

CREATING AGILE ORGANIZATIONS

Creating Agile Organizations

*“Agility is the ability to adapt and respond to change ... agile organizations view change as an opportunity, not a threat.” **Jim Highsmith***

Every once in a while a new concept evolves in the field of business, and suddenly everyone wants to adopt it. Businesses become thirsty for titles without fully understanding the concept and thus might end up in confusion and loss. One of the very famous concepts communicated among businesses today is “Agility.” The software methodology is now a most used term among businesses and employees.

From the agility methodology, an “agile” mindset has been developed where employees and companies can adopt the concepts of Agility in a way that allows them to react fast to change with flexibility and adaptability.

From the belief that agile organizations are built of “agile” people, we aim to understand what are the characteristics of “agile people, how can we develop an agile mindset and how can organizations become agile.

The “agile” methodology

The agile methodology was developed by software developers who were known as the “Agile alliance.” The developers were aiming to develop an alternative method to the traditional software development processes that were available. The goal of the developers was not to eradicate all existing processes but rather to introduce changes that would make the processes more beneficial and adaptive to change.

The Agile approach to software development is defined by its commitment to creating software incrementally or in regular increases and stages. The approach offers users new versions, or releases, of software following brief periods of work. Those brief periods of work are often called sprints.

This Agile process contrasts with the traditional waterfall approach to software development, where developers typically compile the needs and requirements of the users and then build the software all at once. With these traditional methodologies, the completed project is released at the very end of the project cycle.¹

4 Values of Agility

The four core values of agile software development as stated by the Agile Manifesto are:²

- Individuals and interactions over processes and tools;
- Working software over comprehensive documentation;
- Customer collaboration over contract negotiation; and
- Responding to change over following a plan.

The values of agility reflect how greater importance has been given to individuals including employees and customers. Moreover, the values reflect that change is a normal characteristic of software development and thus must be accepted and dealt with wisely as it evolves.

Today, these values are not only adopted by software developers but by businesses in different fields. As a result, the focus of management has been diverted towards people and how to establish a suitable and healthy working environment for them. Moreover, more effort has been diverted from Sales and placed in Marketing where companies can build value driven relationships with their customers to enhance customer collaboration. Furthermore, strategic plans that plan 5 to 10 years ahead are no longer proven useful as internal and external factors change very frequently and businesses need to undoubtedly respond to them.

¹ <https://searchcio.techtarget.com/definition/Agile-Manifesto>

² <https://searchcio.techtarget.com/definition/Agile-Manifesto>

Agile Principles

The agile principles have been developed to aid businesses on how to adopt agile values and implement them in the work place. The principles will help management create a work environment that is focused on the customer, that aligns to business objectives and that can respond and pivot quickly as user needs and market forces change.³

1. Satisfying customers through early and continuous delivery of valuable work.
2. Breaking big work down into smaller tasks that can be completed quickly.
3. Recognizing that the best work emerges from self-organized teams.
4. Providing motivated individuals with the environment and support they need and trusting them to get the job done.
5. Creating processes that promote sustainable efforts.
6. Maintaining a constant pace for completed work.
7. Welcoming changing requirements, even late in a project.
8. Assembling the project team and business owners on a daily basis throughout the project.
9. Having the team reflect at regular intervals on how to become more effective, then tuning and adjusting behavior accordingly.
10. Measuring progress by the amount of completed work.
11. Continually seeking excellence.
12. Harnessing change for a competitive advantage.

³ <https://searchcio.techtarget.com/definition/Agile-Manifesto>

Creating an “agile” person

*“Agile people conceive and approach the world and their assigned tasks differently from those who are less agile. In general, agile people have a propensity to seek improvements, are more willing to consider information that is at odds with preconceived notions, and are more willing to be different and take risks. These basic characteristics can be enhanced or suppressed by education, training, and culture. Unfortunately, many organizations, both large and small, suppress agility-enabling characteristics.”*⁴ David Alberts, Agility Imperative

Characteristics of an “agile” person⁵

An agile person is known to have several distinct characteristics.

Being agile implies

1. Having a positive attitude; being active, lively and flexible
2. Having the appearance of being quick, graceful and clever
3. Having a thirst for knowledge ; constantly learning, inventing and acting
4. Thinking in terms of team success and not individual success
5. Having a willingness to fail, the ability to overcome, move or maneuver around unknown constraints
6. Being pragmatic

Most important being agile means adopting an **agile mindset**.

A mindset is a set of assumptions, methods, or notations held by groups of people that is very established thus creates a powerful incentive within these people to continue to adopt or accept prior behaviors, choices or tools. Simply put, it is a way of thinking about things that those in a group share or have in common to the point that it becomes a way of life. ⁶

⁴ <https://itsadeliverything.com/what-is-an-agile-person>

⁵ <https://www.agileconnection.com/article/what-does-it-mean-have-agile-mindset>

⁶ <https://www.agileconnection.com/article/what-does-it-mean-have-agile-mindset>

People with an agile mindset do not accept failure; rather only allow feedback and development. People with an agile mindset take everything as a lesson, adjust according to feedback and proceed towards desired outcomes resulting in continuous improvement.

