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# Adaptive Strategy for a Resilient Organization

**Evolving Leadership, Culture, and Intelligence in an Age of  
Continuous Change and Innovation**

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# Executive Summary

## 1.1 The Core Challenge: Evolving Strategy for a BANI World

Traditional approaches to long-range strategic planning are increasingly challenged by today's operating environment. The context has moved beyond VUCA (Volatile, Uncertain, Complex, Ambiguous) to BANI (Brittle, Anxious, Nonlinear, Incomprehensible), where assumptions can shift rapidly and unpredictably.

In this landscape, highly rigid, top-down strategies often struggle to remain relevant over time, as they are designed for stability rather than continuous recalibration. When strategic intent is not sufficiently connected to decision-making and execution, plans risk becoming polished artifacts rather than active instruments of change, reducing organizational responsiveness and increasing exposure to fragility.

This signals not a failure of strategy itself, but the need to rethink how strategy is designed, governed, and continuously adapted in conditions of persistent uncertainty.

## 1.2 The Proposed Solution: Strategy as a Living Organizational Competence

This paper advocates an evolution towards adaptive strategy; treating strategy as a continuous and dynamic organizational capability embedded across the enterprise. This approach focuses on building resilience that enables organizations to absorb disruption and strengthen through it, positioning uncertainty as a source of competitive advantage. The ambition is to develop organizations that continuously learn, make deliberate choices, and execute with clarity at the pace of change.

## 1.3 Key Components of the Adaptive Framework

The transition to an adaptive strategy rests on the integrated evolution of leadership, culture, structure, and intelligence.

### Evolved Leadership:

Adaptive leadership reflects an evolution from traditional command and control models towards approaches that **enable and empower decision-making across the organization**. Leaders increasingly operate as architects of the system, shaping the conditions for success by fostering psychological safety, distributing decision-making authority, and emphasizing sensemaking to support effective and timely action.

### Accelerating Culture:

Culture is positioned as the organization's core operating system and a primary driver of adaptability. An adaptive culture is underpinned by institutionalized **psychological safety**, **decentralized decision-making**, continuous **reskilling**, and **incentive structures** aligned to reward both consistent execution and informed experimentation.

### Human-AI Partnership:

Artificial Intelligence is a critical enabler, transforming strategy from a periodic exercise into an "always-on" function. AI enhances foresight, augments scenario planning, and supports faster, less-biased decisions. However, its value is unlocked only through a symbiotic partnership where leaders act as **"meta-sense makers"** interpreting AI outputs, ensuring ethical governance, and applying critical thinking.

## Resilient Structures:

Organizational design must balance a **stable backbone** (core processes, governance) with **dynamic elements** (empowered, cross-functional teams). This duality provides the stability needed to operate efficiently while enabling the agility to innovate and adapt at the edges.

### 1.4 Benefits of Adoption

Organizations that successfully embed adaptive strategy gain significant advantages, including:

- **Enhanced Resilience:** The ability to absorb shocks and emerge stronger.
- **Increased Maneuverability:** The capacity to rapidly reallocate resources and redirect focus to capture opportunities.
- **Sustained Relevance:** Continuous alignment with evolving customer needs, market dynamics, and ecosystem pressures.
- **Coherent Autonomy:** Empowered teams that can act with speed and confidence within clear strategic boundaries, accelerating value delivery.

### 1.5 Foreseeable Challenges and Risks

The transition is not without obstacles. Leadership must anticipate and manage:

- **Cultural Resistance:** Shifting from a culture of certainty and control to one of learning and trust is the most significant hurdle.
- **Governance Friction:** Traditional risk and compliance frameworks can perceive adaptiveness as a threat. This calls for governance approaches that enable speed while ensuring accountability.
- **Leadership Discomfort:** Leaders will face the need to become comfortable with visible uncertainty and to reframe credibility around learning and transparency, as opposed to certainty and prediction.
- **Partial Adoption:** Uneven implementation can lead to fragmentation and misalignment. A coherent, organization-wide approach is essential.

### 1.6 Recommended Next Steps for Leadership

To begin this journey, the C-Suite mandate is clear:

#### Lead for Learning

Champion a culture where curiosity, experimentation, and evidence-based learning are rewarded. Publicly model the behaviour of adapting your own views based on new data.

#### Design for Empowerment

Actively dismantle barriers to distributed decision-making. Provide teams with clear strategic intent and the autonomy to determine "how" to achieve it.

#### Integrate Intelligence

Invest in the human-AI partnership. Focus on augmenting your teams' capabilities with AI-driven insights, ensuring strong ethical governance is in place to build and maintain trust in the system.

# Introduction: Strategy in Motion

Strategy appears to be at risk of becoming wishful thinking, “executive entertainment” rather than a vehicle for real choices.

Executives describe feeling trapped in cycles of large, infrequent planning efforts that generate impressive documents but little movement. Strategic initiatives compete with business-as-usual for scarce capacity. Growing technical and organizational debt quietly erodes the bandwidth needed to execute change. The result? A rising desire for agility held back by rigid strategy practices and unresolved constraints.

This whitepaper examines why traditional approaches to strategy struggle in today’s environment and how adaptive strategy can turn those tensions into coherence, resilience, and value. We argue that strategy must become an organizational competence, a living capability shared across people, systems, and leadership, as opposed to being a periodic exercise owned by a few.

We extend the focus from operational flexibility to strategic adaptability, where foresight, human intelligence, and artificial intelligence operate in harmony to create organizations that continually learn, experiment, make deliberate choices, and execute at the pace of change.

## 2.1 Dimensions of an Adaptive Strategy

Nine dimensions distinguish adaptive strategy from more static, linear conceptions ([Loh & Hoverstadt, 2022](#)). These dimensions provide an analytical framework for assessing where an organization’s strategic adaptability is well developed and where it remains constrained.

- **Shorter strategic cadences:** Strategy reviewed and adjusted far more frequently than annual cycles.
- **Feedback-rich loops:** Decisions informed by real-time learning from teams, customers, and data.
- **Resource fluidity:** Ability to reallocate people, funding, and attention rapidly where they create the most value.
- **Autonomy with alignment:** Teams empowered to act within clear strategic boundaries.
- **Multiple scenario pathways:** Strategy shaped by alternative futures rather than a single prediction.
- **Modularity of strategy:** Strategic components designed in smaller, adaptable units rather than monolithic plans.
- **Contextual awareness:** Sensitivity to environmental signals, constraints, and emergent conditions.
- **Dynamic integration across levels:** Continuous synchronization between strategy, operations, and execution.
- **High maneuverability:** Ability to redirect focus, resources, and decisions quickly without destabilizing the whole system.

