

DOMAINS OF BUSINESS AGILITY: OVERVIEW

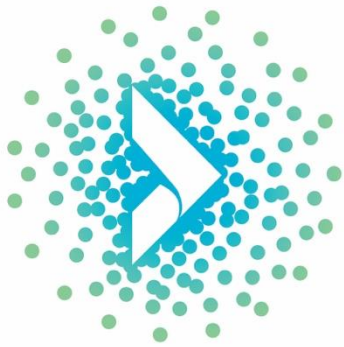
A summary overview of the
Domains of Business Agility



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PREFACE

Business Agility, as a term, is both inspirational and aspirational. Who doesn't want a business that can effortlessly respond to the changing world? Yet, it still means vastly different things for different people.

We created the Domains of Business Agility to bring clarity to the overall field that is business agility. To make sense of what it means to have agility in an organization. And to do so in a way that is accessible and usable by as many people as possible.

This is an overview of fourth edition of the 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. We think this approach is more useful as it connects the goals of the organization (new and improved capabilities) with observable and measurable actions (behaviors).

This latest edition is the culmination of over 18 months of research and review. It incorporates the insights from over 1300 organizations as well as input from many of our member organizations. The result is a comprehensive model of universal behaviors and capabilities across organizations of different sizes, types, and industries.

Our focus on behavioral change is an opportunity to have a bigger impact on organizations around the world. Our goal is to enable organizations to better understand their current state and constraints to agility. In other words, to make better decisions where to focus their transformational investment. This behavioral model is also the basis of how we evaluate agility in organizations (businessagilityprofile.com).

The Domains of Business Agility is a guide through your Business Agility journey. For leaders and executives, it is an essential educational tool. For transformational leaders, it brings focus to the right areas. And for folk on the journey towards business agility, it sets context for each step ahead of you.

WHAT IS BUSINESS AGILITY?

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 – in other words, 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.*

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.

KEY PRINCIPLES OF BUSINESS AGILITY

The Domains of Business Agility are built on 4 key principles that recognize the nuances and complexity in how organizations adopt and practice business agility.