Individuals with an agile mindset can help build teams that collectively focus on success. Individuals with an agile mindset will feel safe to attack their work with a positive attitude, provide suggestions to overcome obstacles ask questions to understand what is in the best interests of the business and often come up with innovative solutions. They have realistic and practical attitudes focused on team success.⁷

When choosing team members for your agile organization it is safe to say that there are some signs that allow you to identify whether or not the person you are hiring has a willingness to learn agility. People who are learning agile usually exhibit six characteristics:⁸

- Unafraid to challenge the status quo
- Remain calm in the face of difficulty
- Take time to reflect on their experiences
- Purposefully put themselves in challenging situations
- Open to learning
- Resist the temptation to become defensive in the face of adversity

After choosing people we believe reflect the characteristics of an agile person, it is time to build the agile organization. But the question remains, what makes an organization agile?

⁷ <https://www.agileconnection.com/article/what-does-it-mean-have-agile-mindset>

⁸ <https://www.leadershipall.com/learning-agility-characteristics-of-a-learning-agile-person/>

Drivers of Organizational Agility

Organizations are gradually transitioning from old ways of dealing with processes and management to new and more agile approaches. There are four common disruptive trends that force organizations to become agile.⁹

1. **Quickly evolving environment**
2. **Constant introduction of disruptive technology**
3. **Accelerating digitalization and democratization of information**
4. **The new war for talent**

Principles of agile organizations

In order for organizations to become agile, many old practices need to be updated with different goals that are diverted towards the customer; management's role is not controlling and commanding but rather facilitating and enabling their teams. Moreover, all practices and goals need to enable quick and flexible responses to change.

Most agile companies share the following principles¹⁰:

1. From Shareholder Value to Customer Delight and Shared Purpose

Companies were always focused on achieving higher shareholder value (profit). However, a focus on profit leads to short term thinking, sub optimization, and low engagement. Therefore, agile organizations focus on their customers and on delivering consistent value to them. Agile organizations look at profit as a natural result of adding value rather than an organizational goal in itself.

2. From Predicting and Controlling to Embracing Complexity

The world today is frequently changing and thus it has become less predictable. Instead of management models that depend on commanding and controlling, agile models embrace complexity and thus are able to compete in the 21st Century.

⁹ <https://www.mckinsey.com/business-functions/organization/our-insights/the-five-trademarks-of-agile-organizations>

¹⁰ <https://agileforall.com/agile-organizations/>

3. From Efficiency to Engagement and Adaptability

Many companies have now realized that efficient processes that only focus on product and output are not the only effective approaches to management. Organizations are now creating working environments that allow teams to discover new opportunities and respond effectively to change. Organizations that are more agile focus on creating a human-centric, productive workplace by amplifying the five engagement factors:

- 1) a strong connection to the purpose of the work
- 2) individual and team autonomy
- 3) opportunity to pursue mastery
- 4) strong social connections
- 5) daily small wins

These factors allow employees to feel more motivated to work for the company as they feel a higher sense of belonging to the organization. Increased motivation drives higher productivity and thus allows the company to achieve better results.

4. From Directed Groups to Autonomous teams

One of the main principles of agile is that trust is given to individuals to achieve results. The role of management is not to control but rather to facilitate teams to set their own goals and the appropriate track they choose to achieve them. High performing teams have a clearly defined membership, are cross functional, trust each other to deliver on commitments, have autonomy within their area of focus, and have a strong shared purpose. Properly structured teams are the best tool to succeed in a complex environment.

5. From Rigid Hierarchies to Human Systems

Traditional organizations view themselves as machines, where efficiency is the main goal, humans are resources to be used interchangeably and leaders are focused only profit. Agile organizations resemble living systems, where people self-organize around a shared purpose, making new connections in evolving structures to address emergent opportunities.

6. From Structured Communication to Radical Transparency

Unlike traditional organizations, where communication has to be passed down through structured communication channels, agile organizations make all information readily available to help individuals and teams make informed decisions. This level of radical transparency provides a clear picture of the large complex organization and enables the organization to adapt to change, maintain flexibility, and continuously improve.

7. From Complicated Processes to Simple Rules

Organizations sometimes create employee manuals that include complex instructions that are hard to interpret. Agile organizations stress on achieving a shared understanding of how members collaborate on work. However, it is impossible to create policies and procedures that address every issue. Therefore, simple rules are used to define broad parameters for decision making, problem solving, and establishing expectations.

8. From heroic leadership to transformational leadership

Unlike traditional leadership which focuses on the role of the leader as the hero who is able to drive the company on his own towards achieving its objectives, agile organizations are led by transformational leaders who are able to create an environment of high performing teams. Everyone is focused on delighting customers, removing friction from the system, and developing their own leadership effectiveness. The entire team takes part in addressing challenges in creative and innovative ways.

