AGILITY AND RESILIENCE

An introductory guide to explain what agility and resilience mean, why organizations are so excited about them, and how to get started

RESILIENCE FIRST

SURVIVE & THRIVE

WHY AGILITY MATTERS MORE THAN EVER

Our fast-changing world and challenging business environment requires organizations to adapt quickly to change and have high levels of resilience – agile ways of working can help achieve this

Businesses face four challenges:

- An ever-changing environment. COVID-19 led to an unprecedented change in how many organizations do business, almost overnight. Even in normal times, demands from stakeholders are always evolving and businesses have to react.
- Constant introduction of disruptive technology. Established businesses and industries are being commoditized or replaced through digitization, bioscience advancements, the innovative use of new models, and automation. Examples of disruptive technologies include machine learning, the Internet of Things, and robotics.
- Accelerating digitization and democratization of information. The increased volume, transparency, and distribution of information require organizations to rapidly engage in multidirectional communication and complex collaboration with customers, partners, and colleagues.
- The new war for talent. As creative knowledge- and learning-based tasks become more important, organizations need a distinctive value proposition to acquire—and retain—the best talent, which is often more diverse. These "learning workers" often have more diverse origins, thoughts, and experience and may have different desires (for example, millennials).

Applying the agile ways of working help businesses to face these challenges by:

Increasing resilience and the capacity of organizations to rapidly adapt and steer in a new direction

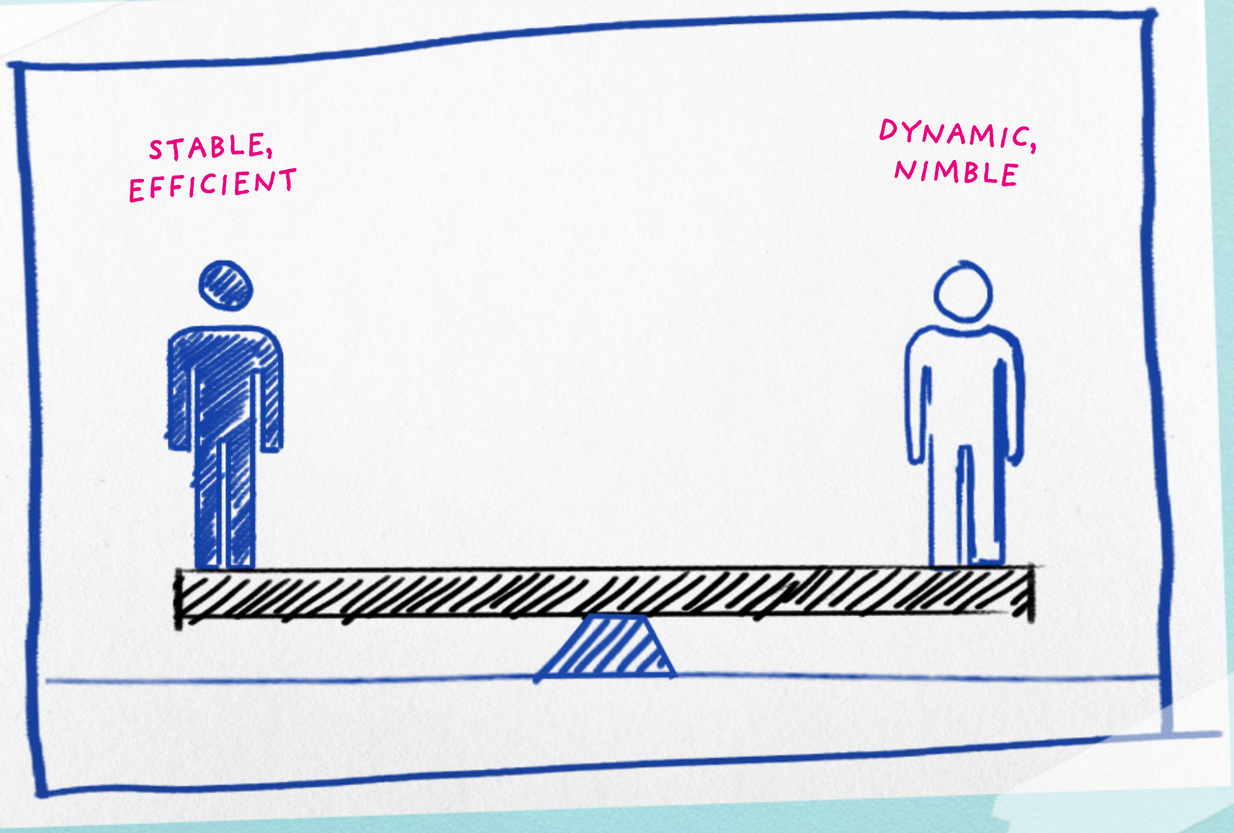
Minimizing risk through testing and learning