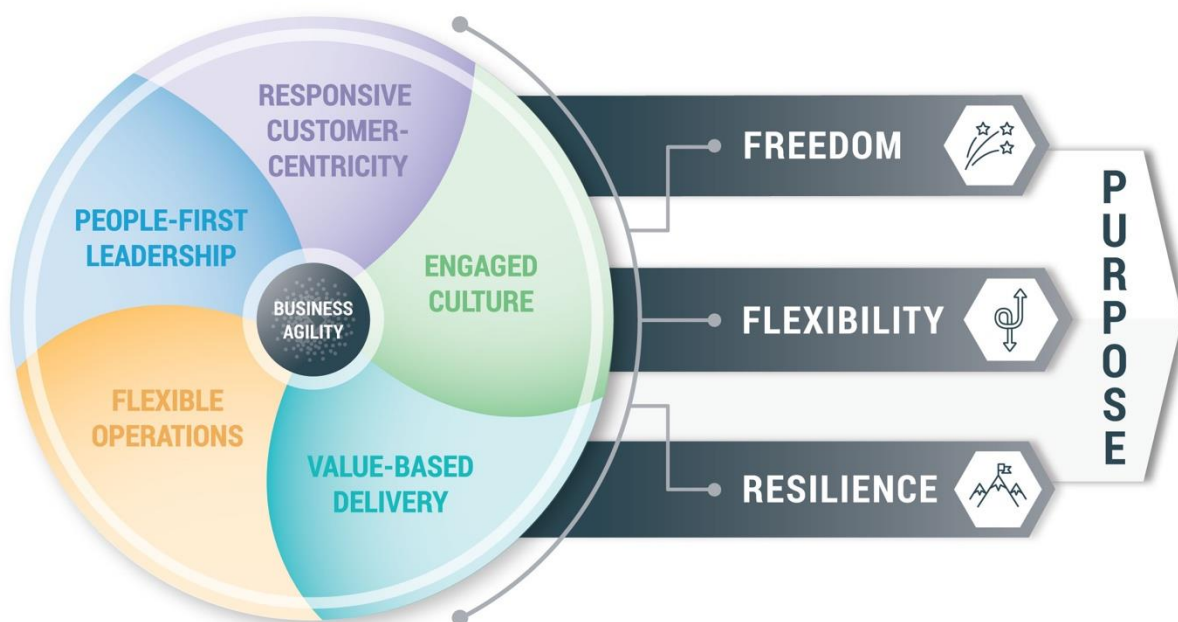


1. **Continuum. Not a State.** Business agility is a continuum, not a state. It's an ongoing journey where the question is not whether you have it, but rather how much you have (and is it enough).
2. **Range of Excellence.** Organizations express a range of business agility capabilities, both strong and emerging, at the same time in different areas of the business.
3. **1000's of Ways.** Business agility can be established in thousands of different ways, using different approaches, practices, frameworks, and operating models.
4. **Behavioral Change.** Business agility can only be expressed (and measured) through behaviors – if you act with agility, you have agility.

THE DOMAINS OF BUSINESS AGILITY

Introducing the **Domains of Business Agility**: a cultural operating model for your organization consisting of 5 primary domains spanning 18 emergent business capabilities. The combination of these domains and capabilities determines the current and continued effectiveness of your organization and are expressed through behaviors.

The capabilities and behaviors within each domain are equally important, necessary, and interrelated. You cannot realize business success in an unpredictable market until you develop business agility in each domain across all areas in your organization.



The purpose of this model is to show you the essential building blocks for agile organizations to strive towards.

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 or capabilities. Start thinking of business agility as the common thread. 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 anymore.

The model itself consists of 3 main components: Domains, Capabilities, and Behaviors. However, only the Domains and Capabilities are described in this summary overview. Refer to the full Domains of Business Agility for the complete behavioral model.

The key capabilities associated with each of the five domains of business agility are illustrated in the following diagram.



The Domains and Capabilities of Business Agility



RESPONSIVE CUSTOMER-CENTRICITY

As customers' needs and expectations shift and evolve, organizations must be responsive enough to stay relevant and resonant. When an organization centers its purpose on something greater than itself – the customer they serve every day – it is not only able to shift *with* its customers' needs, it is able to anticipate needs *ahead* of its customers themselves.

Customer-centricity is the foundation of business agility. Aiming leadership, strategies, systems, processes, and people toward serving your customers' ever-changing needs – in other words, putting them at the center of your universe – enables business agility to flourish in your organization.

FIERCELY CHAMPION THE CUSTOMER



Who are you fighting for? A core capability of business agility is making sure everyone has a clear understanding of who the organization's primary customer is – and is ready to fiercely champion them.

Identifying and caring about your customer means making it personal. It means enriching your understanding of their values, their needs, and their expectations by listening, learning, and engaging with them. When organizations deeply understand what motivates and excites their customer – as well as what they aspire toward and struggle with – they can envision a bold new future for their customers that will inspire and resonate.

SENSE & RESPOND PROACTIVELY



Companies can no longer afford to take a “wait and see” approach when it comes to imminent change. Technology, market, and customer trends appear rapidly, showing up as challenges or opportunities depending on your perspective.

Today, companies need to proactively scan for emerging patterns and sense trends that may add up to significant change – even disruption. This is not a job for a few corporate folks secluded in an ivory tower. Sensing change and noticing patterns is a job for many, at all organizational levels. It requires you to continuously cast a wide net in order to intuitively recognize shifts and make bold leaps.



INTEGRATE DIVERSE IDEAS



Bold new ideas are the first step toward innovation and disruption. The next big idea could come from anyone in your organization. This means that organizations must aggressively invest in the ability to *seek out* and openly *discuss* diverse ideas from anyone in the organization – especially those closest to the customer. There is always more than one way to think about something, and each person brings a perspective forged through their unique identity, culture, and experiences.

To truly embrace business agility, organizations must intentionally encourage diversity of thought. However, seeking out and discussing diverse ideas is not enough. Organizations need to have the ability to integrate new and emergent ideas into their experiments, strategies, roadmaps, and plans in a seamless way that is welcomed by teams and doesn't cause organizational chaos.



