State of Business Agility
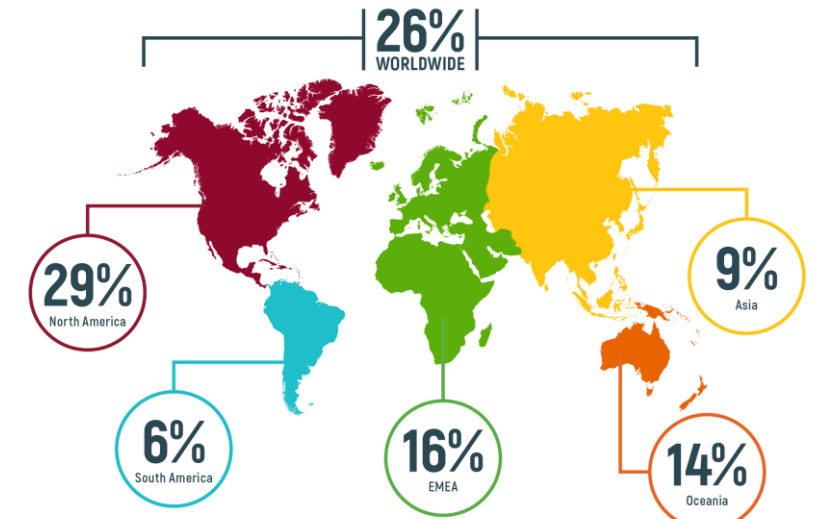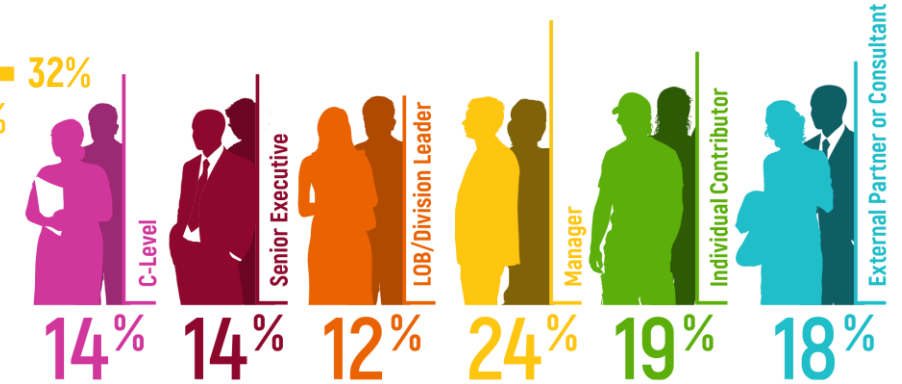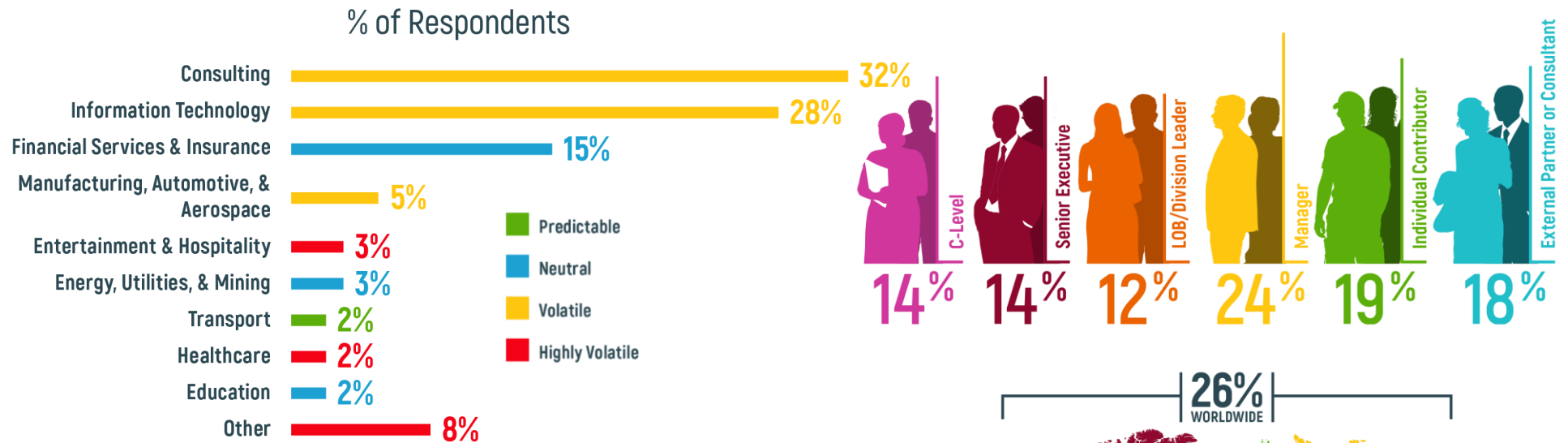
PRESENTED BY
EVAN LEYBOURN & SALLY ELATTA
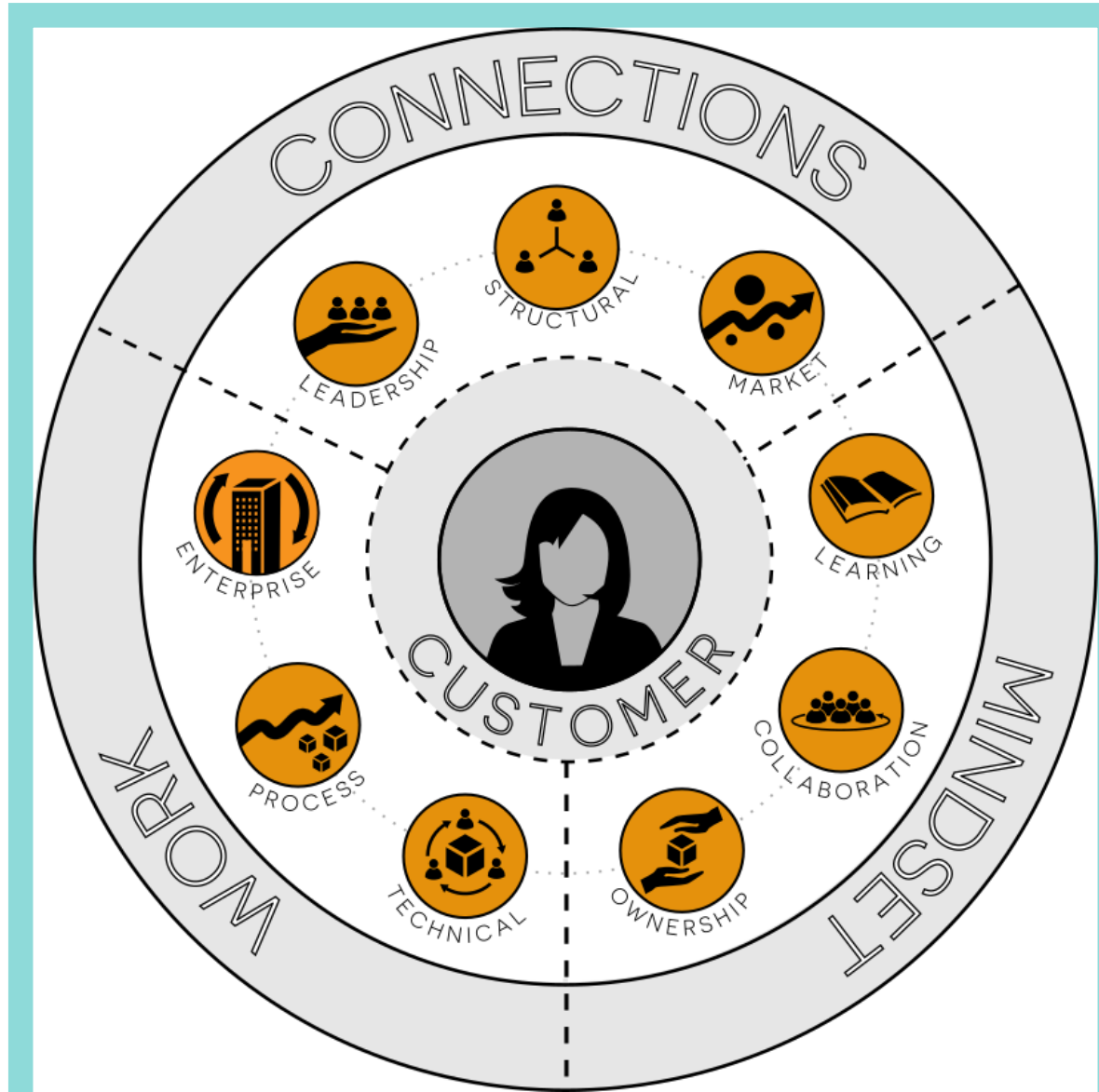
THE BUSINESS AGILITY REPORT