Empowering people to ignite their passions and shift focus from "talking" to "doing"

Streamlining handovers and bureaucracy

WHAT IS AGILITY?

Achieving resilience and agility requires being both stable and dynamic at the same time.



Agile organisations combine dynamism and stability for greater dynamic capacity.

Organizational models are perceived traditionally as a choice between stable and efficient versus dynamic and nimble.

This means greater resilience – being able to accept and adapt to change, seize new opportunities and creatively empower the organization working bottom-up and top-down.

FIVE TRADEMARKS OF AGILE ORGANIZATIONS

Successful agile organizations have five distinctive trademarks.

1. **North Star embodied across the organization** to which both management and employees are aligned and working towards.

2. **Network of empowered teams** with clear missions that can be deployed rapidly and are organized in as few layers as possible to deliver value with maximum autonomy.

3. **Rapid decision and learning cycles.** Agile approaches and tools (e.g., Scrum) are used with the goal of minimizing risk through testing and learning. Streamlined governance and synchronization of mechanisms across the organization.

4. **Dynamic people model that ignites passion** and encourages experimentation. Culture focused on fostering, attracting, and retaining talent through empowerment, servant leadership, and job satisfaction.

5. **Next-generation enabling technology** that is simplified and modular (e.g., DevOps, cloud) to support quick iterations, higher deployment velocity, and greater resilience.

Applying these five trademarks brings dramatic shifts in the daily life of organizations.

Shift **focus from "talking" to "doing"**: middle and senior managers have an outward focus and strong content vision instead of internal focus on managing and reporting.

Individual **empowerment** and entrepreneurship: employees are free to act within clear boundaries and receive reward for results.

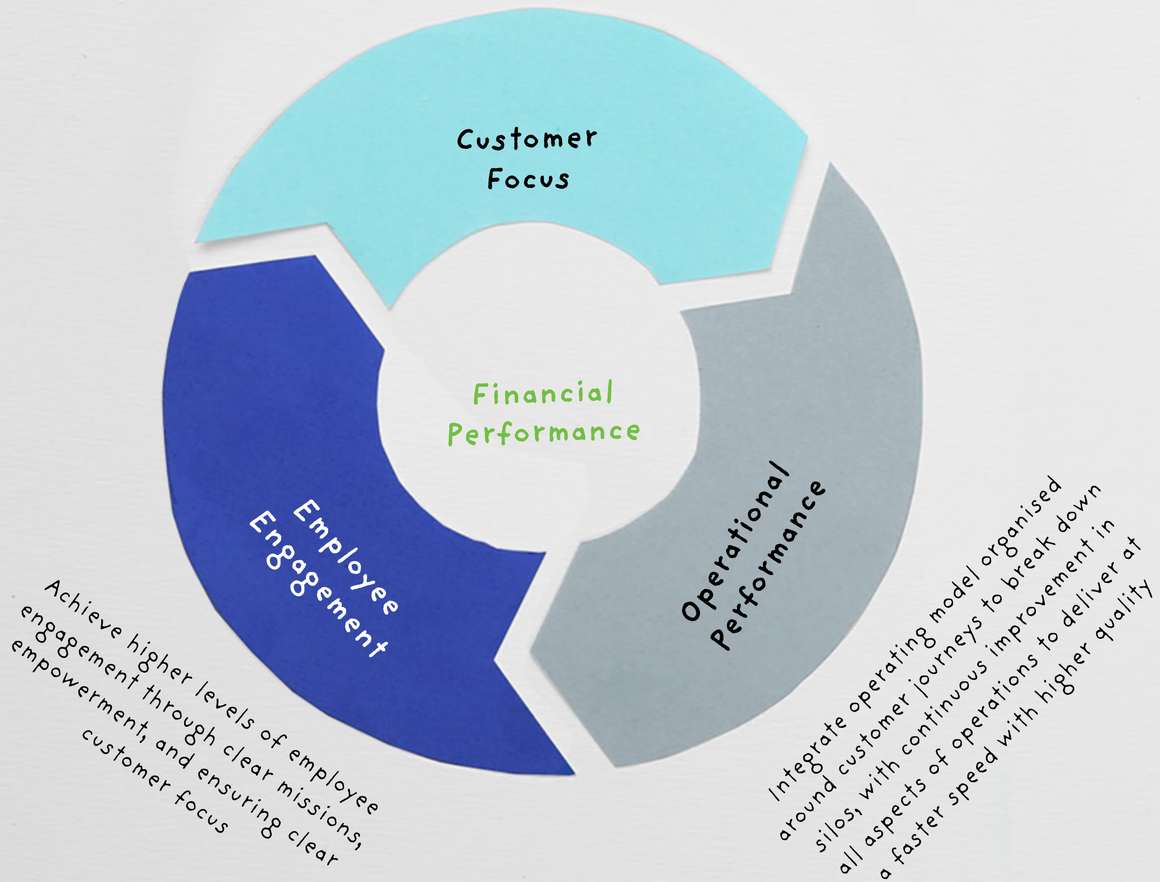
Extreme **role clarity** every day: teams prioritize tasks daily based on business value instead of detailed and lengthy role descriptions.

