The Business Agility Report

The
Business Agility

7th Edition - 2024

Towards Human-Centric Organizations

BUSINESS **AGILITY** INSTITUTE

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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 2,000 individuals and organizations have shared their experiences and insights.

These insights provide your organization with the cutting-edge resources and knowledge to succeed on your business agility journey. *No matter what the future brings.*
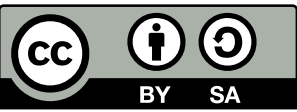
Preface
Stepping Up with Resilience

Welcome to the 7th edition of the Business Agility Report!

Today's business landscape is tougher than ever. Inflation, staffing concerns, and the accelerating pace of change put intense pressure on organizations. Leaders must make tough decisions about where to invest their limited time and resources—whether in emerging technologies like artificial intelligence or other transformation efforts.

Despite these obstacles, this year's Business Agility Report offers encouraging insights. After a dip in 2023, when many companies cut costs and slowed innovation, we're seeing a sharp recovery in 2024. While each organization is at a different stage, globally, business agility maturity is at its highest level since we began tracking in 2018. This rebound hopefully shows that organizations are learning from recent challenges and building the resilience needed to thrive no matter what the future brings.

One key trend in 2024 is the renewed focus on customer-centric, human-centered operations. Top-performing companies are making agility a core business practice, not just a one-time transformation project. More organizations are also improving their entire business, rather than focusing on a single division or department. This report captures the observations and experiences from 363 respondents across 300 organizations and offers valuable insights into their progress and challenges. For me, one standout finding is the 35% average improvement in organizations' ability to prioritize—a critical skill in today's demanding environment, where time and resources are limited.

Looking ahead to 2025, the trend towards improving business agility is promising. Over the months of data collection for the 2024 report — things got better and better. In other words — organizations responding later in the year report higher agility than those who responded earlier. Showing that the ability to adapt and improve is becoming a natural way of doing business.

In a world where change is the only constant, businesses that step up with resilience are positioning themselves to succeed—no matter what the future holds.

Laura Powers

—

Laura Powers,

CEO, Business Agility Institute

Laura is CEO of the Business Agility Institute - a research and advocacy organization on a mission to bring modern, human-centric ways of working to the business world.

Over the course of her career, she's held a number of engineering and leadership positions & is living proof that you never quite know where your next career move may take you. She has been involved in the design of electronics for space applications, aircraft engines, diapers, electric cars, and software systems at Hewlett Packard, Agilent, Sales.com, and eBay.

At BAI, she masterminds a series of never-ending experiments to run and build the Institute using the same modern, human-centric ways of working that we research, advocate, and share with the business agility community.

Business Agility Index

In The Midst of Ongoing Crises, Focus Returns to the Business Fundamentals of Customer-Centricity and Creating Value

Human-Centric Capabilities are Crucial in an Uncertain Economy

While companies may be investing less in large transformational activities and hiring fewer specialists, the 2024 Business Agility Report reveals a striking increase in fundamental business agility capabilities. This increase is driven by a collective shift towards more dynamic, customer-centric, and responsive operations, with a strong focus on resilience and adaptability.

This year's findings underscore the crucial role of agility in navigating uncertainty and seizing new opportunities in an ever-changing landscape. Organizations that embrace business agility are reaping tangible benefits, with most reporting improved operational productivity, customer satisfaction, as well as commercial and financial outcomes.
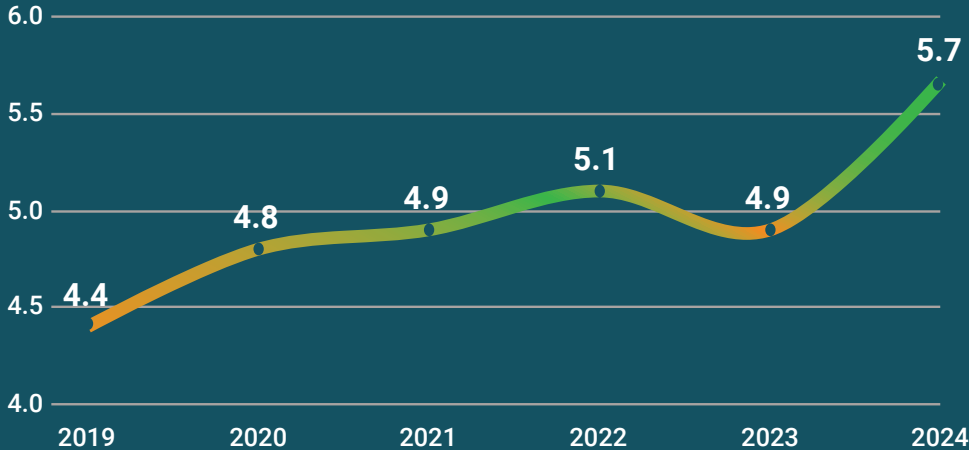
5.7

Average Business Agility Maturity Rating (out of 10)

2024 Returns to Trend

From 2018 until 2022, we saw a steady rise in business agility maturity. This period was marked by the growing adoption of collaborative, customer-centric, and human-centered practices. However, as the global economy weakened in 2023, some companies turned inward, cutting costs, deprioritizing innovation, and focusing on perceived 'safe' bets. This led to a decline in business agility, with some capabilities, like 'Act as One', dropping by almost 17% from 2022.

In 2024, the trend has sharply rebounded. The overall rating has surged to 5.7, the highest level of maturity ever recorded in the index. This marks a strong recovery from 2023 and reflects the lessons learned during the challenges of the past year. Hopefully, this upward shift indicates that the setback in 2023 was an anomaly, and the long-term trend of increasing business agility will continue and position organizations for continued success in an unpredictable future.

Line chart showing Average Business Agility Maturity Rating from 2019 to 2024: 2019 = 4.4, 2020 = 4.8, 2021 = 4.9, 2022 = 5.1, 2023 = 4.9, 2024 = 5.7

Key Findings

This year, 363 individuals and 300 companies from across the world provided valuable insights into the state of business agility in their organizations. With higher levels of participation than in previous years, this report offers a comprehensive view of the trends shaping business agility in 2024.

The results show that most business capabilities are up. Cultural capabilities have seen the most significant growth, particularly in areas such as Act as One (up 28%) and Engage Transparently & Courageously (up 23%). Surging ahead, the ability to Prioritize. Prioritize. Prioritize has seen a 35% improvement from 2023, signaling the growing need for organizations to concentrate on their most critical initiatives in an increasingly demanding business environment.

Responses indicate that these increases are driven by two key shifts. The first is a renewed focus on resilience and adaptability in response to the economic challenges of the past few years. Second, business agility is no longer buried within product- and software-oriented Agile transformations.

2024 reflects a move toward customer-centric operations, alongside creating supportive, transparent environments where employees can thrive. This is especially true for top-performing organizations, which consistently report higher business and financial outcomes, higher customer satisfaction, and productivity improvements.

Commercial Outcomes   Customer Satisfaction   Productivity

Organizations seeking to improve their practices can learn from what this report's highest rating respondents have in common. They tend to have a formal business agility change program led by their Board of Directors, change multiple business units at once, usually along customer value streams, and score highly in the 3 key predictive indicators of business agility.

This report provides insights to help organizations improve their business capabilities and thrive in uncertainty.

Success Leaves Clues:
Key Predictive Indicators of Business Agility

Organizations that report high business agility maturity, as well as the highest business benefits, tend to report higher ratings in three key areas—the top predictive indicators of business agility.

Fund Work Dynamically
Organizations need to be able to dynamically shift funds, without restriction, from areas of less value to areas of greater potential value.

Integrate Diverse Ideas*
Organizations intentionally seek out and integrate ideas from a diverse range of sources into their experiments, strategies, roadmaps, and plans in a seamless way that is welcomed by teams and doesn't cause organizational chaos.

Empower with Accountability
Empowerment without accountability is laissez-faire. And accountability without empowerment is just command and control. Empowerment with accountability balances the two and creates truly high-performing organizations.

* These are the top predictive indicators for 2024. When using all data from the last 7 years, Fund Work Dynamically and Empower with Accountability remain in the top predictive indicators; however Balance Governance & Risk replaces Integrate Diverse Ideas.

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.

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 is not whether you have it, but rather how much 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.** You can establish business agility in thousands of different ways, using different approaches, practices, frameworks, and operating models.

4. **Business agility can only be expressed and measured through behaviors** – if you act with agility, you have agility.

Agile Teams

Select product and 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 of IT

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

Business Agility

Organization-spanning behaviors, capabilities, and ways-of-working that enable end-to-end, and human-cetric creation of customer value.

Ecosystem Agility

Collaborative and seamless relationships between multiple organizations and businesses to achieve common goals.

While many organizations begin their journey towards business agility from an Agile transformation of their product or technology function, business agility is much more than just Agile Outside IT. This report explores the global trends of these journeys. To Learn More About Business Agility and the Domains of Business Agility, visit: https://ba.institute/domains.

Domains & Capabilities of Business Agility

The Top-Rated Capabilities Reflect a Shift Toward Customer-Centric Operations and Creating Environments Where Employees Can Thrive

2024 sees a measurable improvement in all 18 business agility capabilities within the five Domains of Business Agility. Each of these capabilities describe a critical area of focus that empowers organizations to reliably achieve better outcomes in the face of constant change.