% of Respondents

Industry	%
Consulting	32%
Information Technology	28%
Financial Services & Insurance	15%
Manufacturing, Automotive, & Aerospace	5%
Entertainment & Hospitality	3%
Energy, Utilities, & Mining	3%
Transport	2%
Healthcare	2%
Education	2%
Other	8%

Predictable
Neutral
Volatile
Highly Volatile

C-Level 14%
Senior Executive 14%
LOB/Division Leader 12%
Manager 24%
Individual Contributor 19%
External Partner or Consultant 18%

27% — 0 - 50 employees
14% — 51 - 200 employees
15% — 201 - 1,000 employees
19% — 1,001 - 10,000 employees
26% — 10,001 + employees

26% WORLDWIDE

29% North America
6% South America
16% EMEA
9% Asia
14% Oceania

DOMAINS OF BUSINESS AGILITY

How would you rate your organization's maturity in the following competency: Outcome Aligned?

Pre-Crawl (1-2): Our focus is primarily on achieving a specific output, and we do not effectively track the realization of benefits (or the business outcome) once a project is complete (ROI and outcome are used interchangeably)

Crawl (3-4): Our project business cases define expected business outcomes which are tracked at project completion

Walk (5-6): We are aligning teams and their associated KPI's and measures against product goals rather than project goals

Run (7-8): We are outcome focused and start with the desired behavioral change in our target customer in mind rather than a specific output

Fly (9-10): Teams are funded by "why" - the question "how much does it cost" is not asked, rather "what is it worth"

How would you rate your organization's maturity in the following competency: Value Stream?

Pre-Crawl (1-2): The majority of our teams do not use iterative, continuous, or pairing techniques in their work

Crawl (3-4): While we have modeled the customer value stream and where the creation of value occurs, most of our processes are governed by functional demands (e.g. the "testing" or "budgeting" process) rather than aligning to the value stream

Walk (5-6): We have introduced flexibility into many of our work processes to cater for low-risk work

Run (7-8): We have designed most or all of our work processes based on the customer view of value creation crossing divisional and team silo's wherever necessary

Fly (9-10): The majority of our work processes are flexible and can be customized or even created at the team-level to address their specific context (exceptions may include regulatory or legislative processes)

How would you rate your organization's maturity in the following competency: Transparency & Sharing?

Pre-Crawl (1-2): Individuals and teams are provided with the information they "need" to know

Crawl (3-4): All individuals have access to key information & strategic decisions so that they can make appropriate decisions (e.g. scorecard progress, strategic decisions and corporate initiatives are clearly and publicly shared by leaders)

Walk (5-6): Meetings are actively discouraged (unless needed) with collaboration occurring directly and persistently - meetings that do occur are facilitated, with only the right attendees, and with clear objectives

Run (7-8): We have systems to promote transparency and information sharing across all levels of our organization (e.g. decision making is localized within the team) as well as between diverse teams (e.g. communities form around common themes)

Fly (9-10): Teams operate with full transparency and rotating/emergent decision making and strategy throughout the organization

ENTERPRISE VISIBILITY ROOM

"Transparency leads to alignment which builds trust"
– Steve Martin, CEO Blue Cross Blue Shield Nebraska

How would you rate your organization's maturity in the following competency: Measure What Matters?