Mindset shift towards **accountability**: instead of playing it safe and protocol-driven, people who are fast, innovative, courageous, and challenging receive rewards and recognition.

WHY ORGANIZATIONS ARE SO EXCITED ABOUT AGILITY

Benefits are multiplied through the "flywheel effect": positive changes in customer focus, operational performance and employee engagement further reinforce and amplify each other, lifting financial performance.

Be customer-centric and design and deliver superior end-to-end customer journey experiences, capturing growth opportunities



Impact by the numbers

appr. 30 % improvement in customer satisfaction

e.g., tangible **NPS score** improvement

appr. 60 % reduction in time to market

e.g., **reduced time to market** from 9-12 to 3-4 months

Significant increase in **employee engagement** and **organizational health**

e.g., 30-40 **increase** in **employee engagement** score, and becoming top employer in ranking

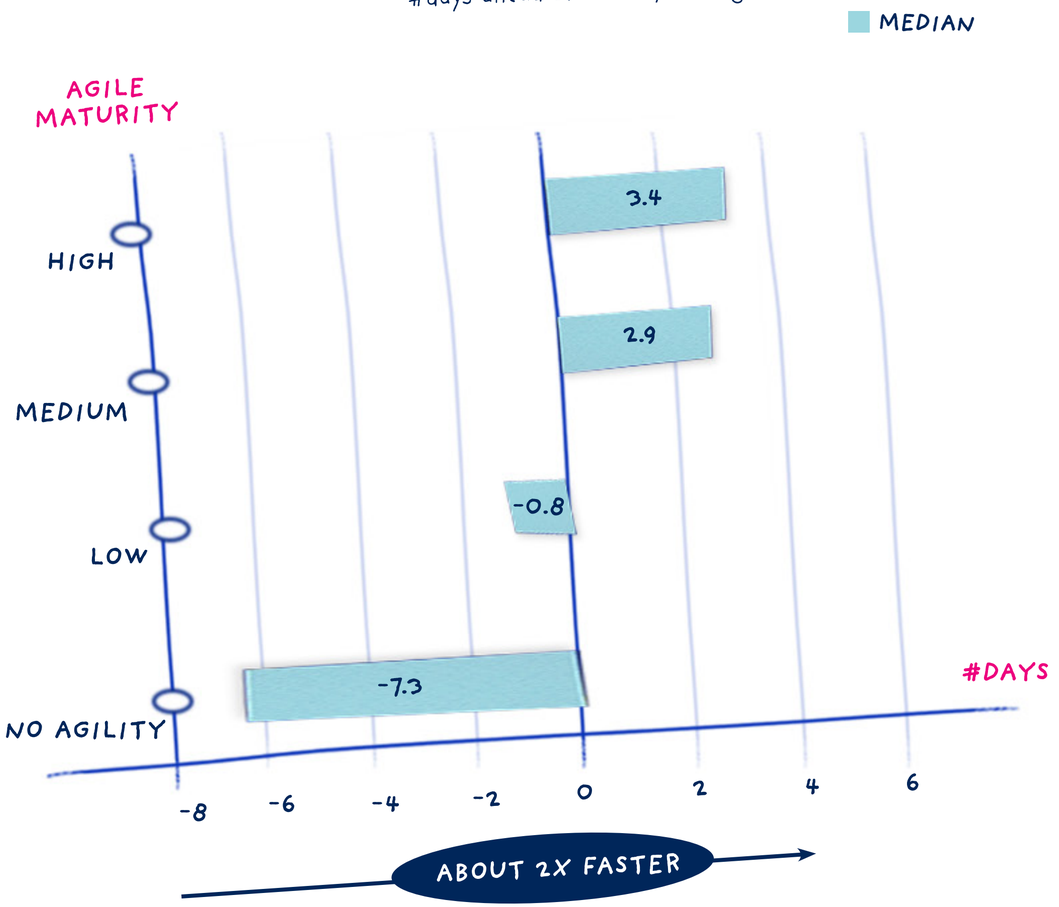
appr. 20 % cost saving

e.g., **reduced change** and **run workforce**, while eliminating perennial IT vacancies

AGILITY AND PERFORMANCE THROUGH THE COVID-19 CRISIS

IN THE COVID-19 CRISIS, AGILE ORGANIZATIONS WERE ABLE TO RELEASE PRODUCTS TWICE AS FAST...