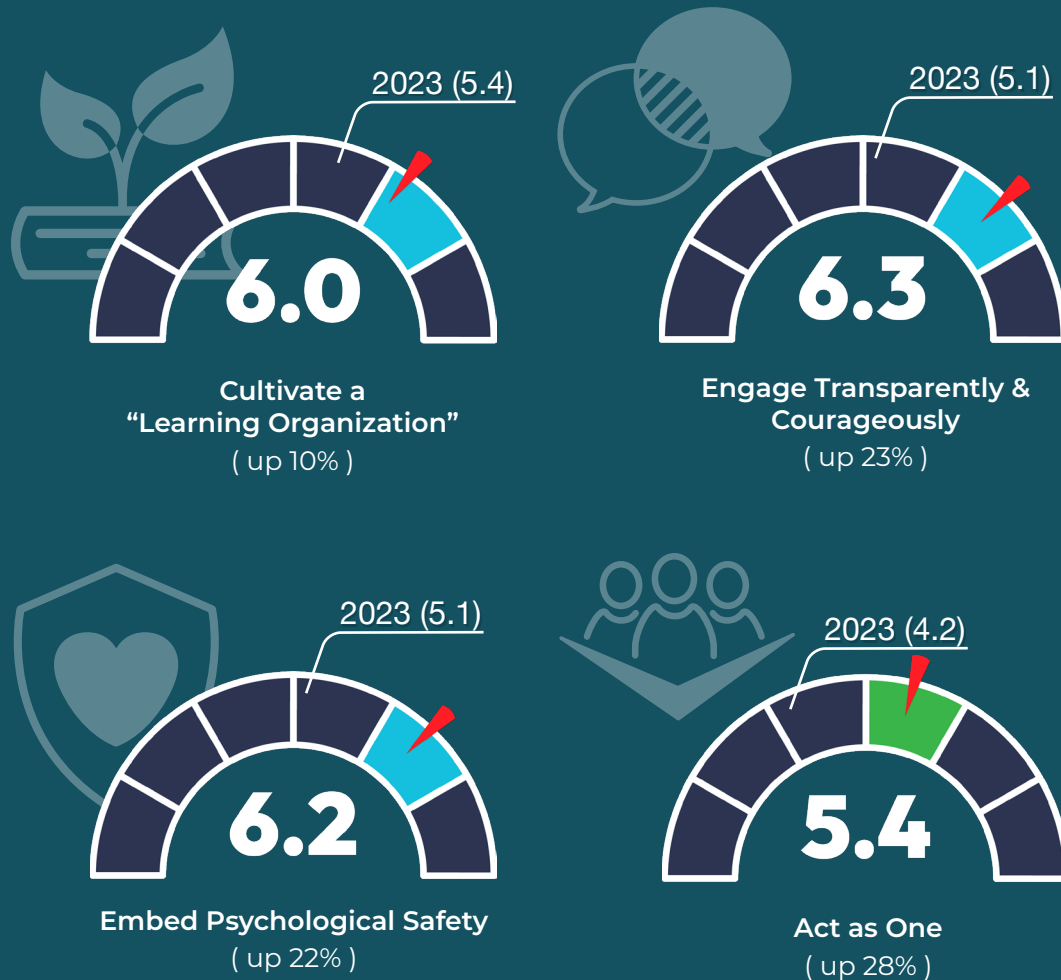Defined and measured by a comprehensive model of human behaviors, each represents a key aspect of an organization's competitive advantage. In 2024, capabilities with an explicit focus on customer, people, or culture saw greater growth than those centered on operations or leadership.

Engaged Culture

- **6.0** Cultivate a Learning Organization
- **6.3** Engage Transparently & Courageously
- **6.2** Embed Psychological Safety
- **5.4** Act as One

Responsive Customer-Centricity

- **6.6** Fiercely Champion the Customer
- **5.5** Sense & Respond Proactively
- **5.7** Integrate Diverse Ideas

People-First Leadership

- **5.8** Foster Authentic Relationships
- **5.4** Empower with Accountability
- **5.9** Realize People's Potential

Flexible Operations

- **5.5** Adapt Strategies Seamlessly
- **4.9** Fund Work Dynamically
- **5.5** (Re)organize Structures Fluidly
- **5.4** Balance Governance & Risk

Value-Based Delivery

- **5.1** Unleash Workflow Creatively
- **6.0** Prioritize. Prioritize. Prioritize.
- **5.5** Deliver Value Sooner
- **5.6** Seize Emergent Opportunities

https://ba.institute/domains

The degree of business agility is scored on a range from 1 to 10. However, throughout this report, we display a limited range (usually between 2.5 and 7.5) for visual clarity.

Engaged Culture

Organizations are Getting Better at Creating Engaging and Psychologically Safe Environments, but Collaboration Continues to Lag

2023 (5.4)

6.0

Cultivate a "Learning Organization"
(up 10%)

2023 (5.1)

6.3

Engage Transparently & Courageously
(up 23%)

2023 (5.1)

6.2

Embed Psychological Safety
(up 22%)

2023 (4.2)

5.4

Act as One
(up 28%)

Key Findings

While the global trend for all capabilities sees a significant increase over 2023 scores, the ability to Act as One and collaborate across the organization stands out. In 2023, Act as One saw the largest single year-over-year decrease—caused by overall market stress and cost-reduction activities in participating organizations. Not only are 2024 scores bouncing back (28% over the 2023 score), they are also up 6% from 2022 and 13% since the first Business Agility Report.

Benefits over Time

The abilities to Engage Transparently & Courageously and Embed Psychological Safety begin to emerge within a year of investing in business agility. As a foundational set of behaviors, this enables everything from high-employee engagement to greater innovation and experimentation.

In contrast, the ability to Act as One can take as many as 3-5 years. Combined with the stark difference in score, this shows that organizations need a more deliberate and proactive approach to bring this capability in line with the other cultural capabilities.
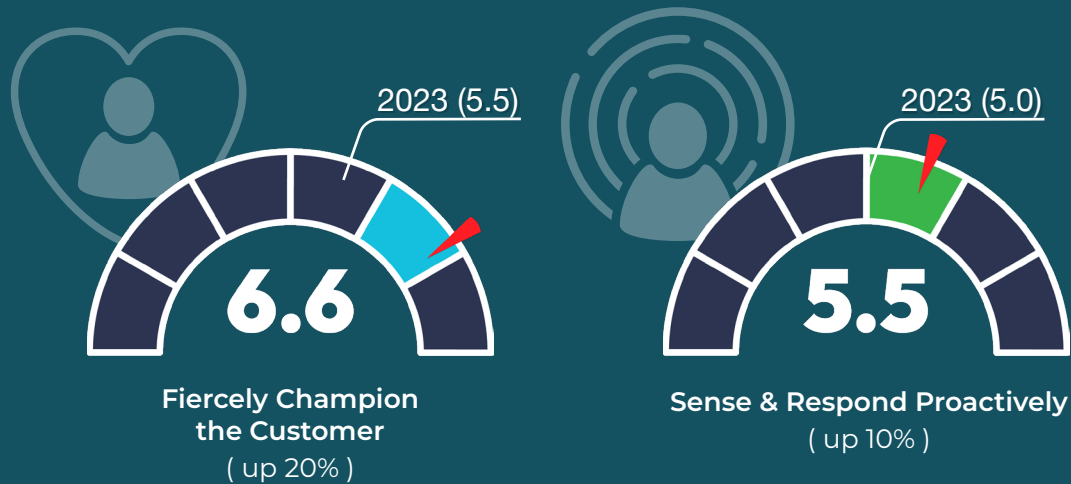
Challenges in Retail and Financial Services

Both Retail and Financial Services firms rate very poorly in many of the Engaged Culture capabilities. In the case of Retail, their ability to Embed Psychological Safety comes in at 4.9 (22% under the global average), while the ability to Act as One is the largest challenge for Financial Services (21% under the global average). Amongst other drivers, given the ongoing economic uncertainty, this may reflect a level of unease around job security. However, both industries also rate poorly in leadership capabilities which will continue to act as a drag on cultural behaviors even as the current economic uncertainty changes.

Responsive Customer-Centricity

Organizations Recognize the Importance of Fiercely Championing the Customer

2023 (5.5)

6.6

**Fiercely Champion
the Customer**
(up 20%)

2023 (5.0)

5.5

Sense & Respond Proactively
(up 10%)

2023 (4.7)

5.7

Integrate Diverse Ideas
(up 19%)

Key Findings

While the capabilities to Fiercely Champion the Customer and Integrate Diverse Ideas have seen 20-25% improvements since 2019, the ability to Sense & Respond Proactively has only seen marginal improvements (3%) in that same time. This likely stems from the more systemic efforts involved in building responsive systems and the organizational inertia that prioritizes reactive over proactive behavior.

As organizations mature, they shift toward investing in proactively sensing opportunities to better serve their customers and developing practices to respond to these opportunities. However, the current environment continues to favor short-term, customer-centric goals.

Not All Industries Are the Same

There is significant industry variation across each of these capabilities. On average, companies in the education sector tend to rate substantially worse, while healthcare organizations rate significantly higher.
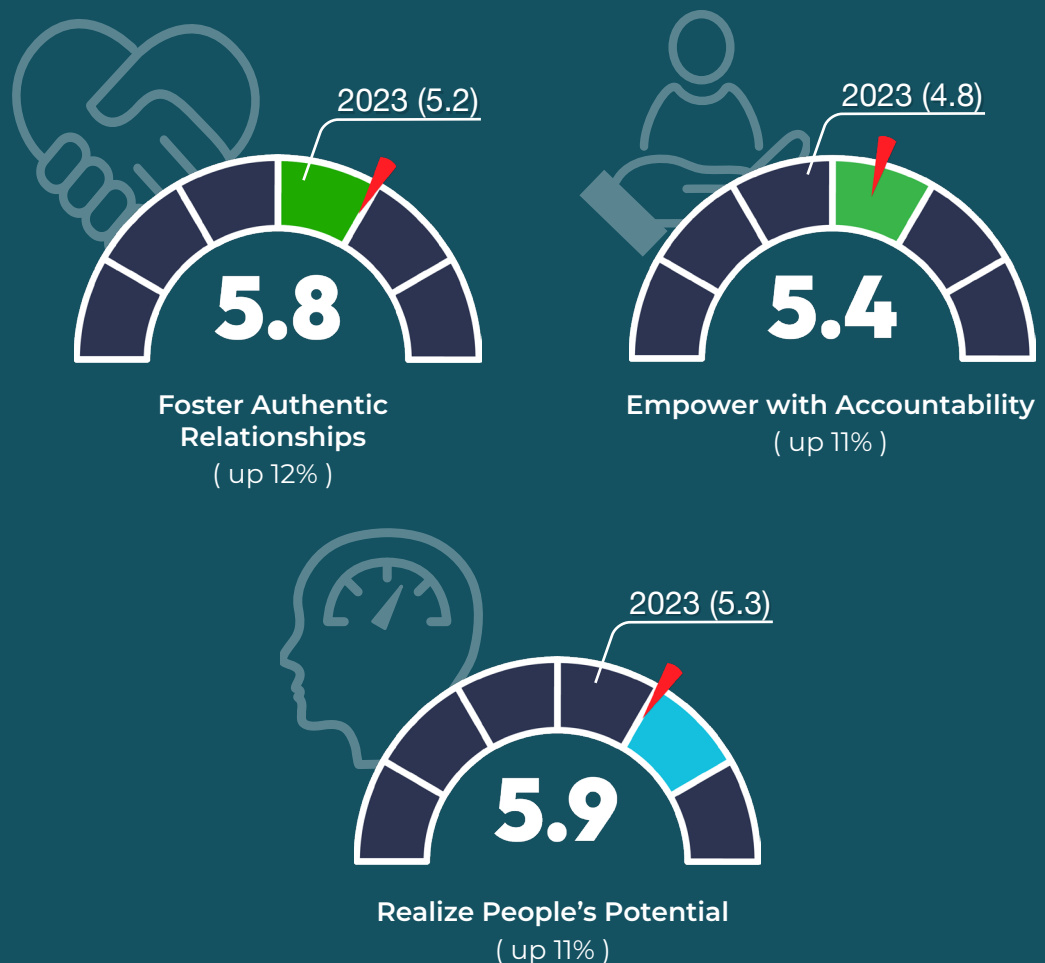
Large Organizations Can Be Customer-Centric

While very large organizations (those above 15,000 people) tend to be bureaucratic and struggle to realize the benefits of business agility, they usually rate highly at Fiercely Champion the Customer. And, in many cases, large organizations actually outperform smaller organizations.