In conclusion, the more agile a company is, the less structured it becomes. Rather, it becomes an environment where collaboration is appreciated, change is accepted, and innovative solutions are proposed. Within agile organizations, high performing teams are established as management's role becomes more transformational and people driven. Employees are given space to express their opinions and develop their own plan. Leaders become facilitators who guide their teams and provide constructive feedback.

Trademarks of an agile Organization¹¹

	Trademark	Organizational-agility practices
Strategy	North Star embodied across the organization	<ul style="list-style-type: none"> • Shared purpose and vision • Sensing and seizing opportunity • Flexible resource allocation • Actionable strategic guidance
Structure	Network of empowered teams	<ul style="list-style-type: none"> • Clear, flat structure • Clear accountable roles • Hands on governance • Robust communities of practice • Active partnerships and ecosystem • Open physical and virtual environment • Fit-for-purpose accountable cells
Process	Rapid decision and learning cycles	<ul style="list-style-type: none"> • Rapid iteration and experimentation • Standardized ways of working • Performance orientation • Information transparency • Continuous learning • Action oriented decision making
People	Dynamic people model that ignites passion	<ul style="list-style-type: none"> • Cohesive community • Shared and servant leadership • Entrepreneurial drive • Role mobility
Technology	Next -generation enabling technology	<ul style="list-style-type: none"> • Evolving technology architecture, systems, and tools • Next-generation technology development and delivery practices

¹¹ <https://www.mckinsey.com/business-functions/organization/our-insights/the-five-trademarks-of-agile-organizations>

As proposed by McKinsey & Company there are 5 trademarks of an agile organization. Although each trademark has an intrinsic value on its own, experience and research has shown that true agility comes only when all five are in place and working together.

Table 1 Source: <https://www.mckinsey.com/business-functions/organization/our-insights/the-five-trademarks-of-agile-organizations>

In order to achieve those trademarks, organizations need to shift from a traditional mindset to an agile mindset. Each trademark requires a certain shift in mindset to make the organization more agile. Examples are given below on how this shift could be done.¹²

1. North Star embodied across the organization

Mind-set shift

From: *“In an environment of scarcity, we succeed by capturing value from competitors, customers, and suppliers for our shareholders.”*

To: *“Recognizing the abundance of opportunities and resources available to us, we succeed by **co-creating value** with and for all of our stakeholders.”*

Co-creation and collaboration is indeed one of the strongest principles upon which agile is built. Agile organizations succeed by creating strong collaborative networks among their stakeholders. Strong networks based on trust enable shared information, smoother communication and more effective results.

¹² <https://www.mckinsey.com/business-functions/organization/our-insights/the-five-trademarks-of-agile-organizations>

2. Network of empowered teams

Mind-set shift

From: *“People need to be directed and managed, otherwise they won’t know what to do—and they’ll just look out for themselves. There will be chaos.”*

To: *“When **given clear responsibility and authority**, people will **be highly engaged**, will take care of each other, will figure out ingenious solutions, and will deliver exceptional results.”*

The role of management is clearly different in agile organizations. A transition is made from authoritarian leadership based on command and control where authority exists only in the hands of one or a group of people to a transformational model of leadership. Employees are given clear authority and management acts as facilitators to enable strong communication, deliver guidance and support and help in developing high performing teams who are able to achieve on their own.

3. Rapid decision and learning cycles

Mind-set shift

From: *“To deliver the right outcome, the most senior and experienced individuals must define where we’re going, the detailed plans needed to get there, and how to minimize risk along the way.”*

To: *“We live in a **constantly evolving environment** and cannot know exactly what the future holds. The best way to minimize risk and succeed is to **embrace uncertainty** and be the quickest and most productive in trying new things.”*

The first step towards developing agile organizations is accepting and embracing change. A transition has been made from strict detailed long term plans to effective quick fixes that enable organizations to move forward smoothly in the uncertain world we live in.

4. Dynamic people model that ignites passion

Mind-set shift

From: *“To achieve desired outcomes, leaders need to control and direct work by constantly specifying tasks and steering the work of employees.”*

To: *“Effective **leaders empower employees** to take full ownership, confident they will drive the organization toward fulfilling its purpose and vision.”*

5. Next-generation enabling technology

Mind-set shift

From: *“Technology is a supporting capability that delivers specific services, platforms, or tools to the rest of the organization as defined by priorities, resourcing, and budget.”*

To: *“Technology is **seamlessly integrated** and core to every aspect of the organization as a means to unlock value and enable quick reactions to business and stakeholder needs.”*

Digitalization and technology is a characteristic of the world today. Unlike in the past, where technology was a supporting tool, agile organizations are built on technology. Every aspect of the organization is integrated through technology to enable the organization to be quick and responsive to business and market needs.

In conclusion, agile organizations are said to be the fittest in today’s dynamic and uncertain world. People are the main building blocks of any organization and thus the first step to developing an agile organization is training people to become agile. Agility is not difficult to achieve yet must be fully understood before it is implemented and embraced.