# The Case for Adaptiveness

Adaptive organizations don't just survive disruption; they use it as fuel. They detect change early, translate insight rapidly into action, and combine coherence with freedom. Resilience emerges not from rigidity but from the capacity to flex, recover, and progress stronger after disruption.

An adaptive organization thrives because it:

- Detects change early through data, dialogue, experimentation and diverse perspectives
- Translates insight rapidly into meaningful action
- Combines coherence with freedom, clear intent with distributed responsibility
- Advances through feedback, using learning as a driver of innovation

Some strategies are designed to remain fixed for long periods to provide stability in regulated or highly controlled environments. Yet even there, the process through which strategy is revisited, tested, and renewed can be adaptive. The key distinction is whether the organization treats strategy as a static plan or as a dynamic capability for continuous sensemaking.

## 3.1 Old Playbooks Fail, Because of BANI Circumstances

The external environment facing organizations is changing rapidly and unpredictably. In this context, assumptions that are valid at one point in time may no longer hold thereafter, increasing the need for strategy to be adaptive and continuously informed.

A number of frameworks describe these conditions, including VUCA, BANI, TUNA, and RUPT. While each highlights different aspects, they share a common emphasis on uncertainty and complexity, as reflected in the Cynefin model. For clarity and consistency, this paper uses BANI as the primary lens for exploring these dynamics.

What does BANI stand for:

- **Brittle:** Systems that appear robust can shatter without warning. Efficiency gains often create hidden fragilities.
- **Anxious:** Constant uncertainty fuels collective stress, affecting decision-making at every level.
- **Nonlinear:** Cause and effect are disproportionate and unpredictable. Small inputs can trigger massive outcomes, and vice versa.
- **Incomprehensible:** Overwhelming complexity defies clear understanding. Traditional analysis cannot capture what is happening.

Long-term, rigid planning becomes futile when faced with nonlinear events. Strategy increasingly takes an iterative form, with greater emphasis on experimentation, short learning loops, and the development of redundancies. Governance will need to expand beyond traditional risks to include systemic fragilities. The goal shifts from simple agility to antifragility: the ability to thrive on disorder.

Four implications follow:

1. **Strategy must be dynamic and emergent.** Treat plans as hypotheses to be tested, not scripts to be followed.

2. **Leadership must enable, not control.** Distribute authority, foster innovation and psychological safety, lead with emotional intelligence.
3. **Organizational design must embrace duality.** Build organizations that mimic the real flow of value. Be simultaneously stable and agile, solid foundation, dynamic edges.
4. **Culture becomes the ultimate differentiator.** Trust, open communication, and continuous learning form the invisible architecture of resilience.

### 3.2 Adaptive Strategy in the Context of the Framework for Business Agility

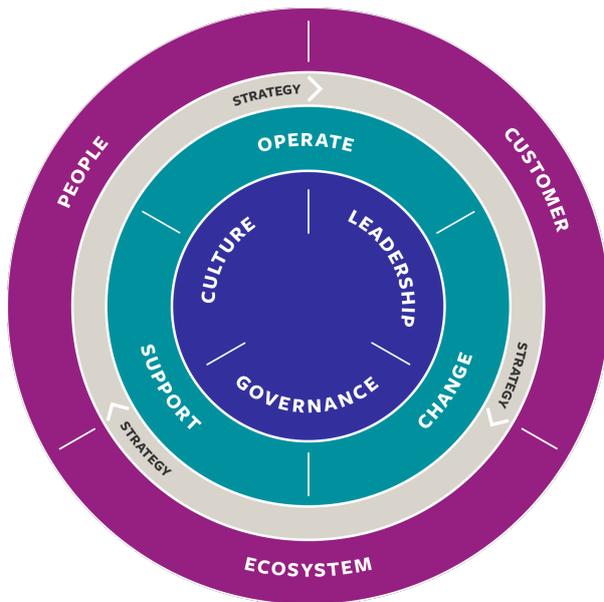


Figure 1. The Framework for Business Agility (FBA)

Adaptive strategy is part of what an agile organization looks like. To show the context, we use the [Framework for Business Agility \(FBA\)](#), an agnostic framework that is used to support agile organizations in their journey.

The model describes “being agile” at the core, with leadership, culture and governance. In the teal circle it has “doing agile”, with operational, change and support agility. The outer circle encompasses the “providing value”, addressing value with and for the customer, with and for the people, and with and for the ecosystem.

The adaptive strategy circle is the bridge between the more internally focused areas and the external value circle. Therefore, it

needs to address what is happening (unpredictably) in the “outside” world, and what needs to happen internally.

From this model, we can also see how adaptive strategy is very much connected to everything that is happening in the organization, and everything that is happening outside of the organization. Not happening in a silo, in a function, but an integral part of the organization in its ecosystem.

# Strategy as an Organizational Competence

## 4.1 Strategy Shaped Across the Organization

In many organizations, strategy is something thought about by general management, supported by the strategy department, then rolled out throughout the organization. Strategy definition takes months of investigation and workshops. Execution gets organized into a portfolio of initiatives. Progress gets measured by initiative success. In a stable and predictable environment, this works fine for 3–5-year cycles.

Until it doesn't.

Given the current rate of change in technology, politics, international supply chains, and regulations, assuming a steady situation for 3-5 years is no longer reasonable. The organization can try to crank up the process and follow the same approach for 1-2 years instead. This reduces risk somewhat. But if change happens faster and more unpredictably, cranking up the process will not work. The strategic feedback loop breaks down. Unpredictability leads to “just try something, anything” or “let's do what the competition does, so we at least keep up.” which is what is happening a lot of the time, but wrapped in nicer words, thought of by strategy consultants using AI.

## 4.2 Breaking Free from the Process

Cranking up the process is still maneuvering in complicated environments where you can sense, analyze, and respond. But in complex, uncertain, unpredictable environments, you need to probe, sense, respond. Building strategic organizational competence does what cranking up the process cannot.

