Domains of Business Agility
An operating model for the next generation of organizations

v3.1
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The world is changing faster than ever before. Organizations of every size are struggling to remain relevant in the eyes of their customers and society. Customers are more informed and their expectations are higher than they’ve ever been. Employees demand more clarity, empowerment, and meaning in their work. It is only high-performing, adaptable, and agile organizations who will thrive in this unpredictable market. We call this business agility.

At its simplest, business agility is the capacity and willingness of an organization to adapt to, create, and leverage change for their customer’s benefit. This simple statement exposes the dramatic shift in mindset needed for agile organizations. Where how you respond to the market is reliably more predictable than how the market responds to you.

Start thinking of business agility as the common thread. An adaptable and sustainable narrative that binds & guides us into the uncertain future. An operating model that amplifies adaptability and responsiveness in every area of your business. One that acknowledges that an organization is a complex adaptive system and that agility must be everyone’s responsibility. That is to say that “an organization is only as agile as its least agile division!”, and that’s probably not IT anymore¹.

Introducing the Domains of Business Agility. A simple model consisting of 12 interacting domains across four dimensions centred around the customer. The domains in each dimension are equally important, necessary, and interrelated to each other. You cannot realize business success in an unpredictable market until you develop agility in each of these domains across all areas in your organization.

“The purpose of this model is to show you what to strive for and how to get started. These are essential building blocks for agile organizations. You may also want to consider this model as the “don’t forget” model. As in, if you’re transforming your organization, don’t forget to address all of these domains.”
We have placed the Customer Domain at the center of the model to represent your organization’s purpose. Depending on your organizational values and structure, you could define your customer as; paying clients, the broader community, the environment, society, or some combination of these. Regardless of how you define it, your customer is why you are in business and thus at the heart of the model.
The ring immediately surrounding the customer is the Relationships Dimension. Within this, the three domains contextualize your organization, although the specific definitions of each change depending on your organization type (e.g. a private company, a public company, not-for-profit, government organization, etc.). Regardless, your Workforce is responsible for delivering value to customers. Your Board of Directors is the highest expression of shareholder intent and ownership. And your Partners are the vendors, distributors and other strategic partners who enable your business.

Around the outside, we look at the characteristics of business agility, starting with the three domains under the Leadership Dimension which govern how to shape an agile organization. People Management defines the role of managers as leaders who, among many other things, engage, empower, delegate, coach, and inspire. One Team defines a culture of collaboration underpinned by communication and transparency across individuals, teams, and divisions. And Strategic Agility shapes how an agile organization sets, communicates and operationalizes an adaptive market vision.

The three domains under the Individuals Dimension govern how an agile organization delivers value. Growth Mindset promotes experimentation and learning from failure. Craft Excellence defines the techniques for delivering high-quality work, regardless of function or subject matter, in an agile way. And finally, Ownership & Accountability motivates individuals and teams to take responsibility.
The final dimension is the Operations Dimension. These three domains define how an agile organization works. **Structural Agility** defines the relationships between individuals, teams & divisions to create an agile organization. **Process Agility** encompasses an individual value stream – the combination of discrete activities that are undertaken by teams and projects. And **Enterprise Agility** scales ways of working across divisions, departments, the organization and ultimately between organizations.
While it is not visually shown on the model, your organizational culture is the expression of how the people inside and around your organization interface with your collective operational, leadership, and individual elements. Change any one domain and you will change a characteristic of your organizational culture.

Business agility is best seen as a continuous and systematic evolution of culture, people, and skills rather than a transactional event focusing on one or two domains. Organizations need to treat the customer as an integral part of the system rather than separate and apart from it. Transformations often fail when companies solely focus their investments in transforming processes (Process Agility) or organization structure (Structural Agility) but leave the rest of the business untouched and thus unbalanced. Many organizations are seeing diminishing returns from their current agile adoption for this very reason.

This model is not a method or framework like Scrum, Kanban, or Beyond Budgeting. However, you will see where they fit and how you need a combination to build a high performing organization. Across all domains of business agility, “doing” agile (using the practices and methods) and “being” agile (the expression of an agile mindset) are intertwined. You need both to be successful, while either on their own will lead to failure. Luckily, agile has been around for quite a while so there are hundreds of practices, methods, and frameworks for you to choose from. Throughout this document, we’ll share those practices which are appropriate in any given domain.

So, let’s look at the domains and dimensions in more detail.
“Customer” is a very broad term. Depending on the organizational context it could mean; a paying client for a private organization, a citizen for a public sector organization, or an abstraction (like “the environment” or “the community”) for an NPO (Non-Profit Organization). In some contexts, your customer may be a separate division or individuals within your organization. Although in this case, you must consider the end customer instead of delivering to a division, just because of the way the reporting lines currently work. Regardless of who your customer is, they all have one thing in common: they provide us with our purpose.

Too many organizations have forgotten that we aren’t in business to make money. We are in business to serve our customer. We make a profit to continue to achieve that purpose. Think of your local doctor: most people don’t become doctors to make money. They become doctors to save lives. They make money to continue saving lives.
“Profit is like the air we breathe. We need air to live, but we don’t live to breathe.” — Frederic Laloux

Putting the Customer at the center doesn’t mean that the customer is always right or that employees or shareholders aren’t important. And, it still remains important that we make a profit! It means that almost everything that we do, within the context of your organizational values, revolves around them and informs how we make decisions. It means that the work that we do and the way that we work is for them. This is the trade-off conundrum that most organizations face.

Most companies say the customer is their top priority, but when it comes to making a decision that requires organizational leaders to choose between the customer or the company, we see many select a decision that favors the company. It is important for the leaders of every company to clearly articulate what priority they place on the customer in these decisions. This is also where the board needs to be a customer advocate as well. When the CEO makes a decision favoring the customer over the shareholders the board needs to support that decision and protect against any potential market backlash.

1 http://www.reinventingorganizations.com/
Moving from Theory to Practice

Your goal is to become a customer-centric organization, and, out of all the domains, this is the easiest to get started with.

Understand Your Customer

Detailed analytics of sales and marketing data is a good start to understanding your customer, but it’s what you do with this information that separates an agile and adaptable organization from everyone else. Using this data alongside market research, ethnographic insights, and good old-fashioned conversations with customers, you can build clear personas and empathy maps to understand who your customers are, what they think about, and how they feel. Like all models, these are generalizations but are very helpful in making strategic decisions. Finally, make sure that everyone in the organization knows who your primary customer is and who the secondary customers are.

Develop Customer Journeys

A customer journey tells the story of a customer’s experience with your organization. By mapping their journey, you can identify key interactions with the customer as well as articulate the customer’s feelings and motivations for each of these interactions. When articulating the journey, it is important to document the customer’s mode of interaction, timeframes involved, and the entry and exit points of the journey.
Build Trust

If we are trying to “be” agile and leverage the natural unpredictability in the marketplace, we come up against the natural concerns and fears our customers hold. Can they trust us to act in their best interest? Can they trust us to fail fast and learn just as quickly? Can they trust us to deliver something of value? The less trust our customers have in us, the less agile we can be. This doesn’t mean we won’t fail. In fact, as a learning organization, we are certain to fail. But we have to create a culture where the lessons learned from these failures are encouraged. A culture where learning doesn’t just mean learning new things but includes learning from failures. Building trust as an intentional strategy will enable us to learn more because when we inevitably fail, it is easier for our customers to forgive us.

How do you build trust? Being trustworthy is a good start - building credibility and rapport, acting with fairness & integrity, sharing knowledge, being transparent, and of course performing competently. In the book “The Trusted Advisor,” the authors offer something called “The Trust Equation” which is measured by four variables: credibility, reliability, intimacy, and self-orientation. The equation states: $T = \frac{(C + R + I)}{S}$.

It’s also worth mentioning that trust is often based on perception and public opinion, rather than reality. In an ideal world, they should be the same but acting with confidence and displaying concern or empathy are good ways of building trust at the start of a relationship.
Measuring your Business Agility Maturity

### Understand the Customer

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<thead>
<tr>
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<tbody>
<tr>
<td><strong>Crawl</strong></td>
<td>We use detailed analytics to understand our customer’s usage and requirements of our products and/or services.</td>
</tr>
<tr>
<td><strong>Walk</strong></td>
<td>We have started to use tools such as empathy maps, customer journey maps, and defined personas to understand our customer. We have objective measures of the end-to-end value which we can create for them.</td>
</tr>
<tr>
<td><strong>Run</strong></td>
<td>We understand our customer’s experiences, needs, and mission through direct engagement with them. Thus, we have developed a deep empathy which guides our business decisions to meet their expectations.</td>
</tr>
<tr>
<td><strong>Fly</strong></td>
<td>Our products and services consistently resonate with our customers and can delight them in a measurable way.</td>
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### Customer as Purpose

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<tbody>
<tr>
<td><strong>Crawl</strong></td>
<td>Our strategic vision is clearly aligned to customer value, yet operational decisions tend to prioritize company profits.</td>
</tr>
<tr>
<td><strong>Walk</strong></td>
<td>We have developed a clear vision of customer value which guides decisions at all levels of the organization and creates a culture of customer orientation.</td>
</tr>
<tr>
<td><strong>Run</strong></td>
<td>There is strong alignment between what the shareholders, executives, team members, and customers want.</td>
</tr>
<tr>
<td><strong>Fly</strong></td>
<td>Our organization structure, policies, and procedures incentivize our teams to act in the customers best interest at all times. When there is a tradeoff between what is good for the customer and what is good for the company, we prioritize the customer.</td>
</tr>
</tbody>
</table>
Practices, Methods, and Frameworks

These are some of the practices, methods, and frameworks that are relevant to the Customer Domain.