> "[We have] nurtured an environment that is not so hierarchical, enabling more autonomy and faster decision making and truly having the customer at heart."

People-First Leadership

Despite Their Importance, Leadership Capabilities See the Slowest Improvement

2023 (5.2)

5.8

Foster Authentic Relationships
(up 12%)

2023 (4.8)

5.4

Empower with Accountability
(up 11%)

2023 (5.3)

5.9

Realize People's Potential
(up 11%)

Key Findings

While still improving over 2023 scores, People-First Leadership capabilities have the smallest growth compared to other domains. This highlights the inherent challenges in changing and sustaining human-centric leadership behaviors and practices.

The Link Between CEO Approval and Leadership Behaviors

Perhaps not surprising, there is a clear relationship between People-First Leadership capabilities and how employees perceive and "approve of" their organization's CEO*. There is a 15-25% difference in CEO Approval ratings between organizations rating Foster Authentic Relationships and Realize People's Potential high vs low.

Empowerment Takes Time

The ability to Empower with Accountability is one of the slowest to establish across organizations. Needing a combination of factors to take hold, most leadership behaviors establish at about 3 years, but often take over 8 years to become mature.
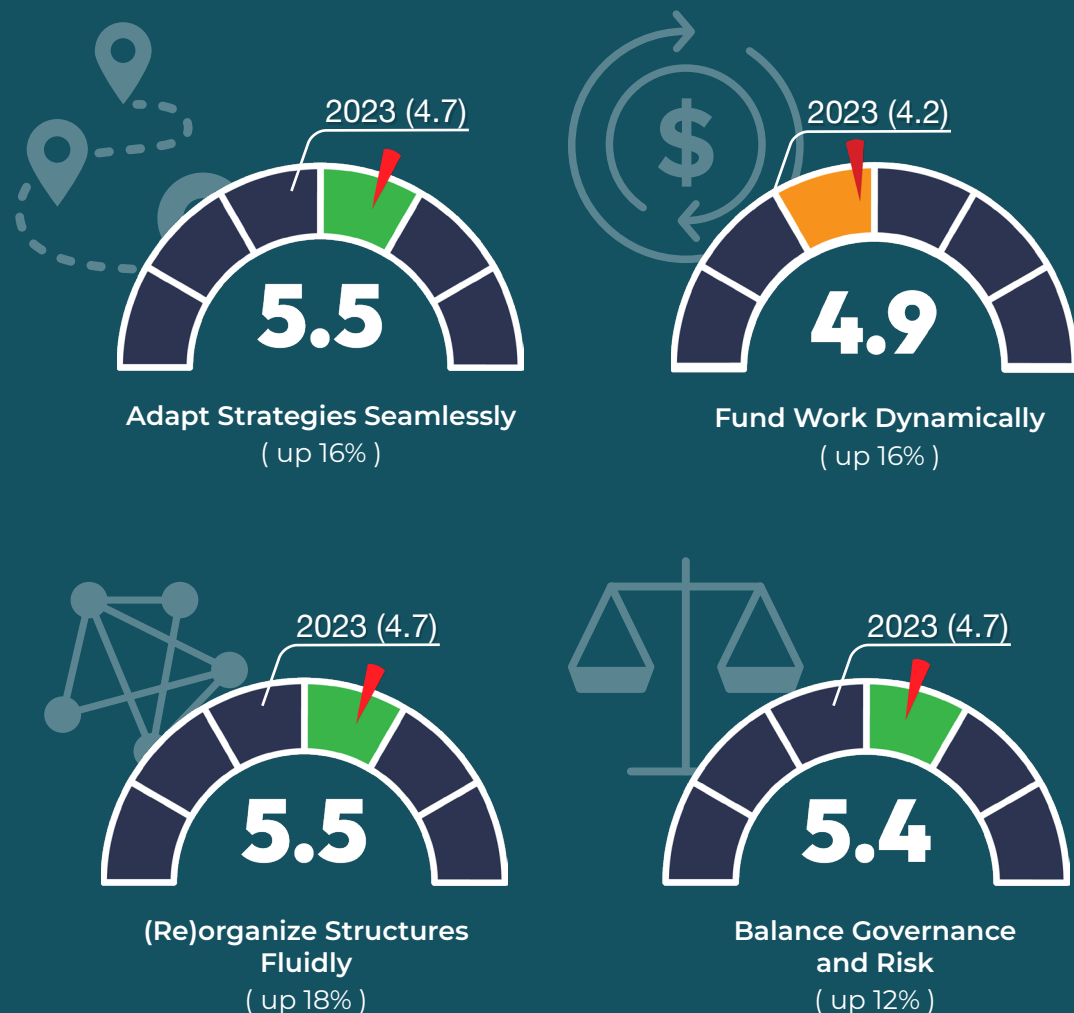
Those that score well tend to develop well-codified systems for decision-making or are in a lower-risk environments. In contrast, many other organizations report that decisions still need to be "run all the way up the chain" or, inversely, have swung too far into empowerment without creating an environment of accountability.

Either way, these are red flags, as Empower with Accountability is one of the key predictive indicators for business agility and drives most other behaviors.

* Approval of CEO data sourced from Glassdoor.

Flexible Operations

Organizations Strong in Flexible Operations See Greater Capabilities Across the Other Domains

2023 (4.7)

5.5
Adapt Strategies Seamlessly
(up 16%)

2023 (4.2)

4.9
Fund Work Dynamically
(up 16%)

2023 (4.7)

5.5
(Re)organize Structures Fluidly
(up 18%)

2023 (4.7)

5.4
**Balance Governance and Risk**
(up 12%)

Key Findings

While broadly up compared to 2023, most organizations report having complex processes and procedures—disproportionate to the real level of risk. This hinders the effectiveness of organizations, challenges the sustainability of human-centric ways of working, and incurs significant costs in bureaucratic overhead and waste.

Only 29% of Organizations Report That Their Operational Governance Policies and Procedures Support Business Agility

These organizations enable decision-making at the lowest responsible level with minimal approval gates (or handoffs) between business areas. These are most often organizations who have been investing in business agility for more than 8 years or who are transforming their entire company.

Companies in regulated industries (such as Government Agencies, Telecommunications, Utilities, and Financial Services) generally rate lower in Flexible Operations. The exception is Healthcare, which rates significantly higher and shows that it's possible to have more flexible operations in a regulated industry.

**29%** Agree

30% Neither

41% Disagree
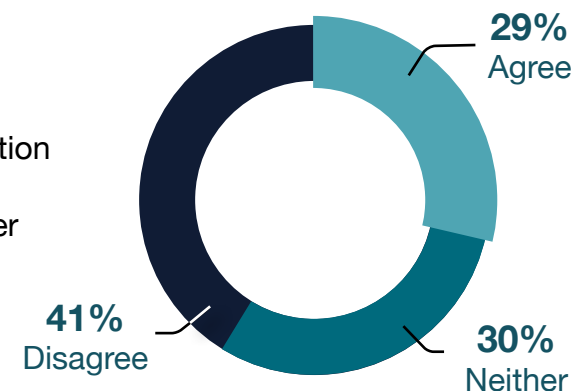
Our governance policies & procedures promote and support business agility behaviors and enable decision-making at the lowest responsible level with minimal approval gates (or handoffs).
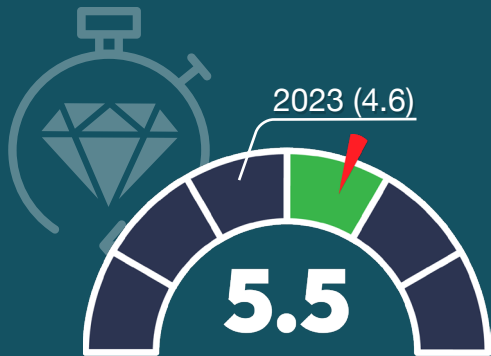
Value-Based Delivery

While Prioritization is Strong, Organizations Struggle to Streamline Workflows and Seize Opportunities Quickly Enough.

2023 (4.7)

5.1
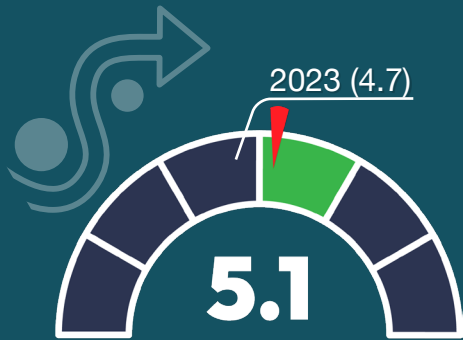
Unleashing Workflow Creatively
(up 9%)

2023 (4.5)

6.0
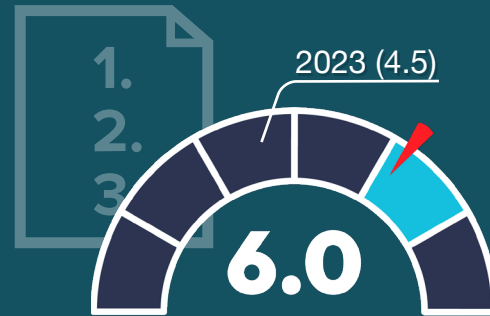
Prioritize. Prioritize. Prioritize.
(up 35%)

2023 (4.6)

5.5

Deliver Value Sooner
(up 20%)

2023 (4.6)

5.6

Seizing Emergent Opportunities
(up 22%)

Key Findings

The breakout star in 2024 is the ability to Prioritize. Prioritize. Prioritize. With a 35% improvement over 2023 scores. However, other capabilities still have room for improvement; in particular Unleash Workflow Creatively and Deliver Value Sooner. Highly rated organizations tend to excel in these areas, but others need to focus on streamlining processes and enhancing agility to keep pace with market demands.

Geographic Distinctions

When comparing different regions, organizations in Asia are generally better at all the capabilities with Value-Based Delivery, but especially Unleash Workflow Creatively—rating 21% higher on average.

Creating High-Performing Delivery Teams Requires a Broad Perspective

Organizations who are running formal business agility transformations in a single line of business rate substantially lower than those transforming multiple business areas—especially within the Value-Based Delivery domain. This reflects the interconnected and complex nature of product delivery within modern organizations.

"[With business agility, we are seeing] much faster delivery speed, increased transparency on what people are working on, and greater alignment between the work being done and the priorities set by leaders."

Impact Over Time

In the Last 6-years, Most Organizations Have Gotten Better at Business Agility

Decreasing
Business Agility

17%
Worse

Business Agility Improvement

34%
Better

Increasing
Business Agility

Between 2018 and 2024, 79 companies have responded 3 or more times. In this cohort, there is a strong trend towards increasing business agility over time.