Many organizations have adopted Objectives and Key Results (OKRs) hoping to bridge strategy and execution, but still often fall short. OKRs struggle when treated as top-down performance management rather than collaborative goal setting. This is especially the case when quarterly cycles remain disconnected from continuous learning, or when they become bureaucratic tracking exercises divorced from strategic dialogue. The issue isn't the framework itself but how it is implemented. Without the cultural foundation of psychological safety, distributed authority, and genuine learning orientation, any strategic tool becomes another rigid process rather than an enabler of adaptiveness.

Organizations transitioning to adaptive strategy often leverage frameworks that enable continuous dialogue between strategic intent and operational reality. Tools like the [xMatrix \(from Hoshin Kanri\)](#) provide visual mechanisms for connecting long-term direction with annual objectives and ongoing initiatives, while Obeya rooms create physical or virtual spaces where cross-functional teams align on strategy, share progress, and adapt based on emerging insights. These approaches make strategy tangible and actionable rather than abstract.

In adaptive enterprises, strategy lives through everyone. It becomes a continuous conversation linking purpose, opportunity, and capability. It is facilitated by transparency, free flow of information, clarity of direction, strategic hypothesis testing, and empowerment to adapt, based on learning. Strategy becomes a continuous operating model, not an incremental or big-bang delivery; focused on coherence, not controlled consistency. Using the sensemaking skills of all people involved. Helps to focus on the sense of direction, not unmovable targets.

It needs to become a competence. Sounds agile.

### 4.3 What Does the Adaptive Strategic Competence Look Like?

Organized as a competence rather than a function, everyone in the organization is involved in defining, executing, testing, and adapting strategy. This negates top-down, bottom-up, or middle-out. It requires transparency and collaboration throughout; as [Agile Leadership Principle 9](#) says, [“Great ideas can come from anywhere in the organization”](#).

Based on a well-understood and engrained purpose, who do we want to be, what value do we deliver, what kind of organization do we want to be for our staff, how do we see our role in our ecosystem, strategic hypotheses are formulated? These questions provide a *sense of direction*, not fixed goals. Purpose and values lead. Value delivery drives.

Ways to test (or debunk!) these strategic hypotheses are brainstormed, including how to measure success. Fail early, fail safe, collaboration is key. If there is no way to test a hypothesis, abandon it, it is just a dream. After brainstorming, the people engaged in execution create a plan for what will be tested in the upcoming period. Once the organization starts learning, it updates the strategy. If hypotheses prove completely wrong, the organization pivots. Purpose and values probably do not change much; other things might.

Some mechanisms support this competence: regular rhythm, information sharing top-down and bottom-up (governance!), balancing inside-out thinking (where do we choose to go) with outside-in thinking (what is happening outside). Many organizations use Obeya-like walls, physical and digital, for visualization and transparency.

Balancing stability with change, dynamics with persistence, two sides of the same coin. We need stability to be able to pivot. We need to adapt course to maintain direction. We need to collaborate to thrive individually.

Keeping narratives alive, adapting them when needed, balancing constantly, this is what leaders do. Thought leaders, hierarchical leaders, delivery leaders, customer leaders. All of them. Leaders help evolve and grow the story. Lead by example. Walk and show the way. Ensure coherence rather than control. Control is the nemesis of adaptiveness.

Once the competence is developed, strategy is talked about regularly, by all, openly. Not only in designed rhythms but when needed, when new evidence shows up. The conversation flows naturally. Changes flow naturally. Not because of process, but because of competency and transparency.

### 4.4 Strategy Implementation: The Adaptive Portfolio

Do we still need portfolio management as implementation structure of strategy? And if so, what does it look like? Is it a product portfolio, a projects portfolio, an epics portfolio, a change portfolio? Perhaps a portfolio of strategic hypotheses to be tested?

A portfolio process in general is a decision-making process. When navigating BANI waters, an organization cannot do everything, should not do everything. The organization needs to balance capability, capacity and need, in order to optimize value and impact delivery. This now becomes a competence, still needing a transparent and accessible place of shared information, where

choices and supporting arguments are recorded. When an Obeya is used, this is an appropriate place.

So, a portfolio is no longer a top-down steering instrument, with the few telling the many what to do next. It is an information sharing instrument. Keeping track of strategic decisions, keeping track of possible alternatives, and ensuring clear and transparent visibility of the course. It is information supporting the adaptive strategy competence.

# Leadership in the Adaptive Era

Leadership in adaptive organizations differs fundamentally from traditional command-and-control models. It builds on established directive and coordinating models, extending them towards approaches that enable collective sensing, learning, and adaptation. The role broadens from being the primary decision-maker and problem-solver to creating conditions where the organization can sense, learn, and adapt collectively.

The [Nine principles of Agile Leadership](#), as described by the Agile Business Consortium, are:

1. Actions speak louder than words
2. Improved quality of thinking leads to improved outcomes
3. Organizations improve through effective feedback
4. People require meaning and purpose to make work fulfilling
5. Emotion is a foundation to enhanced creativity and innovation
6. Leadership lives everywhere in the organization
7. Leaders devolve appropriate power and authority
8. Collaborative communities achieve more than individuals
9. Great ideas can come from anywhere in the organization

When tailoring to adaptive strategy, the transformation from decision maker to creating conditions, requires rethinking core assumptions about what leaders do and how success is measured.

Five critical shifts define adaptive strategic leadership:

## **From Solving to Enabling**

Distinguish between technical problems (solvable with existing expertise) and adaptive challenges (requiring changes in values and behaviours). Empower teams by “giving the work back.”

## **From Centralized to Distributed**

Spread decision-making authority across the organization, empowering teams to act autonomously within shared goals. Enable through collaboration platforms and data-sharing tools.

## **From IQ to EQ**

Emotional intelligence, self-awareness, self-management, empathy, relationship management, becomes foundational for building trust and influencing across boundaries.

## **From Planning to Sensemaking**

Create plausible understanding that allows timely action with incomplete information. Interpret weak signals. Balance present performance with accountability to future generations.

## **From Stability OR Agility to Stability AND Agility**

Design a stable “fixed backbone” (core processes, governance, standards) alongside dynamic elements (empowered cross-functional teams that innovate within boundaries).

## 5.1 The Adaptive Leadership Mindset

Adaptive leadership is an approach suited to situations where problems and solutions are unclear, and where genuine complexity is present. The core principles include observing systemic patterns from “the balcony,” creating a holding environment that regulates distress while maintaining focus on core issues, and committing to humility, courage, and continuous learning.