- Customer Journeys
- Design Thinking
- Human Centered Design
- Outcome Profiles / OKRs
- Lean Experiment Canvas
- Mobius Loop

Recommended Reading

Visit the Business Agility Library to read these articles and more…

The 22000 Persons Start-up:
“Design everything from the customer back.” — Paul Cobban

Don’t crush the chips:
“This isn’t the first thing you consider when launching a new grocery offering into new markets.” — Andy Cerio

From Theory to Practice:
“Learn how M&M’s Retail used Design Thinking to grow its B2B channel.” — Monika Nelson

Improving Customer Journeys:
“We don’t want to adapt the organization to a model, but rather the other way around.” — Laurence Jourdain

Make your business run better with Agile in Sales:
“If Agile can help IT teams to be more customer-centric, can it help sales teams to be the same?” — Marina Alex

From Make-and-Sell to Sense-and-Adapt:
“Shaping the Business and Work-Climate towards Agility, Adaptiveness and Differentiation” — Stephen Parry
RELATIONSHIPS

The three domains within the Relationships Dimension provide context for your organization. They are highly contextual and the specific definitions change depending on your organization type (e.g. private company, public company, not-for-profit, government organization, etc.). Whatever your organization structure, your Workforce is responsible for delivering value to customers. The Board of Directors is the highest expression of shareholder intent and ownership. And your Partners are the vendors, distributors and other strategic partners who enable your business.
While creating value for your customers is why your business exists, it is your workforce who creates the customer experience that ultimately delivers that value. If you look after your employees, they will look after your customers. Engaged and happy employees stay longer, learn more, and generate innovative ideas. This generally leads to better customer experiences and thus greater customer loyalty.

“First we build people, then we build cars.”
— Fujio Cho, Toyota’s former Chairman

Almost every organization intends to develop its staff and create an engaging, safe and empowering work environment. Unfortunately, in many organizations, existing HR and governance policies unintentionally work against this goal.

Do you recruit for cultural fit and mindset? Is everybody, from the top executives to the newest recruit, visibly held to the same standards? Are your talent & performance management processes actually making a difference to employees? Are your employees your strongest advocates? When offboarding a resigning employee, do you treat them with the same respect and care as when they joined? Does everyone take personal accountability in the financial health of the company?

Create Psychological Safety

Creating a psychologically safe working environment is necessary to promote innovation and creativity. As with any transformation, business agility or otherwise, individuals will not extend themselves to be courageous and vulnerable without feeling safe and empowered to do so. HR and managers can make the workplace free from bullying and harassment, affirm job security, and encourage people to extend themselves, free from reprisal or embarrassment if things go wrong.

Change Incentive Schemes

Traditional employment contracts and reward programs are ineffective, and even counterintuitive, to incentivize your workforce. Most organizations use blunt instruments to motivate their staff. Most commonly these are performance-based annual bonuses that may undermine collaboration and effective engagement.

Agile organizations know how to tap into the intrinsic motivations of their team members. These include a combination of meaningful forward-looking incentives and backward-looking rewards designed to complement each other. Thus, incentives drive today’s behavior and rewards become tomorrow’s incentives. Leaders must personalize both for each team member while ensuring that they continue to be perceived as fair.
Refocus Talent Acquisition

Developing your existing workforce is only part of the approach. Your identification, recruitment, and onboarding of new employees requires a new focus on culture, mindset, and diversity. Your recruitment process needs to be able to identify valuable cultural characteristics in new candidates. Mature agile organizations go further and hire for potential and culture, rather than to fill a specific job description. Skills, while still important, are easier to learn than culture is to change. The impact of a wrong hire can be incredibly expensive for organizations. In some cases, this can exceed the annual salary for that position in lost productivity, direct recruitment costs, and retraining.

Various studies, including those conducted by the World Economic Forum, highlight that the jobs of the future will be designed around transversal competencies which are much more behavioural in nature, rather than technical.

Emphasise HR’s Role in Agile Transformations

The changing dynamics with an Agile approach require Human Resources to re-examine the way they support and enable the organization – many of these changes will require real paradigm shifts⁶.

⁶ https://businessagility.institute/learn/hr-role-in-agile-transformation/
### Measuring your Business Agility Maturity

#### Engagement Policies

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<tr>
<th>Level</th>
<th>Description</th>
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<tbody>
<tr>
<td>Crawl</td>
<td>At least one of the on/offboarding, recruitment, incentive, compensation, or performance management policies is specifically designed to engage the workforce and considered fair by the majority of employees.</td>
</tr>
<tr>
<td>Walk</td>
<td>Each of the on/offboarding, recruitment, incentive, compensation, and performance management policies are specifically designed to engage the workforce and the majority of employees consider them fair.</td>
</tr>
<tr>
<td>Run</td>
<td>On/offboarding, recruitment, incentive, compensation, and performance management policies are highly adaptable and meet the needs of each individual employee (while remaining fair to all).</td>
</tr>
<tr>
<td>Fly</td>
<td>Employees design and administer the on/offboarding, recruitment, incentive, compensation, and performance management policies.</td>
</tr>
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#### Humble & Happy

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<tr>
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<tbody>
<tr>
<td>Crawl</td>
<td>All employees have the same voice and recognition opportunity (and which is not dominated by the vocal few).</td>
</tr>
<tr>
<td>Walk</td>
<td>All individuals feel psychologically safe in our organization.</td>
</tr>
<tr>
<td>Run</td>
<td>There is an environment of appreciation where people are regularly rewarded for collaboration and kindness by their peers.</td>
</tr>
<tr>
<td>Fly</td>
<td>Retention of highly skilled team-players is extremely high with people choosing to stay and work for such a great organization.</td>
</tr>
</tbody>
</table>
Practices, Methods, and Frameworks

These are some of the practices, methods, and frameworks that are relevant to the Workforce Domain.

- Retrospectives
- Self-Management
- Agile HR (e.g. Self-Service HR, 360° Feedback, Gamification in HR)
- Play
- Sociocracy / Holacracy
- Management 3.0

Recommended Reading

Visit the Business Agility Library to read these articles and more...

What Moves You!:
“How do leading agile organizations motivate, reward and incentivize their people?” — BAI Research

Employee Engagement:
“A Strategic Differentiator in Today’s Competitive Business Landscape.” — BAI Research

Hiring for Culture (Add):
“Our goal is to move from hiring resources to hiring personalities and finally to hiring people.” — BAI Research

Want true agility? Give employees a voice:
“We are facing an engagement crisis” — David Horowitz

Open Salaries - From employees to managing partners:
“We used open salaries to retain interest, develop enthusiasm, and influence company decisions.” — Alexey Voronin
**Board**

Business Agility requires an open, 2 way, relationship between an organization’s leaders and the board of directors; built upon customer-focus and long-term success, which enables the company leaders to go after long-term bets, as opposed to short-term wins.

As with the definition of ‘Customer’, Board is a very broad concept. Depending on the organizational structure it could mean; the business owners for a private organization, a shareholder-elected board for a publicly listed corporation, or member-elected board for an association or not-for-profit. Regardless of the structure, the Board has the ultimate fiduciary responsibility for the financial health, continued operation, and regulatory compliance of the organization.

Unlike many of the other domains, an agile board is only subtly different from traditional organizations. As before, the board remains accountable for regulatory compliance and financial health, but this time through the lens of an agile and adaptable organization. Governance & compliance no longer just means annual plans and quarterly reporting. Instead, it means long-term goals with continuous and adaptive planning & reporting. This has significant implications for the business KPIs; moving away from the short-term focus on quarterly earnings reports towards a long-term focus on building customer trust and measuring business results against customer success.
The biggest challenge for boards is in their design and composition as they are the furthest from the customer. Thus, the board must make extra effort to bridge the organizational layers and understand both customer needs and the challenges of the workforce. In doing so, it is important for board members to understand and exhibit an agile mindset; one that prioritizes market adaptability, customer advocacy, and a willingness to experiment. Even the selection committee, when identifying and recruiting new senior executives, needs to prioritize an agile mindset as executive hires can either enhance or jeopardize an agile culture.

In understanding the customer, the board also needs to understand the community and society the customer exists within. The report “ROI of Corporate Responsibility”\(^7\) shows that organizations that invest in strong corporate responsibility initiatives increase their market value between 4-6%, reduce share price volatility between 2-10%, reduce staff turnover by up to 50%, and increase revenue by up to 20%.

Finally, it is important that the Board actively supports any organizational transformation. The latest Business Agility Report showed a 25% improvement between transformations led directly by board vs those led by a manager.

Moving from Theory to Practice

Your goal is to promote an agile culture, starting from the board, to remain adaptable in an ambiguous market.

Understand Agile Governance

As the highest level of governance in an organization, the Board of Directors needs to set the standard for adaptive governance. This means holding the organization to account for business outcomes, rather than outputs. It means creating an environment for conducting, and learning from, experiments and market research. It means supporting the CEO when they make a decision for the customer’s benefit but with short-term shareholder impact.

More practically, organizational metrics (KPIs or OKRs\(^8\)) need to measure customer outcomes (traceable to financial benefits) rather than focusing on purely financial metrics. Examples of these measures may be; alignment to customer outcomes (how has our organization positively affected our customer’s corporate scorecard) and failure KPIs (where the CEO and executives are measured by the learning they have acquired from experimentation that hasn’t worked).

In addition to their fiduciary responsibilities, the boards must apply greater due diligence to the governance of their organization. This is not due to a lack of trust in their chosen executives, but because an agile organization can, and will, adapt and change rapidly. Because of this, the Board must work closely with the executive to remain informed and make appropriate governance decisions.

