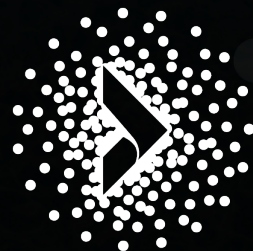




The Business Agility Report

LEADING THROUGH UNCERTAINTY | 6th EDITION, 2023

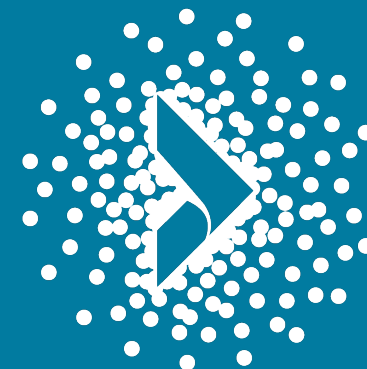


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Table of Contents

Preface by Shannon Ewan	03
Introduction by Evan Leybourn	04
2023 Business Agility Index	05
Key Findings & Key Predictive Indicators	06
Understanding Business Agility	07
Domains & Capabilities of Business Agility	08
Domain: Engaged Culture	09
Domain: Responsive Customer-Centricity	10
Domain: People-First Leadership	11
Domain: Flexible Operations	12
Domain: Value-Based Delivery	13
Company Characteristics	14
It Takes a Village	15
Impact Over Time	16
Business Agility Around the World	17
Challenges to Business Agility	18
Successes and Benefits	24
Report Demographics	25
Methodology & Thanks	26

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BUSINESS AGILITY INSTITUTE

What is Business Agility?

Business agility is a set of organizational capabilities, behaviors, and ways of working that affords your business the freedom, flexibility, and resilience to achieve its purpose.

No matter what the future brings.

What is the Business Agility Report?

Since 2018, the Business Agility Report has highlighted the trends, challenges, and successes made by organizations on a journey towards greater business agility. In that time, over 1,000 organizations have shared their experiences and insights.

This annual report provides your organization with the cutting-edge insights to succeed on your business agility journey. *No matter what the future brings.*

Preface

by Shannon Ewan

Welcome to the sixth edition of the Business Agility Report.

As many predicted, the post-pandemic era has not ushered in a “return to normal” for today’s organizations. Instead, the rate of change continues to increase exponentially, thus amplifying the importance of business agility. This report provides cutting edge resources and knowledge to help you navigate your journey.

Two of the biggest challenges organizations are facing today are global economic turbulence, and a struggle to attract and retain talent with the skills necessary to thrive in dynamic environments.

This year’s report shows that regions heavily affected by the economic downturn are decreasing their investment in business agility, despite the growing need. Meanwhile, organizations categorized as “high-performance” excel at relentless improvement, value streams, and adaptive funding models, positioning them to weather economic storms more effectively.

Attracting and retaining talent is a challenge impacting organizations on multiple fronts. The report highlights that those further along in their business agility journey have more success in this area due to the appeal of agile ways of working. Investing in building capabilities for adaptive organizations not only helps navigate through turbulent times, but also creates a virtuous cycle that attracts, builds, and retains top talent.

Another key finding: business agility transformations are more successful when led by the top. “Led by the top” is about more than “buy-in” from the C-suite: it is about executives acting as role models for leading with agility. Executives who are committed to transformation embody people-first and adaptive leadership in powerful ways that catalyze organizational shifts.

Consistent with previous reports, we continue to see how organizations that embark on transformations holistically, or across multiple business units, tend to achieve higher levels of business agility maturity. Just as optimizing only one part of the value stream often has a sub-optimal impact on overall value delivery, focusing a change strategy on only one part of an organization can further embed, rather than transcend, silo-based thinking. As Evan Leybourn of BAI would say, “an organization is only as agile as its least agile part.”

In conclusion, the modern business landscape demands adaptability. We encourage organizations to prioritize agility, recognizing that the journey is not linear and is not without challenges. Confronting these challenges directly is often what’s needed to spark significant breakthroughs. Business agility maturity takes time, but the rewards are worth the effort. As the report demonstrates, commitment to the journey leads to lasting and positive outcomes.



Shannon Ewan
CEO, ICAgile

International Consortium for Agile (ICAgile)

Introduction

by *Evan Leybourn*

From one global challenge to another—the need for resilience and agility grows.

And yet, amid these challenges, opportunities exist for those individuals and organizations who can sense and respond to them. Evolving customer and workforce expectations, alongside new innovations, are opening new markets and transforming others—and it is from this opportunity that organizations thrive.

This year, the **results of the Business Agility Report are starkly different from previous years**. In a year distinguished by economic and social crises, many organizations are protecting themselves by cutting costs, reducing staff, and focusing on “core business”. However, this has had the unintended consequence of reducing collaboration and innovation.

We see this in the data—collaboration indicators are down 8% while the scope for organizational change is down 7% year-on-year. As organizations put up walls, so to do teams and divisions. People are afraid. The irony is that, as many organizations try to consolidate and protect their existing customer-base, they are losing sight of the opportunities in the market.

Yet opportunity is the peer of challenge. Those companies who remain focused on business agility are already seeing improved business outcomes and financial benefits alongside better ways of working and employee satisfaction.

So, as we approach the end of 2023, we must remember that our greatest strength is agility. *No matter what the future brings* will become, not an ominous warning, but a rallying cry for those who can adapt and create greatness.



Evan Leybourn
Cofounder, Business Agility Institute

Business Agility Institute

How to read this report

At the end of 2022, after 18 months of research and review, the Business Agility Institute released the latest Domains of Business Agility. While earlier editions focused on the characteristics of an agile organization, this latest edition approaches business agility in terms of business capabilities and behaviors.

The result is a comprehensive model of universal behaviors and capabilities across organizations of different sizes, types, and industries.

This model underpins the **2023 Business Agility Report**.

By focusing on behavioral change, this **latest edition of the Business Agility Report better represents the impact that organizations have seen** from their investment in business agility. This impact was scored, against each of the business agility capabilities, on a range from 1 to 10.



However, throughout this report, we limit the range displayed (usually between 3 and 7) for visual clarity.