The adaptive leader’s primary role is creating conditions in which others can thrive, rather than having all the answers. This involves publicly acknowledging mistakes, demonstrating curiosity, and revising one’s thinking in response to new information. When leaders do this openly, they create permission for the wider organization to do the same.

Leaders are required to distinguish between technical problems and adaptive challenges. Technical problems can be solved with existing expertise. Adaptive challenges require people to learn new ways, shift values, or change behaviours. Most significant organizational challenges are adaptive, yet leaders often treat them as technical, leading to solutions that do not stick.

Distributed decision-making matters equally. In volatile environments, centralized command structures move too slowly. Organizations that push authority to the edges, where information is freshest, respond faster to threats and opportunities. The senior leader’s function evolves from primary decision-maker to architect of a system that fosters trust, provides resources, and ensures alignment.

Emotional intelligence underpins both adaptive and distributed leadership. Self-awareness, self-management, empathy, and relationship management are foundational for building trust, fostering collaboration, and influencing across boundaries. Leaders with high emotional intelligence create inclusive cultures, manage team stress effectively, and connect authentically with their people.

## 5.2 Structuring for Resilience

Resilience requires systemic effort. Frameworks like the [World Economic Forum’s “Risk Proof” model](#) focuses on resolve, communication, agility, and culture. Tools like [PESTLE analysis](#), scenario planning, and OKRs create inherently resilient strategies. Key domains consistently emerge: cyber, operational, organizational, and financial resilience, increasingly integrated and leveraging AI for predictive risk analytics.

The core structural challenge: balance rapid change with operational stability.

This can be addressed through an operating model that combines two complementary elements: a stable backbone that supports efficiency and control, alongside dynamic, adaptable components that enable innovation. Together, these elements support responsiveness without introducing instability and enable agility without chaos.

The stable backbone consists of core processes, governance structures, and standards that ensure efficiency, control, and reliability. These elements provide the foundation that allows the organization to operate consistently and meet baseline performance expectations.

The dynamic elements are empowered, often cross-functional teams that can innovate and iterate quickly within established boundaries. These teams experiment with new approaches, test emerging opportunities, and adapt tactics in response to changing conditions.

This duality allows organizations to be simultaneously stable and agile, providing the solid foundation needed for core operations while empowering teams to adapt at the edges. The key is defining clearly which elements belong in each category and creating the mechanisms that allow them to work in harmony.

## People and Culture: The Living System

Technology is a tool, depending on it is hardly a strategy. The ultimate source of adaptability is your human infrastructure which determines how effectively insight is translated into action.

Technology, data, and analytical frameworks are inert on their own. Their potential is realized through human cognitive, creative, and collaborative agency. Culture, understood as the collective habits of thought and action, functions as the operating system that shapes how effectively an organization navigates uncertainty or succumbs to it.

Effective strategic response in complex environments depends first on human judgment and collective sensemaking. While advanced tools can extend visibility into complex systems, they serve to inform rather than replace human decision-making. Machine learning can surface emerging patterns, and modelling can highlight potential vulnerabilities, but these outputs remain inputs to judgment, not substitutes for it.

Decisions in conditions of uncertainty require the ability to interpret context, weigh trade-offs, and act with nuance. A predictive model may indicate a high likelihood of supplier default, yet it cannot assess reputational implications, navigate relational dynamics, or craft adaptive responses that preserve long-term value. These capabilities reside in people, and are shaped by culture, leadership, and the quality of collaboration across the organization.

### 6.1 The Cognitive Gap

Between data output and effective strategic action lies a gap that cannot be bridged by more processing power. It requires uniquely human capabilities:

#### Contextual Intelligence

Understanding the unquantifiable, political climate, team morale, competitor psychology, unspoken customer needs. An algorithm sees numbers; a leader sees a narrative.

#### Ethical Judgment

Making decisions aligned with values, overlaid on efficiency metrics. AI can optimize for profit; it cannot navigate the moral ambiguities of a difficult layoff or controversial partnership.

#### Creative Synthesis

Connecting disparate ideas to forge new solutions. An algorithm can optimize a known process; it cannot invent a new business model in response to unforeseen crises.

Without capable, empowered, motivated people to bridge this cognitive gap, the most expensive technology stack is little more than a digital monument to untapped potential.

### 6.2 Culture as Bottleneck or Accelerator

If people are the agents of adaptation, culture is the environment that either constrains or unleashes their agency. A rigid, hierarchical culture rooted in fear will throttle adaptation, withhold critical information, bury bad news, and stifle collaboration through silos. A culture of psychological safety, intellectual curiosity, and decentralized authority accelerates sensing and responding to threats and opportunities.

## 6.3 Four Pillars of the Adaptive Organization

The following pillars describe the conditions commonly observed in organizations that sustain adaptability in complex and fast-changing environments.

### Pillar 1: Institutionalize Psychological Safety

The bedrock. Where dissent is punished or failures stigmatized, the critical information needed to adapt never surfaces. Train managers on fostering safety. Reward teams that share learnings from failures. Use anonymous sentiment analysis to identify and address pockets of fear.

### Pillar 2: Decentralize Decision-Making

Move from “hub-and-spoke” to “commander’s intent”, leadership sets the strategic “what,” teams determine the “how.” Define guardrails (values, brand promises, budget limits) then formally delegate. Make critical data transparent and accessible across all levels.

### Pillar 3: Invest in Dynamic Reskilling

Static, role-based expertise creates fragility. Build a talent pool that learns, unlearns, and relearns with speed. Fund continuous learning in critical thinking, data literacy, systems thinking, design thinking. Hire for cognitive diversity. Create rotational programmes for cross-business exposure.

### Pillar 4: Realign Incentives

Behaviour reflects what is measured and rewarded. If incentives reward only predictability and short-term efficiency, the organization will reject experimentation and risk-taking. Create balanced metrics rewarding both exploitation (efficiency, execution) and exploration (experimentation, knowledge sharing, successful pivots).

## 6.4 The C-Suite Mandate

This transformation cannot be delegated. It must be led visibly from the top. The C-suite’s role shifts from strategic planners to cultural architects.

1. **Model the behaviour.** Be the first to admit you do not have all the answers. Change your mind publicly when data warrants it.
2. **Communicate the ‘why’ constantly.** Connect adaptability principles directly to survival and success.
3. **Protect the innovators.** The organizational immune system will attack new thinking. Shield internal entrepreneurs with political cover, resources, and autonomy.