\(^8\) https://www.whatmatters.com/
Represent the Customer

By their very nature, the board is the part of the organization furthest from the customer. In a business agility transformation, make an effort to bring the board to the customer. That way they understand both the operating mandate of the organization and current market challenges. The board has the duty to challenge executives on their strategic and budgeting practices. Ensuring that the organization remains nimble and can pivot when needed to fulfill changing customer needs.

Ensure Transparency of Information

While remaining aware of regulatory disclosure requirements, the board needs regular access to relevant information from across the organization. Existing board reports are ineffective and often cannot keep up with the changing pace of the business. Tools like an enterprise visibility room are an effective means of improving overall transparency.
## Board Focus

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
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<tbody>
<tr>
<td>Crawl</td>
<td>The board’s focus is on a combination of short-term results (to please shareholders) and long-term investments (to ensure continued market relevance).</td>
</tr>
<tr>
<td>Walk</td>
<td>The board has taken the time to truly understand the needs of the customer. Although remain focused on short-term results and long-term benefits.</td>
</tr>
<tr>
<td>Run</td>
<td>The board encourages executives to focus on the customer. Yet, they revert to a profit focus whenever there is a short-term dip in the market.</td>
</tr>
<tr>
<td>Fly</td>
<td>The board encourages executives to focus on the customer in spite of short-term dips that might upset shareholders or the market.</td>
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## Measure What Matters

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<tbody>
<tr>
<td>Crawl</td>
<td>We have removed both competing and vanity measures from our organizational KPIs. Our focus is on measures that are “important”; that is, if the measure changes, there is a real impact on our organization.</td>
</tr>
<tr>
<td>Walk</td>
<td>We measure and incentivize transformational measures (such as cultural change, experimentation, or failure) to encourage our teams to try new things.</td>
</tr>
<tr>
<td>Run</td>
<td>We give people measures (e.g. customer satisfaction) the same focus, attention, and incentives as “hard” measures (e.g. revenue and profit).</td>
</tr>
<tr>
<td>Fly</td>
<td>Our corporate scorecard and annual report clearly demonstrate the quantitative impact (or value) we have brought to our customers which is also representative of how we incentivize our executives.</td>
</tr>
</tbody>
</table>
Practices, Methods, and Frameworks

These are some of the practices, methods, and frameworks that are relevant to the Board Domain.

- Outcome Profiles & OKRs
- Enterprise Visibility Rooms/Obeya Rooms

Recommended Reading

Visit the Business Agility Library to read these articles and more...

New Zealand Post Group - An Agile Executive Case Study:
“[Our] transformation led to the creation of the Sorting Room, a visualization of the state of the organization and its strategic initiatives, as well as related cultural and process changes.” — Evan Leybourn

tw telecom Beyond Budgeting Case Study:
“tw telecom’s … leadership philosophy emphasizes the importance of being agile and responsive to current events while managing for the long-term” — Nevine White

How to hire a CEO. With agility.:
“It is a frequently observed irony that the behavior of agile advocacy bodies often lacks agility.” — Geof Ellingham

Fostering Business Agility in the RBI Corporate Banking Community:
“The CEO of RBI announced his intention to turn his bank into an agile organization by 2021.” — Boris Pelikan and Dr. Susanne Burgstaller
Partners

Business Agility requires partnerships crafted with flexibility and driven by customer value so both an organization and its partners are able to adapt in a coordinated and complementary manner, rather than a series of contractual transactions.

No company is an island. Vendors, distributors, retailers, suppliers; these ecosystem partners enable you to deliver products and services to your customers.

Thus, as with each of the domains, the agility of these partners limits your business agility. If it takes 3 months to get a change request actioned by a strategic vendor; if your distributor cannot react to market changes; if your retailers alienate your end customer; or if your suppliers cannot adapt quickly; you will be fundamentally limited in your market adaptability.

Addressing this means that you need to consider your ecosystem partners in your transformation. Develop partnerships from a basis of mutual respect. Design interfacing processes, such as procurement, contracts, change management, and communication, to enable agility in the relationship.

You also need to invest in developing partner organizations up and down the supply chain. Educate existing partners and encourage them to undertake their own transformations. And select new partners, not only on competence and price, but also adaptability.
Moving from Theory to Practice

Your goal is to ensure that your entire partner ecosystem enables business agility, rather than restricts it.

**Adopt Agile Procurement**

Agility with your external partners starts at the very beginning, i.e. during the selection process. Design your procurement processes to select partners who can quickly adapt to change whilst providing clarity on business outcomes. Adopting practices like Lean-Agile Procurement can bring transparency and clarity into the procurement process for all parties.

**Develop Agile Contracts**

In any complex environment, the standard fixed price/scope/time contract has never worked. Develop new contract forms with your partners to ensure they can gracefully handle ambiguity and change. Contract forms such as fixed price/variable scope, time & materials, and fixed price + fixed constraints (e.g. quality, ROI, defect resolution, MTTR, etc.) are more suited for strategic partners. Corresponding changes to how your legal and procurement teams work will make this effective.

**Onboard Partners**

Take the same care when onboarding partners as with onboarding new employees. Consider building a one or two-day onboarding programme to clearly articulate; basic logistics (e.g. how you get paid and who can help), your ways of working, why you chose to work that way, expectations of the partnership, and your organizational values and mission. This small upfront investment greatly improves your chances at both a positive outcome and a valuable long-term relationship.
### Supply Chain & Network

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<thead>
<tr>
<th>Level</th>
<th>Description</th>
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<tbody>
<tr>
<td>Crawl</td>
<td>We support different engagement and contract types (e.g. fixed price &amp; variable scope) depending on the level of trust we have with a partner.</td>
</tr>
<tr>
<td>Walk</td>
<td>Our contracts and procurement processes require and support ambiguity, uncertainty, and agility from our suppliers.</td>
</tr>
<tr>
<td>Run</td>
<td>We have integrated our supply chain partners into our strategic planning and budgeting processes.</td>
</tr>
<tr>
<td>Fly</td>
<td>We are able to build strategic partnerships based on shared business outcomes (e.g. power-by-the-hour or outcome-based contracts) with our trusted partners and suppliers.</td>
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</table>

### Ecosystem

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
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<tbody>
<tr>
<td>Crawl</td>
<td>We go beyond transactional engagements by actively developing ongoing relationships with critical partners.</td>
</tr>
<tr>
<td>Walk</td>
<td>Our critical partners share our goals and are actively invested in our mission, but remain governed by strict contracts.</td>
</tr>
<tr>
<td>Run</td>
<td>The relationship with our critical partners is more important than the terms in the contract. We find ways to achieve our common goals together.</td>
</tr>
<tr>
<td>Fly</td>
<td>Work with critical partners is seamless, transparent, and integrated into our value stream. We make decisions with the entire ecosystem in mind, not just one party.</td>
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</table>
Practices, Methods, and Frameworks

These are some of the practices, methods, and frameworks that are relevant to the Partners Domain.

- Agile Contracts
- Lean
- Lean-Agile Procurement

Recommended Reading

Visit the Business Agility Library to read these articles and more…

400% Increase in Time-to-Market in an Unexpected Domain
“The award-winning success of the CKW Group is a striking lesson in how to achieve significant improvement in time-to-market with numerous other benefits.” — Mirko Kleiner

Agile Contracting in the Federal Government:
“The move to using agile principles and processes within this highly regulated and constrained area has resulted in significant improvements.” — Joshua Seckel

Why lawyers don’t like Agile:
“The lack of reliable, comprehensive precedents for Agile contracts makes lawyers the biggest barrier to the achievement of Agile outcomes between businesses.”
— Stewart James

Non model, radical Agile approach to meet hard deadlines in a complex:
“The pop music industry has one big advantage over other businesses... it is formed around the principles of scrum teams.”
— Jeroen Molenaar and Gerard Claassen
The first three domains of business agility are part of the Leadership Dimension and govern how to shape an agile organization. In this context, leadership is a mindset with associated capabilities and techniques. Everyone can be a leader, whether they have institutional authority or not.

People Management defines the relationship between individuals and authority. One Team is a culture of collaboration underpinned by communication and transparency across individuals, teams, and divisions. And finally, Strategic Agility shapes how an agile organization sets, communicates and operationalizes an adaptive market vision.

Finally, don’t forget that it is agile leaders (who may not be managers) who orchestrate and guide the organization towards business agility. Leaders who help align the organization to a single purpose, enabling individuals and teams, and taking corrective action where needed.
As organizations flatten and delegate greater accountability, authority, and autonomy to the workforce, the role of people managers (as distinct from process managers) increases in importance. To their workforce, they are coaches and mentors who energize people, remove impediments, resolve conflicts, and communicate the corporate vision. The culture of the organization lives through them. There is also a large difference between people managers and traditional process managers, as we now expect the team to decide and self-correct their own work.

A recent Gallup study\(^{10}\) showed that only 12% of employees were actively engaged at work. And, perhaps unsurprisingly, it was people managers who made the biggest impact. Managers account for 70% of the variance in employee engagement.

At the pioneering end of business agility and, in particular, People Management, there is the concept of self-organization; teams or divisions where everyone takes on managerial responsibility. Self-organizing teams remain aligned to company strategy and expectations, by being accountable for specific, and measurable, business outcomes. And, although this requires a significant level of fluency across all business agility domains, self-organization takes the position that, as Drucker\(^{11}\) puts it:

"every man sees himself as a ‘manager’ and accepts for himself the full burden of what is basically managerial responsibility: responsibility for his own job and workgroup, for his contribution to the performance and results of the entire organization, and for the social tasks of the work community."

\(^{10}\) https://news.gallup.com/businessjournal/182792/managers-account-variance-employee-engagement.aspx

\(^{11}\) http://amzn.to/2pKIG3B
Moving from Theory to Practice

Your goal is to create a supportive management layer.