Pre-Crawl (1-2): We measure simple quantitative measures (e.g. velocity or revenue)

Crawl (3-4): Vanity measures (e.g. velocity) have been removed from your KPIs and the focus is on measures that "important" - that is, if the measure changes, there is a real impact on the organisation

Walk (5-6): We give soft measures (e.g. staff satisfaction) the same focus, attention and incentives as "hard" measures (e.g. revenue and profit)

Run (7-8): We measure (and incentivise) transformational measures, such as failure, to encourage our teams to try new things

Fly (9-10): We measure our business metrics and KPIs against customer success rather than revenue or profit

BUSINESS AGILITY FLUENCY

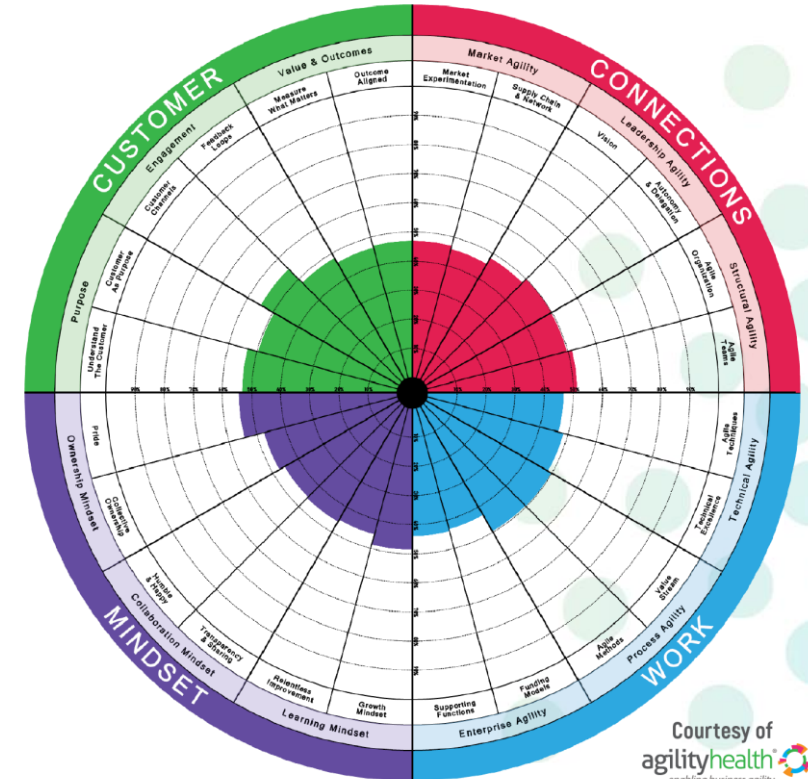
4.9

Average business agility fluency

Top 5 Competencies

Customer Channels	55%
Pride	54%
Understand the Customer	53%
Agile Teams	53%
Agile Organization	51%

Lowest 5 Competencies

Supporting Functions	44%
Supply Chains & Network	45%
Funding Models	45%
Relentless Improvement	45%
Market Experimentation	46%

Courtesy of
agilityhealth
enabling business agility

COMPANY SIZE CORRELATES TO BUSINESS AGILITY

6.5	5.0	4.2	4.0	3.9
0 - 50 Employees	51 - 200 Employees	201 - 1,000 Employees	1,001 - 10,000 Employees	10,000+ Employees