The most sophisticated strategy is worthless if culture forbids the courage and creativity to execute it under pressure. Architecting an organization where people are empowered, trusted, and equipped to be the adaptive engine, is not a ‘soft’ initiative. It is the core of a hard, winning strategy.

## 6.5 The 7 Elements of Agile Culture

The 4 pillars of adaptive culture are supported by the 7 elements of an agile culture, as defined by the Agile Business Consortium in the [Agile Culture Development Matrix](#).

A responsive, adaptive and agile organization will demonstrate a culture that espouses high degrees of:

- Purpose and Results (PR)

- Agile Leadership (AL)
- Well-being and Fulfilment (WF)
- Collaboration and Autonomy (CA)
- Trust and Transparency (TT)
- Adaptability to Change (AC)
- Innovation and Learning (IL)

These cultural values underpin and inform the behaviours of everyone in the organization, and crucially, the principles by which it is led, managed and governed.

# Strategic Governance: Enabling and Driving Adaptive Strategy

The white paper titled “[Governance for the Agile Organization](#)”, published by the Agile Business Consortium in August 2025, argues that traditional, hierarchical governance models are fundamentally unsuitable for the ever-changing global landscape, characterized as Brittle, Anxious, Nonlinear, and Incomprehensible (BANI). It posits that for an organization to be truly agile and adaptive; its governance structures must evolve from a focus on prediction and control to one of enablement and adaptability.

## 7.1 The Core Premise

The white paper’s central argument is that traditional governance, designed to “minimize harm” through rigid processes and centralized control, constrains the nimble response required for business agility. In contrast, Agile Governance is presented as the essential framework that “curates the conditions” for an organization to thrive. It shifts the focus from managing processes to nurturing a culture of trust, transparency, and devolved authority.

## 7.2 The 10 Core Principles of Agile Governance

The paper identifies ten universal principles that form the foundation of this modern approach to governance:

1. Value-Driven Decision Making
2. Distributed Authority with Clear Boundaries
3. Transparency by Default
4. Minimal Viable Governance
5. Dynamic Adaptation of Governance
6. Multi-Speed Operation
7. Balance Through Feedback
8. Enabling Over Controlling
9. Integrated Risk Management
10. Continuous Learning

## 7.3 Key Framework: The 3-Pillar Model of Governance

The paper presents a holistic model that integrates three distinct but interdependent dimensions of governance:

- **Governance of Compliance:** Simple, process-driven (e.g., legal, regulatory).
- **Agile Delivery Governance:** Complicated, systems-driven (e.g., project/product delivery frameworks like Scrum).
- **Governance for Business Agility:** Complex, principles-driven (e.g., strategy, leadership, culture).

The crucial insight is that the 10 Principles of Agile Governance are not confined to one pillar but should be applied across all three to create a coherent and truly adaptive organization.

## 7.4 Alignment with Adaptive Strategy

The principles and frameworks in this paper directly inform and support the development of an Adaptive Strategy. The key connections are:

## Evolving Strategy Over Fixed Plans

The paper explicitly contrasts traditional top-down, annual strategic planning with an agile view of strategy as an “evolving direction that emerges through continuous sensing and responding to the environment.” This aligns perfectly with the core tenet of adaptive strategy, where strategic adjustment is continuous rather than periodic.

## Dynamic Resource Allocation

Agile governance advocates for treating resources as dynamic, allowing for “continuous reallocation based on emerging opportunities and changing priorities.” This moves away from fixed annual budgets, providing the mechanical flexibility required to fund and pursue adaptive strategic shifts as they occur.

## Distributed Decision-Making

By distributing authority to where information and expertise reside, agile governance creates the organizational structure needed to accelerate strategic responses. It removes the bottlenecks of hierarchical approval, enabling teams on the ground to make decisions that align with strategic intent in real-time.

## Feedback-Driven Adjustment

The principles of “Balance Through Feedback” and “Continuous Learning” are the engine of strategic adaptation. They institutionalise the rapid feedback loops and learning cycles necessary to sense changes in the business environment, assess the effectiveness of current strategy, and make informed adjustments.

## 7.5 Actionable Insights

- **Shift from “Controlling” to “Enabling”:** The primary role of governance should be to provide “guardrails” that help teams succeed, rather than “approval gates” that slow them down.
- **Embrace “Minimal Viable Governance”:** Every governance mechanism should justify its existence by the value it adds versus the overhead it creates. This reduces bureaucracy that stifles adaptation.
- **Adopt “Audit-Based Governance”:** The paper highlights a powerful concept of “Continue, unless I tell you to stop.” This approach, which is based on trust with regular, unobtrusive audits, empowers teams and significantly increases productivity compared to “Approval-Based Governance” (“Stop, until I tell you to continue”).

In conclusion, the white paper provides a robust intellectual and practical foundation for building an organization capable of executing an adaptive strategy. It argues convincingly that without a corresponding evolution in governance, any attempt at becoming truly adaptive will be undermined by the legacy structures of control and prediction.

# AI as an Enabler for Adaptive Intelligence

AI enables what traditional planning cannot: the shift from static, periodic strategy to dynamic, continuous models that respond to real-time change. But AI's transformative potential depends entirely on how it is deployed, as an augmentation of human capability, not a replacement.

Six ways AI transforms adaptive strategy:

- **Real-Time Strategy Optimization:** Processing vast datasets continuously, updating strategies in response to market fluctuations. Strategic planning becomes "always-on."
- **Enhanced Foresight:** AI-powered horizon scanning identifies weak signals and emerging trends before they become mainstream. Machine learning predicts high-risk scenarios with critical lead time.
- **Dynamic Scenario Planning:** Rapidly generating detailed, data-driven future scenarios. Stress-testing strategies against wide-ranging possibilities. Reducing cognitive biases.
- **Decision Augmentation:** Providing rapid, objective, data-driven insights that reduce bias and decision latency. Freeing leaders to focus on ethical judgment, creativity, and empathy.
- **Business Model Innovation:** Enabling hyper-personalized services, intelligent products, operational optimization, and new revenue streams through data monetization.
- **Knowledge Management Revolution:** Automating content curation, improving search through natural language processing, personalizing knowledge delivery, fostering continuous organizational learning.