Develop an Agile Mindset

An agile mindset and culture is a central tenet of business agility and is one of the first areas that you need to encourage in your leaders. Redesign your corporate policies and governance structures to promote a growth mindset, a sense of unity and single purpose, and personal ownership of work outcomes. If business agility is truly important to your organization, managers must model an agile mindset to their teams.

Build Empathy

Empathy, the ability to understand and relate to the feelings, thoughts, and experiences of another person, is a critical skill for leaders in all organizations. This is especially true for leaders in agile organizations. As leadership in these organizations shifts from a top-down command and control structure to one where authority is delegated and teams and individuals self manage, the ability to lead effectively becomes increasingly more about influence and persuasion. Agile leaders must be able to relate to those they wish to influence to be successful.
Delegate Outcomes

The most powerful place to start is to change from delegating actions to delegating outcomes. You hire great people and expect them to be professional, competent, and develop expertise. Then, you tell them what to do: “I need this report by Friday”. Instead, give people ownership of outcomes: “we need to convince our executives to fund this initiative”.

This shift is paramount to building an agile organization. As the closest people to the customer, your teams have the greatest operational knowledge. Thus, the operational decision of what work to do (and when) should sit with the team. Whereas, the people manager communicates the strategic vision, sets the business outcome & associated metrics, and then ensures that the team has everything that they need to achieve the outcome.
### Management Stance

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crawl</td>
<td>Managers care that people have relevant and up-to-date skills and are competent to do their job.</td>
</tr>
<tr>
<td>Walk</td>
<td>Managers coach individuals and develop complementary skills and behaviors (e.g. diversity &amp; inclusion, resilience, recognizing cognitive biases, etc.).</td>
</tr>
<tr>
<td>Run</td>
<td>Managers actively invest in understanding the whole person; beyond just skills and capability.</td>
</tr>
<tr>
<td>Fly</td>
<td>Managers believe that part of their role is to develop people (e.g. through clear and constructive feedback) to be the best version of themselves.</td>
</tr>
</tbody>
</table>

### Autonomy & Delegation

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crawl</td>
<td>Leaders delegate work to their teams with clear expectations of how to deliver it.</td>
</tr>
<tr>
<td>Walk</td>
<td>Leaders support teams in localizing operational decision-making (within the team) to reduce the lines of communication and subsequent delays incurred.</td>
</tr>
<tr>
<td>Run</td>
<td>Leaders focus on team autonomy &amp; individual security, growing the talent of their teams, reducing skills gaps, and removing any impediments in their way.</td>
</tr>
<tr>
<td>Fly</td>
<td>Teams are empowered &amp; accountable for deciding how to achieve the business outcomes (what work to do, which product to build, etc.) in alignment with their mission.</td>
</tr>
</tbody>
</table>
Practices, Methods, and Frameworks

These are some of the practices, methods, and frameworks that are relevant to the People Management Domain.

- Servant Leadership / Supportive Leadership
- Scrum
- Sociocracy / Holacracy
- Management 3.0
- Intent-Based Leadership
- OKRs

Recommended Reading

Visit the Business Agility Library to read these articles and more...

Why the army is the most agile organization I’ve ever been in:
“The army is not as ‘Command & Control’ as people commonly expect – it is much more empowering and agile than you’d think.” — Vered Netzer

Reality Bites and Stranger Things:
“Transformations are like roller coaster rides – they are filled with thrilling highs and stomach dropping lows.” — Renee Troughton

Haier Elevation:
“All workers would be free to develop an innovative idea — for example, a new refrigerator model.” — Doug Kirkpatrick

Holacracy for Humans – Decentralised Leadership in Practice:
“Snapper foresaw success and growth and wanted a foundation that would let them add people without adding pain. Thus, they were drawn to Holacracy.” — Sandy Mamoli

12 https://www.greenleaf.org/what-is-servant-leadership/
One Team

Business Agility requires a One Team mindset of co-creative efforts to achieve shared goals that span functions, teams, and divisions within the organization.

An agile organization is one that is designed to collaborate. The very construct of the organization - from the organizational structure, to the work processes, and even the way the market is engaged - promotes a sense of the organization as one team.

The complexity of collaboration is one of the fundamental reasons to keep teams in an agile organization small. \( O(n^2) \) to be precise\(^\text{13} \). \( 7\pm2 \) is a commonly accepted size. It’s helpful to localize decision-making in order to reduce the lines of communication, thus reducing any subsequent delays. However, don’t let the goal of collaboration impact your ability to be productive. Sitting in meetings and talking is not necessarily collaboration, whereas sitting quietly in a room by yourself can be.

Critical to effective collaboration is the default transparency of information, decisions, and relationships to provide a solid grounding for trust & respect between customers, peers, and leaders. All individuals have the ability to know what is going on so that they can make appropriate decisions. This doesn’t mean that everyone knows everything, rather that everyone has the choice of knowing anything. And, of course, the ability to be selectively opaque to the competition while being transparent internally is the real art of One Team.

There are many tools and practices that you can adopt to improve how your teams collaborate. For example, social contracts, pair programming (or pair work outside IT), and visualization tools (like Kanban Boards, Burndown Charts or Cumulative Flow Diagrams).

\(^\text{13} \) http://theagiledirector.com/article/2013/12/09/the-mathematics-of-agile-communication/
Moving from Theory to Practice

Your goal is to create a one team mentality that overrides divisional allegiance.

Communicate the Greater Purpose

Beyond your organization’s vision, people need to buy-in to the greater purpose of your organization. What value does your business bring to the community? What is your employee’s place in society and is it something they can be proud of? If people can identify the purpose in what they do, they are more likely to rally around their colleagues and the work to achieve a common outcome.

Charter the Team

All the practices and techniques described here give groups of individuals the opportunity to form a team. But, it is not automatic. When formed, teams need the opportunity to define common goals and ways of working through a team charter. The charter clearly and publicly articulates the direction of the team as well as its membership and scope, rules of operation, and agreed boundaries. Through this process, the team can start to develop a culture of honor and mutual respect.

Gain Buy-In

Keep teams small, eliminate politics, build a culture of “disagree but commit”, and develop a sense of accountability. These are the ways in which you develop heartfelt buy-in from individuals as they form a team. To gain buy-in from outside your team, show value through small experiments that deliver tangible results. It is also important to share new learning and insights from your successes and failures.
### Measuring your Business Agility Maturity

#### Transparency & Sharing

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Crawl</td>
<td>Relevant information is available to anyone who requires it, yet the process to gain access is cumbersome and bureaucratic.</td>
</tr>
<tr>
<td>Walk</td>
<td>All individuals have access to key information &amp; strategic decisions so that they can make appropriate decisions.</td>
</tr>
<tr>
<td>Run</td>
<td>We have systems to promote transparency and information sharing across all levels of our organization. People have the ability to pull any relevant information they need to make decisions or deliver value.</td>
</tr>
<tr>
<td>Fly</td>
<td>The organization operates with a culture of transparency for all non-confidential information. This includes decisions, decision rationale, business strategy, business metrics, work status, and (with employee agreement) salary information.</td>
</tr>
</tbody>
</table>

#### Unity of Purpose

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Crawl</td>
<td>Leaders focus on their own silo, but will actively share information to help other teams.</td>
</tr>
<tr>
<td>Walk</td>
<td>Leaders no longer focus on their own silo, but on the whole organization. They are expected (and willing) to provide help to any team.</td>
</tr>
<tr>
<td>Run</td>
<td>Leaders attempt to operate as one team. Yet, business systems and structures (e.g. business measures) are not fully aligned.</td>
</tr>
<tr>
<td>Fly</td>
<td>The executives of the company actively design systems &amp; structures to ensure that they operate as one team (e.g. with common goals) towards the target customer experience.</td>
</tr>
</tbody>
</table>
Practices, Methods, and Frameworks

These are some of the practices, methods, and frameworks that are relevant to the One Team Domain.

- Retrospectives
- Sociocracy / Holacracy
- Social Contracts
- Systems Thinking
- Theory of Constraints
- Spiral Dynamics

Recommended Reading

Visit the Business Agility Library to read these articles and more…

Creating Great Teams - How Self-Selection Lets People Excel:
“Here’s a radical idea: Trust people to know best and let them decide which team they should work in” — Sandy Mamoli

Agile@Scale: our journey to be more than a bank:
“We are expected to adapt and be fun” — Laurence Jourdain

There is an “i” in agility:
“‘The problem with this thing is…’ He had picked up the tome of a budget book. ‘… it’s worthless. It tells me nothing about the risk or opportunities we’re facing. ‘” — Nevine White

This Transformation Is Not Your Baby:
“Agile Transformation are collective efforts; an Organizations is like a living organism, and it cannot be transformed under the guidance of a single piece of brain; it requires empathy.” — Carlo Bucciarelli

Make your business run better with Agile in Sales:
“If Agile can help IT teams, to be more effective, customer-centric, and enjoyable places to work, can it help sales teams to be the same?” — Marina Alex
**Strategic Agility**

Business Agility requires leaders who set, and clearly communicate, an adaptive strategy that empowers teams to identify opportunities to execute that strategy in potentially innovative and previously unforeseen ways.

Organizations have always needed to earn the right to exist. Yet, as both market predictability and the barrier to entry is decreasing, we are now seeing that incumbents no longer enjoy the same commercial advantage as they used to. It is agile organizations — those that frequently inspect, adapt and pivot to meet opportunities — that are more likely to flourish in this ambiguous and uncertain market. Speed and effectiveness of this adaption to competitors, disruptors, and new customer demands are key measures of Strategic Agility\(^4\).

Gone are the five year plans favored by 1980’s management consultants. Organizations have realized that strategy, as we have tended to practice it is yesterday’s news. Instead, we have a five year vision, an emergent strategy, and continuous planning. The difference is an approach to strategy which enables us to continually probe the market and try new strategies to adapt to the changing customer demands.