ENGAGED CULTURE

Engaged employees feel connected and committed to the purpose and work of your organization. When engagement grows deep roots, it becomes an integral part of an organization's culture. It simply becomes part of "how we do things around here." Active connection and commitment become central to the values, norms, and behaviors of the group.

Such an engaged culture is not simple to develop and sustain. It flourishes when leaders and employees share needed care, offer meaningful feedback, and take effective action to keep it alive. We need to constantly think about culture and how it engages and sustains people. This is how agility blossoms.

CULTIVATE A "LEARNING ORGANIZATION"



A "Learning Organization" is always in motion. It seeks new insights and knowledge – whether from outside or within – and uses that knowledge to improve itself. At an individual level, this is called a growth mindset: the recognition that your talents and abilities can be continuously improved. At the organizational level, it is about recognizing that there is always something to learn from ourselves, from others, from our customers, and from the world.

This relentless pursuit of continuous improvement requires individuals and organizations to be open to learning opportunities, both planned and unexpected. Planned learning can be as simple as taking the time to inspect what is happening now, or it can come from investing in formal experiments and prototypes to see what's possible. Unexpected learning emerges out of accidents, failure, and mistakes. In turn, this requires a willingness to accept and talk about failure.

ENGAGE TRANSPARENTLY & COURAGEOUSLY



In an empowered organization, transparency is a necessity, not a "nice to have." Information provides the context ("the why") that individuals and teams need to make the best possible decisions they can without having to go up and down the chain and slow down decision-making. In agile organizations, transparency is the default when it comes to information. Good and bad news should both be shared transparently and courageously. While there will always be some things that shouldn't be shared for legal or strategic reasons, organizations should insist on keeping restricted information to a minimum.



Because the move toward transparency is a bold one, leaders need to model courage to make it happen. Leaders must not only engage transparently and courageously, they must facilitate the flow of information in all directions: up, down, and – most importantly – across your organization.

EMBED PSYCHOLOGICAL SAFETY



Risk is inherent in business today. And because external risks fuel uncertainty, organizations need to be able to take swift, calculated action. They need to be able to invite bold ideas and empower people to move on them. In this environment, psychological safety for individuals and teams is paramount. It needs to be woven into the DNA of an organization and modeled by its leaders.

First defined by Amy Edmondson of Harvard, “psychological safety” is “a shared belief held by team members that the team is safe for interpersonal risk-taking.” In other words, it is safe to speak up, challenge ideas, ask questions, disagree, and make mistakes without fear of repercussions. In an environment where such actions are not only acceptable but *expected*, creativity and innovation thrive. Notably, it’s not effective if there’s just a *façade* of psychological safety. Actions need to match words – to ensure psychological safety, everyone needs to work consistently to nurture it, quickly identify when it breaks down, and take immediate, transparent action to repair it.

ACT AS ONE



An agile organization is one that is designed to collaborate. Operating with the mindset of a single aligned team focuses your organization so it can achieve shared goals that span teams, functions, and divisions. Rather than locally optimizing a part of your organization, it’s critical to take a bigger perspective that encompasses how the whole system operates. Acting as a seamless, unified front ensures that the customer enjoys the same positive experience – no matter who within the organization is serving them.

Rather than taking a monolithic approach (imagine a single huge aircraft carrier), an agile organization with an aligned mindset embraces the autonomy of a flotilla of small boats sailing in concert to reach their collective destination. The very construct of the organization – from its organizational structure and work processes to its market engagement and external partnerships – promotes a sense of the organization being one team.



VALUE-BASED DELIVERY

To create value for customers, organizations must deliver the right work, in the right way, at the right time. You need to be able to move at the speed of your customers. And as your customers' needs and expectations evolve, your organization needs to be willing to make hard decisions about where to focus its efforts.

However, focusing efforts appropriately is not enough if the systems that deliver value are ineffective. Organizations need to identify and remove constraints and bottlenecks. When value-delivery systems are optimized, organizations can focus more effectively and consistently delight their customers.

UNLEASH WORKFLOW CREATIVELY



How work flows through our organizations is every bit as important as the way blood flows through our bodies. When “build-ups” begin to slow and constrict the flow of work, organizations need to immediately and creatively remove these impediments – whether they are challenges in the human systems dynamics or in the processes and structures that shape the organization’s work. And significantly, the people who do the work should have a voice in how to create and modify – they often have the most creative ideas for how to liberate the workflow.