## 8.1 The Human-AI Partnership

AI does not replace leadership, it elevates it. Leaders become "meta-sense makers": interpreting AI outputs, validating insights, ensuring alignment with purpose and values. The most successful organizations will cultivate this collaborative model where human strengths (ethical judgment, empathy, creativity, contextual understanding) are amplified by AI's analytical power.

## 8.2 Ethical Governance: Non-Negotiable

AI's potential is contingent on responsible, explainable, ethical governance. This means clear accountability, requiring explainability for AI decisions, managing regulatory compliance, ensuring all AI applications align with organizational purpose. This governance is not a one-time setup but continuous monitoring and adaptation to build and maintain trust.

Mastering AI deployment is not just a technological challenge; it is a leadership imperative that will define successful enterprises in the coming decade.

# Creating Value across the Ecosystem

Your organization is only as resilient and adaptive as its value delivery chain. You do not live in a strategic void.

Consider the ecosystem in which your organization operates:

## Supply Chains

Both upstream suppliers and downstream distribution partners. Disruption in one link cascades through the entire chain. Your resilience depends on their resilience.

## Regulators

Government bodies, industry standards organizations, compliance frameworks. Rules change, sometimes rapidly, sometimes unpredictably. Adaptive organizations monitor regulatory trends and engage proactively rather than reacting after the fact.

## Customers

Needs evolve, expectations shift, loyalty is earned continuously. What customers valued yesterday may not matter tomorrow. Adaptive strategy requires constant dialogue with customers, testing assumptions, and responding to emerging preferences.

## Social Environment

Where talent resides, where social movements emerge, where political forces shape the context for business. Demographic shifts, changing workforce expectations, and societal values influence what you can do and how you do it.

## Ecological Environment

Climate impact, resource consumption, sustainability imperatives. Organizations face growing pressure to reduce CO<sub>2</sub> and nitrogen emissions, minimize raw material usage, and manage energy consumption. These are not just compliance issues but strategic differentiators.

## Technological Environment

AI, robotics, digitalization, chemical breakthroughs, biotechnology advances. Technology does not just enable new capabilities; it disrupts existing business models and creates entirely new competitive dynamics.

## Competitors

Both direct competitors and potential disruptors from adjacent industries. Competition ensures good ideas flourish and bad ideas die. Adaptive organizations watch competitors but do not obsess over them; they focus on creating unique value.

Any organization in a rapidly changing environment must address what's happening outside or become irrelevant.

Understanding the strategic landscape requires tools that map not just the current position but evolutionary forces. Wardley Maps, for instance, help organizations visualize their value chains, anticipate technological evolution, and identify strategic moves before competitors spot them. Such landscape awareness prevents blindness to adjacent threats and emerging opportunities.

Real value arises through collaboration. Competition ensures good ideas flourish and bad ideas die. An adaptive strategy defines hypotheses about what value the ecosystem expects, then

validates through delivery. Win-win through smart collaboration. Eyes open for disruptive forces. Building agility throughout the ecosystem, not just internally.

## 9.1 Redefining Value

Many organizations define value predominantly as economic value for themselves, which has induced cost cutting, delivering against ever lower costs. Efficiency drives the business. In today's world, many organizations did not survive the race to the bottom. Those striving to add value for customers, seeking change and adapting (with decent ROI) were growing and thriving.

Success is defined by value delivered, not only to customers, but to partners, to employees, to shareholders, to society. An adaptive strategy defines and refines its value delivery strategy continuously. Testing, validating, updating when needed. Not only by analyzing but by sensing, delivering, interacting with the complex environment. Dancing with your environment, pacing and leading. Flowing with the music, changing the dance when music, rhythm, or partner changes. Not standing still. Not moving in lockstep. Enjoying the ever-flowing change.

An adaptive strategy defines and refines its value delivery strategy continuously by testing, validating, and updating when needed. Not only by analyzing but by sensing, delivering, and interacting with the complex environment. For complex parts of the ecosystem, where cause and effect are only visible in retrospect, organizations must probe and sense rather than analyze and plan. Organizations must move in rhythm with their environment rather than in rigid lockstep with annual planning cycles.

## 9.2 Sensing and Responding to the Ecosystem

To sense and respond, senses must be open. Signals come from data, but what is more important is making sense of it. If you cannot hear the music, you cannot dance. If you hear the music but cannot sense the rhythm, you are moving but not dancing. If you sense rhythm but have no clue how to dance with a partner, you are still not dancing. You learn by trying, by moving, by seeing how your partner reacts, not by reading a book about dancing.

The dancer dances with the full body. It is not ears sensing music, brain interpreting, body moving separately. It is one system. Adaptive strategies are systemic. The whole organization knows the strategy, senses how to react, provides feedback (Feet to body: slippery dance floor, adapt movements, keep partner from falling). An adaptive strategy acts and reacts. It is an organizational competence, not an individual one. Strategy is understood, delivered, and adapted throughout the organization, not by the strategy department using nice slide decks.

This systemic capability requires several conditions. Information must flow freely across boundaries, not get trapped in silos or hierarchies. Feedback loops must connect strategy formulation to execution and back again. People throughout the organization must understand not just their local tasks but how their work connects to broader strategic intent. Decision rights must be distributed so those closest to customers and operations can respond quickly.

Most importantly, the organization must develop shared language and frameworks for discussing strategy. When everyone uses the same concepts and tools to analyze situations, diverse perspectives can be integrated more effectively. This does not mean everyone thinks alike; it means everyone can communicate productively even when they disagree.

# Building Adaptive Capacity

Adaptive Capacity is your organization's ability to sense, learn, and adjust while remaining coherent. It reflects how effectively you interpret shifting conditions, integrate insights from across the system, and translate learning into timely, aligned action.

This is a system-level property, the collective outcome of how purpose, governance, culture, intelligence, and leadership interact. It represents the capability that ensures strategy remains dynamic, relevant, and actionable in uncertain environments.

## 10.1 Six Adaptive Capabilities

These are the organizational muscles that enable purposeful adaptation:

### Purpose Clarity

Shared intent that anchors all decisions. A stable north star guiding distributed decision-making without fragmenting intent.

### Distributed Governance

Empowerment within clear boundaries and feedback. Decision-making closer to the work, enabling faster choices while maintaining alignment.

### Dynamic Portfolio Management

Ongoing prioritization and funding informed by learning. Resources shift based on evidence, closing the loop between defining strategy and acting on it.