Reaction time to COVID-19 ahead of country average for European and US banks

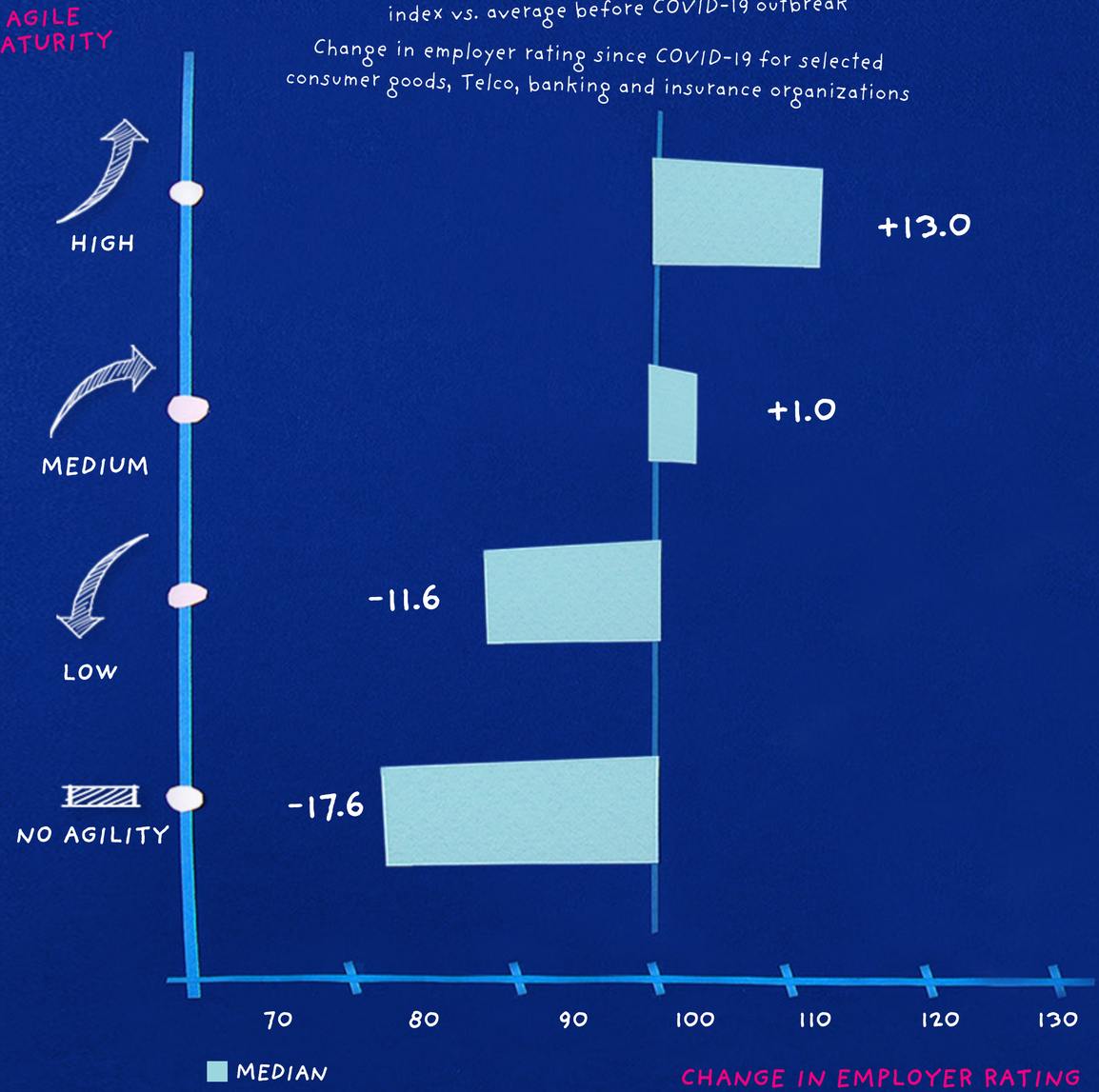


N=25; Source: public company announcements

...AND MANAGE THEIR EMPLOYEE MORALE BETTER.

index vs. average before COVID-19 outbreak

Change in employer rating since COVID-19 for selected consumer goods, Telco, banking and insurance organizations

