The Business Case for Business Agility – and how to achieve it
An executive summary

The fast pace of change in a complex, interconnected world presents many challenges for organisations. The term 'Business Agility' is often used to discuss the adoption and evolution of values, behaviours and capabilities that enable businesses and individuals to be more adaptive, creative and resilient in turbulent times. Business Agility is about much more than just another enterprise-wide set of processes. To be truly Agile, an organisation needs to operate in a very different way, with leadership, values and norms all reinforcing an inclusive culture and mindset.

There is mounting evidence that Business Agility delivers the results needed to build successful organisations; such as when the UK's biggest broadcasting company, UKTV.4, saw its market share increase from 4% to 10% - doubling its value in less than five years – when it removed command and control hierarchical structures to create a flatter organisation.

The Agile Business Consortium has been studying new research and approaches to business challenges in order to move towards greater Business Agility in three main areas:

- **Strategic agility** – MIT research shows Agile firms grew revenue 37% faster and generated 30% higher profits than non-Agile companies
- **Employee engagement** - businesses focused on passion and purpose outperformed S&P 500 companies by a factor of 14 times over a 15-year period
- **Innovation** – Google's new products such as GMail have been powered by the '20% time' concept, empowering employees to work on projects of their own choosing

Key findings

The particular techniques and approaches of Business Agility are not unique to an Agile approach. However, when you draw them together you find a Business Agility overview capable of leading organisations small and large through the complexities and challenges introduced by a world dominated by fast-moving change.

Business Agility offers guidance for staying focused on strategic delivery, it helps nurture the employees that will be responsible for the future success of our organisations, and it suggests the cultural shifts that are needed to enable true and continuing innovation.

Suggested actions to achieve Business Agility

Strategic agility

Strategic agility has been defined as the 'Dynamic process of anticipating or adjusting to trends and customer needs without diverging from the company vision'[1]. What is needed for strategic agility is the willingness of leaders to change, the internal readiness to adapt to changes in the environment, effective channels for knowledge exchange and the ability to sense, adapt to and exploit changes in the marketplace.

In the Honda organisation, hierarchy is suspended when a problem occurs so that any worker can present possible solutions to the highest executives involved. This allows ideas to be drawn from the people that are closest to the problem and who understand it best.

At Harley Davidson, the relationship between leadership and the rest of the organisation is strong, with management and unions working in partnership towards shared goals that benefit both the company and the workforce. Every employee has access to every level of the organisation, including the CEO. The shareholder value for Harley Davidson has increased by 333% over a fifteen-year period.

Steps to improve strategic agility:
- Recognise the need for certainty by explaining the rationale for the strategy
- Use storytelling to help people to imagine their part in a new way of things
- Create a feedback channel for responses, comments, concerns
- Plan for short-term horizons so that strategy can adjust to market conditions
- Allow decisions to be made quickly by those closest to the problems

Employee engagement

Employee engagement represents the levels of enthusiasm and connection employees have with their organization. It's a measure of how motivated people are to put in extra effort for their organization, and a sign of how committed they are to staying there.[2]

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[1] Fartash, 2012.
[2] https://academy.cultureamp.com/hc/en-us/articles/204539759-What-is-Employee-Engagement-

The McLeod Report[3] looked at the relationship between engagement and organisational performance and found that where employees felt good about the workplace there was **lower absenteeism, as well as improved customer service and advocacy**.

The Corporate Leadership Council reported that **engaged organisations grew profits as much as three times faster than their competitors**. They report that **highly engaged organisations have the potential to reduce staff turnover by 87 per cent and improve performance by 20 per cent**.[4]

Steps to improve employee engagement:
- Communicate the values and emotions that drive the business
- Make information easy to absorb through brevity and visualisation
- Establish a common language and terminology to avoid ambiguity
- Invite and act on meaningful feedback, creating a safe environment for feedback as a source of personal growth
- Devolve power and authority to energise and motivate people and to model desirable responses and behaviours in an open and visible way

Innovation

Innovation can be defined as creating a new way of doing things. It could relate to a new process, a device, technology or product development. The crux of something being genuinely innovative is that it should be fresh, new, and derive from uncharted territory.

3M describes itself as 'a global science company that never stops inventing' and has annual sales of $30 billion. Its success has often be attributed to its 15% time policy, which started as far back as 1948 and allowed employees to use some of their paid time to create their own ideas and work on the things that inspired them. This became a key part of their business strategy, and resulted in their now iconic adhesive paper product range being created in the 70s. [5] In its early days, Google managed to boost the growth of their business through '20% time'. This directly resulted in major developments such as Google News, Gmail, and AdSense.

Innovation is successful when the customer is put at the heart of the initiative. Government Digital Service (GDS) is a part of the Cabinet Office and responsible for the digital transformation of UK

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[3] Engaging for Success, a report to government by David McLeod and Nita Clarke, 2009, UK *Engage for Success* Movement
[4] Corporate Leadership Council /Corporate Executive Board (2008). 'Improving Employee Performance in the Economic Downturn'
[5] https://www.fastcodesign.com/1663137/how-3m-gave-everyone-days-off-and-created-an-innovation-dynamo

government. User experience was the core focus for the GOV.UK project and the prototype (alpha) for this digital transformation programme was built in just 10 weeks. This was the seed from which the full range of GOV.UK digital services has grown. GDS was set up in 2011, its goal was to turn 1,884 separate websites into a single site for government. The GOV.UK website is now visited more than three million times every day.

Steps to innovation:

- Recognise that in more unpredictable environments there is greater reliance on collaboration and iterative evolution
- Set up an empowering form of leadership that sets the goals and then gets out of the way
- Create enough control and governance so that people can respond whilst staying true to the vision
- Wrap the organisation around a focus on the customer experience
- Communicate and collaborate with the customer frequently

For a copy of the Consortium's full paper on 'the Business Case for Business Agility' contact info@agilebusiness.org

About the Agile Business Consortium

The Agile Business Consortium is the leading not-for-profit professional body for promoting and enabling business agility worldwide. We work with partners and alliances to promote Agile practices, and to develop, curate and share Agile resources with the wider world. The direct descendent of the DSDM Consortium, we encourage an agnostic and client-centred approach to the use of Agile methods and frameworks.

We are the brains behind AgilePM®, AgileBA® and AgilePgM® and organise the longest running Agile Business Conference in the world. With the support of APMG International we have accredited over 300 training organisations worldwide and certified over 100,000 Agile Project Managers, Business Analysts and Programme Managers; and we're still growing.

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