Truly agile organizations don’t optimize for efficiency. More often than not, doing so actually slows down the entire system. Business agility comes from optimizing the *workflow* from end to end. Because systems will always have constraints, the key is to focus on creatively resolving the most critical roadblocks – wherever they exist.

PRIORITIZE. PRIORITIZE. PRIORITIZE.



Just how many “top priorities” can an organization survive? Too much “top-priority” work is among the most crippling challenges faced by organizations. Truly critical work gets lost in the noise of everything else, and as new needs and ideas emerge, the noise only grows. This is how progress stagnates and dies.

Leadership needs to ruthlessly prioritize the work of the organization – over and over again. What is most important? How does it fit with your organization’s current vision, strategies, and goals to benefit customers? Is it consistent and aligned across your organization? Done well, prioritization enables an organization to express great creativity. It allows people to focus, eliminates the time wasted by revisiting competing priorities, and accelerates time to completion on what’s most important. This is what creates capacity for *tomorrow’s* top priority.



DELIVER VALUE SOONER



How quickly can a great idea move through your organization into the hands of your customers? The promise of agility is *more* value delivered *more* quickly – and the trick is seeing the whole picture. It's about how quickly a new idea can become part of your strategic plan and how quickly it can be funded, staffed, and launched. As ideas become reality, it's crucial for them to be able to move through various parts of your organization at lightning speed.

Success is not measured by when a great idea leaves your corner of the organization, but by when it arrives in the customer's hands. A crucial question is, therefore, how frequently your customer wants something new. A common misconception is that agility always works to decrease time to market. In reality, agile businesses are able to dance between immediate needs and longer-term needs. The goal is to deliver the right value at the right time for the customer.

SEIZE EMERGENT OPPORTUNITIES



An opportunity is just a great idea that gets acted on quickly and effectively. Truly agile organizations have the ability to perceive, anticipate, and act on transformative events and emerging change. Sometimes, when we realize that our customers have an unmet need, it's an opportunity to expand how we serve them. Other times, an unanticipated event like the coronavirus pandemic of the 2020s brings opportunities to shift and address a global need.

To fully seize an emergent opportunity, organizations need to continuously anticipate and lower the cost of change. They must be able to see it and recognize it for what it is. They also need to evaluate the opportunity in the context of their current portfolio of products and services to assess whether it's worth the investment. How critical is this opportunity for your customers, your business, the world? And finally, organizations need to be able to act on the opportunity at hand – potentially pivoting from current commitments to act fast before the opportunity becomes less attractive. When organizations cultivate business agility, they are able to assess and act on emergent opportunities without simply jumping on each opportunity that arises.



FLEXIBLE OPERATIONS

Organizations are complex, adaptive systems. The dynamic interactions between each element of an organization adds exponential complexity – and unpredictability. Yet, for some reason, business operations are often run on the assumption that organizations behave in simple and predictable ways. This misalignment has profound and measurable consequences on an organization's effectiveness.

Organizations need to invest in creating flexible business operations – from strategy and funding models to operational governance and the very structure of the organization itself. Organizations with flexible operations are better positioned to meet evolving needs and seize emergent opportunities.

ADAPT STRATEGIES SEAMLESSLY



Nowadays, strategic planning must be an ongoing and evolving process that is fast to change in response to dynamic conditions. While we need to look forward, gone are the days of the 3-year – or even 1-year – plan written in stone. To thrive, the speed of your company's strategy must be one step beyond the pace of the market and adaptable enough to stay ahead of its customers. Significantly, this means that the strategic planning process can't take too long or be too expensive. The goal is to establish adaptable strategies that can carry you forward – even when circumstances and priorities change.

New possibilities and challenges can come from any direction. Having strategies that enable your organization to pivot dynamically is therefore a key component of business agility. When your organization is prepared to adapt its strategies quickly and effectively, it will be better able to embrace change, tap into emergent opportunities, and meet the needs of the future.