■ Average Maturity

TOP 3 INDUSTRIES

6.1
Consulting

5.3
Information Technology
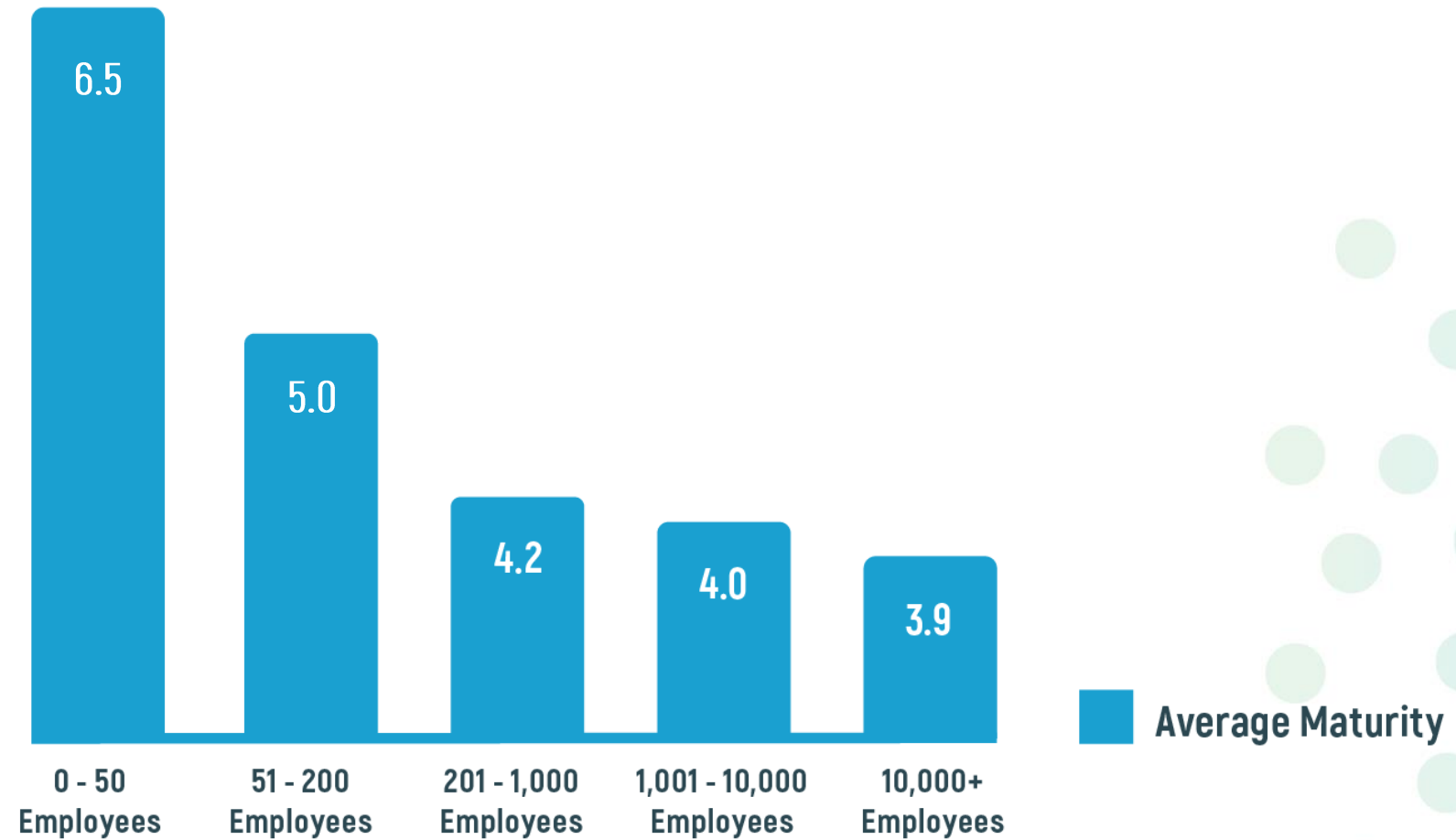
4.3
Financial Services & Insurance

% Running or Flying

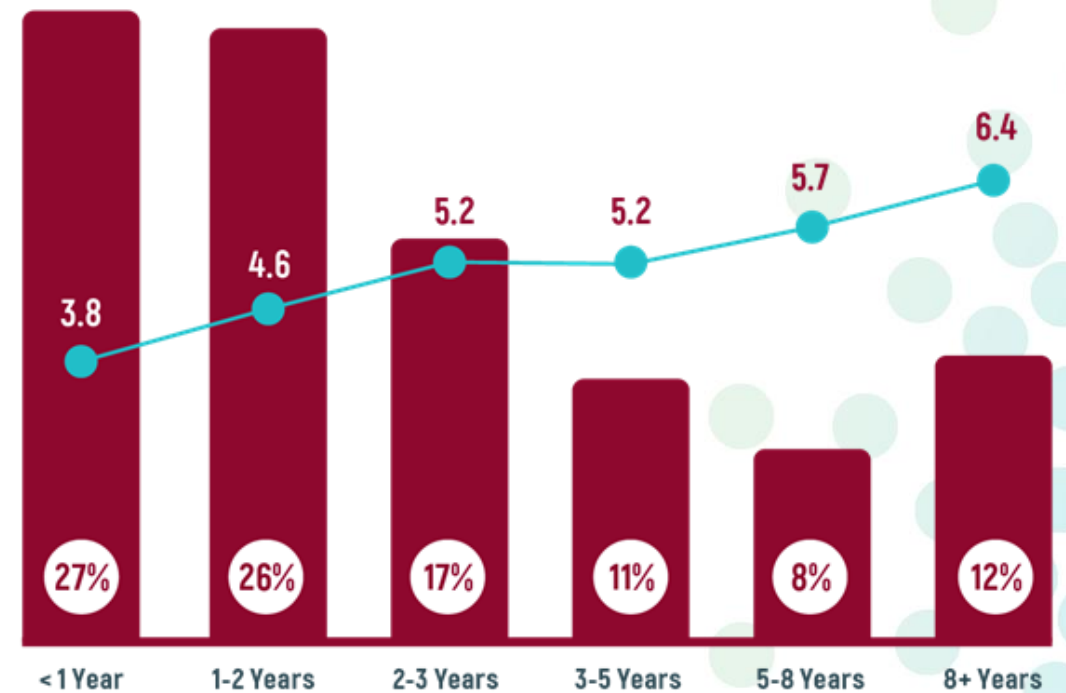41%   26%   7%
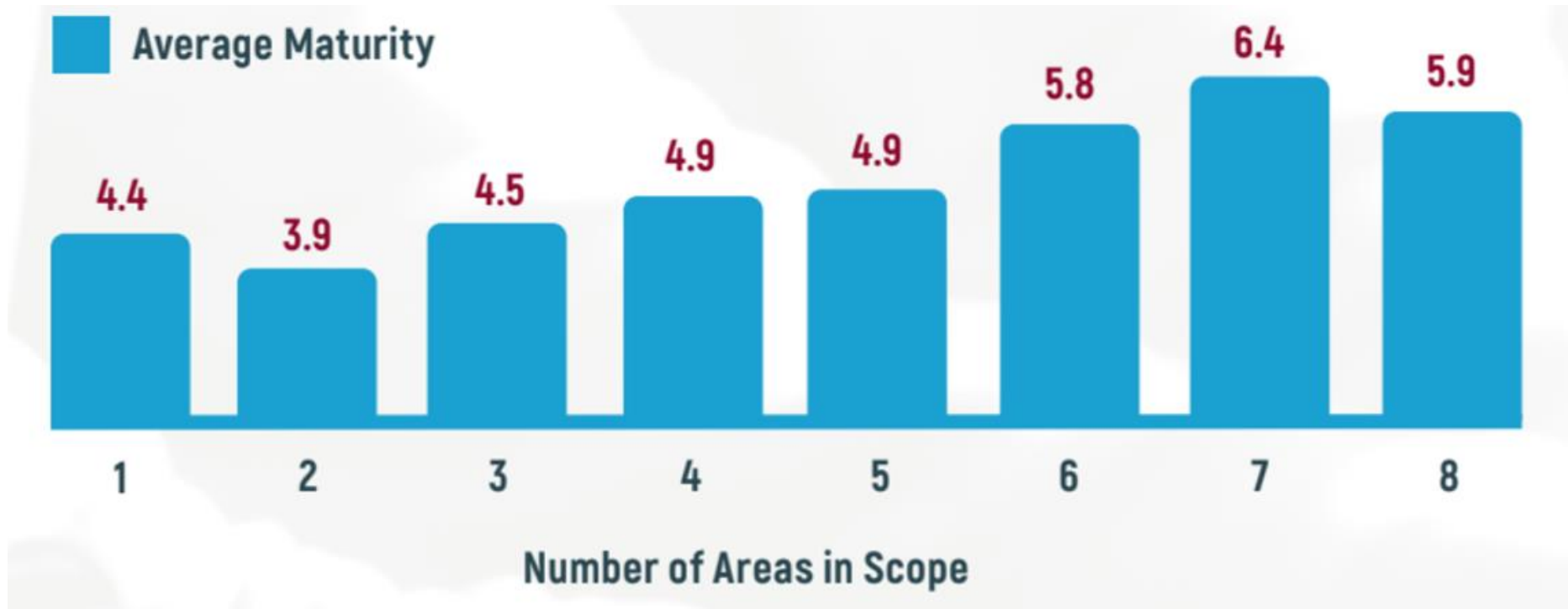
BUSINESS AGILITY JOURNEY (YEARS)