- 62% reported an increase in business agility with an average improvement of 34%.

- 25% reported marginal or no change in score.

- Only 13% report reduced levels of business agility—17% worse on average.

- On average, companies take a little over 2 years (2.2) to increase their business agility ratings by 10%.

Three years of focus on business agility is needed (on average) to deliver significant business benefits.

61% of respondents have been on the journey for more than three years.

23% of respondents have been on the journey for more than eight years.

3 years

8 years

Benefits Seen in 1, 3, and 8 Years

Organizations need to start proving a return from their investment in business agility as soon as possible or risk losing executive sponsorship.

Organizations report that they start to see measurable benefits from business agility within the first year. Mostly in the Responsive Customer-Centricity domain.

The next measurable benefits occur, on average, after year three. At this point, the benefits from an Engaged Culture are most prominent. In previous years, these benefits were seen as early as year two.

For those organizations looking to the future, significant and sustainable improvements are seen after 8 years. On average, improvements in Flexible Operations only appear at this point.

The Business Agility Institute would like to highlight that we receive many comments and concerns about this fact. And it's true that 8 years seems like a long time if you think of developing business agility capabilities as a transformation. However, by this point, organizations should have instilled a culture of continuous improvement and the milestones above are steps along the journey.

The Bottom Line

Human-Centric Organizations Create Financial Value

The Relationship Between Business Agility and Business Results

Every year, respondents to the Business Agility Report survey share insights into the impacts and benefits that business agility has on their organization. And each year, employee engagement and business results are two of the most common. So, this year we have gone deeper into these topics to see if we can further confirm these reported benefits.

Using data from a wide range of sources, including the Business Agility Report survey, public records and company annual reports, and external data sources (such as Glassdoor), we found a clear and direct relationship* between business agility and common business measures such as revenue and employee engagement.

There is a Direct Relationship* Between Business Agility and Company Revenue

Across all sampled organizations**, regardless of their levels of business agility, average revenue per employee*** went up 25% year-over-year between 2018 and 2024.

From this general baseline, we split the sampled organizations into two groups based on the trend of their business agility scores over that same period: those with increasing levels of business agility (73% of organizations) and those who saw decreases (27%).

> *"We have sustainable growth and accelerated delivery of differentiated outcomes in teams with more mature business agility practices. We have also observed an exceptional improvement of customer experience, recognized by the market and confirmed with our metrics."*

*Please note there is a difference between correlation and causation. What we are saying is that there is a direct trend between revenue and business agility ratings. On average, they go up (or down) together. Given the nearly infinite number of variables, it is impossible to state how much direct impact that business agility has on revenue.

**123 organizations were sampled in total. These are all the organizations from the Business Agility Report survey with publicly accessible revenue data, e.g. annual reports from publicly listed companies.

*** Given the wide range of company sizes and operating regions, we chose revenue per employee as a more appropriate measure than total company revenue.

Organizations with Increasing Business Agility Experience a Higher Revenue Growth Rate

Revenue Growth

up 8%

up 25%

up 31%

Decreasing Business Agility

Across All Organizations

Increasing Business Agility
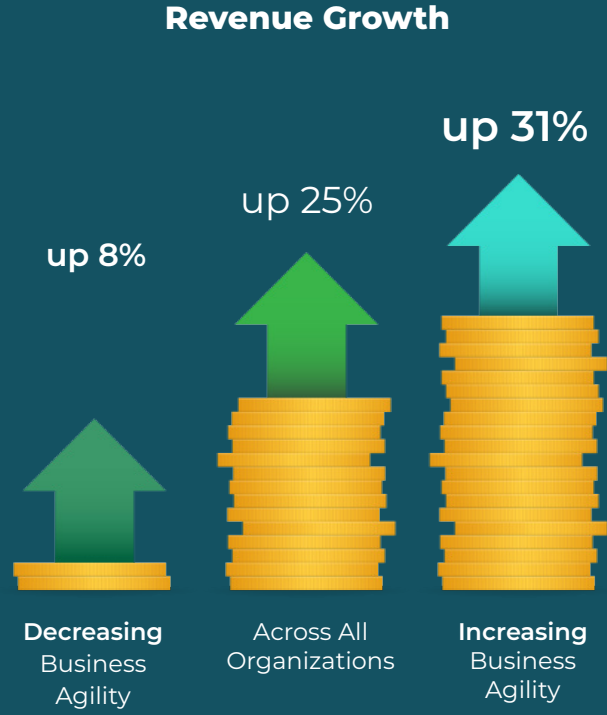
Organizations that increased their business agility maturity saw revenue per employee increase by 31% year-over-year (on average).

While those organizations whose maturity in business agility decreased over that period, saw a much smaller 8% year-over-year (on average) increase in revenue per employee.

Creating an Engaged Workforce

There is a Direct Relationship* Between Business Agility and Employee Engagement

Similar to revenue, there is a direct relationship between changes in business agility and employee engagement scores or proxy scores (such as Glassdoor ratings).

Across all sampled organizations**, regardless of their levels of business agility, the percentage of people who would "Recommend this Organization to a Friend" went up an average of 6% year-over-year from 2018. For those same organizations, Glassdoor scores went up 3%.

When incorporating business agility trends over that same period, organizations who increased their business agility maturity saw the percentage of people who would "Recommend this Organization to a Friend" increase by 10% year-over-year (on average), while Glassdoor scores increased by 5%. Another way to look at this is that for every point improvement in business agility maturity, the percentage of people who would "Recommend this Organization to a Friend" increased by 7%.

On the other hand, organizations whose maturity in business agility decreased over that period, saw a 4% year-over-year (on average) reduction in the percentage of people who would "Recommend this Organization to a Friend" and a 2% year-over-year (on average) reduction in Glassdoor scores.

"We have seen 10-25% increased employee engagement scores… These results demonstrate faster delivery, improved quality, and greater efficiency."

"People get more motivated and more work more efficiently with the business agility."

* Please note there is a difference between correlation and causation. As with company revenue, data shows a direct trend between employee engagement proxy measures (Glassdoor ratings) and business agility ratings. In other words, as one goes up (or down), so does the other.

** 143 organizations were sampled in total. These are all the organization from the Business Agility Report survey with publicly accessible Employee Engagement or Glassdoor data.

Business Agility Drives Higher Employee Engagement and Satisfaction

Recommend This Organization to a Friend

Increasing Business Agility **10%**

Decreasing Business Agility **-4%**

Glassdoor Scores

Increasing Business Agility **5%**

Decreasing Business Agility **-2%**
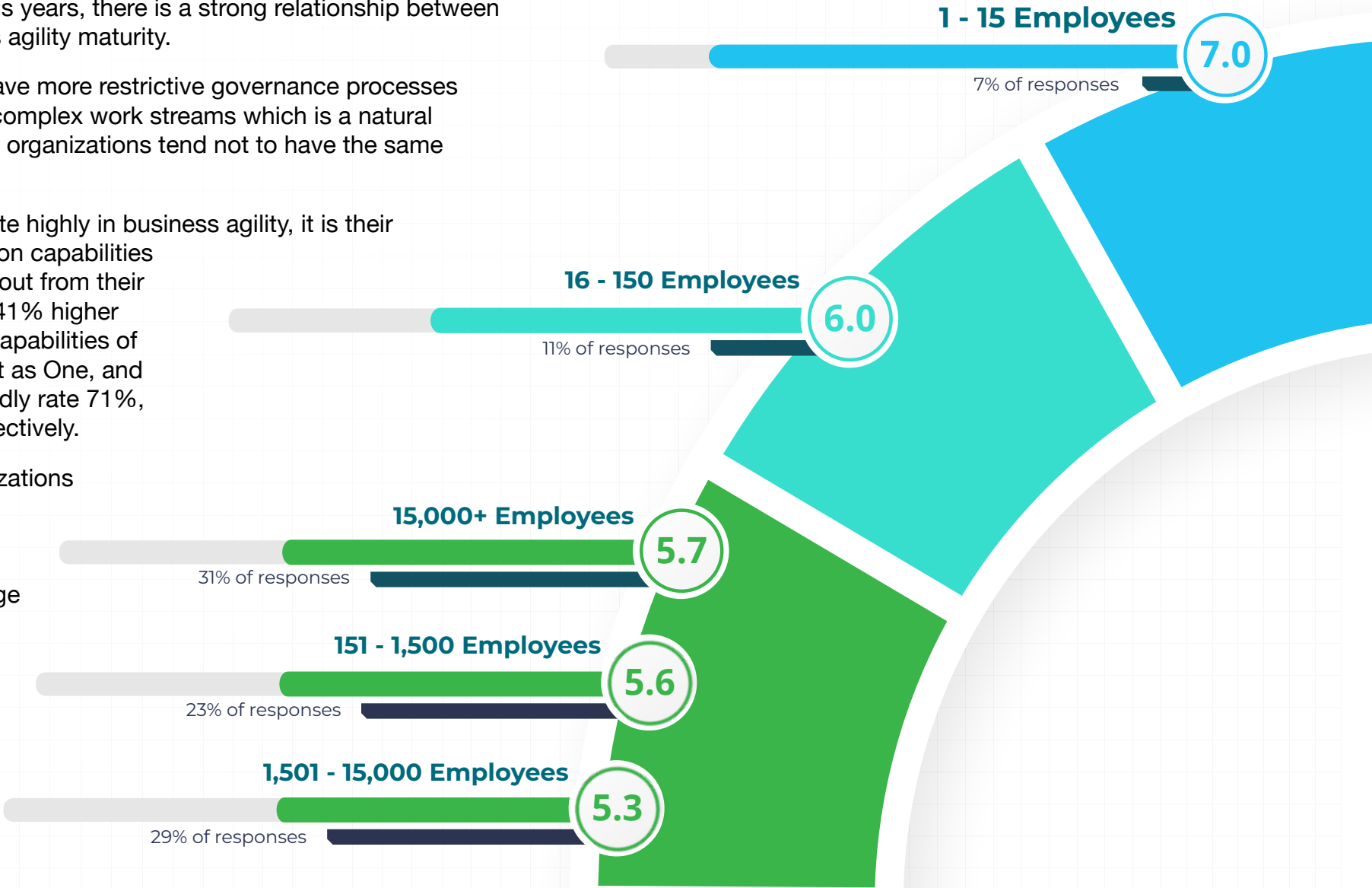
Company Characteristics

The Relationship Between Business Agility and Company Size

As reported in most previous years, there is a strong relationship between company size and business agility maturity.

Large companies tend to have more restrictive governance processes alongside larger and more complex work streams which is a natural constraint to agility. Smaller organizations tend not to have the same restrictions.

For large companies that rate highly in business agility, it is their governance and collaboration capabilities that truly make them stand out from their peers. Rating, on average, 41% higher across all capabilities, the capabilities of Fund Work Dynamically, Act as One, and (Re)organize Structures Fluidly rate 71%, 57%, and 56% higher respectively.