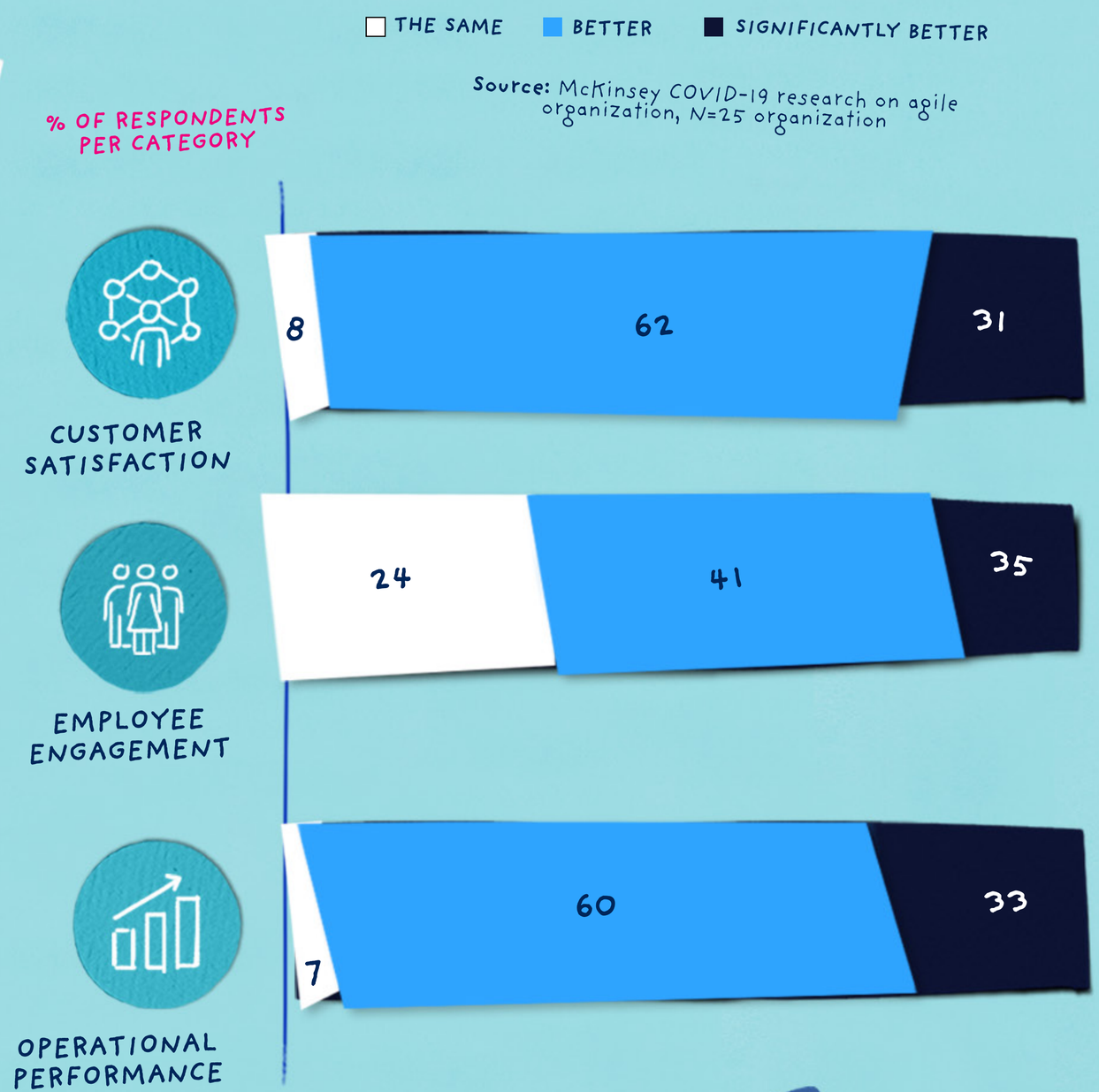


N=30; Source: Glassdoor.com and Indeed.com

AGILITY AND PERFORMANCE THROUGH THE COVID-19 CRISIS

BUSINESS UNITS THAT HAD GONE AGILE BEFORE THE PANDEMIC PERFORMED BETTER

Self-assessment between agile and non-agile business units of the same organizations



Source: McKinsey COVID-19 research on agile organization, N=25 organization

Example practices that UK companies deployed in the COVID-19 crisis aligned with the five trademarks of agile organizations

Common purpose and clear communications, making it specific and personal for employees

A major grocer established three clear principles, such as "being a safe place to work and shop" which helped the company prioritise

IMPACT

Day-to-day clarity on priorities for employees

Networks of local cross-functional teams with clear, accountable roles

An energy company brought business leads and trade union representatives into meetings to communicate directly with the CEO

Boost to employee motivation and engagement

Structures that enable rapid decision making rather than periodic big bets

A technology company used their decision-making forums to shift resources towards sectors that became higher priority in the pandemic

Develop new healthcare products

A culture which empowers the frontline to bring their ideas to leadership

A grocer encouraged employees to capture new opportunities e.g. new sales from customers not eating out at restaurants

Growth in revenues from new categories

Enabling technology that allows for better, faster decisions

A bank bought thousands of new laptops within days to enable remote working for their staff

Employee productivity maintained and enhanced

HOW DO I GET STARTED AND WHERE CAN I LEARN MORE?

Five ways to get going on your journey to agile

1. **Go and visit** an agile organization to see how agility works in practice

2. **Run a workshop** with your leadership team to explore how agility could benefit your organization and design a blueprint

3. **Conduct a quick diagnostic** to assess the current agile maturity of your organization

4. **Pilot agile teams** in a few specific projects or activities in your organization

5. **Simplify and improve your backbone processes** (e.g. budgeting, people deployment) to provide a solid foundation for agility

If you'd like to learn more please click on the links for further information and articles, or get in touch for a conversation on how agility could help your organization

FURTHER READING

An operating model for the next normal:
Lessons from agile organizations in the crisis

A Resilience Guide for Our New World

Resilience First's Guide to Flexible Working (Part 1)
- The Ups and Downs

ERM: Transitioning from Risk to Resilience

Agile resilience in the UK:
Lessons from COVID-19 for the 'next normal'

The journey to an agile organization

TO LISTEN (PODCASTS):

The journey to agile:
How companies can become faster, more productive, and more

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