FUND WORK DYNAMICALLY



Metaphorically, money is the blood pumping through an organization. That means that *funding* – the ability to circulate money where it's needed – is your organization's beating heart. Agile organizations are those that can dynamically shift funds, without restriction, from areas of less value to areas of greater potential value. They are able to respond dynamically to changing circumstances and emergent possibilities by moving organizational funds to where they can make the most impact.



Funding work dynamically can reveal breakthrough opportunities. In most organizations, this means changing the ways funds are allocated — from funding projects and departments that follow a set budgetary cycle to funding business outcomes strategically and on an “as-needed” basis. The potential benefits in innovation, growth, and customer value are truly massive.

(RE)ORGANIZE STRUCTURES FLUIDLY



Responsive team structures are a hallmark of business agility. To embrace new opportunities with ease and without disruption, you must be able to dynamically and responsively restructure parts (or all) of your organization. This means that teams and people must be able to move where they are needed most without becoming mired in overly complex change management.

Change is everywhere. Customers, competitors, markets, and environments are all constantly in motion. The result is that the pressure to change constantly builds up. Yet the fear of the unknown, change, and volatility can all keep organizations from making frequent, small, and necessary changes. And the cost is high. When they resist change until they no longer can, organizations often wind up facing enormous change efforts that waste time and creativity.

BALANCE GOVERNANCE AND RISK



Balancing governance and risk is among the most challenging yet important business agility capabilities organizations need to strive toward. It means giving people the greatest possible autonomy to serve customers without putting the organization at excessive risk or causing negative repercussions — and it often means challenging your own assumptions about what’s possible. Are you layering mandates? Are you building systems for the lowest common violator? Are you spending \$5 to save \$1? Are you creating unnecessary delays and bottlenecks? Are people working around the system to get work done?

Good systems help people get things done faster. Organizations should take care of themselves by establishing policies and systems for auditing, governing, and pricing. But these systems must not by default interfere with or block customer relationships or the empowerment of teams. If they do, you have taken them too far. Cultivating business agility means removing the obstacles that prevent your organization from giving customers what they need instead of overly focusing on what employees are (or are not) permitted to do.



PEOPLE-FIRST LEADERSHIP

The most compelling competitive advantage a company has is its people and the culture they create together. People-first leadership recognizes that the leader's job is to do what it takes for people to succeed, thrive, and delight the customer. The idea of having leadership "put people first" is not limited to an organization's employees, however. It also includes cultivating a "people-first" culture in relation to contractors, external partners, collaborators, and alliances.

People-first leadership begins with the intentional development of trust and respect for everyone in the organization. It's about sharing information, communicating transparently, and distributing power and responsibility. It's less about what you *know* as a leader and more about how you create an environment to empower *others* to do the best work of their lives.

FOSTER AUTHENTIC RELATIONSHIPS



Too many leaders (and systems) treat customers, colleagues, and employees transactionally. When relationships are devoid of authentic connection and genuine care and concern, we lose opportunities to unlock tremendous business and human potential. Authentic relationships are not built by artificial harmony or shallow interactions, but through honest, respectful discussions and debates. This starts with genuine interest, curiosity, and vulnerability – and leads to shared trust and a sense of belonging.

In addition to leading by example and investing in deep connections themselves, leaders need to create environments where investing in authentic relationships is encouraged for all and viewed as essential to the success of the business – not an option for people to engage in when they want. When invested in, authentic relationships maximize impact because they allow people to cut through the nonsense and politics to do the right thing for the customer.

EMPOWER WITH ACCOUNTABILITY



To drive timely decision-making and adaptability, individuals who are closest to the customer need to be empowered. Where leadership sees the big picture, customer-facing employees can often see critical details more clearly. They understand what is needed, and, when empowered, can make a powerful impact at the customer and organizational level.