In fact, while smaller organizations usually outperform large organizations at business agility, when comparing the top-rated organizations, large companies outperform smaller companies in each of the Flexible Operations capabilities.

1 - 15 Employees

7.0

7% of responses

16 - 150 Employees

6.0

11% of responses

15,000+ Employees

5.7

31% of responses

151 - 1,500 Employees

5.6

23% of responses

1,501 - 15,000 Employees

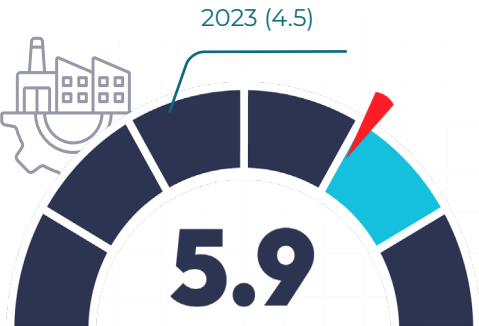**5.3**

29% of responses

Company Characteristics

Top Industries for Business Agility

The biggest changes from 2023 industry scores are in the Healthcare and Manufacturing industries, seeing increases of 65% and 32% respectively.
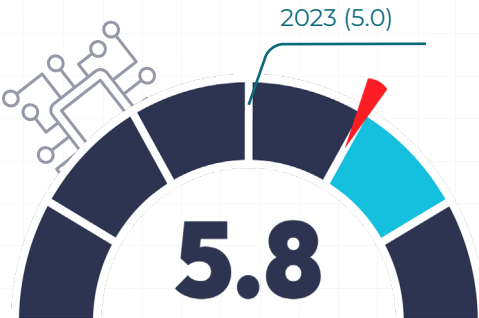
Manufacturing organizations (specifically automotive and electronic manufacturers) tend to score higher in Flexible Operations than other industries. Technology firms tend to have poorer leadership behaviors, despite scoring highly in most other capabilities.
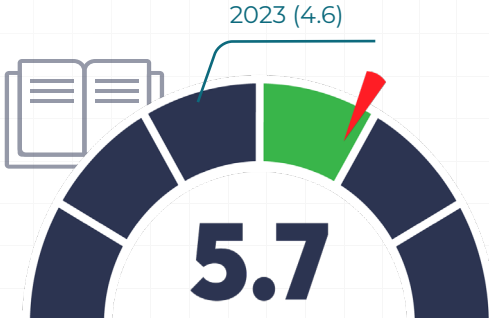
2023 (5.7)

6.6

Professional Services (up 16%)

2023 (4.5)

5.9

Manufacturing (up 32%)

2023 (5.0)

5.8

Technology (up 17%)

2023 (4.6)

5.7

Education (up 24%)

2023 (3.4)

5.6

Healthcare (up 65%)

2023 (4.4)

5.4

Retail (up 23%)

2023 (4.7)

5.1
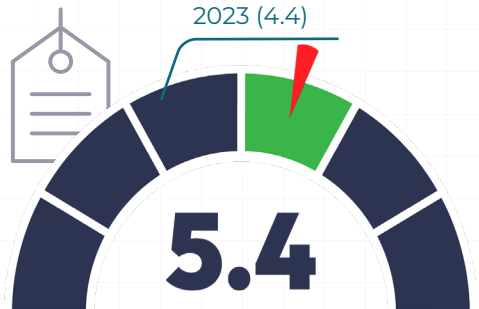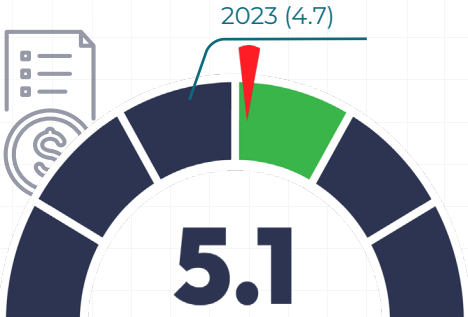
Financial Services (up 10%)

2023 (4.0)

5.1

Government (up 27%)

2023 (3.4)

5.0
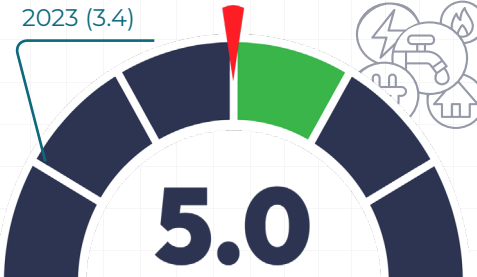
Energy & Utilities (up 47%)

It Takes a Village

Better Outcomes for Organizations That Look at the Big Picture

Who is Sponsoring the Transformation?

As with all previous years, respondents rate business agility maturity significantly higher when it is led by the Board of Directors or C-Suite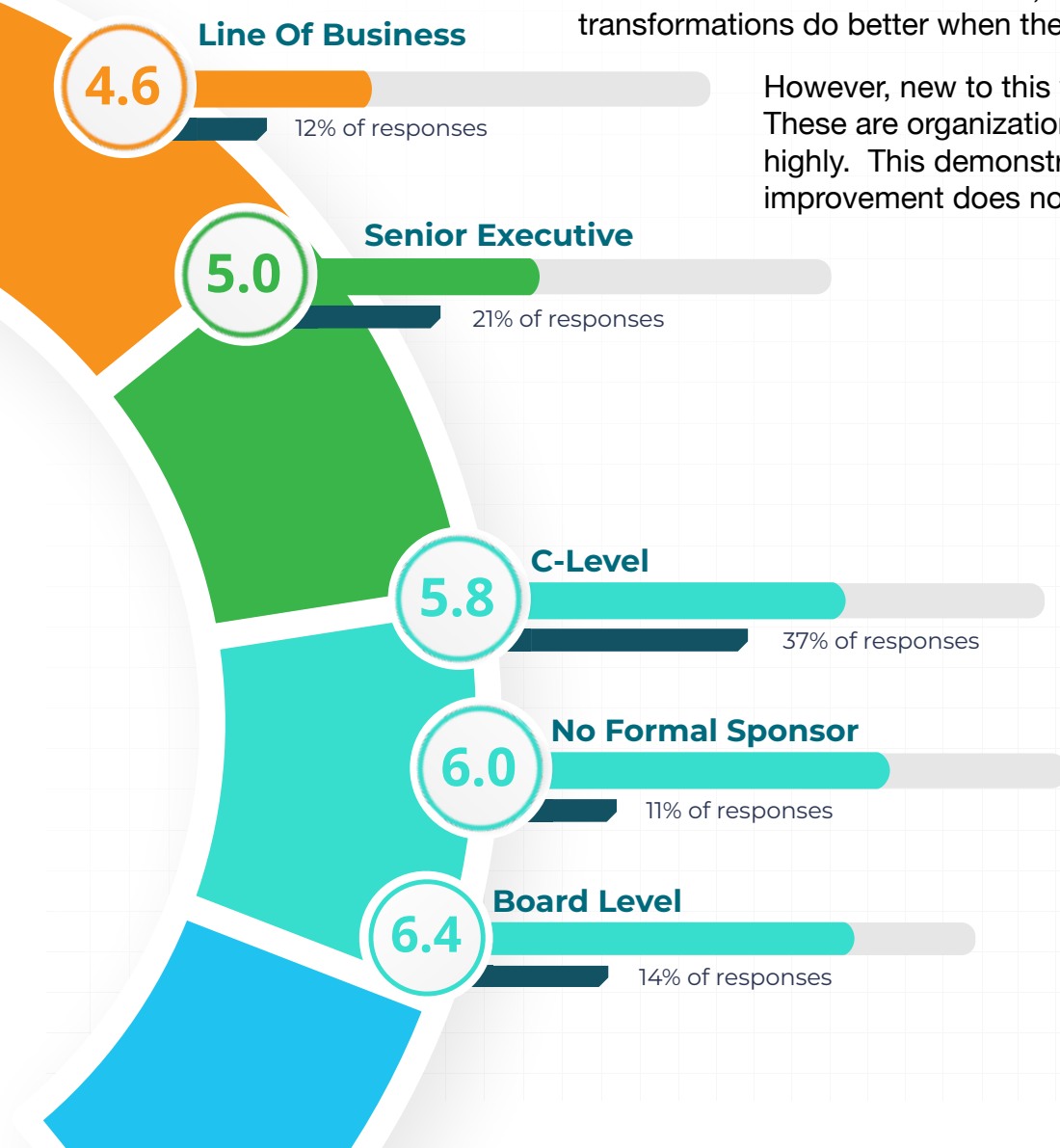, compared to those led by a Line of Business leader. In other words, transformations do better when they are led from the top.

However, new to this year's survey was the option to select "no formal change program." These are organizations where business agility is "just how we operate" and, on average, rate very highly. This demonstrates that, while leaders play in important role in creating behavioral change, improvement does not always require a formal transformation.

Line Of Business
4.6
12% of responses

Senior Executive
5.0
21% of responses

C-Level
5.8
37% of responses

No Formal Sponsor
6.0
11% of responses

Board Level
6.4
14% of responses
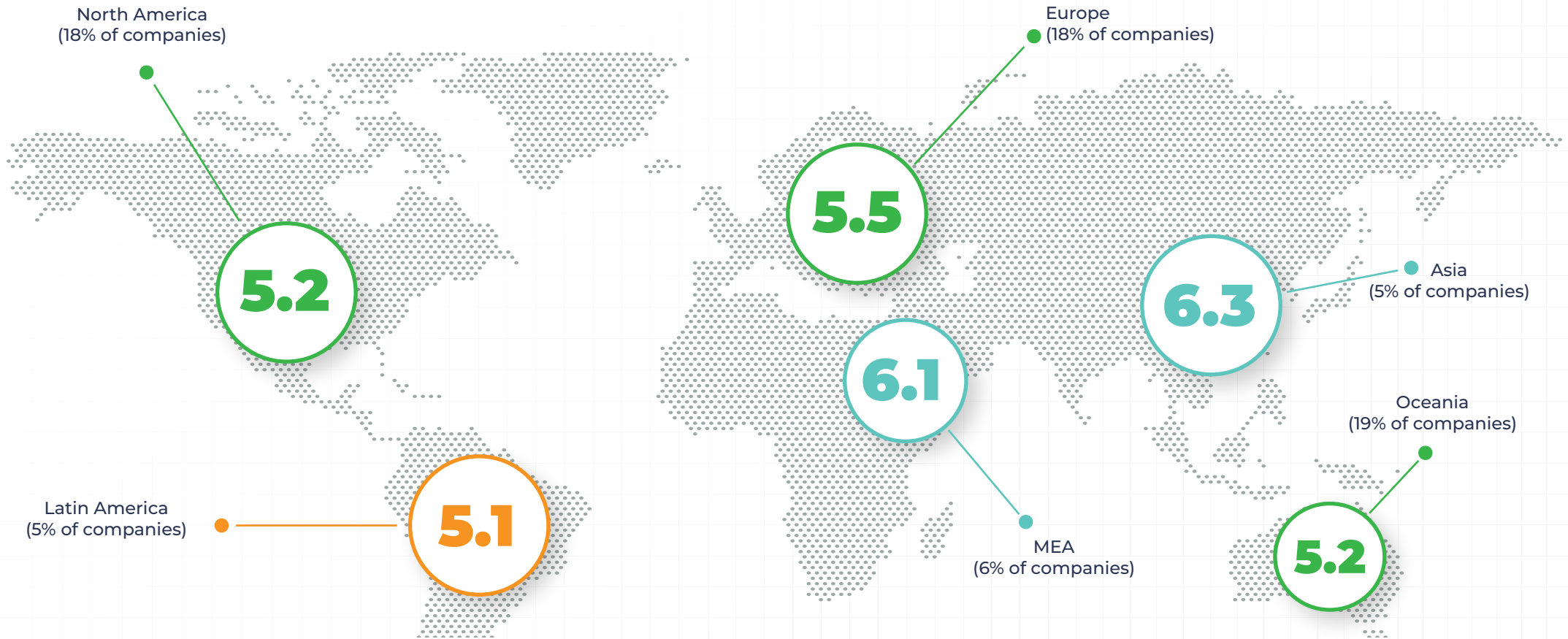
Where is the Focus on Business Agility?