Business Agility Index

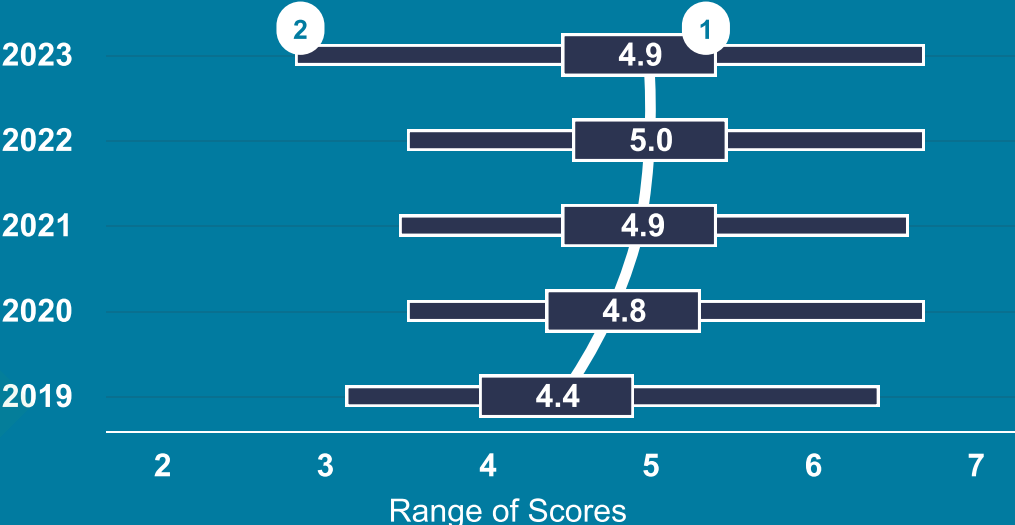
Global maturity of business agility drops in 2023

As the global economy weakens, so too does business agility

Despite the growing need to adapt to the changing economy, investment in business agility slowed in 2023. The industry trend shows organizations turning inwards to reduce expenses, deprioritize innovation, and consolidate focus on perceived “safe” bets.



2023 breaks the trend



Business agility is going backwards for the first time in 5-years.

In measuring organizational behaviors and capabilities, while the top end remains similar to previous years, in 2023 there are many more organizations operating at lower levels of business agility. This is leading to both a wider range and lower average.

Referring to the highlighted points on the chart to the left.

1. The median for 2023 has moved backwards from 5.0 in 2022 to 4.9 in 2023. This is not a lot, but breaks the upward trend since 2019.
2. The spread (variance) for 2023 is much larger than previous years—especially at the lower end. There are more, low maturity, organizations this year.

Key Findings

This year, 215 organizations across the world contributed to the 2023 Business Agility Report.

The results show that collaboration and innovation are down compared to previous years. Collaboration capabilities, such as the ability to *Act as One*, are down 8%. While strategic capabilities such as *Sense and Respond Proactively*, *Fund Work Dynamically* and *Adapt Strategies Seamlessly* are down 6%, 6% and 5% respectively.

But it's not all bad news. In this report, we learn that organizations are getting better at *Cultivating a "Learning Organization"* (up 4%). Similarly, many leaders are rising to the challenge with the ability to *Foster Authentic Relationships* and *Realize People's Potential*, both up from 2022.

And despite the challenges, higher performing organizations are reporting greater customer satisfaction, achievement of business outcomes, improved speed to market, as well as higher revenues overall.



Commercial Outcomes

Customer satisfaction, achievement of business outcomes, improved speed to market, and higher revenues



Organizational Agility

Better ways of working, reduction of silos, improved practices, better ability to respond to change



Workforce Engagement

improved employee engagement, and better transparency & communications

Organizations seeking to improve their practices can learn from what this report's highest rating respondents have in common. They tend to:

- Have business agility transformation programs sponsored by their Board of Directors
- Transform multiple business units at once, usually along customer value streams
- Score highly in the 3 key predictive indicators of business agility (see sidebar)

This report shares insights and industry trends to help your organization thrive in the new normal.

Key predictive indicators

Organizations that report high business agility maturity, as well as the highest business benefits, tend to report higher ratings in these three areas.



1. Fund work dynamically — Agile organizations are those that can dynamically shift funds, with ease, from areas of less value to areas of greater potential value.



2. Adapt strategies seamlessly — To thrive, the speed of a company's strategy must be one step beyond the pace of the market and adaptable enough to stay ahead of its customers.



3. Sense & respond proactively — Today, companies need to proactively scan for emerging patterns and detect trends that may add up to significant change — even disruption.

While *Fund Work Dynamically* has been one of the top predictive indicators for the last 6-years, the remaining two are new for 2023.

Our suggestion: focus investment in these three areas to yield the strongest benefits to your business agility journey

Understanding Business Agility

What is business agility?

Business agility is a set of organizational capabilities, behaviors, and ways of working that afford your business the freedom, flexibility, and resilience to achieve its purpose.

No matter what the future brings.

With this freedom, companies can instinctively seize emerging and unforeseen opportunities for their customers' benefit and bring focus to how work is conducted across the entire organization. It's not just processes and procedures. It is principles and ways of thinking that lead to new organizational behaviors and norms.

Many organizations begin the journey towards business agility from an Agile transformation of their product or technology function. This report explores the global trends of these journeys.

The principles of business agility

All Business Agility Institute research is built on 4 key principles that recognize the nuances and complexity in how organizations adopt and practice business agility.

1. **Business agility is a continuum, not a state.** It's an ongoing journey where the question becomes how much business agility you have, and is it enough.
2. **Organizations express a range of business agility capabilities**, both strong and emerging, at the same time in different areas of the business.
3. **There is no single path or framework to business agility.** Business agility can be established in thousands of different ways, using different approaches, practices, frameworks, and operating models. Successful organizations will evolve an approach that suits their context at their current point in their journey.
4. **Business agility can only be expressed and measured through behaviors** – if you act with agility, you have agility.

Agile Transformation

Select product & technology teams benefit from greater autonomy to improve product delivery

Agile @ Scale

Teams of teams leverage the productivity of Agile techniques and approaches to product delivery.

Agile Outside IT

Adoption of agile practices outside of product & technology groups to enable greater productivity.

Business Agility

Broadly established capabilities that enable you to achieve your purpose, *no matter what the future brings.*

To learn more about the Domains of Business Agility, visit: <https://businessagility.institute/domains/overview>

Domains & Capabilities of Business Agility

The average maturity rating varies between 4.2 in Fund Work Dynamically and 5.5 in Fiercely Champion the Customer

Engaged Culture



Cultivate a Learning Organization



Engage Transparently & Courageously



Embed Psychological Safety



Act as One

Each capability within the Domains of Business Agility describes a goal that organizations strive for through their transformation.