69%

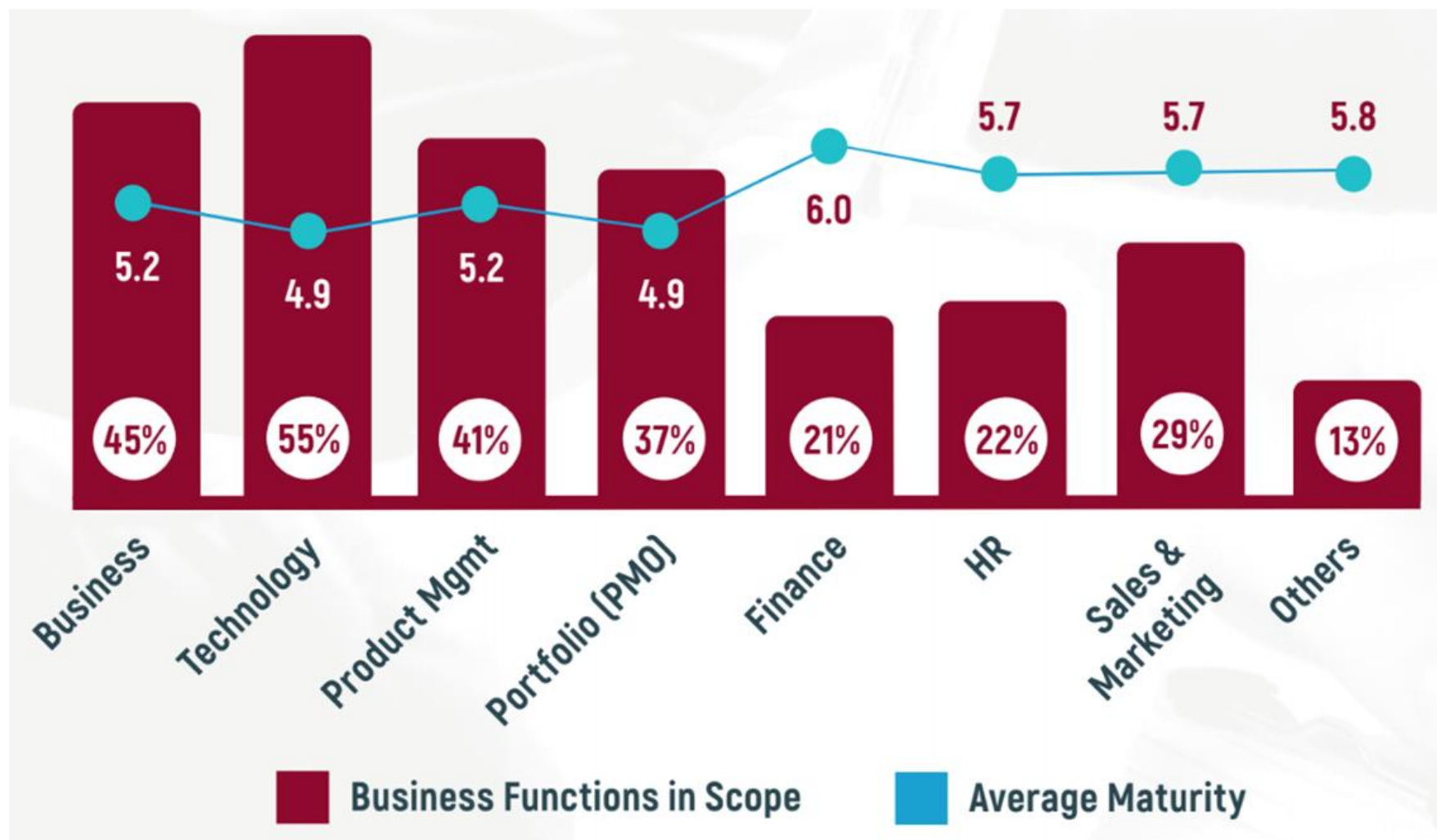of respondents have been on the journey for less than 3 years

There is no significant variation in the upwards trend when adjusting for company size or high fluency organizations.