### Feedback Systems

Real-time sensing across strategy, value delivery, and culture. Signals from customers, teams, and environment continuously inform direction and execution.

### AI-Enabled Insight

Intelligent data synthesis guiding timely decisions. Detecting patterns, anticipating shifts, supporting judgment in complex situations.

### Learning Culture

Reflective, forward-looking habits that sustain evolution. Converting insight into behavioural and strategic change. Adaptation as everyday practice, not episodic response.

Together, these form the system of Adaptive Capacity, enabling coherence, responsiveness, and continuous renewal.

## 10.2 Preserving Coherence While Adapting

Coherence is preserved not by holding strategy rigid but by anchoring adaptation in shared intent and disciplined alignment. Create clarity about what must remain stable while giving teams freedom to adjust pathways as conditions shift.

Critical mechanisms:

- A shared, stable purpose acting as the organization's north star
- A small number of enduring strategic priorities, consistent even as tactics evolve
- Regular cross-functional sense-making, teams interpreting emerging information together

- Clear decision boundaries, autonomy accelerating delivery without fragmenting intent
- Continuous visibility of work and constraints, spotting misalignment early, course-correcting without heavy intervention

The ability to adjust purposefully, learn collectively, and act systemically is what differentiates adaptive strategy from reactive adjustment.

**Operationalizing Coherence:** While coherence provides the anchor for adaptive strategy, it must be made operational through governance that remains connected to real work and real learning. One practical approach is the FOCUS board, a model designed to bring strategy, leadership, and execution into a single rhythm. Similar to Obeya practices, FOCUS boards create recurring forums where senior leaders and delivery teams develop shared understanding of priorities, constraints, and emerging signals. It has the following principles:

- **Bringing senior leaders and delivery teams into the same rhythm**, creating shared understanding of priorities, constraints, and emerging signals.
- **Connecting strategic themes to real work**, reviewing progress, risks, dependencies, and learning in an integrated, transparent forum.
- **Surfacing operational reality early**, ensuring strategic direction adjusts based on what teams are actually experiencing, not on assumptions made during planning.
- **Enabling faster, more aligned decision-making**, reducing the distance between those setting direction and those executing it.
- **Creating a space for evidence-based dialogue**, replacing escalation layers with direct sensemaking and coordinated action.
- **Reinforcing empowerment**, as teams see their insights meaningfully shaping strategic choices and organizational priorities.

These governance mechanisms strengthen the line of sight between intent and action by surfacing operational reality early, ensuring strategic direction adjusts based on what teams actually experience rather than planning assumptions. They enable faster, more aligned decision-making by reducing distance between those setting direction and those executing it, replacing escalation layers with direct sense-making. By integrating foresight, coordination, and stewardship into a single mechanism, such approaches turn strategy into a continuous, organization-wide conversation that remains responsive, coherent, and grounded in reality.

## Common Obstacles and How to Overcome Them

As organizations move toward adaptive strategy, the challenges they encounter are rarely conceptual. Leaders generally understand *why* adaptation is needed. The difficulty lies in *how* to make strategy more dynamic without losing coherence, control, or credibility. The obstacles below consistently emerge across industries and maturity levels, particularly as organizations attempt to operationalize adaptive strategy at scale.

### 11.1 Balancing Long-Term Direction with Short Strategic Cycles

Leaders often struggle to reconcile enduring strategic commitments with the need for frequent adjustment. In practice, this can feel like a tension between “holding the course” and “changing direction too often,” creating concern about confusion, loss of focus, or perceived instability.

Organizations that navigate this well make a clear distinction between what must remain stable and what is designed to adapt. Purpose, core strategic intent, and a small set of enduring priorities provide continuity, while hypotheses, investments, and execution paths are reviewed in shorter cycles. This separation allows strategy to evolve without appearing erratic, reinforcing confidence rather than undermining it.

### 11.2 Operating in Highly Regulated or Risk-Sensitive Environments

In regulated industries, adaptive strategy is often perceived as incompatible with compliance, auditability, and risk management. Leaders worry that increased autonomy or shorter cycles will introduce inconsistency or exposure.

Successful organizations address this by reframing adaptiveness as a governance strength rather than a risk. Clear decision boundaries, explicit accountability, traceable decision logic, and transparent evidence trails allow strategic choices to evolve while remaining compliant. Regulation becomes a design constraint to work with, not a reason to freeze strategic learning.

### 11.3 Difficulty Translating Learning into Strategic Decisions

Many organizations generate rich insights through customer feedback, operational metrics, and delivery outcomes, yet struggle to turn this learning into real strategic change. Insights accumulate, but priorities, funding, and direction remain largely unchanged.

A practical way forward is to create explicit mechanisms where learning is expected to shape decisions. Regular strategic sensemaking forums, integrated portfolio reviews, and visible trade-off conversations ensure that evidence drives action. When learning is structurally connected to decision-making, adaptation becomes deliberate rather than accidental.

### 11.4 Cultural Resistance and Underestimating the People Side of the Transition

Adaptive strategy often fails not because the model is unclear, but because the human implications are underestimated. Shifting from certainty to learning, from control to trust, and from plans to hypotheses challenges deeply held beliefs about leadership and success.

Organizations that progress invest intentionally in the cultural transition. They create psychological safety, reward learning-oriented behaviour, and support leaders in developing sensemaking and facilitation skills. Change is treated as a capability to be built over time, not a communication exercise to be completed.

## 11.5 Fragmentation Caused by Partial Adoption

When adaptive strategy is adopted unevenly, some parts of the organization move faster than others, leading to confusion, misalignment, or competing narratives. Teams adapt locally while strategic direction remains unchanged, or strategy evolves without sufficient connection to operational reality.

Successful organizations focus on coherence before speed. Shared language, common rhythms, and visible alignment mechanisms help synchronize adaptation across levels. The goal is not uniformity, but mutual understanding of direction, constraints, and intent.

## 11.6 Leadership Discomfort with Visible Uncertainty

Adaptive strategy requires leaders to adjust direction in response to evidence, sometimes publicly and repeatedly. This can feel risky in environments accustomed to certainty and predictability.

Leaders who succeed reframe credibility not as having the right answer upfront, but as demonstrating clarity of intent, transparency of reasoning, and consistency of values. By making learning visible and decisions explainable, they build trust even as direction evolves.