While down from previous years, organizations continue to rate better in those capabilities with an explicit customer, people or culture focus. While weakly rating their capabilities in flexible operations and delivery.

This report makes frequent reference to the Domains of Business Agility. To learn more about them, visit:

<https://businessagility.institute/domains/overview>

Responsive Customer-Centricity



Fiercely Champion the Customer



Sense & Respond Proactively



Integrate Diverse Ideas

People-First Leadership



Foster Authentic Relationships



Empower with Accountability



Realize People's Potential

Flexible Operations



Adapt Strategies Seamlessly



Fund Work Dynamically



(Re)organize Structures Fluidly



Balance Governance & Risk

Value-Based Delivery



Unleash Workflow Creatively



Prioritize. Prioritize. Prioritize.



Deliver Value Sooner



Seize Emergent Opportunities

Engaged Culture

Organizations are working towards psychologically safe learning environments, but collaboration is significantly lagging

While *Cultivating a Learning Organization* increased significantly over 2022 ratings, the ability for an organization to *Act as One* substantially decreased. This observation aligns with the trend seen in the overall market conditions and groups within organizations looking inwards to protect themselves from cost-reduction activities.



Cultivate a
“learning organization”



⬆️ +4% from 2022



Engage transparently
& courageously



No change from 2022



Embed
psychological safety



No change from 2022



Act
as one



⬇️ -8% from 2022

Geographic distinction

Unlike other regions, organizations in Latin America are generally better at building an Engaged Culture over the other Domains of Business Agility. Their ability to *Engage Transparently & Courageously* and *Cultivate a “Learning Organization”* significantly outperform their abilities in *Value-Based Delivery* and *Flexible Operations*.

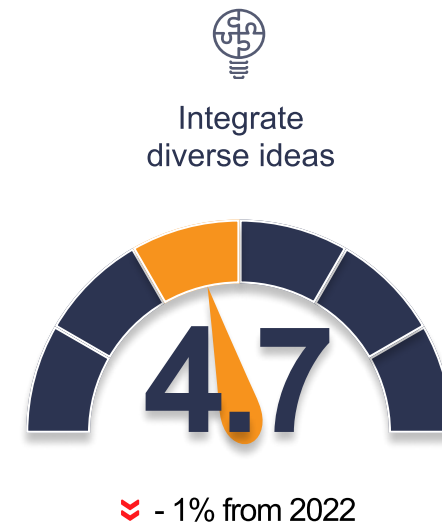
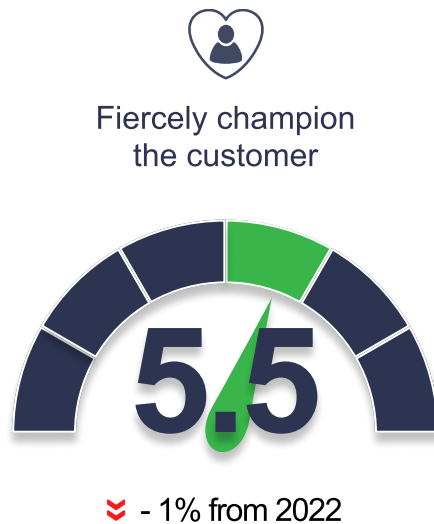
Benefits over time

- Compared to other behaviors, the ability to *Embed Psychological Safety* sees the biggest improvement in the first year of a business agility transformation. As a foundational behavior, this enables everything from high-employee engagement to greater innovation and experimentation.
- In contrast, the benefits from *Engaging Transparently & Courageously* aren't realized until 3-5 years into the journey.

Responsive Customer-Centricity

Organizations recognize the importance of fiercely championing the customer

There has been little change to customer-centricity since the significant gains shown in last year's Business Agility Report. Organizations continue to invest in improving how they engage with and respond to their customers. The exception to this is the ability to *Sense and Respond Proactively*—with a significant 6% decrease since last year. This reflects the shifting focus of organizations; from innovation and growth to protecting and reinforcing current customer revenues.



Not all areas of the business have the same impact

Organizations that are transforming their Business Operations, see a measurable improvement in their ability to *Sense and Respond Proactively*. In contrast, organizations that transform their Sales & Marketing teams are significantly better at *Fiercely Championing the Customer*.

Both of these findings reflect the ways that different parts of an organization engage with their customers.

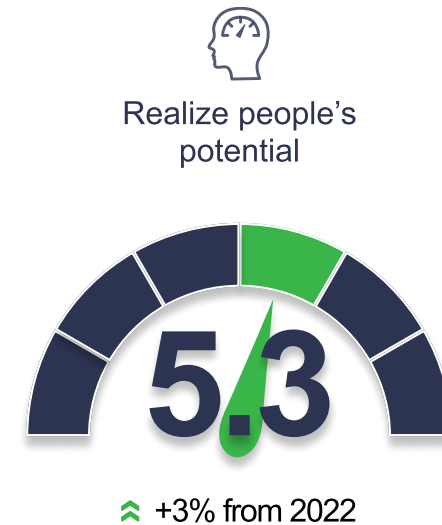
Benefits from customer-centricity start early

While the benefits of business agility scale over time, the benefits to customer-centricity are realized early—as soon as 1-2 years into the journey.

People-First Leadership

Leadership skills are a top focus area for organizations; undercut by the impact of redundancies and layoffs

Leadership development is the only domain that saw an overall increase since 2022. Albeit, only 1% on average; compared to all the other domains that dropped an average of 3%.



Technology firms are investing in their leaders

Continuing the trend from previous years, technology firms have invested more into leadership development than most other industries.

However, the positive impact of this has been significantly undercut by the cultural and leadership challenges caused by waves of layoffs and redundancies across many organizations—especially in technology.

Culture and leadership are closely linked

While Customer-Centricity, Flexible Operations, and Value-Based Delivery are all down 3% or more. The capabilities in Engaged Culture trended closer to People-First Leadership with only a marginal decrease.

Flexible Operations

Organizations see significant benefits by improving operational governance

Most organizations report having complex processes and procedures—disproportionate to the real level of risk. This is hindering the adoption of business agility in most organizations, while also costing organizations millions in bureaucratic overhead. This governance tax is most clear in organizational decision-making and financial management processes. By focusing on governance controls that act as a constraint on organizational effectiveness, millions of dollars in savings could be realized.