BUSINESS FUNCTIONS IN SCOPE

BUSINESS FUNCTIONS IN SCOPE

Business	Technology	Product Mgmt	Portfolio (PMO)	Finance	HR	Sales & Marketing	Others
5.2	4.9	5.2	4.9	6.0	5.7	5.7	5.8
45%	55%	41%	37%	21%	22%	29%	13%

Business Functions in Scope **Average Maturity**

PERCEPTION OF BUSINESS AGILITY

WHO'S LEADING THE JOURNEY

Line of Business Leaders — 21% — 3.8
Senior Executive — 17% — 4.2
C-Level — 30% — 5.4
Board Level — 16% — 6.2
Other — 15%

■ % of Respondents   ■ Average Maturity
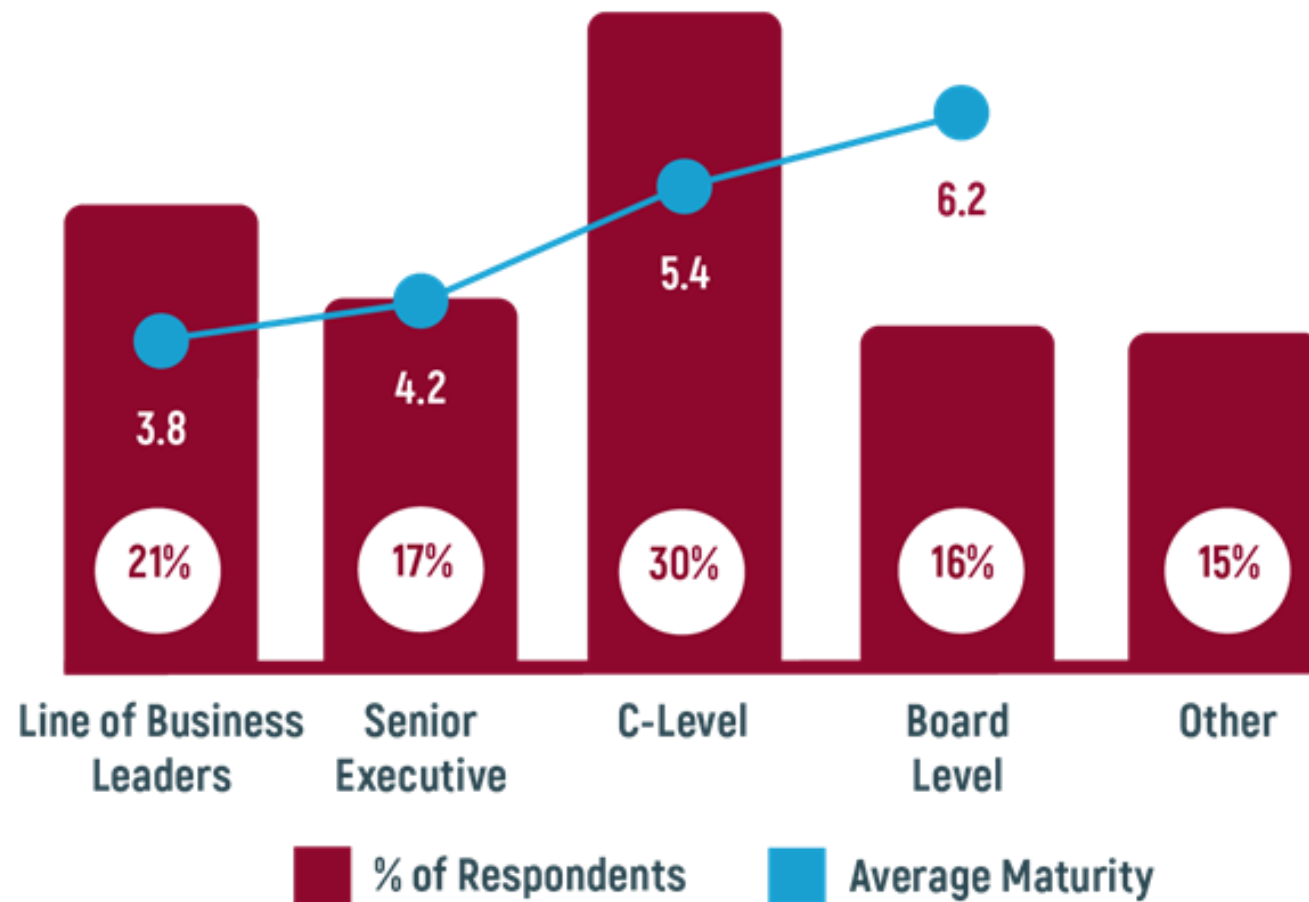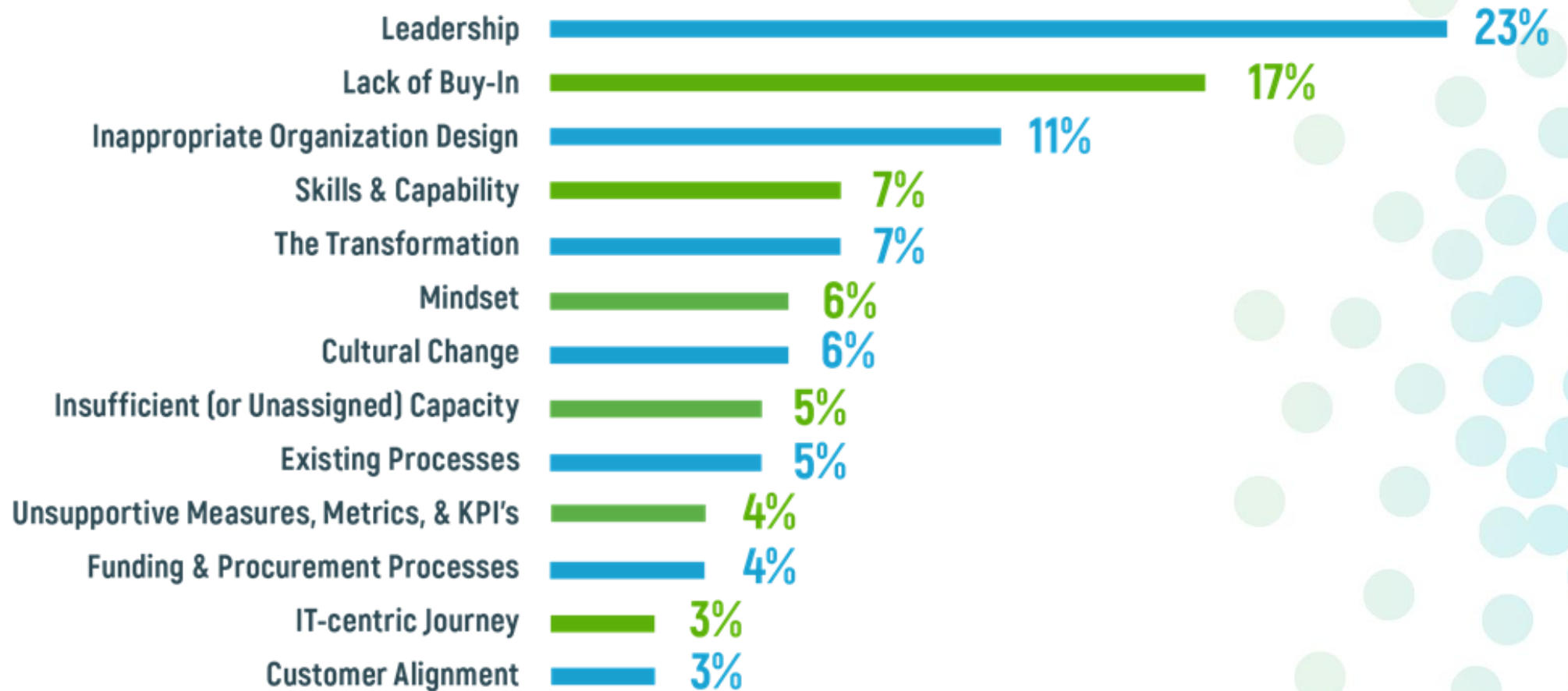
What are the top challenges you have faced with your Business Agility transformation?