42% of organizations are transforming all business functions—a massive increase from 13% in 2023. Outperforming all others with an average score of 6.4."

6.4

5.1

37% of organizations solely focus on transforming their Technology function. These organizations report the lowest average scores (5.1).

Business Agility Around the World

North America
(18% of companies)

5.2

Europe
(18% of companies)

5.5

Asia
(5% of companies)

6.3

Latin America
(5% of companies)

5.1

6.1

Oceania
(19% of companies)

MEA
(6% of companies)

5.2

Worldwide/Multinational
6.3
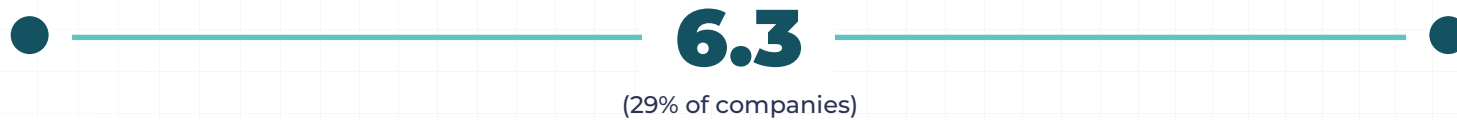
(29% of companies)

Almost all regions see an increase in business agility this year. Companies that operate globally see the largest increase (up from 4.6 to 6.3) with Asian organizations following closely (up from 5.4 to 6.3). MEA is the only region to see a decrease, however still high (dropping to 6.1 from 6.4) Europe is the only region to see minimal change (a 0.3-point difference from 2023).

In Summary
The Benefits of Business Agility

64% of Organizations Report Tangible Benefits from Business Agility

We asked respondents if they had achieved tangible benefits from business agility and, if so, to detail them. Large or moderate benefits are seen by 64% and 26% of organizations respectively. Only 10% of organizations report that they had seen no benefits.

> *"We have seen benefits such as 20-50% faster time-to-market, 15-30% productivity boosts, 10-20% higher customer satisfaction, 10-25% increased employee engagement, 15-25% reduced project costs, and 25-40% fewer defects."*

Commercial Outcomes and Customer Loyalty Benefits Stand Out

Organizations with high business agility scores commonly see improved commercial performance as a result. Customer and business growth, market success, increased revenues, and cost savings were all cited as specific benefits of business agility.

These observations add further weight to the findings earlier in this report of the positive relationship between business agility and company revenue.

> *"We have observed an exceptional improvement of customer experience, recognized by the market and confirmed with our metrics."*

Sharing the top spot, these organizations also report a tangible increase in customer loyalty and satisfaction with over half specifically stating this has contributed to improvements in Net Promoter Score (NPS).

Efficiency Improvement is the Low Hanging Fruit

The most cited benefit from business agility was reduced cost / increased productivity—mostly in product delivery. The benefit of "doing the same or more with less people" was generally reported by organizations early in their business agility journey; while the related business benefit, Shorter Time to Market, was reported by those with higher maturity.

Top Benefits to Business Agility

——— Higher Business Agility Ratings ———

Improved Commercial Outcomes

Enhanced Customer Loyalty

——— Moderate Business Agility Ratings ———

Shorter Time to Market

Prioritized Allocation of Work

Improved (and Leveraged) Workforce Skills

Increased Adaptability to Change

Informed Decision-Making and Alignment

——— Lower Business Agility Ratings ———

Reduced Cost / Increased Productivity

Higher Employee Retention

Improved Collaboration

Frequency of Benefits

Frequently Cited Benefits and Measurement

Higher Maturity Benefits: Improved Commercial Outcomes and Enhanced Customer Loyalty

Improved commercial outcomes is the most common benefit reported by organizations with high maturity across each of the business agility capabilities. Customer growth, increased revenues, product or market success, cost savings, and improved reputation were all cited as specific benefits from business agility.

> *"[Faster] customer interactions [recently led] to a quick decision from a customer to use our product. A deal valued at more than $1 million."*

These same organizations also commonly report improved customer loyalty and satisfaction as one of the top benefits to business agility, as measured by their customer Net Promoter Scores (NPS) or Customer Satisfaction surveys (CSAT). Organizations shared that their customers strongly value the faster time-to-market, enhanced responsiveness, and greater collaboration that business agility has enabled.

> *"We have exceptional improvement of customer experience, recognized by the market and confirmed with our metrics."*

Moderate Maturity Benefits: Shorter Time to Market and Prioritized Allocation of Work

Organizations scoring moderately high in business agility most commonly reported a reduction in time to market and product cycle times. When discussing improvements in time to market, respondents specifically cited better teaming structures, improved throughput, and an enhanced capability to innovate.

> *"Driving prioritization, transparency across teams, and focusing on the right level of decisions needed has greatly improved performance."*

These organization also cite improvements in their ability to prioritize and optimise effort towards the most important business initiatives. And, in reducing the effort spent in lower value activities, see a faster return on investment. Specific improvements include the ability to identify the most important work, limit work in progress (WIP), and cease working on lower

> *"When collaboration and feedback loops have been present, we've seen high customer satisfaction and reduced time to rollout [changes]."*

priority work. Prioritization improvements are often seen along with improved delivery practices, customer satisfaction, and employee satisfaction.

Early Maturity Benefits: Reduced Cost / Increased Productivity

Organizations at an early stage of business agility most frequently cite improved efficiency, both in terms of reduced cost and increased productivity, as the top benefit they have achieved. This improvement is most commonly seen in product delivery areas, although this varies depending on industry.

> *"We have a sustainable growth and accelerated delivery of differentiated outcomes in teams with more mature business agility practices."*

Higher maturity organizations also report efficiency improvements, however these are usually tied to the achievement of higher-level business benefits such as shorter time to market and improved commercial outcomes.

Responding to Disruption

This year we sought new insights into how organizations respond to disruption—both how well they respond and what actions they have taken to improve.
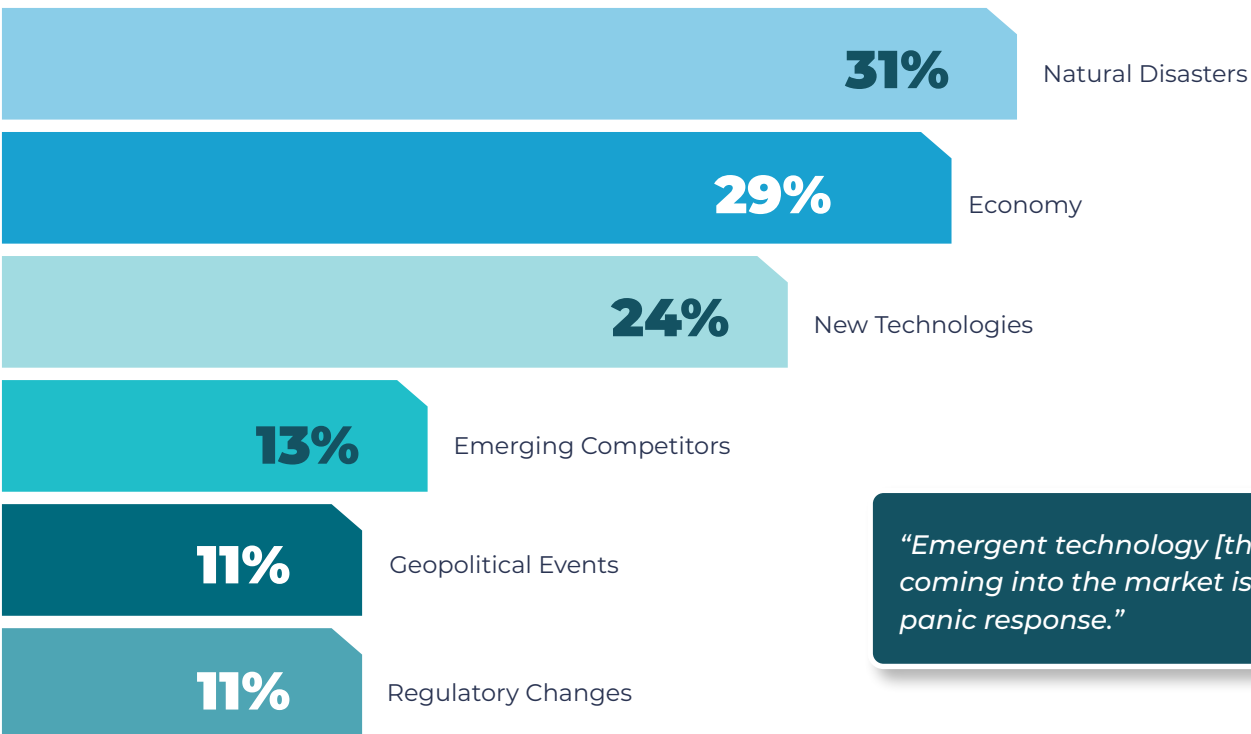
Responding to Disruption

More than half of participating organizations (54%) feel that they have developed the capabilities needed to respond well to disruption. On the other hand, only 20% state that they do not have the capabilities to respond effectively. The remaining (26%) are unsure.

Sensing Disruption

Participating organizations indicate that they are disrupted by, or are closely watching, natural disasters including pandemics (31%), the economy (29% of organizations), new technologies like generative AI (24%), emerging competitors (13%), geopolitical events including war (11%) or regulatory changes (11%).