Once we include the connection to the market in the wider systemic perspective of business agility, our view of customer value extends to include the entire value chain, from your suppliers upstream to your distributors downstream. The partnerships that this systemic perspective grants result in the creation of superior offerings that delight your customers. Methods and frameworks like Lean Startup\(^{15}\), Lean Enterprise\(^{16}\), Design Thinking\(^{17}\), and many traditional agile practices fall under this domain.

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6. [https://en.wikipedia.org/wiki/Lean_enterprise](https://en.wikipedia.org/wiki/Lean_enterprise)

Moving from Theory to Practice

Your goal is to create a viable market strategy within an ambiguous, unpredictable and uncertain market.

Set a Clear Market Vision

An organization is given the mandate to operate in the market by the customer. Logically, your current products and services must be aligned to the needs of your customers. Yet, the strategy and vision of your organization must be aligned to the needs of your future customers. This vision serves two purposes. The first is the development of a strategic direction for the organization to remain relevant in the market. The second is to inspire people towards a common goal for the future.

Emergent Strategy

Strategy is no longer a five-year plan designed in a boardroom with the top executives and a couple of consultants. Rather strategy needs to emerge from a continuous understanding of the changing operational landscape as it aligns to the business vision. Leaders need to remain actively engaged with teams & their customers to adjust strategy and business outcomes regularly. In fast-moving markets, run strategic planning workshops at least every 60 days. Because emergent strategy is usually incremental, rather than a major shift, communication of the strategy, and the subsequent execution of it, does not add extra overhead to the operation of the business.

Market Creating Innovations

The discovery and exploitation of new market opportunities are fundamental to strategic agility. Steve Denning calls these “Market Creating Innovations”. He says: “Market creating innovations are innovations that open up markets which didn’t previously exist.” The mandate that an organization has to operate in a market is, by its very nature, transient. Companies do not have the luxury of market dominance with a single product anymore.
### Measuring your Business Agility Maturity

#### Market Experimentation

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Crawl</strong></td>
<td>Divisions put forward project business cases for innovative products and/or services. New teams are formed and funded to deliver on this project.</td>
</tr>
<tr>
<td><strong>Walk</strong></td>
<td>We have dedicated teams focusing on innovation who are, potentially, using practices like Hypothesis Testing, Lean Start-up and Design Thinking.</td>
</tr>
<tr>
<td><strong>Run</strong></td>
<td>We measure adaptation effectiveness to new customer demands (against competitors and disruptors). We use this information in our short-term business strategy.</td>
</tr>
<tr>
<td><strong>Fly</strong></td>
<td>Hypothesis Testing (e.g. Lean Start-up) or similar innovation practices are being used across all divisions. Innovation is everyone’s responsibility, not just a dedicated team.</td>
</tr>
</tbody>
</table>

#### Vision

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Crawl</strong></td>
<td>Leaders in our organization communicate a clear vision. Yet, how work aligns to that vision is unclear or theoretical.</td>
</tr>
<tr>
<td><strong>Walk</strong></td>
<td>It is clear how most work aligns to the organizational vision.</td>
</tr>
<tr>
<td><strong>Run</strong></td>
<td>Leaders align our organization to a single, collectively defined, vision. Everyone in the organization is clear on their role in that vision and how they connect to everyone else.</td>
</tr>
<tr>
<td><strong>Fly</strong></td>
<td>Leaders actively and consistently invest time to clarify our vision. Teams use this as a tool for alignment and decision making.</td>
</tr>
</tbody>
</table>
Practices, Methods, and Frameworks

These are some of the practices, methods, and frameworks that are relevant to the Strategic Agility Domain.

- Lean Startup
- Kanban Method
- Design Thinking

Recommended Reading

Visit the Business Agility Library to read these articles and more...

Founder’s Mentality and Micro-battles:
“Only about one company in eleven has sustained profitable growth during the past decade” — Jimmy Allen

Don’t crush the chips:
“This isn’t the first thing you consider when launching a new grocery offering into new markets.” — Andy Cerio

The 22000 Persons Start-up:
“Design everything from the customer back” — Paul Cobban

Beyond…:
“Why and How AirAsia is growing beyond what they’re known for, and trying ways to become faster and leaner by growing beyond agile.” — Frederic Ducros

Funding Flow: The Middle Ground of Agile Budgeting:
“There is a path forward that allows organizations to both maintain their project model and much of their funding model while still achieving greatly improved organizational agility.” — Roland Cuellar and
The next three domains address the Individual and how to deliver work. Beginning with a Growth Mindset which promotes experimentation and learning from failure. Craft Excellence defines the techniques for delivering high-quality work, regardless of function or subject matter, in an agile way. And finally, Ownership & Accountability empowers individuals and teams.
Growth Mindset
Organizations that experiment and learn faster than others are those that succeed.

Agile organizations are fundamentally learning organizations. Agility is all about being able to adapt in uncertainty, and this requires an openness to learning far beyond that of traditional organisations. Core to this openness to learning is the idea of a growth mindset: a belief that our individual and organisational capabilities are not fixed, but can continuously developed.

Originally developed through the work of researcher Carol Dweck\textsuperscript{18} to understand why some children and adults thrive on challenge, while others falter, the application of a Growth Mindset in organisations results in continuous improvement.

Feedback loops such as “inspect and adapt” and practices such as the retrospective, enable teams, divisions and organizations to improve both what they do and (more importantly) how they do it. Like the woodcutter who refuses to sharpen his axe because he has too many trees to cut down, organizations that do not improve both the way they work and their products themselves will ultimately be out-competed in the market.

\textsuperscript{18} Mindset: The New Psychology of Success - Carol Dweck
This also brings in the important concept of slack. Create the space to slow down, identify opportunity, experiment, and learn. Individuals who always work at capacity are generally so hyperfocused on their work that they are unable to identify opportunities to improve. Slack also helps to build change resilience - the ability to mentally deal with organizational change and adaptation.

Central to a Growth Mindset is the ability to experiment, fail fast (with a small “blast radius”) and recover faster. Don’t think of failure as making a mistake, but rather as an opportunity to learn. Organizations can make it “safe to fail” by recognizing that failure is part of daily work and not something you blame or judge people for. Some organizations go further by introducing formal or informal support mechanisms like Failure KPIs\(^\text{19}\), parallel experiments, (and selecting the highest performing option\(^\text{20}\)) or simply providing an environment where learning from failure is easily identified, recognized, and rewarded.

\(^{19}\) http://theagiledirector.com/article/2015/12/31/failure-kpis/
\(^{20}\) https://en.wikipedia.org/wiki/Real_options_valuation
Moving from Theory to Practice

Your goal is to promote a culture of learning and experimentation across the organization.

Say “I Don’t Know YET”

A learning culture starts with managers leading by example. Leaders need to learn to say; “I don’t know yet” and “let’s find out together”. Teams need to have time to explore and research new ideas, even if they might fail. Start using the language of experimentation and reward evidence of learning rather than the answer.

Celebrate Failure & Learning

While having a growth mindset does mean being willing to push boundaries and try new things, it also comes with a commensurate reality of failure. Failure needs to be seen as an opportunity to learn, rather than a failure to do. Promote ceremonies that recognize, celebrate, and reward experimentation and learning from failure. Adopting practices like failure KPIs and experimentation retrospectives are some effective tools available to you.

Shorten Feedback Loops

Feedback can come from many different sources; customers, colleagues, partners, etc. Regardless of its source, the ability to listen and use this feedback is fundamental to a learning organization. The faster you can learn, the faster you will adapt. Develop processes to capture feedback as early as reasonably possible and share it with the appropriate teams so they can act upon it quickly. Set yourself a goal to halve your current feedback loop.
# Measuring your Business Agility Maturity

## Learning Mindset

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crawl</td>
<td>We have an organizational expectation of learning and experimentation. Failure is seen as an opportunity to learn.</td>
</tr>
<tr>
<td>Walk</td>
<td>We provide an environment where it is “safe to fail”. We encourage people (especially leaders) to speak up and share their failures as learning opportunities.</td>
</tr>
<tr>
<td>Run</td>
<td>We regularly (but safely) push both leaders and teams outside their comfort zones to provide opportunities for personal growth.</td>
</tr>
<tr>
<td>Fly</td>
<td>Learning is no longer just “safe”, but expected. We have an organization that requires (and funds) people to experiment, learn and fail.</td>
</tr>
</tbody>
</table>

## Relentless Improvement

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crawl</td>
<td>Feedback loops (e.g. “inspect and adapt”) and associated practices (such as the retrospective) are in place at a team level. Teams focus on improving both what they do and (more importantly) how they do it.</td>
</tr>
<tr>
<td>Walk</td>
<td>Across the organization, process improvement is generally triggered by an internal drive to improve and to be more customer-centric.</td>
</tr>
<tr>
<td>Run</td>
<td>A learning culture with feedback loops and associated practices has taken root throughout the organization. Teams, divisions, and our entire organization focus on improving both what they do and (more importantly) how they do it.</td>
</tr>
<tr>
<td>Fly</td>
<td>We have built a culture of excellence through learning and experimentation. It is a critical part of who we are.</td>
</tr>
</tbody>
</table>
Practices, Methods, and Frameworks

These are some of the practices, methods, and frameworks that are relevant to the Growth Mindset Domain.