Adapt strategies seamlessly



⚠ - 5% from 2022



Fund work dynamically



⚠ - 6% from 2022



(Re)organize structures fluidly



⚠ - 1% from 2022



Balance governance and risk



⚠ - 1% from 2022

Asian companies are investing the most in *Funding Work Dynamically*

While still weak overall, Asian organizations significantly outperform the rest of world when it comes to one of the key predictive indicators of business agility: *Fund Work Dynamically*. Many of these organizations have adopted management approaches, such as Beyond Budgeting, that enable them to move funds to the most important initiatives outside of the traditional annual budget cycle.

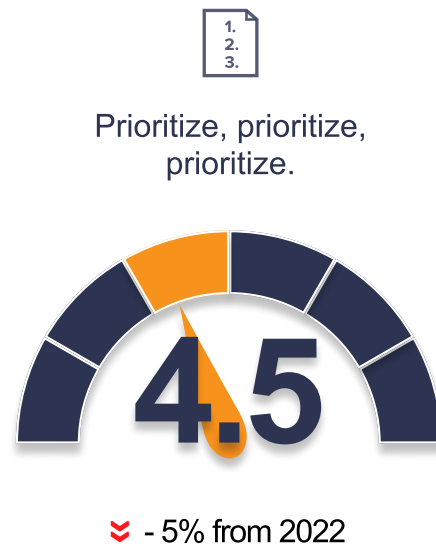
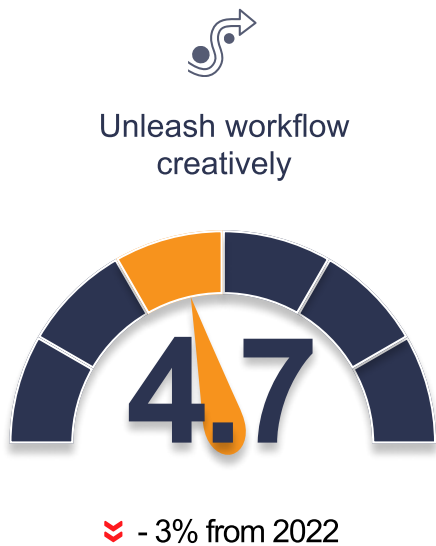
Governance: The last area to transform

Despite significant potential cost-savings and productivity improvements, most organizations do not begin to invest in transforming governance policies and procedures until at least 5-years into their journey.

Value-Based Delivery

Organizations have lost focus on Agile delivery

The capabilities within Value-Based Delivery are down across the board. The breakdown in collaboration and increase in siloed thinking has also seen a decrease in cross-organizational prioritization. Priorities are being set by individual functions with limited consideration on other business areas.



Retail organizations are weathering the storm

Unlike most other industries, retail organizations are continuing to invest in delivery transformation—mostly under the guise of digital transformation.

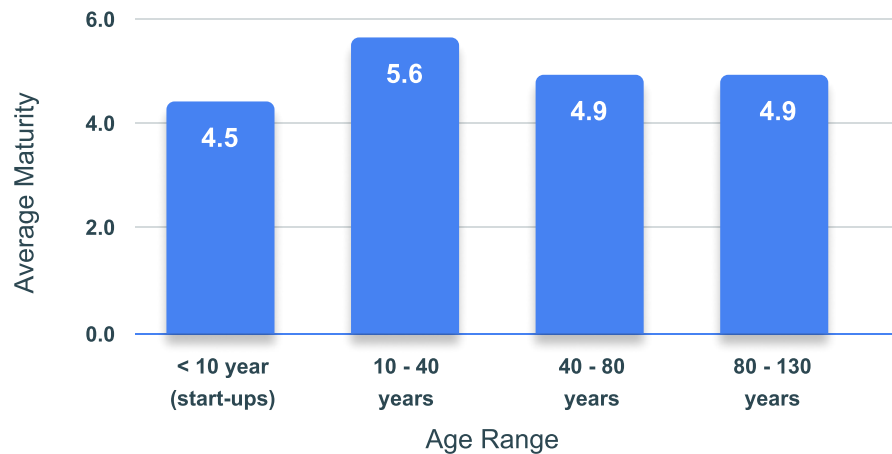
Technology firms see the biggest reduction in delivery agility

Technology firms have taken the biggest hit in Value-Based Delivery. Large-scale layoffs and the cessation of agile transformations have seen significant loss in the ability for organizations to *Prioritize* and *Deliver-Value Sooner*. On average, rating more than 5% lower since 2022. This indicates a premature move away from Agile coaching and transformation

Company Characteristics

Company age and industry are factors of business agility; size is not

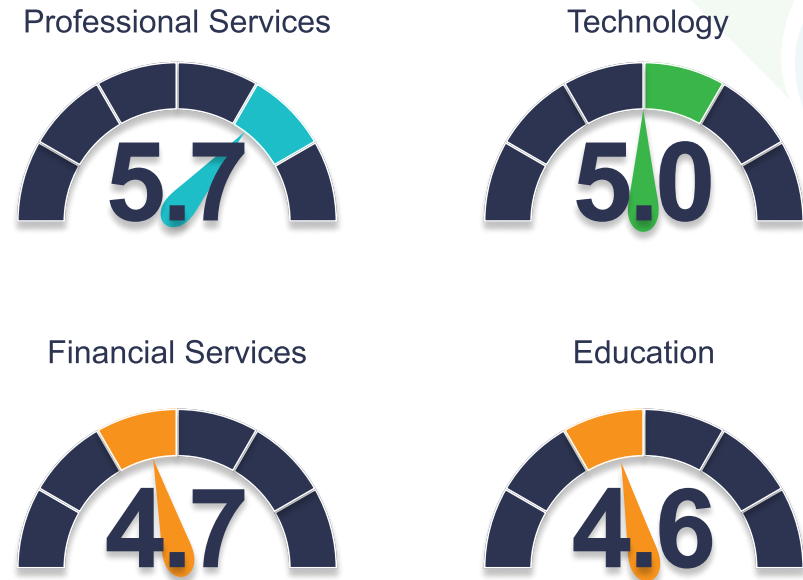
The relationship between business agility and company age



Organizations founded between 10 and 40 years ago have the greatest levels of business agility. And, while slightly lower, organizations that are over 40-years old have no significant variation between them (with some organizations dating back to the 1700's).

The most surprising finding was that start-up organizations (those less than 10-years old), which you would assume would have greater business agility, actually performed 5-10% worse than other organizations.

Top Industries for business agility



Followed closely by Manufacturing (4.5) and Retail (4.4) organizations.

Professional services rated highly in the People-First Leadership and Responsive Customer-Centricity domains, while the other 3 industries rated higher in Engaged Culture (cultural capabilities).