CHALLENGES TO BUSINESS AGILITY

Challenge	Percentage
Leadership	23%
Lack of Buy-In	17%
Inappropriate Organization Design	11%
Skills & Capability	7%
The Transformation	7%
Mindset	6%
Cultural Change	6%
Insufficient (or Unassigned) Capacity	5%
Existing Processes	5%
Unsupportive Measures, Metrics, & KPI's	4%
Funding & Procurement Processes	4%
IT-centric Journey	3%
Customer Alignment	3%

CHALLENGES TO BUSINESS AGILITY

"[There is an] institutionalized command and control culture that, although there is an executive desire to change, makes old habits very hard to break."

– BAI SURVEY RESPONDENT

"[Our challenge] has been with our Ops and HR [teams] who struggle to see what is in it for them. They understand the process and appreciate why it's important, but just don't see how they can apply the principles to their work."

– BAI SURVEY RESPONDENT

"The size of the organization means that different areas are in different places in their journey. [Our challenge is to] get work done with a multitude of delivery approaches as boundaries are crossed."

– BAI SURVEY RESPONDENT

"[The challenge is] getting to 'business' agility rather than software development agility."

– BAI SURVEY RESPONDENT

"[We have a] large, siloed organization that has a long-standing culture of risk-averse, top-down, plan-based approaches with multiple complex workstreams."

– BAI SURVEY RESPONDENT
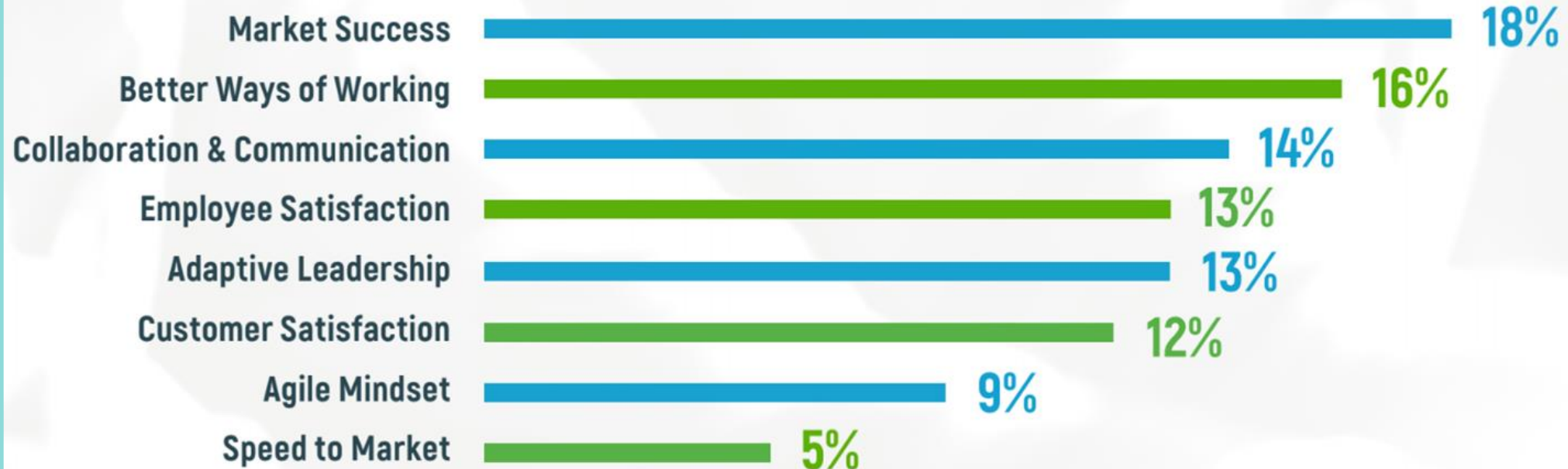
RECOMMENDATIONS

- "You can only be as agile as your least agile division, and that's not IT anymore" – Move the transformation outside IT.

