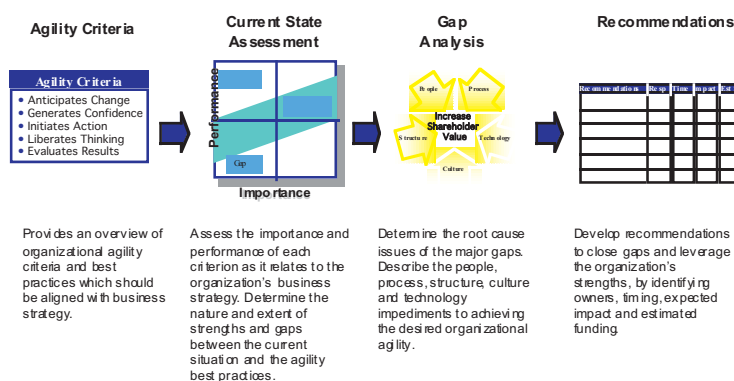
For example, strategically agile organizations can anticipate agile by scanning the environment, understanding their world from a systems perspective and eventually envisioning different futures and directions of the organization. Scanning involves a constant search for information that affects current assumptions, along with the future of the organization. Agile organizations search for more information and spend more time interpreting it. They also analyze large amounts of sometimes conflicting information

and try to understand why things happen and identify possible courses of action to affect events. Agile organizations know which factors really matter in the big picture; they identify root causes quickly, display a keen sense of priority, relevance and significance and integrate information from a variety of sources while detecting trends, associations and cause and effect relationships. They translate complex situations into simple, meaningful explanations that others can grasp.

A strategically agile organization would exhibit goal seeking behavior, exercising its potential for agility by understanding its business situation, learning and adapting continuously as the situation changes and demonstrating sustained achievement of purpose.

Strategic agility is not about perfect prediction of the future. Instead, it is about being prepared to exploit change, and making informed decisions as to the best moves and countermoves for the business. It is about an organization's ability to move all employees up the strategic agility spectrum from "I'm totally oblivious to the potential changes that might

The agility criteria focus the organization's transformation to becoming focused, fast and flexible (agile) while the current state assessment and gap analysis prioritize the key organizational agility initiatives.



impact our company” to “I see it coming and am prepared to do something about it.”