> *"We have been able to rally as an organization when there is a major impact to the organization as a whole, but when it is a smaller disruption, competing priorities can negatively impact our response."*

31% Natural Disasters

29% Economy

24% New Technologies

13% Emerging Competitors

11% Geopolitical Events

11% Regulatory Changes

> *"Emergent technology [that is] coming into the market is driving a panic response."*

Preparing for Disruption

There are a wide variety of techniques and strategies employed by organizations that respond well to disruption—with the following ten actions cited by respondents as having the biggest impact.

1. Implement responsive customer-centricity, including rapid feedback loops or shifting to a product operating model.

2. Improve market feedback and learning mechanisms.

3. Remember the lessons learned from the COVID pandemic, when the whole organization had to quickly align on and execute changes.

4. Implement regular and adaptive strategic planning.

5. Invest in building resilience, through education and implementing resilient business systems.

6. Incorporate suitable new technologies and practices quickly, which drives innovation.

7. Reinforce the organization vision and customer context.

8. Adopt planning and prioritization approaches that emphasis the ability to pivot work.

9. Train leaders and managers to be adaptable.

10. Develop effective change leadership capabilities.

It is worth noting that many organizations reported that they had learned to respond well to a singular high impact disruption, such as the COVID pandemic, but struggled when faced with a multitude of smaller disrupting forces.

Governance

Most Organizations Struggle to Balance Governance and Risk

Expanding on the insights in the Flexible Operations domain (page 11), this year we went deeper into how, if at all, organization's governance policies and procedures support business agility. Disappointingly, but unsurprising, only 29% of organizations indicate that their organization's governance policies promote business agility behaviors.

The most cited challenges reported by organizations are:

1. 55% report that leadership is highly risk averse and creates disproportionately heavy governance processes.

2. 38% report that the design of their policies and procedures are cumbersome, with specific mention of financial processes.

3. 25% report having no delegation framework within their governance processes.

4. 15% report that the size and complexity of their organizational structure creates inconsistencies in how governance processes are applied between different business areas.

5. 5% report that their governance challenges are driven by their customers demanding a heavier governance approach than is necessary.

Effective Organizations Are Developing "Agile" Governance

There are three standout approaches cited by respondents who said their governance policies and procedures promoted business agility.

1. 80% of these organizations (21% of all organizations) have developed a delegation framework to enable everyone in the organization understand how how to assess a decision and clarify whether they can act themselves or if it needs to be escalated.

2. 37% of these organizations (10% of all organizations) are updating their operating policies and procedures in line with business agility principles that balance governance, risk, and delivery.

3. Finally, 27% of these organizations (7% of all) are actively making their governance processes and decisions transparent. Respondents cited a number of different decisions that had been shared, as well as the reasoning behind them. Some of these organizations were using information radiators, such as an Obeya room or intranet dashboard, to achieve this.

> "Our governance policies weigh us down in almost every area of work. Between meeting compliance regulations and protecting our IT infrastructure while also protecting our staff, it becomes cumbersome to collaborate."

> "Policies are reasonably flexible and enable a clear framework for decision making."

> "We empower teams to have more autonomy by establishing cross-functional teams with shared objectives and accountability, supported by governance guardrails reduces the usual friction on decision making processes."

> "We have a structured governance process based on lean and agile [principles]."

> "We don't meet to explore potential decisions we might make. We meet to share the decisions we made and the sound reasoning behind them."

In Summary
The Challenges to Business Agility

78% of Organizations Report Facing Strong Challenges

We asked respondents to describe the biggest challenges impeding their business agility journey. Aligning these challenges to their business agility score allows us to determine the impact that each challenge has.

Leadership Remains the Most Common and Most Impactful Challenge

Continuing the trend from the very first Business Agility Report in 2018, outdated leadership is the most cited challenge with the greatest negative impact to business agility. As leaders' mindset, and the direction they provide, set the tone for the entire organization, it makes sense that there were also strong negative impacts caused by the difficulty in shifting fixed or traditional mindsets and the lack of clarity in transformational goals or direction.

In particular, respondents highlight the issue of leaders unwilling to change their behaviors despite expecting changes from the rest of the organization. These leaders often institute rigid top-down decision making practices and are unwilling to evolve practices that are cumbersome or clearly working against stated goals.
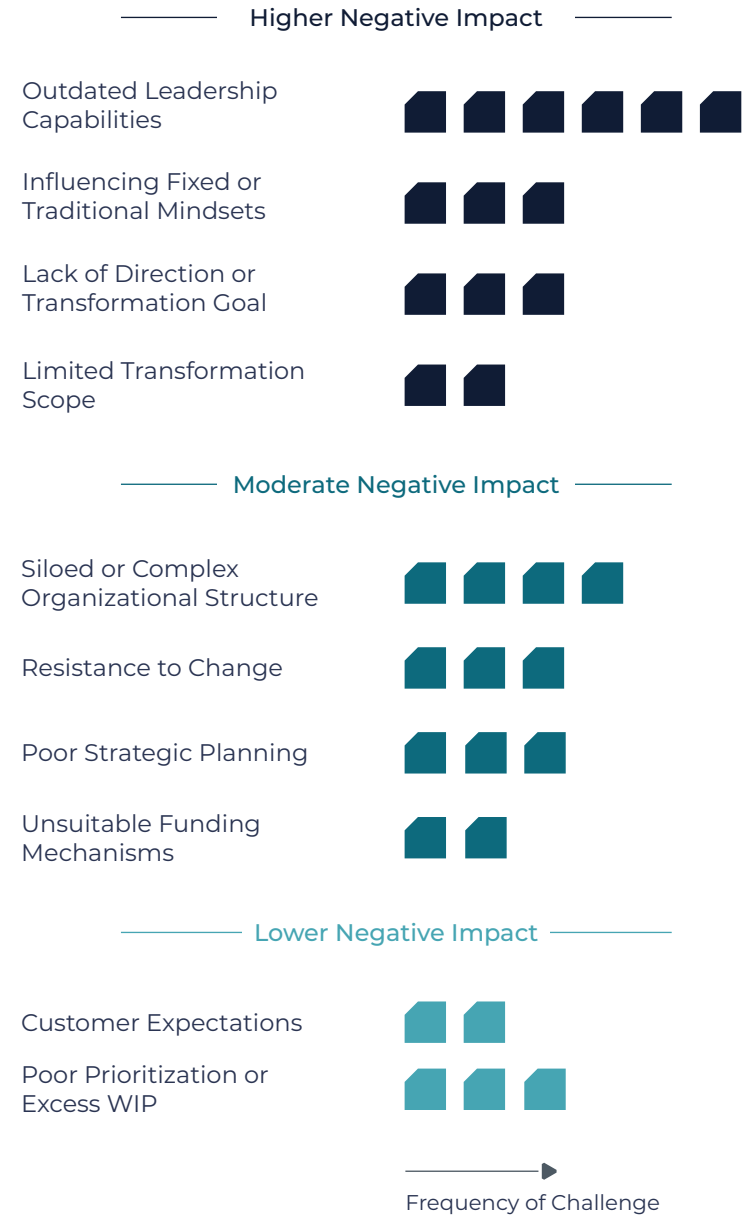
> "The actions our leaders take do not match the words they speak."

New Challenges for 2024

In 2024, respondents often spoke of their transformation being constrained by either unclear goals, or an overly narrow focus on a single business function. This misalignment and confusion fuels further division with leaders focusing on different goals and results in minimal progress. Overall, this highlights the need for leadership teams to Act as One and better collaborate in terms of their transformation or operational improvement goals.

> "Stressful times get leaders back into what they know best - illusion of control through up front waterfall-style planning."

Top Challenges to Business Agility

——— Higher Negative Impact ———

Outdated Leadership Capabilities

Influencing Fixed or Traditional Mindsets

Lack of Direction or Transformation Goal

Limited Transformation Scope

——— Moderate Negative Impact ———

Siloed or Complex Organizational Structure

Resistance to Change

Poor Strategic Planning

Unsuitable Funding Mechanisms

——— Lower Negative Impact ———

Customer Expectations

Poor Prioritization or Excess WIP

→ Frequency of Challenge

Higher Impact Challenges
Leaders Shape Organizational Culture—Whether Intentional or Not

#1 Outdated Leadership Capabilities

Unchanged from earlier Business Agility Reports, respondents clearly called out outdated leadership and management capabilities as the main challenge to business agility adoption.

This aligns with earlier studies which suggest that leaders set the tone and focus for the entire organization—whether intentionally or not. Respondents report that many leadership behaviors are not aligned to the desired organizational culture and send mixed messages to staff. This often undermines their business agility goals.

Ineffective leaders are often described as those that fail to project a personal investment in business agility. Leaders who "say one thing but do another." This leads to staff interpreting business agility as a "fad that is likely to pass."

"Executive leadership is in the mindset that they can give [us] permission [and funds] for the transformation and we will be successful. We are struggling with getting them to see the changes that need to be made to their behaviors."

"We see the behaviours of many senior leaders in the org revert backwards to pre transformation days. It is almost like they were just waiting out the storm, and now that the push is over there is no incentive to keep the [transformation] going."

#2 Influencing Fixed or Traditional Mindsets

The difficulty in changing mindsets is a recurring theme across many organizations. In the context of business agility, this challenge often stems from a narrow perception that agility is confined to IT and limits its broader adoption across the organization. Many still view agility as a method rather than a systemic change to the way business operates.

Related to this is the persistence of a command-and-control leadership mindset rooted in industrial-age thinking. Respondents say that many leaders struggle to shift toward a mindset that values autonomy, collaboration, and systems thinking.

While existing policies and procedures encourage the continuation of current behaviors, this causes friction with the need to establish new behaviors and mindsets. This friction makes it easier for leaders and teams alike to resist these changes.

"In a company that likes to see tangible immediate results, focus and commitment for a multi year transformation journey is quite challenging."

"We are still applying traditional thinking in [a business agility] world. Our approach to risk, finance, and even performance management is still very traditional."

Higher Impact Challenges

Organizations Need a North Star for Change—Scope Matters

#3 Lack of Direction or Transformation Goal

New in 2024, many organizations report that unclear, contradictory, or missing transformation goals were significantly hindering their efforts towards business agility. Without alignment, different leaders and business functions focus on their own goals. Many of which end up conflicting with each other.

Issues include: change fatigue, conflicting priorities, insufficient time given for change initiatives, and a lack of clarity on the benefits. Ultimately leading to disengaged staff, wasted funds, and significant delays.

Leaders need to be selective in which major change initiatives they choose to pursue, while also having a strong and clearly communicated message about why they are taking this direction.

#4 Limited Transformation Scope

Also new in 2024, there is an emerging understanding that organizational change needs to encompass the entire organization and not just a single function.

We have previously seen how organizations that include multiple business functions in their transformation achieve a higher maturity score. Respondents report facing significant challenges when multiple business areas need to work together without some degree of business agility in organizational structure, funding models, or ways of working.