- Cynefin
- Kanban Method
- Theory of Constraints
- Lean Six Sigma
- PDSA
- Extreme Programming
- Lean Startup
- Pair Programming
- Retrospectives
- Servant Leadership
- Sociocracy / Holacracy
- XSACE
- Spiral Dynamics
- Kaizen

Recommended Reading

Visit the Business Agility Library to read these articles and more…

Want true agility? Give employees a voice:
“We are facing an engagement crisis” — David Horowitz

Don’t crush the chips:
“This isn’t the first thing you consider when launching a new grocery offering into new markets.” — Andy Cerio

What is Business Agility:
“Business agility is more than a methodology or a system—it’s a mindset with the potential to bring your business into the next generation.” — Steve Denning

What the Comrades Marathon tells you about Agile Transformations:
“This is a talk for those of us for whom agility does not come naturally.” — Stuart Mann
Craft Excellence

Business Agility requires craft excellence that continually improves over time, is the most impactful to creating value, and enables individuals to take advantage of emergent opportunities for customers.

For decades, agile teams have promoted strong Craft Excellence as the keystone for “being” agile. The purpose being to increase quality & throughput and, at the same time, embracing uncertainty & change. Many of the agile methods developed over the last 20 years, such as Extreme Programming (XP), Behavior Driven Development, Test-Driven Development, Refactoring, Continuous Integration, and DevOps, are almost entirely devoted to craft excellence.

If craft excellence isn’t a priority then, as time goes on, every work product becomes harder to enhance and improve. Each new feature or service added introduces additional complexity and dependencies, which in turn increases rigidity of the entire system against further updates. This leads to fragile products, duplication of effort, design decay, greater risk of defects & errors, slower work, and a compounding increase in cost to meet market demands.

Despite many of the examples being technical in nature, craft excellence isn’t limited to software teams. Any domain of work can be technically agile; from agile marketing campaigns in marketing teams, Beyond Budgeting\(^\text{21}\) in finance teams, and talent management in HR teams. To be agile, any work practice or technique must be designed to tolerate ambiguity, be customer-centric, seamlessly respond to change, and promote collaboration. To benefit from business agility, your organization requires the other domains, but these techniques & practices are generally a good place to start.

\(^2\) http://bbrt.org/what-is-beyond-budgeting/
Moving from Theory to Practice

Your goal is to incrementally produce high-quality work, specifically aligned to a business outcome.

**Adopt Agile Techniques**

Regardless of your domain, skill, or craft, common agile techniques are designed to improve the quality of your work while aligning it to business outcomes. Agile techniques that apply broadly include; pair work, test-driven work, daily planning, retrospectives, etc. Some types of work also have their own agile, or agile-like, techniques. Software teams are the most obvious with the full spectrum of agile practices, whereas management accounting teams have Beyond Budgeting, Manufacturing has TPS & lean techniques, etc.

**Automate Repetitive Work**

Software teams have had the advantage of automating repetitive tasks for a very long time. Yet, as technologies mature and become available more broadly, more teams are able to take advantage of such automation. Techniques like Robotic Process Automation can support teams, such as HR and finance, enabling them to focus on higher-value work.

**Measure Quality of Outcomes**

Craft excellence means delivering work at the right quality for the context. Quality of work requires that execution minimizes defects and is designed for unanticipated changes. The customer’s perception of quality requires that the user experience is seamless. Today’s customers are expecting nothing less; a quick look at any Apple device or the Google homepage makes this evident. Finally, the quality of business outcomes is the difference between doing the work right and doing the right work. As the old saying goes; “there is nothing worse than doing well, that which should not be done at all”. 
# Measuring your Business Agility Maturity

## Adaptability

<table>
<thead>
<tr>
<th>Crawl</th>
<th>We break work into small components (and continuously plan) in order to adapt when customer requirements change.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walk</td>
<td>Adaptive (or agile) techniques are being adopted, not just in technology, but in some operational, business, executive, and strategic teams as well.</td>
</tr>
<tr>
<td>Run</td>
<td>We have continuous delivery of value, so our customers see immediate benefits and provide feedback faster.</td>
</tr>
<tr>
<td>Fly</td>
<td>We have designed all work practices and techniques (across all divisions) for ambiguity, collaboration, customer centricity, adaptability and responding to change.</td>
</tr>
</tbody>
</table>

## Technical Excellence

<table>
<thead>
<tr>
<th>Crawl</th>
<th>We have begun to instrument quality metrics across a broader number of factors. These are transparent to all relevant stakeholders to reduce test/repair and rework cycles.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walk</td>
<td>We measure the quality of our work based on multiple qualitative and quantitative factors besides reducing errors. These may include; fit for purpose, reusability, and adaptability.</td>
</tr>
<tr>
<td>Run</td>
<td>We balance a quality first approach against cost &amp; utility to all the work that we do. We have adopted techniques (such as pair work) to achieve this.</td>
</tr>
<tr>
<td>Fly</td>
<td>We sustain our craft excellence by continuously developing skills &amp; improving processes to reduce waste and defects. We have clearly defined procedures, as well as appropriate tools &amp; systems, to guide and support us.</td>
</tr>
</tbody>
</table>
Practices, Methods, and Frameworks

These are some of the practices, methods, and frameworks that are relevant to the Craft Excellence Domain.

- Disciplined Agile
- Beyond Budgeting
- Pair Programming
- Extreme Programming
- DevOps
- Mob Programming
- BDD/ATDD

Recommended Reading

Visit the Business Agility Library to read these articles and more...

Modernizing Business Analysis with AI & Experiments:
“Agile can’t happen without analysis... If you’re building the wrong thing, it doesn’t matter how fast you are.” — Angela Wick

Human Resources versus Human Capital:
“We are sailors on an ocean of change and the organization we are part of are the ships we sail.” — Jas Chong

Using Team Data and Insights to Surface Patterns Preventing Better Business Outcomes:
“This was not about an audit, but rather an exercise in which we can all learn from the results, identify improvement areas, and measure the outcomes.” — Michael S. McCalla

Play, an agile process:
“Forbes suggests that Business Agility relies heavily on a need to willing experiment, to fail, find the kernel of usefulness in the failure and grow it.” — Stephen Heart
Ownership & Accountability

Business Agility requires deep ownership and accountability so individuals close to the work and customers drive timely decision making and adaptations.

Ownership & Accountability means individuals and teams taking accountability for the quality and success of both the output and outcomes of their work. Both of these are important, as ownership doesn’t mean perfection. It means knowing why you are doing the work (the outcome) and making sure that what you produce (the output) is fit-for-purpose. Ownership is the state of mind where you feel fully in charge and do not give any excuses (or blame anyone else) for what needs to be done. It also means understanding, learning, and challenging rather than mindlessly following instructions.

Accountability is to be held to account for the fulfillment of your duties and responsibilities. Accountability requires answers and entails consequences. Accountability is not a feeling like ownership or responsibility, rather accountability is a process that is usually external. Someone holds you accountable, although a sense of ownership means that you will also hold yourself accountable as well.

In between ownership and accountability is responsibility. The strong internal feeling driving your willingness to perform your duties with total ownership. Responsibility isn’t unidirectional, though. Give individuals and teams the authority, autonomy, and accountability for an outcome. Organizations and leaders must be transparent about the strategic decisions that are being made. For an individual or team to be held accountable for their decisions, they must have the appropriate information so as to not make a predictably incorrect decision. This has specific implications in publicly traded organizations relating to insider trading regulations but many organizations have solved this conundrum.
Give Authority

In order to be accountable, give teams the authority to make relevant decisions. To take authority, teams need clear and unambiguous goals, guardrails to prevent them from making avoidable wrong decisions, and access to all relevant information. It is also important for managers not to overrule their teams. While teams may make different decisions than their manager would, it is important that their manager supports them.

Align to Outcomes

In order to truly create the space for autonomous teams, change how you measure their success. Delivering a project on-time and on-budget is not “success” if the customer doesn’t buy it. Organizations that set output-based objectives masquerading as outcomes curtail the level of delegated ownership possible from the start. To change that paradigm, align the KPIs of teams and executives to product goals rather than project goals. As you mature, you can start to structure teams, and their KPIs, along customer outcomes.

Create Autonomy

Understand that autonomy doesn’t replace the need for leadership. An autonomous team still has a guiding vision and support from their leaders. Inside the team, start by developing confidence in each of the team members. Everyone needs to know what to do, how to do their job, who to align and coordinate with, and who to ask for help. Note, with organizations that cap their alignment to outputs as opposed to outcomes, teams can only ever reach autonomy regarding “How” but not the “What.”
### Collective Ownership

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Crawl</strong></td>
<td>Individuals feel ownership for the work they do and work with others to overcome unanticipated impediments. They are willing to challenge decisions if it will improve the quality of their work.</td>
</tr>
<tr>
<td><strong>Walk</strong></td>
<td>Individuals feel ownership for business outcomes. They are willing to challenge decisions and work plans if they feel it will improve the relevance of their work to the customer.</td>
</tr>
<tr>
<td><strong>Run</strong></td>
<td>Teams will do whatever it takes to achieve an outcome in collaboration with the rest of the organization. They have the authority, autonomy, and agency to do that.</td>
</tr>
<tr>
<td><strong>Fly</strong></td>
<td>Teams drive their own responsibility for business outcomes and decision making. This contributes to, and shapes, organizational strategy.</td>
</tr>
</tbody>
</table>

### Accountability

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Crawl</strong></td>
<td>Individuals understand what they are accountable for, but being held to account causes anxiety (regardless of intent).</td>
</tr>
<tr>
<td><strong>Walk</strong></td>
<td>Individuals understand what they are accountable for, and why it is important.</td>
</tr>
<tr>
<td><strong>Run</strong></td>
<td>There is a balance between ownership and accountability. Accountability is seen as creating personal growth rather than creating anxiety.</td>
</tr>
<tr>
<td><strong>Fly</strong></td>
<td>Everyone in the company makes commitments that are visible to their managers and or peers. Consequences are visible.</td>
</tr>
</tbody>
</table>
Practices, Methods, and Frameworks

These are some of the practices, methods, and frameworks that are relevant to the Ownership & Accountability Domain.