The biggest change from previous years is the return of Financial Services (from 2018) and Manufacturing (from 2021) back into the top industries.

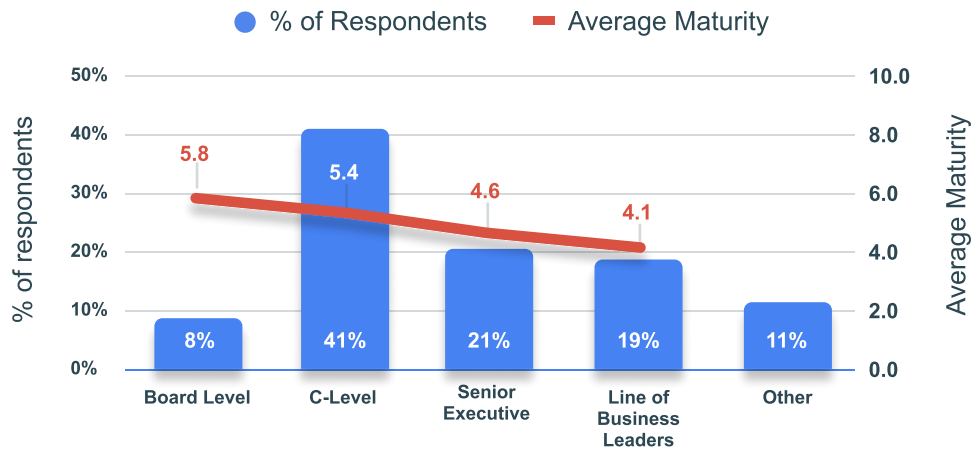
It Takes a Village

Better outcomes for organizations that look at the big picture

Who is leading the transformation?

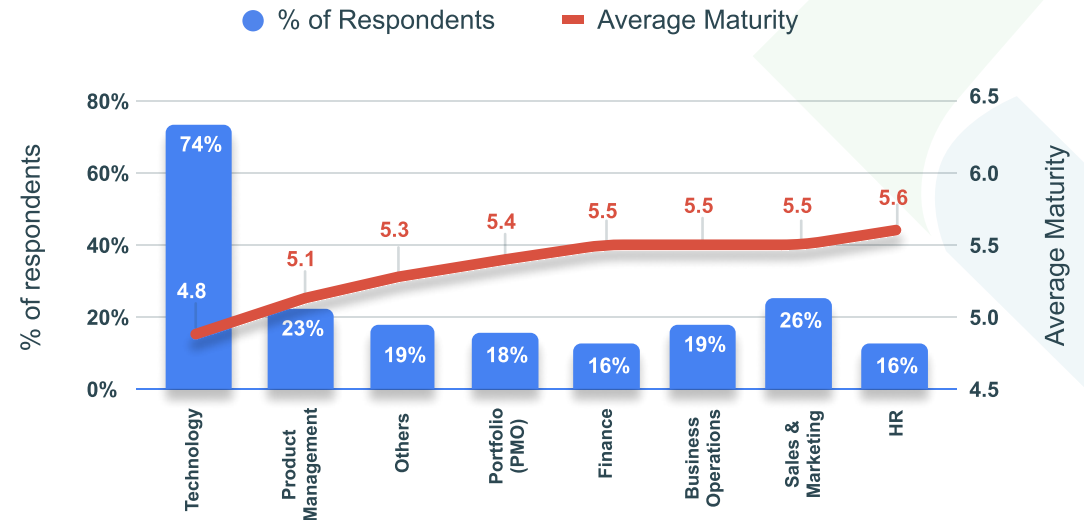
As with all previous years, respondents rate business agility maturity significantly higher when it is sponsored by the Board of Directors or C-Suite, compared to those led by a Line of Business leader.

In other words, transformations do better when they are led from the top.



Like the 2022 report, board-led transformations continue to have the best transformational outcomes despite being the least common.

13% of respondents report that they are transforming their entire organization (all functions and business units).



Important note: Percentages will add up to more than 100% as respondents could choose multiple options.

Compared to previous years, there is a clear decrease in the number of organizations who are collaborating to transform multiple functions (e.g. Finance, HR, and Marketing). This year, only **18%** of participating organizations are transforming multiple functions, down from 25% in 2022. This observation supports the significant decrease in organizations ability to *Act as One*.

Yet, organizations who include multiple business units or functions in their business agility journey still score significantly higher (9-12% higher on average) than those who are limiting their transformation to one business unit; usually Technology.

Impact Over Time

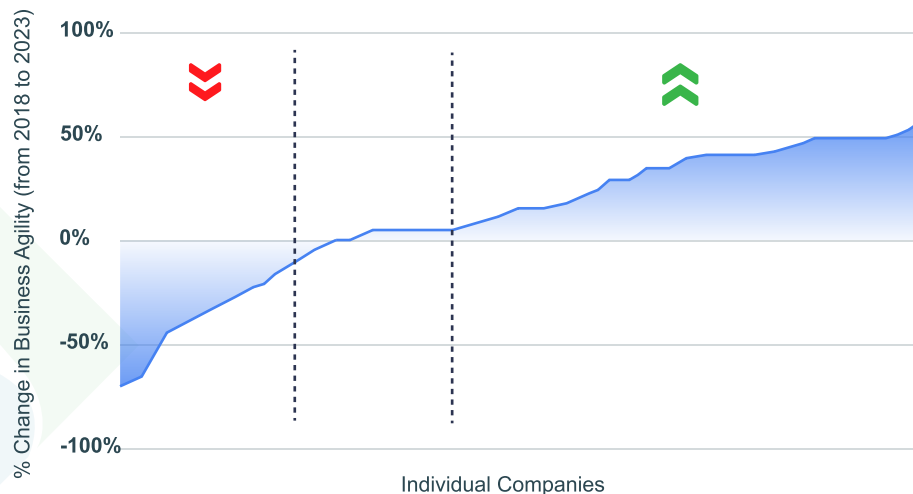
Over the last 5 years, continued investment in business agility sees growing returns

Most organizations have improved over the last 5 years

Between 2018 and 2023, 45 companies have responded 3 or more times. In this cohort, there is a general but not universal trend of increasing business agility over time.

- 63% reported an increase in business agility with an average improvement of 27%
- 12% reported marginal or no change in score
- Only 25% reported a lowered levels of business agility, however with a significant reduction in score. 32% worse on average

How much improvement has each company made?



3
Years

The time business agility transformations require to deliver significant benefits in business agility.

53%

of respondents have been on the journey for more than three years.