Across these challenges, a common pattern emerges: adaptive strategy does not replace discipline, governance, or accountability. It reshapes them to function in a world of uncertainty. Organizations that overcome these obstacles do so by treating adaptive strategy as an organizational capability supported by leadership behaviour, cultural reinforcement, and governance design rather than as a new planning technique embedded into a framework. When this shift is made, strategy becomes a source of confidence, coherence, and resilience rather than a constraint on change.

## Adaptive Strategy and frameworks

Over the years, organizations have adopted a wide range of operating frameworks to build resilience, accelerate time to market, respond more effectively to change, and foster engaged, sustainable cultures. Guided by different frameworks, some have successfully embedded both the practices and the underlying mindset, achieving tangible improvements in flow, learning, decision speed, and value-focused execution. As this level of operational agility grows, the relationship between strategy and execution becomes more visible, highlighting the need for strategic direction to evolve in step with continuous learning and day-to-day decision-making.

In other contexts, organizations have focused primarily on implementing processes, practices, and tools, investing significant effort in transformation initiatives while continuing to search for greater alignment between ways of working, outcomes, and adaptability. In these cases, strategy plays a central role in providing clarity of intent, shaping the organizational mindset, guiding cultural evolution, and ensuring that operational change translates into meaningful, sustained value.

An adaptive strategy is the missing connective tissue that completes the promise of these frameworks. It provides the foundations that allow operational agility to translate into sustained value creation beyond the organization's boundaries. By continuously linking external signals to strategic choices and internal priorities, it ensures that learning at the edges reshapes direction at the centre. In doing so, it enables organizations to consistently deliver value to people, customers, and the broader environment through:

- Continuous sensing of markets, customers, technology, regulation, and societal expectations
- Ongoing translation of insight into strategic choices, investment shifts, and priority changes
- Clear strategic boundaries that enable autonomy without fragmentation
- Feedback-driven governance that connects intent, execution, and learning
- Alignment of purpose, value, and outcomes across teams, portfolios, and ecosystems

In this way, adaptive strategy allows frameworks to fulfil their original intent, not just improving how work is done, but ensuring the organization evolves in step with the world it serves.

## Conclusion: Towards an Adaptive Future

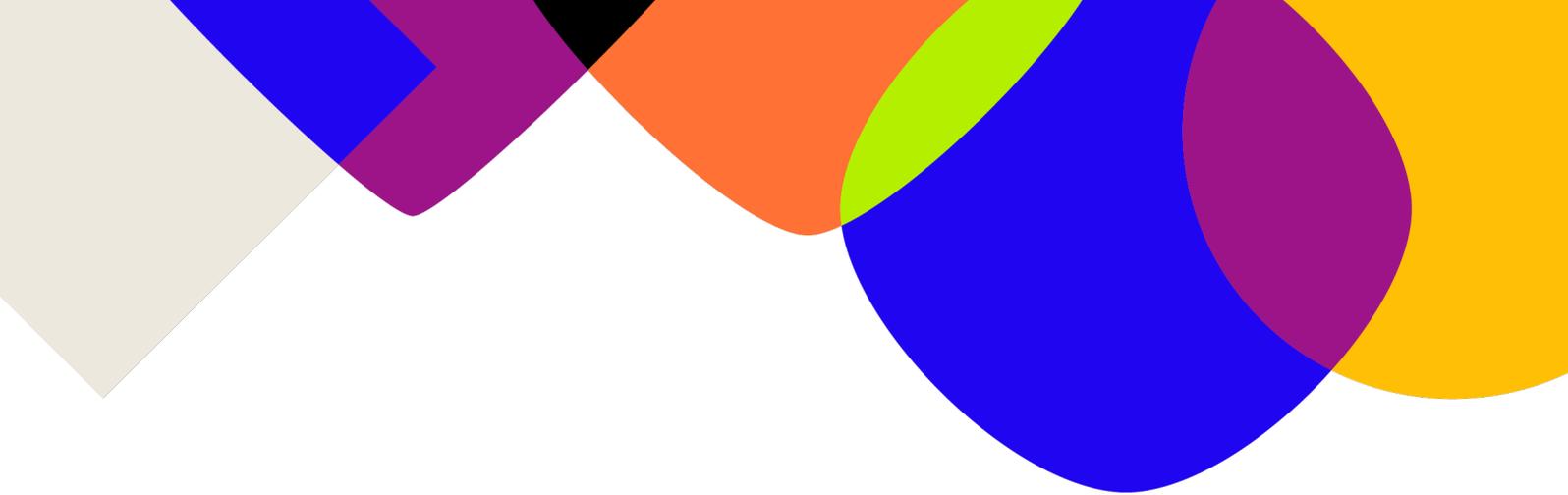
Future-ready organizations grow through clarity, integrity, and purposeful speed.

Adaptive Strategy forms the foundation of resilience, sustainability, and relevance in a world of constant motion. It unites strategy, leadership, and culture. Plans gain power through people. Structures remain flexible through shared purpose and intelligent design.

Three imperatives for leaders:

1. **Lead for learning.** Cultivate systems that learn faster than the environment evolves. Replace prediction with curiosity. Foster shared accountability.
2. **Design for empowerment.** Position decision-making, innovation, and responsibility close to the customer and the work itself.
3. **Integrate intelligence.** Combine human judgment with AI-enabled insight to sense, interpret, and act with transparency and trust.

Adaptive Strategy is not the absence of planning; it is the discipline of experimenting and learning. Direction evolves through evidence, dialogue, and collective sense-making, strengthened by agile leadership and agile culture. When leaders act with curiosity, cultivate shared accountability, and design frameworks for rapid, informed adjustment, they create conditions for Adaptive Strategy to take root and flourish, allowing the organization to navigate complexity with purpose.



## About the Business Agility Think Tank

The Business Agility Think Tank is a network of Business Agility Thought Leaders and Catalysts from across the globe.

Experts in their field, members of the Business Agility Think Tank support and strengthen the work of research organizations, foundations and others in support of growing more agile organizations and institutions. The Think Tank is supported and facilitated by the Agile Business Consortium.

## About the Agile Business Consortium

For over 30 years The Consortium has been at the forefront of helping organizations, teams, and individuals adapt, innovate, and thrive in a fast-changing world. Through the Framework for Business Agility, its thought leadership, and its professional community, it empowers people to work smarter, lead confidently, and deliver real value. Championing the power of Business Agility in the world | Agile Business Consortium