- Scrum
- SAFe
- LeSS
- Lean Startup
- Servant Leadership
- Sociocracy / Holacracy
- Management 3.0 / Delegation Poker
- Personal OKRs

Recommended Reading

Visit the Business Agility Library to read these articles and more…

The Age of the Self-Managed Organization:
“Unleash the power of organizational self-management”
— Doug Kirkpatrick

Lithespeed’s Peer-Based Recognition Program:
“[recognitions] that hit the nail on the head” — Jason Hall

How Self-Selection Lets People Excel:
“Here’s a radical idea: Trust people to know best and let them decide which team they should work in. Let them Self-Select!”
— Sandy Mamoli

What the Comrades Marathon tells you about Agile Transformations:
“This is a talk for those of us for whom agility does not come naturally” — Stuart Mann

Futurework: Managing Complexity With Simplicity:
“Is it possible to adopt an organizational model linking mission-critical processes to individual stewardship without the need for traditional management?” — Doug Kirkpatrick
The final dimension is the Operations Dimension. These three domains operate in concert to define how an agile organization works. Structural Agility defines the relationships between individuals, teams & divisions to create an agile organization. Process Agility encompasses an individual value stream - the combination of discrete activities that are undertaken by teams and projects. And Enterprise Agility scales agility across divisions, departments, the organization, and between organizations.
Structural Agility

Business Agility requires the ability for an organization to create coalitions or change structure as needed to embrace new opportunities with ease and without disruption.

The simple pyramid hierarchy no longer serves us. Laloux’s Teal Organization and Steve Denning’s three laws (law of the small team, network, and customer) come into play across this domain. Practices such as Systems Thinking and the Theory of Constraints (including Evan’s Theory of Agile Constraints) are necessary here. At the lowest level of the organization, you might call these teams, squads or cells. A traditional agilist might call these cross-functional and multidisciplinary teams.

Regardless of what you call them, agile teams have certain common characteristics. In general, they are small, cross-functional, and formed around business outcomes rather than traditional, skill-based, functions. To be successful, team members must have the “four A’s”: Alignment, Autonomy, Authority, and Accountability. Agile teams in mature organizations are self-organizing and have authority to identify their own membership and decide on the work to be done to achieve the given outcome. This demands a high level of collaboration within the team and, where appropriate, ultimately develops strong multidisciplinary members.

22 http://www.reinventingorganizations.com/
23 https://www.infoq.com/presentations/3-laws-business-agility
25 http://amzn.to/2qFUXun
27 https://labs.spotify.com/2014/03/27/spotify-engineering-culture-part-1/
The connection between teams is the fundamental expression of the organizations’ structure and an indicator of business agility fluency. These connections may form a hierarchical model (sometimes called tribes\textsuperscript{28} or circles) or a flatter network model where connections form dynamically to align along the value stream. In either case, these connections group teams to business outcomes rather than functions. Mature agile organizations break down the divisional walls even further; for example, an organization may bring sales, marketing, finance, and operations into a relevant cross-functional team when needed. Guilds or centers of excellence form around uncommon skills (such as architects, infrastructure or coaches) to share this expertise, as well as common skills to provide a forum for skills growth and knowledge sharing.

\textsuperscript{28} https://labs.spotify.com/2014/03/27/spotify-engineering-culture-part-1/
Moving from Theory to Practice

Your goal is to bring the value stream into a single team; such that there are no handoffs or delays from ideation to delivery to the customer.

Create Value Delivery Teams

As Value Delivery Teams are accountable to deliver a specific outcome (rather than an output), a new team structure emerges that, by necessity, integrates the skills from multiple functional areas. These cross-functional teams benefit the organization by improving coordination, simplifying communication, and sharing expertise to solve problems. They are stable and are structurally aligned to parent outcomes.

Diversity in thought and background is also an advantage as diverse teams consistently produce better outcomes. Bring people with different backgrounds, skill sets, attitudes, and viewpoints together in an environment which encourages collaboration.

Maintain Continuity of Ownership

In most modern organizations, products continue to improve and change as customer needs evolve. Rather than handing off responsibility from a group of “producers” to a different group of “maintainers”, the team that produces a product should be the team that supports and maintains the product. This also helps with accountability as the team remains focused on delighting their customers and continuously increasing value.

Create Stable Teams

There is a lot of evidence for the value of stable teams in knowledge worker environments. Teams who remain together for extended periods are more likely to achieve a high-performing state. They understand each other’s working and communication styles, they “gel”, balance strengths and weaknesses, and produce more value faster than temporary teams who are disbanded and reformed frequently. This productivity improvement is also associated with higher satisfaction, and stronger employee engagement — a win-win in every dimension!
### Agile Teams

<table>
<thead>
<tr>
<th>Crawl</th>
<th>To enable collaboration, we form temporary cross-functional teams. These teams have the majority of the skills needed to deliver on the work.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walk</td>
<td>To enable collaboration, we form small (e.g. 7±2 people), cross-functional, and stable teams. These teams have the majority of the skills needed to deliver on the work.</td>
</tr>
<tr>
<td>Run</td>
<td>We build autonomous teams around outcomes &amp; value streams (e.g. customer journeys, market segments) rather than around products &amp; services (e.g. inside out from the company’s perspective).</td>
</tr>
<tr>
<td>Fly</td>
<td>Teams are self-organizing (or self-managing). They have total authority to identify their own membership (self-selecting), re-skill to meet changing needs, and decide on the work to be done to achieve the given outcome.</td>
</tr>
</tbody>
</table>

### Network Organization

<table>
<thead>
<tr>
<th>Crawl</th>
<th>Our organization is very slow to change team structure to meet new market demands. One exception is when forming temporary teams around projects with skill sets matrixed in from functional divisions as needed.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walk</td>
<td>We have fast and simple processes to move people between teams if needed. Communication with affected people is clear and non-disruptive.</td>
</tr>
<tr>
<td>Run</td>
<td>We can quickly form dynamic teams. Divisional and functional silos are invisible as we form stable cross-functional teams around products, customer journeys or business outcomes.</td>
</tr>
<tr>
<td>Fly</td>
<td>Our organization is capable of rapidly adapting structure to meet changing customer and market demands. There are networks of teams dynamically forming and reforming as needed.</td>
</tr>
</tbody>
</table>
Practices, Methods, and Frameworks

These are some of the practices, methods, and frameworks that are relevant to the Structural Agility Domain.

- Systems Thinking
- Teal Organizations
- Self Selection
- Self Management
- Sociocracy / Holacracy

Recommended Reading

Visit the Business Agility Library to read these articles and more...

Modernizing Government - How Agencies Became Awesome Places to Work Using Holacracy & Scrum:
“A unique organizational blend was created: Holacracy, Lean and Scrum” — Michael DeAngelo

Shipping is NOT Success, Let it Sail:
“User retention rose by over 20% and engagement rose by over 30%” — Naresh Jain

Haier Elevation:
“All workers would be free to develop an innovative idea — for example, a new refrigerator model.” — Doug Kirkpatrick

Holacracy for Humans – Decentralised Leadership in Practice:
“Snapper foresaw success and growth and wanted a foundation that would let them add people without adding pain. Thus, they were drawn to Holacracy.” — Sandy Mamoli

Adaptive – Crowdsourcing Organizational Design:
“At the heart of almost every company is an ancient technology that is preventing them from making strategic changes necessary to stay adaptive in the new normal of hyper-competitive markets.” — Christopher Creel
Process Agility

Business Agility requires operations to adapt and continuously evolve as needed in service of creating value for customers.

This is the form of agility that most people think of when they hear the term. These are agile frameworks and methods to encompass multi-step, and potentially multi-team, value streams. These could include traditionally agile processes like software delivery or project management to business processes such as marketing campaigns, annual budgets or home loan processing. Frameworks and methods such as Scrum\(^{29}\), Kanban\(^{30}\), SAFe\(^{31}\), LeSS\(^{32}\), Disciplined Agile\(^{33}\), or Lean Six Sigma\(^{34}\) are all, in large part, operating at this level (although it’s true to say that many of the more complex methods operate in the Enterprise Agility domain as well).

One key element of Process Agility is the focus on outcomes and products over outputs and projects. The governance of all decisions, processes, and work is directed towards ensuring the continuous delivery of value and business outcomes. This relationship could be described as: work must be justified based on the value it could deliver to a customer in the context of a business outcome. This enables decisions relating to the work to be entirely owned by the team.

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\(^{29}\) https://www.scrumguides.org/
\(^{30}\) http://leankanban.com/
\(^{31}\) http://www.scaledagileframework.com/
\(^{32}\) https://less.works/
\(^{33}\) http://www.disciplinedagiledelivery.com/
\(^{34}\) https://en.wikipedia.org/wiki/Lean_Six_Sigma
Moving from Theory to Practice

Your goal is to create adaptable processes that align to customer value.

Map the Value Streams

Understanding your existing processes and the impact they have on productivity is the first step towards process agility. Value Stream Mapping (VSM) is a practice that is commonly overlooked when designing new processes. VSM is the practice of defining the functional steps in common business processes, which can be anything from IT to marketing while identifying bottlenecks and wasted effort.

Adopt Agile Methods

For technology organizations and software teams, it is likely that this step has already been achieved. Agile methods, such as Scrum, have been around for more than thirty years. The challenge here is to adopt agile methods outside of software teams. Any work process that has a high level of ambiguity and low cost of change, such as a marketing campaign, is a great candidate for adopting Agile.

Move to Audit Governance

Appropriate work practices should move from approval-based process governance to audit-based process governance.

Approval based governance is a gate or a checkpoint. It says, “stop here, while we’ll check to make sure you can proceed”. This form of governance is appropriate in high-risk or high-cost environments, especially in situations where you cannot afford to fail (where there is a risk of death, injury, or significant financial cost).