11%

of respondents have been on the journey for more than eight years.

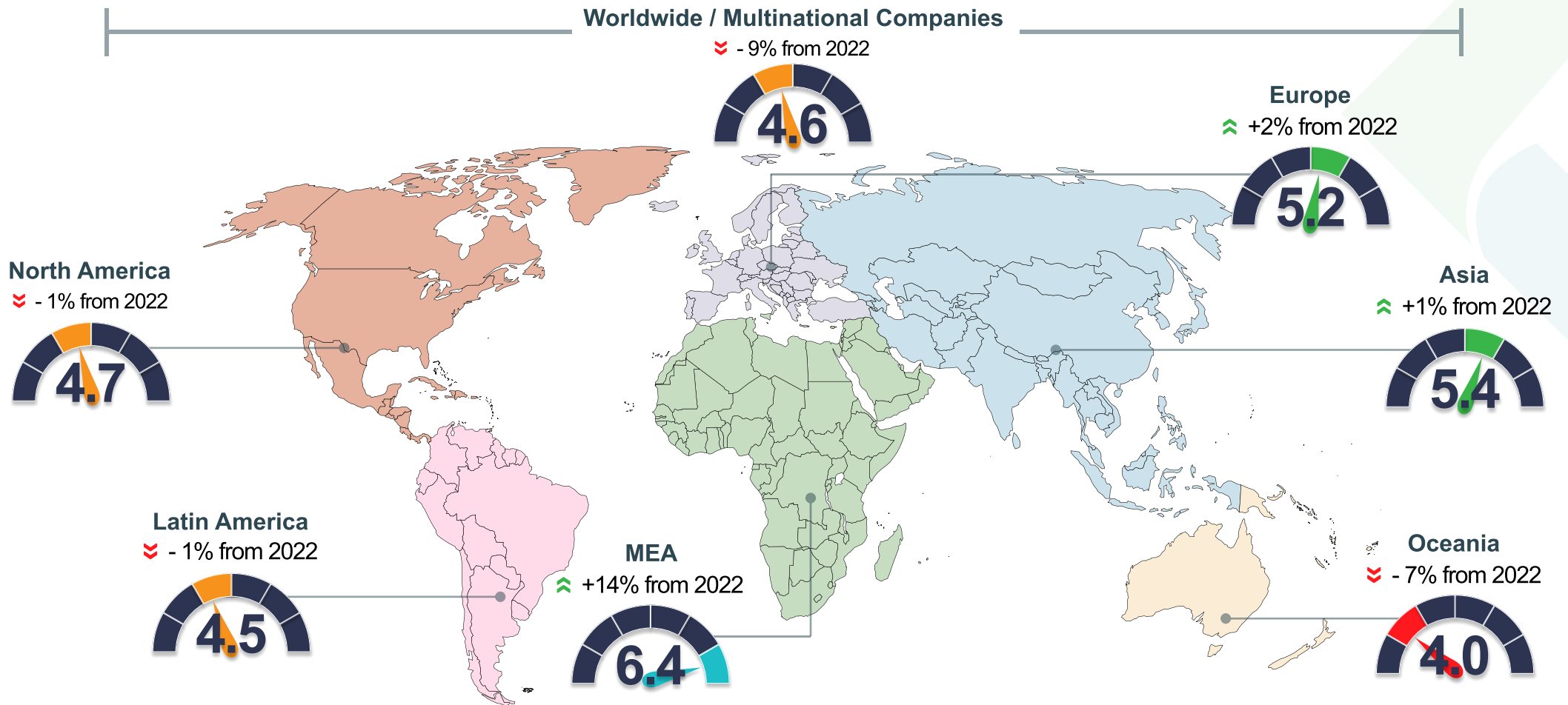
Benefits seen in 1, 3, and 8 years

Organizations report that they see measurable benefits from business agility in the first year. Mostly in the People-First Leadership domain.

The next measurable benefits occur, on average, after 3 years of investment. At this point, the benefits from *Responsive Customer-Centricity* are most prominent. In previous years, these benefits were seen as early as 2-years.

For those organizations looking to the future, significant improvements were seen after 8-years on average. At which point, while change is ongoing, business agility behaviors are seen as the norm—from delivery to operations.

Business Agility Around the World



Europe and MEA (Middle East & Africa) are the only regions to show an increase in business agility this year (up from 5.1 and 5.0 respectively). While not universally true, many companies in these regions have also been less impacted by the global economic downturn.

The agility shown in Asian, North American, and Latin American organizations is similar to previous years. While Oceania, along with multinational organizations, unfortunately dropped significantly.

Data note: The small sample size from the MEA region may partially account for the comparatively high average score in the region. Despite this, the high rating is well earned. There are many highly mature agile organizations in the Middle East known to the report authors.

Challenges to Business Agility

Business agility continues to be challenged by ineffective leadership and poor change leadership

We asked respondents to describe the biggest challenge they are facing in their business agility journey and to elaborate on how they are addressing it. The report looks at the themes found in these qualitative responses.

Since the inception of this report, the top 2 industry-wide challenges continue to be in the area of leadership and change leadership.

This year respondents delivered a consistent narrative on the drivers for these challenges, and what leaders can do to address them.

New trends for 2023

Other issues such as unsuitable organizational structures, unsuitable practices and processes, and mindset and culture continue to be challenging for organizations.

However, for 2023, respondents clearly articulated a new set of challenges in the areas of inclusivity, metrics and measures, and attracting people with critical domain expertise.

Top 10 challenge on the business agility journey



* A distinct business-technology divide

** Key enabling functions excluded from the transformation

Industry-Wide Challenge: Leadership

Ineffective leadership

In 2023, respondents clearly called out **ineffective leadership** and management capabilities as their main challenge to business agility success.

This aligns with earlier studies which suggest that, with the right mindset and associated organizational support, *leaders set the tone for the entire organization*. Yet, leaders continue to use legacy leadership behaviors which are not aligned to the desired organizational culture and send mixed messages to staff.

“Do as I say, not as I do”

Business agility requires significant changes to the ways people work. Survey respondents repeatedly describe ineffective leaders who fail to become personally involved in organizational change. They describe these leaders as people who say one thing, while acting in another. The result is that many people interpret business agility as a fad that is likely to pass.

Instead leaders should focus on demonstrating that they too are learning and changing as the journey progresses.

“Management (has created) a feeling among the employees that it is the employees' transition and that top management has nothing to do with it. There is no awareness that it should actually be at least as much their transition as the employees'.”