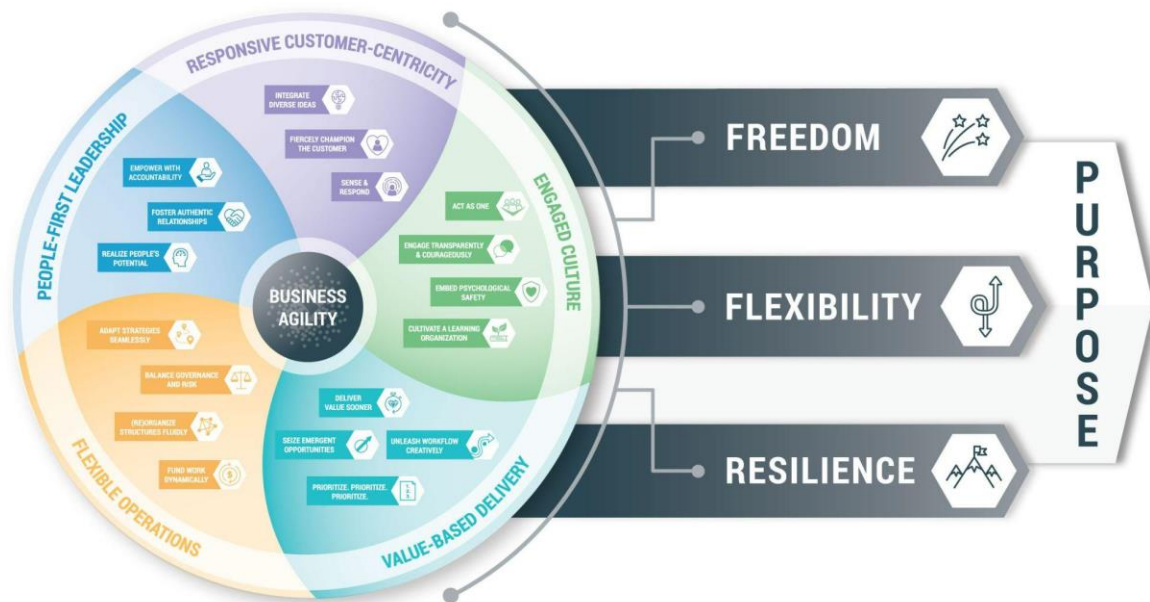
Empowerment allows individuals to contribute meaningfully through the mindsets of growth and ownership. However, empowerment without accountability is laissez-faire. And accountability without empowerment is just command and control. *Empowerment with accountability* requires balancing the two in order to become truly agile within your organization.

REALIZE PEOPLE'S POTENTIAL



People are the lifeblood of an organization. It's their talents, skills, and ideas that enable success. Therefore, how organizations attract, develop, retain, and manage people is vital. Realizing potential in people is a partnership: leaders must recognize latent potential, foster environments to support development, and offer opportunities for growth; ultimately, however, the responsibility for pursuing and realizing potential belongs to people themselves.

Leaders need to be clear about what is needed for each role in the organization, ensuring that everyone has what they need to succeed and develop. This means taking a systems perspective. What complementary behaviors, skills, and experiences would support the work right now? Would someone benefit from a lateral move within the organization, rather than continued development where they are? What skills and experiences will be needed down the road? Without an ongoing commitment to realizing people's potential, work becomes transactional – and genuinely customer-centered innovation becomes impossible.



For more information on the behaviors that contribute to the Domains of Business Agility, visit BusinessAgility.Institute/domains/overview.

To understand how your organization measures against the domains, capabilities, and behaviors, visit businessagilityprofile.com

ACKNOWLEDGEMENTS

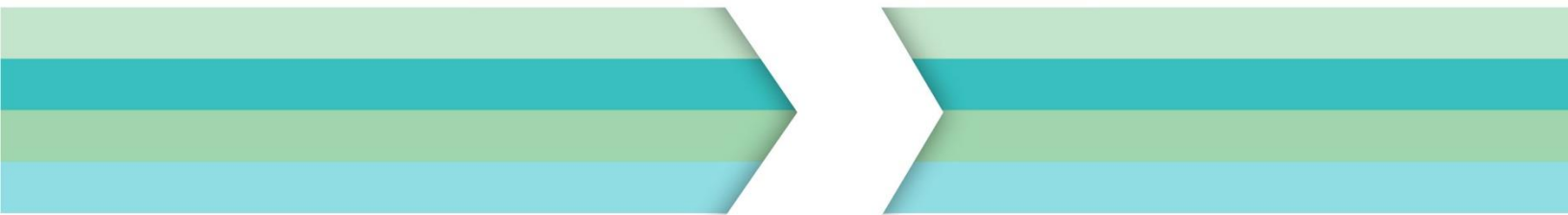
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