Regular and automatic audit-based governance validates that you are doing both the right work and the work is being done right. It says, “keep going, and we’ll check in with you every couple of weeks”. This form of governance is appropriate in lower-risk or time-critical situations.
Measuring your Business Agility Maturity

### Value Streams

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crawl</td>
<td>While we have modeled the most effective way to create value for our customer, most of our processes remain governed by functional requirements.</td>
</tr>
<tr>
<td>Walk</td>
<td>We have started to change our business processes to align with the customer view of value.</td>
</tr>
<tr>
<td>Run</td>
<td>We have designed most of our work processes based on the customer view of value creation. Crossing divisional and team silos wherever necessary.</td>
</tr>
<tr>
<td>Fly</td>
<td>The majority of our work processes align with the customer view of value. Teams can customize (or create) these to address specific customer demands (exceptions may include regulatory or legislative processes).</td>
</tr>
</tbody>
</table>

### Agile Methods

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crawl</td>
<td>Teams break work into small components to regularly deliver value. For example, teams may have adopted standard agile methods such as Scrum, Kanban, or their equivalent Lean methods.</td>
</tr>
<tr>
<td>Walk</td>
<td>Teams in the organization have flexibility in the choice of their work processes. The majority of teams in the technology function are adopting advanced, hybrid, or scaled agile methods.</td>
</tr>
<tr>
<td>Run</td>
<td>All teams are using adaptable and/or agile frameworks throughout their entire work lifecycle (e.g. marketing campaigns).</td>
</tr>
<tr>
<td>Fly</td>
<td>Agility, rather than Agile, is the driving factor behind the selection and creation of work processes.</td>
</tr>
</tbody>
</table>
Practices, Methods, and Frameworks

These are some of the practices, methods, and frameworks that are relevant to the Process Agility Domain.

- Scrum
- SAFe
- LeSS
- Disciplined Agile
- Kanban Method
- Theory of Constraints
- Lean Six Sigma
- Extreme Programming
- Beyond Budgeting
- Scrum at Scale

Recommended Reading

Visit the Business Agility Library to read these articles and more...

Do you dare to ask your HR manager to practise Kanban:
“Given the success of the Agile transformation, senior executives believed that using the same Agile concepts within HR would deliver positive results.” — Thushara Wijewardena

Suncorp – Agile and Internal Audit:
“The key challenge facing the Internal Audit department was delivering on a large portfolio of complex audits, within a dynamic environment.” — Adam Spencer and Phil Wang

Beyond Budgeting – business agility in practice:
“Learn what is Beyond Budgeting, and why an agile transformation can’t succeed without it.” — Bjarte Bogsnes

Bringing Agile to Sales with SWAY:
“Why Agile in sales is important and the seven steps to building an agile sales team.” — Marina Alex

400% Increase in Time-to-Market in an Unexpected Domain:
“The award-winning success of the CKW Group is a striking lesson in how to achieve significant improvement in time-to-market with numerous other benefits.” — Mirko Kleiner
Enterprise Agility

Enterprise Agility is a response to competitive pressure, to adapt fast to changes in market demands and seize opportunities while reducing costs. At the core of the Agile Enterprise are the People, knowledgeable, skilled and innovative.

Agile success at the Team level triggered the desire for Enterprise Agility as a discrete domain and the nest level of Agile transformation. Over the last decades, as teams became agile, the constraining factor for to scale agility was the other teams within the business unit. Now, as entire business units become agile, the constraining factor for agility is the rest of the organization. The ultimate goal of Enterprise Agility transformation is to transform the whole organization in an Agile Enterprise.

“An organization can only be as agile as it’s least agile division!” — Evan Leybourn, Evan’s Theory of Agile Constraints

Enterprise Agility emerges when there is an Agile way of working across the entire organization, when each business unit reaches their required level of Agility. From a systems perspective, it can help to think of work in your organization as a flow, from market demand to delivery to customers. Somewhere along this flow is the next limiting constraint that will challenge business agility. To take advantage of Agility benefits, it is mandatory that the mindset change spreads beyond IT with PMO, HR, Sales and Finance the obvious next targets.

These are not easy problems to solve. You must help these divisions internalize an agile mindset and culture as well as providing appropriate practices aligned with their work context. This is key to achieving Enterprise Agility and ultimately true business agility.

Moving from Theory to Practice

Your goal is to bring agility across the organization; from IT, Finance, HR, Marketing, Sales, and Operations.

Create a Value Stream Network

Value stream maps are great for processes, however, in an organizational context with many inter-dependencies you have to build a Value Stream Network; which is a high-level network of different business processes and how they interact across the organization. For the purposes of transformation, keeping it high-level is usually sufficient. Then, by introducing measures to each of your processes across the network you can identify (and hopefully resolve) enterprise bottlenecks.

Create an Adaptive Portfolio

Start by creating an adaptive portfolio; which is a managed list of major ideas, aligned by business outcome and ranked. Initiatives are then “pulled” by a team when they have the capacity, rather than forming temporary teams around work. This doesn’t mean that we shouldn’t have strategic goals, nor does it negate the need for planning, but it does change the approach to planning.

Fund Outcomes or Teams

Traditional organizations fund projects based on the estimated effort & duration of a fixed scope of work (which is often incorrect) and with benefits measured after the project is complete. Instead, start to fund initiatives based on a steady rate of financial spend against a regularly measured business outcome. There is still an assumption made around the return on investment, but the period of measure is exponentially shorter. By dynamically planning, prioritizing, and monitoring activities against outcomes, teams can manage their spending and deliver the highest value activities first.

Because we have greater predictability and can focus on value realization rather than measuring outputs, we’re in a much stronger position to demonstrate value to customers and shareholders.
### Measuring your Business Agility Maturity

#### Funding Models

| Crawl | All work (e.g. projects or products) has an assumed, predetermined, & quantifiable value to the organization in the context of a business outcome. We use this information to justify, prioritize, and fund the work. |
| Walk | Strategic goals have incremental checkpoints to ensure that all work aligns with our organization’s goals. |
| Run | All our business outcomes have relative targets and regular measures (including non-financial measures). We are able to quickly and easily start, pivot or stop work, projects, or products. |
| Fly | We use adaptive funding models to allocate funds against value streams (rather than projects). We align governance and feedback loops to business (or customer) outcomes (rather than time, cost or scope measures). |

#### Supporting Functions

| Crawl | At least 2 divisions have changed the way they work to be enablers and collaborators to others. This has had a positive impact on the business and feels more agile. |
| Walk | We have identified those business functions that limit (or constrain) the agility of our organization (through excessive process & governance, limited capacity or other reasons). We are actively working to remove the constraint. |
| Run | Supporting functions enable business agility within our organization by actively supporting teams and creating simplified (and open) processes (e.g. Netflix’s expense policy – “Act in Netflix’s Best Interest”). |
| Fly | Each department understands they have an internal or external customer that they need to delight and are actively doing so. |
Practices, Methods, and Frameworks

These are some of the practices, methods, and frameworks that are relevant to the Enterprise Agility Domain.

- SAFe
- LeSS
- Disciplined Agile
- Kanban Method
- Theory of Constraints
- Lean Startup
- Beyond Budgeting
- Sociocracy / Holacracy
- Systems Thinking

Recommended Reading

Visit the Business Agility Library to read these articles and more…

Evan’s Theory of Agile Constraints:
“An organization can only be as agile as it’s least agile division” — Evan Leybourn

From Slow-and-Steady to Agile-and-Steady:
“When external competition isn’t a significant driving factor for change, what motivates a company to invest time, effort and dollars into shifting the way it works?” — Michele Hillery

BOSSAnova - Company-wide Agility with Beyond Budgeting, Open Space & Sociocracy:
“Today companies are expected to be flexible, rapidly responsive and resilient to change” — Jutta Eckstein

Shipping is NOT Success, Let it Sail:
“All organisations face the same challenge: how to solve their users’ problems by bringing a superior product (or service) to market faster” — Naresh Jain
THE JOURNEY

Keep in mind the purpose of this model. It will guide you along your business agility journey without being prescriptive on “how”. This means that your business strategy should align with each of the domains and the practices, frameworks, and values of your organization should address the systemic nature of agility.

While the journey never ends, the first step is to understand “why”. What defines your company and its purpose? In many ways, this will define the way you work together, cooperate and create value for your customers. At every point along this journey, each domain will have a different level of fluency. Focus on those which are currently the most constraining or disruptive to your overall business agility.

And, it’s not an easy journey. The systemic nature of transitioning to business agility can have a profound impact on individuals. Across the entire organization, there must be inspiring leadership, clear communication, and a common purpose to create champions out of everyone. And there will be people in your organization who do not wish to work in this way and may leave. There’s no value judgment in this, simply needing a different way to work. Show respect and understanding to everyone, even those leaving.
However, despite the complexity of the transition, the benefits to business agility are manifest; starting with the ability to rapidly respond to competitive challenges, disruption, and changes in demand. In fact, an agile organization can do more than just respond. It can be the challenger and disrupter in this uncertain and unpredictable market. Staff satisfaction and retention is higher and, with a general reduction in management overheads, operating costs are lower. Finally, because agile organizations are purpose-driven, you are able to be more responsive to your customers or wider purpose.

These domains and their common characteristics are the keys to business agility. None of these are more important than another. Rather they are complementary and mutually necessary to achieve agility. There is a natural progression over time — as organizations move from less agile to more agile — where the focus will be on specific domains to address specific demands or issues. However, mature agile organizations are ones where all domains are present.
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Drew Prescott  Michael Derwin  Steven Voyles
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Frederic Ducros  Nat Tanner  Yuri Malishenko.

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Founders, Business Agility Institute
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