– BAI Survey Respondent



“Having senior leaders who talk about their failures and ask people to (work together in) solve the problem has been uplifting for teams.”

– BAI Survey Respondent



Recommendation: Educate leaders

Leaders, and particularly executive-level leaders, must develop their capabilities in leading complex change. Most importantly to set realistic expectations and goals within the capacity and time available.



Recommendation: Leadership incentives

People leaders are often trapped by a rewards and recognition framework that does not support the development of business agility behaviors—or worse, works against them.

Leadership incentives and rewards must evolve to actively support desired behavioral changes. For example, connecting incentives to customer-centric behaviors rather than short-term financial goals. The goals of leaders as a whole must also be taken into account to ensure that incentives promote collaboration, not conflict.

Industry-Wide Challenge: Change Leadership

Ongoing resistance to change

Respondents continue to indicate that **resistance to change** is one of the main challenges to business agility excellence. This pervasive challenge has been identified as an industry-wide problem since the inception of this report.

Why are change programs resisted? In part because of the significant shift they represent, but also the way by which they are implemented and communicated.

Ineffective change leadership

Common themes among participating organizations include:

- Change programs backslide to previous processes and habits when the work system is stressed.
- Change agents who lack the attitude, aptitude, or skills to create the conditions for successful change.
- Inadequate change program funding for training, supporting tools, etc.



Recommendation: Modern change leadership practices are key

Investing in improving change management practices is key to executing and sustaining any large-scale change program.

While traditional change management methodologies such as Kotter's 8 Steps for Leading Change continue to have value, modern change leadership practices, such as Haidt's "Elephant, Rider, and Path" model, show greater success. Respondents suggest that change programs with a clear and compelling guiding vision alongside empowered contributors are more effective.

Another emerging theme is the need for greater focus on the human impact of change with priority given to a sustainable pace of change.

"Resistance to change; lack of trust; and hierarchical structures are hindering the adoption of agile principles and practices. Outdated systems, processes, and technology infrastructure compound this."
– BAI Survey Respondent

"Our business agility program has no personal development plans, no investment in people. Ideas are quashed. A set group of people are making all decisions, and challenging this is frowned upon."
– BAI Survey Respondent

"Our company is huge, yet there are very few change agents. As a result the transformation is progressing slowly. We are facing ongoing resistance when implementing transparency practices. There is a lack of motivation to learn and grow."
– BAI Survey Respondent

Focus Challenges: Unsuitable Practices and Structures

Unsuitable organizational structure

This year saw an increased mention of what we call the Business-Technology divide. Observable where a part of the organization refers to itself as “the business” and another as “technology” instead of a unified cross-functional whole responsible for creating value.

The impact is seen in low levels of collaboration between business functions. In some cases this has led to toxic behaviors; such as blame for delays or problems flowing across these boundaries.



Recommendation: Identify the flow of value between business functions

Rather than transforming function by function as silos, organizations should focus their effort on value streams that span multiple business functions; from a great idea to customer delivery. This often requires the creation of cross-functional teams that have the dedicated capabilities needed to bring a product to market.



“Working in silos has impeded the flow of information and collaboration.”

– BAI Survey Respondent



“We fund work by business unit, but are expected to deliver it cross-functionally which leads to considerable management friction.”

– BAI Survey Respondent

Funding mechanisms

Funding Work Dynamically has consistently been a key predictive indicator of success since the inception of the Business Agility Report. As funding models are often one of the last areas for transformation, the gap between perceived financial risk and the actual risk of blocking value delivery is widening.

As such, an increasing number of respondents are highlighting that unsuitable funding mechanisms are their biggest challenge.



Recommendation: Fund work dynamically

Funding work dynamically means changing the way funds are allocated.

- Business outcomes are funded strategically and dynamically, instead of funding projects or business units that follow a set budgetary cycle
- Leaders are empowered to reallocate funds to where they are needed as more information becomes available.
- Leader are given autonomy over their allocated funds. One common approach is to assign funds to products or value streams (with measurable outcomes) without constraint on what the funds go to.
- Executive can decouple internal funding cycles from external reporting cycles, so that reporting cycles don't dictate how money is planned and spent internally.

New Focus Challenge: Sustainable Pace of Change

Capacity for change

The general sentiment in 2023 is that a worsening economic situation is pushing organizations to do more with less, with often pushing people beyond what is sustainable.

Respondents say that the pressure to do more with less is being translated to “do everything you used to do before, with less people and time”. All too often, people’s sustainable work capacity is not considered.

This gives rise to significant amounts of work in progress (WIP), reduced delivery due to task switching, and time pressures not allowing any space to develop and embed new ways of working in a meaningful way.



Recommendation: Respect capacity limits

Leaders must recognize the realistic capacity limits of their teams. These leaders understand that people cannot instantaneously scale; they take time to recruit, train, and establish norms to effectively work together.

Start by:

- De-risking large initiatives by splitting them into smaller parts that test major hypotheses
- Reviewing the system of work. Reducing or eliminating process steps that require people’s attention will both free up capacity and improve employee engagement.
- Investing in testing and embedding new ways of working; recognising that it takes time to learn.

Sustainable pace of change

Related to capacity, respondents are highlighting that many organizations struggle with finding a sustainable pace of change for their business agility transformation.

The current pace does not allow time to adapt or learn, or is simply too fast to be internalized by a critical mass of people.



Recommendation: Set pace limits

Leaders can find and support a sustainable pace of change by leveraging employee experience surveys, and collecting feedback from people leaders.

- Account for the change program in capacity planning.
- Factor the impact of new ways of working on long standing processes.
- Allocate time for learning and adaptation.
- Build persistent teams and avoid the temptation to undertake disruptive restructures.

“We are constantly asked to do things faster; without a willingness to do anything differently”
– BAI Survey Respondent

“The economy has forced us to pause hiring, but the work is growing so teams are more stretched than they should be.”
– BAI Survey Respondent

Benefits of Business Agility

Increased business outcomes, value, and financial benefits

This year, respondents are increasingly clear that the major benefit of business agility is tied to the pocket book: delivering better business outcomes, value, and clear financial benefits.

Customer and employee satisfaction

Respondents indicate that improved customer and employee satisfaction follow better ways of working. Coupled with improved adaptability to change and process improvement, staff have a better understanding of what they're doing, why they are doing it, and take pride in delivering value with less unnecessary overhead.

Capacity is acknowledged, experimentation is encouraged

While still a challenge for many, some organizations reported that business agility helped them with capacity planning. In other words, in order to have people do something new—something else must be withdrawn or completed.