All business areas that need to collaborate on common goals should be included in any business agility change initiatives and ideally adopt similar ways of working.

> *"We have frequent re-orgs; so we are continuously starting over as opposed to increasing maturity."*

> *"Leaders come in with simplistic solutions that can't be implemented or end up being words - but nothing else [They can't] answer the question ' what are we transforming to?"*

> *"[Leaders don't] understand this means change for everyone, not just ___ department."*

> *"We struggle to collaborate across multiple teams and align delivery with areas [without business agility]."*

Moderate Impact Challenges

Systemic and Operational Barriers to Business Agility Reinforce the Status Quo

Siloed or Complex Organizational Structure

Respondents speak to four structural challenges.

1. Complex structures—which are difficult to understand and navigate.
2. Disconnected structures—that are disconnected from the real flow of work.
3. Interdependent structures—with complex or hidden interdependencies.
4. Frequent restructures—where teams spend more time adapting to change than delivering work.

Leaders need to find a balance between changing their organizational structure to meet organization's goals and changing faster than the workforce can keep up.

> *"Being a very complex organisation, making decisions quickly is a challenge as we need to go through various gateways."*

Resistance to Change

Respondents indicate that resistance to change continues to be a significant challenge. Resistance emerges from an overly ambitious scope of change, unclear communication of the change program, or having too many significant change programs underway at the same time.

> *"The most challenging aspects have been overcoming resistance to change, aligning cross-functional teams, and ensuring consistent communication and collaboration across all levels of the organization."*

Poor Planning Processes and Unsuitable Funding Mechanisms

Respondents cite challenges caused by fixed and inflexible planning and budgeting processes. Including:

1. Annualized planning and budgeting cycles that make rapid adjustment impossible when conditions change or new insights are gained.
2. A lack of clarity in how the planning process connects to higher level organizational objectives. In other words, answering the question "Why we are doing this?"
3. Project-based planning and funding approaches, rather than persistently funded product-driven or outcome-driven approaches.
4. Missing feedback mechanisms to sense changes occurring in the market and inside the organization.

> *"Funding allocation constraints prevent teams from working on the right things."*

New planning and funding approaches are needed that allow leaders to keep the organization's goals in mind while creating plans and decisions that are grounded in customer and market feedback loops.

> *"Performance is measured based on delivering the plan identified and funded at the start of the year; [the] ability to pivot is not built into our system."*
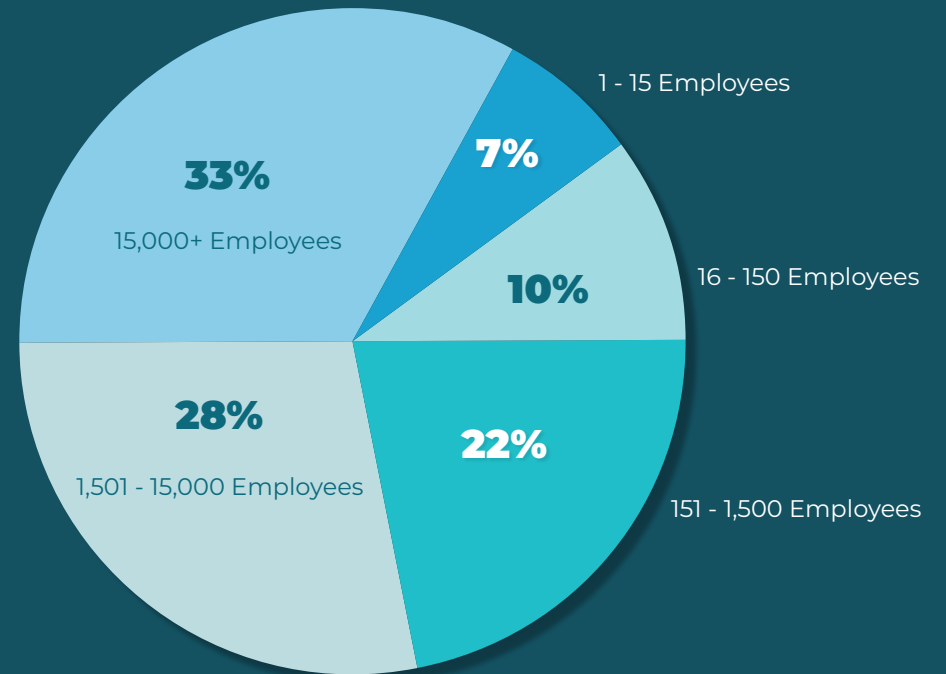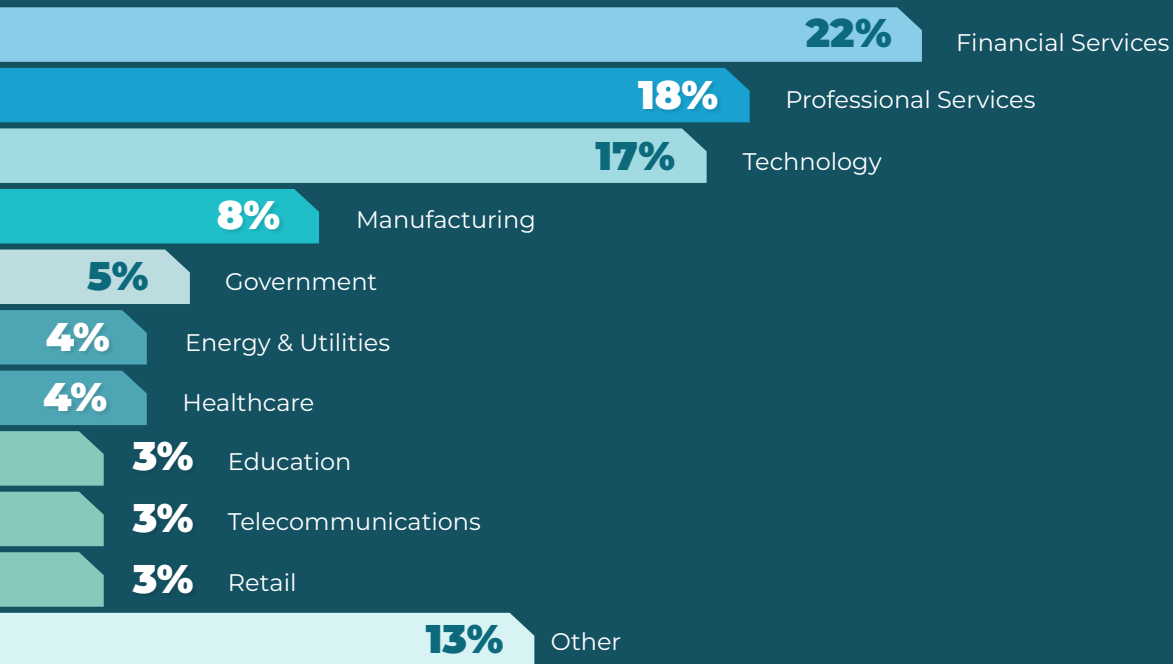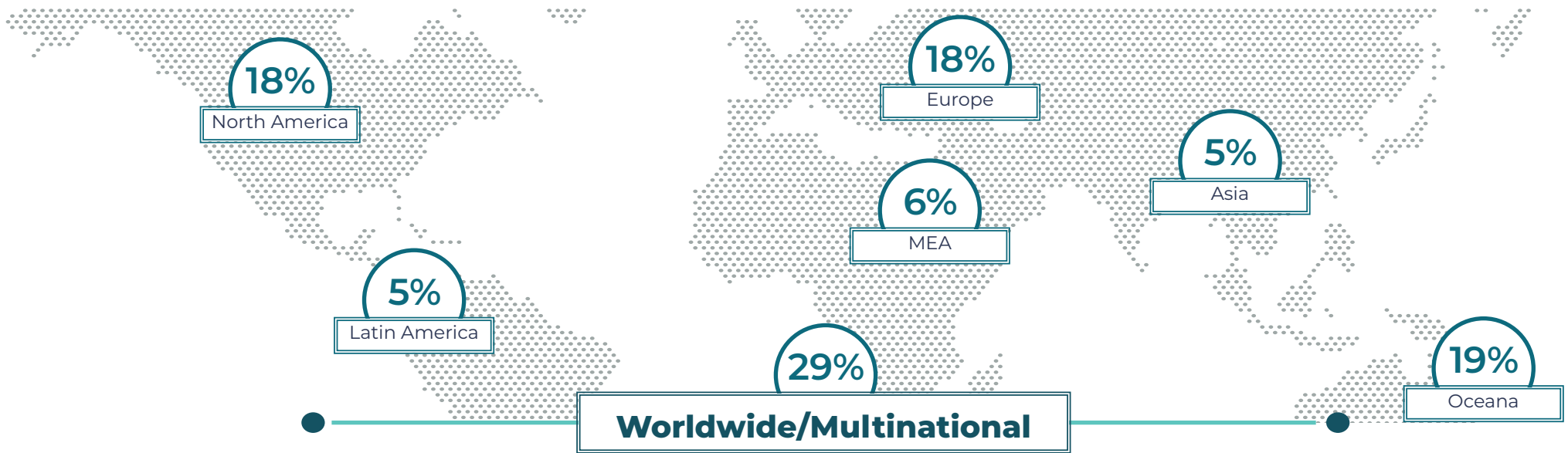
accelerate clarity.

know your score.

The Business Agility Profile™

Get to Know Your Business Better

www.businessagilityprofile.com

Demographics

North America **18%**
Europe **18%**
Asia **5%**
MEA **6%**
Latin America **5%**
Oceana **19%**
Worldwide/Multinational **29%**

22% Financial Services
18% Professional Services
17% Technology
8% Manufacturing
5% Government
4% Energy & Utilities
4% Healthcare
3% Education
3% Telecommunications
3% Retail
13% Other

33% 15,000+ Employees
7% 1 - 15 Employees
10% 16 - 150 Employees
22% 151 - 1,500 Employees
28% 1,501 - 15,000 Employees

Methodology and Thanks

Acknowledgements

This report is only possible through the gift of time, knowledge, and leadership from the research team. Special thanks to Evan Leybourn, Martin Foster, Christopher Morales, and Laura Powers for the hundreds of hours put into this report.

Thank you to the hundreds of respondents that took the time to answer the survey and provide detailed responses to the free text benefits and challenges questions.

All data collected through surveys is 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 seven years, over 2,000 companies have taken part in our studies. These insights provide 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 confidential 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. For each measure, respondents are asked to provide a rating of 1-5; with scores of 1-3 classified as low to moderate maturity and 4-5 as high maturity.

This year, survey data was supplemented with publicly available financial and employee engagement data where available.

The key hypotheses outlined in this report have been verified by performing statistical analyses on the 2024 data and comparing trends with the previous years' findings (2018-2023).

BUSINESS **AGILITY** INSTITUTE