- Identify the current organizational constraints to business agility and focus transformational efforts on those teams.

- Reduce handoffs to the point where teams can entirely contain a single customer value stream.

- Change the personal KPIs of each of the executives to promote an agile mindset and behaviour.

- Expect, and budget for, a multi-year business agility journey up-front. It will take longer than you think.

- Get board-level buy-in for the organizational change.

What success / real impact have you seen? (internal or external)

BENEFITS

Benefit	Percentage
Market Success	18%
Better Ways of Working	16%
Collaboration & Communication	14%
Employee Satisfaction	13%
Adaptive Leadership	13%
Customer Satisfaction	12%
Agile Mindset	9%
Speed to Market	5%

"[Business agility] has given us a competitive advantage and allowed us to react quickly and pivot as needed by our customers. This results in faster customer acquisition, faster time to value, and bigger market penetration."

"Our retention of both clients and staff is much improved. Our culture is strong, vibrant, and resilient."

– BAI SURVEY RESPONDENTS

"Collaboration among various groups/departments [has improved]"

"Communication is also changing in meetings, with team's now analyzing problems and not jumping into solution mode. What is the business value and how can it be measured [is now a common question that we hear]?"

"The team engagement levels are through the roof, and culture is the number one thing they promote."
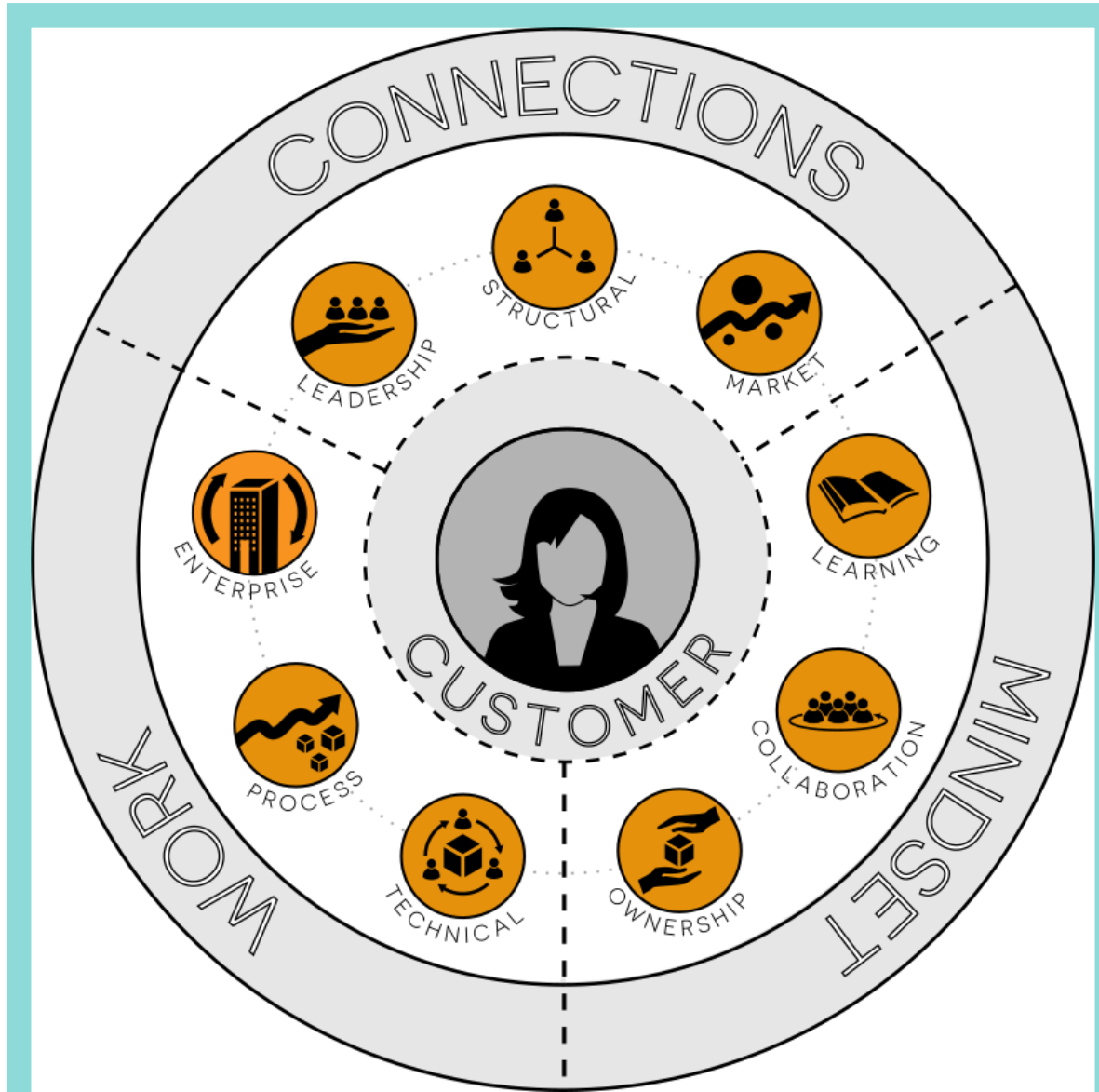
– BAI SURVEY RESPONDENTS

"The rest of the organization now sees the value-add of agile practices and are starting to embrace them."

"Value delivery has improved resulting in greater customer satisfaction"
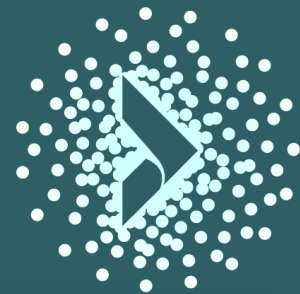
– BAI SURVEY RESPONDENTS

DRAW YOUR OWN RADAR