Respondents in 2023 also reported that business agility supported a culture of experimentation. Enabling the organization to learn quickly and de-risk major initiatives.

Most significant organizational benefits



* Including Financial Benefits

Benefits Highlights for the Workforce and Customers

Increased business and financial outcomes

Respondents continue to be clear that business agility makes it easier to generate value and achieve the organization's business goals. These benefits are related to both speed to market and success in the market.

Extending what was shown in 2021 and 2022, respondents are clearly quantifying the financial benefits of business agility. This strengthens the direct link between business agility and the financial performance of an organization.

"...Where needed, we can stop work that is not showing expected benefits faster, whereas those we continue to invest in have more success in the market. This has resulted in both increasing value to customers and increased revenues."

– BAI Survey Respondent

Better collaboration across the organization

Respondents most frequently cited the benefits of better ways of working and collaboration as a result of their business agility journey. As a result:

- Work can be done more effectively across business units.
- The organizational vision is well understood, everyone knows the goals and outcomes they are accountable for.
- New team structures are adopted where required.

"We see synergies across department boundaries, with more cross-functional collaboration within teams and units. We have clarity of what we can achieve."

– BAI Survey Respondent

Customer and employee satisfaction

Respondents indicate that improved customer and employee satisfaction emerge from their business agility investment.

Leaders are creating stable cross-functional teams with the needed skills and experience to deliver customer value. When these teams are given autonomy over their work, a shared vision, and clear measures of success employees report significantly higher job satisfaction; with an associated decrease in staff attrition.

"People love working in environments that are aligned with business agility practices."

– BAI Survey Respondent

Experimentation is encouraged

Agile organizations are learning organizations; seeking new insights and knowledge to improve. In this, organizations are investing in a culture of experimentation that prioritizes high risk work, and determines the viability of options as quickly as possible.

Respondents report that a deliberate investment is being made to create capacity for experimentation. What is learned then helps identify the work to prioritize, creating a virtuous circle of value creation.

"We have managed to gradually reduce the work in the system, which has improved our lead times. This has helped us look at overarching processes and improve them, whereas 2-3 years ago we focused on local department level optimizations at the detriment to the whole."

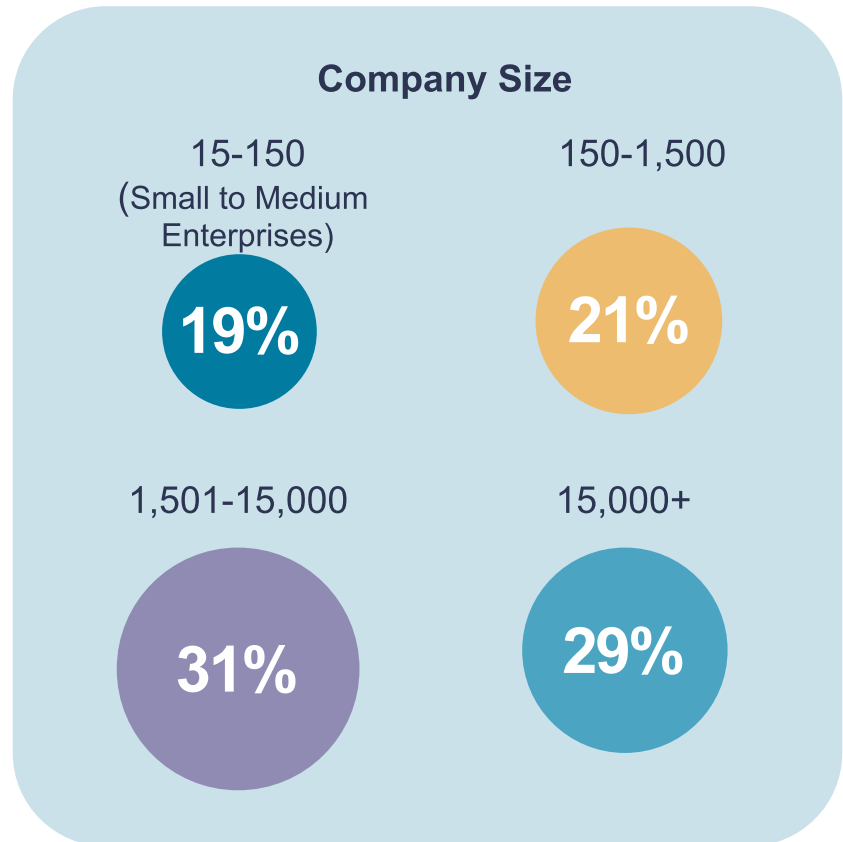
– BAI Survey Respondent

Report Demographics

FUNCTIONS	Function	Company %
	Financial services	28%
	Technology	17%
	Professional Services	13%
	Manufacturing	12%
	Education	6%
	Pharmaceutical & Biotech	4%
	Others	20%

215 Organizations that contributed to the 2023 Business Agility Report.

REPORT REGIONS	Report Region	Company Count	Company %
	Oceania	22	12%
	Latin America	14	8%
	Worldwide	43	24%
	North America	40	23%
	Asia	14	8%
	Europe	39	22%
	MEA	7	4%



Methodology & Thanks

Acknowledgements

This report is only possible through the gift of time, knowledge, and leadership from the research team.

Thank you to you. The hundreds of respondents who took the time to answer the survey and provide detailed insights to the benefits and challenges that you have seen.

All data collected through surveys was anonymized, securely stored, and made accessible only to those on the research team. Names of individuals, companies, and other potential identifiers have been removed or anonymized.

Our Goal

Over the last six years, nearly 2,000 companies have taken part in our studies. These insights support your organization with the cutting-edge resources and knowledge to succeed on your business agility journey.

No matter what the future brings.

Methodology

The study intends to understand what organizations are doing on their business agility journey, how they are performing in this endeavor, and identify global trends. To accomplish this, a voluntary and anonymized online survey asked respondents to gauge the business agility maturity of their organization, invited them to share the top challenges and benefits they have seen to date, and collected demographic information about their organization.

Respondents self-assessed their business agility maturity against 18 measures, representing the Capabilities within the Domains of Business agility.

Respondents were asked to provide a rating of 1-10 points for each measure; with scores of 1-6 classified as low to moderate maturity and 7-10 as high maturity.

The key hypotheses outlined in this report were then verified by performing statistical analyses on the 2023 data and comparing trends with the previous years' findings (2018-2022).

Research Lead:



Maturity Partner:



Research Partner:

