The Foundations of Business Agility
• Introduce yourself to the people at your table and share your experiences of working or with remote teams.
• Discuss and write in your workbooks the answers to these three questions:
  • Business Agility is?
  • Why Business Agility Matters?
  • What does the term VUCA mean to you?
Agenda

• Introduction
• The need for business agility
• What your organisation can do
• What you can do
• Wrap-up

Business Agility

• Business agility describes the nimbleness of a company; that is, the ability to adapt quickly while empowering everyone associated with the brand.
  • Forbes

• Agility is the ability of an organization to renew itself, adapt, change quickly, and succeed in a rapidly changing, ambiguous, turbulent environment.
  • McKinsey

Why Business Agility

The World today is in a state of VUCA

- **Volatility**: Rate of change
- **Uncertainty**: Unclear about future outcomes
- **Complexity**: Many, many loosely related factors impact outcomes
- **Ambiguity**: Lack of clarity about meaning

“A rapidly evolving, dynamic, chaotic complex business environment is the norm rather than the exception”

David Sypnieski
What are Some Examples of VUCA in Your Experience?

V
U
C
A

Business Agility is Necessary for Survival

The ability to respond rapidly to changes in the internal and external environment without losing sight of organisational goals

- Adaptability
- Flexibility
- Balance

Building responsiveness and change into the DNA of the organisation
Change Your Organisation

What Type of Changes Needed?

What are some of the changes that organisations need to adopt in order to thrive in the VUCA world?
**Changed Imperatives**

- **Top-down management**
  - Leadership at every level

- **Do more with less**
  - Do less, better

- **Process over people**
  - Minimum viable process, empowered people

- **Centralized annual planning & budgeting**
  - Realtime value metrics

- **Activity milestones**
  - Decentralized rolling-wave planning

- **Temporary teams on projects**
  - Long lived teams responsible for products or services

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**Organisations that have embraced Agile have 3 core characteristics***

- **The law of the small team**

- **The law of the customer**

- **The law of the network**

Great Teams

1. Psychological Safety
   Team members feel safe to take risks and be vulnerable in front of each other.

2. Dependability
   Team members get things done on time and meet Google’s high bar for excellence.

3. Structure & Clarity
   Team members have clear roles, plans, and goals.

4. Meaning
   Work is personally important to team members.

5. Impact
   Team members think their work matters and creates change.

Create Space for Learning

“In today’s volatile world, the organizations best equipped to thrive are the ones who are most able to generate, embrace, and execute new ideas.”

-Tim Brown
CEO, IDEO
**Aligned Autonomy**

- Value as outcomes delivered, not as work done
- Productivity (Value/Cost to create Value)
- Benefits Realized
- Quality
- Customer and Employee Engagement & Satisfaction
  - Net Promoter Score
- Org Capability and Responsiveness
  - How rapidly are we learning?
## Beyond Budgeting – New Financial Models

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<thead>
<tr>
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<th>Traditional Budgeting Management Model</th>
<th>Beyond Budgeting Management Model</th>
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<tbody>
<tr>
<td>Targets &amp; rewards</td>
<td>Incremental targets</td>
<td>Stretch goals</td>
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<td></td>
<td>Fixed incentives</td>
<td>Relative targets &amp; rewards</td>
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<tr>
<td>Planning &amp; controls</td>
<td>Fixed annual plans</td>
<td>Continuous planning</td>
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<td>Variance controls</td>
<td>KPI’s &amp; rolling forecasts</td>
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<td>Resource &amp; coordination</td>
<td>Pre-allocated resources</td>
<td>Resources on demand</td>
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<td>Central co-ordination</td>
<td>Dynamic coordination</td>
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<tr>
<td>Organisational culture</td>
<td>Central control</td>
<td>Local control of goals/plans</td>
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<td></td>
<td>Focus on managing numbers</td>
<td>Focus on value creation</td>
</tr>
</tbody>
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## Radical Transparency

- [Image of Radical Transparency examples]
Act on Feedback

- Truthfully and honestly examine the feedback through all channels
- What is the next sensible step – amplify, change direction, or stop?
- Adapt and respond

Avoid Waste

- Defects
- Partially done work
- Extra features
- Task switching
- Relearning
- Delays
- Handoffs
Humanistic Workplaces

Rethink our Organizations

- Respond at the speed of change
- Constantly listening to the voice of the customer
- People are not “resources” or “assets” – they are the primary source of value and innovation
- Outcomes over outputs
- Value over busy
- Innovation as a core competency
- #NoProjects, #NoEstimates – stop pretending we can predict the unpredictable and adopt new funding models

© Frederic Laloux, content based on his book Reinventing Organizations (2014)
This means real changes, not **putting** lipstick on a pig

Change Yourself
What Does this Mean for Me?

What are the individual changes that team members need to make to enable this at the organisational level?

What is your **MINDSET** towards succeeding when there is **UNCERTAINTY**
What is your established set of attitudes and habits towards succeeding when there is uncertainty?

Become a Lifelong Learner

We now accept the fact that learning is a lifelong process of keeping abreast of change. And the most pressing task is to teach people how to learn.

(Peter Drucker)

I have no special talent. I am only passionately curious.

Albert Einstein
Become Passionately Dissatisfied

- Challenge the status quo
  - “We’ve always done it that way” leads to entrenched failures
- Stop trying to “do more with less” – focus on doing less, and doing it well
- Look for new ways, new ideas, new combinations of existing ideas
- Take ownership of your own improvements
- Hold yourself and your colleagues accountable

Become Customer Fanatical

- We all have customers
- Empathize and understand their needs
- We all contribute to the value stream
- How can I make my customers’ lives better?
Think like an entrepreneur

- Everything is an experiment
- Estimates are hypotheses
- Take calculated risks
- Courage to fail in order to succeed sooner
- Welcome challenges
- Embrace uncertainty and transform into knowledge
- Learn continuously through fact-based data analysis
- Create time and space for experimentation and innovation
- Become comfortable being uncomfortable

Transform Yourself

- Personal transformation is necessary in order to achieve sustainable organisational transformation
- This is the responsibility of everyone in the organization, not just those at the top

VUCA Revisited

- **Vision**
  - The intent to create the future
- **Understanding**
  - Learn, hear, feedback
- **Clarity**
  - Sense making
- **Agility**
  - The ability to respond to change in order to profit in a turbulent world

“A rapidly evolving, dynamic, chaotic complex business environment is the norm rather than the exception”

David Sypnieski
What are You Going to do Differently?
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Business Agility Foundations

- People
- Marketing
- Finance
- Innovation
- Leadership

ICA Agile's Learning Roadmap and Certification Paths