

THE **6**
ENABLERS
OF BUSINESS
AGILITY

*How to Thrive in an
Uncertain World*

KARIM HARBOTT

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How to Thrive in an Uncertain World

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Berrett-Koehler Publishers, Inc.

The 6 Enablers of Business Agility

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*For those leaders who are smart enough to know
they need change, and brave enough to try.*

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INTRODUCTION

About This Book

It's not enough to do your best. You must know what to do, then do your best.

—W. EDWARDS DEMING

Business Agility and the Organizational Operating System

Business agility is a term that is used to mean many things. Its true definition is the ability to respond quickly and easily to change in order to maximize the delivery of value to customers in increasingly turbulent business climates. It is about adapting, improving, and innovating quickly enough to stay ahead of a constantly changing curve. It is a trait that increasingly separates the most successful organizations on the planet from all the rest. When organizations achieve this trait, it looks effortless. The rapid evolution, disruption, and continuous reinvention take place with the easy grace of a cheetah twisting and turning on the plains of East Africa. The following is a story about a company that has thrived for two and a half centuries. It has done so only because its forward-thinking leaders have continually evolved the company with the changing markets.

That company is GKN, a British aerospace space company founded in 1759. What is even more remarkable than an organization that is over 260 years old is that aviation pioneers the Wright brothers did not carry out their first successful flight until 1903, a full 144 years after the company was founded. How is this possible? The answer is that GKN was not always in the aerospace business. It began life as a coal mine before becoming Britain's largest producer of iron ore during the Industrial Revolution. By the start of the twentieth

century, it was the world's largest producer of fasteners (bolts, nails, and screws). Soon after that, it began making parts for automobiles, and subsequently airplanes. In 2017, GKN provided services to some of the biggest aerospace companies in the world, generated revenues of \$9.6 billion, and employed 58,000 people.¹

Many have attempted to achieve similar levels of business agility by replicating particular tools, processes, and frameworks. What few understand is that merely adopting these ways of working without adapting the prevailing structures, policies, and mindsets of the organization is akin to installing an app designed for Android on an iPhone powered by iOS. The chosen practices are incompatible with what I refer to as the organizational operating system.

There are many great books providing details on the various frameworks, processes, and practices for increased agility. I have spent much of my career advising on their adoption. *This book is different.*

This book is less about specific ways of working, and more about how to create the underlying organizational operating system for business agility, a topic that is rarely addressed. In short, it is about creating the right environment for the myriad agile tools and techniques to stand a chance of working effectively, and in doing so, building organizations that are designed to thrive in an uncertain world.

Why I Wrote This Book

Many people dream of writing a book. I was never one of those people. I chose to study mathematics as my first degree, then became a software engineer largely so I would not have to write words. I continued in that vein, opting for a master's degree in innovation and entrepreneurship. Yet, in many ways, this book has been brewing in my writing-averse mind for more than 10 years. For much of that time I did not know it was going to be a book—but in recent years it became increasingly clear that I was heading down that path. So why, then, have I done the very thing I had spent most of my career avoiding?

Well, I have been on quite a trajectory over the past 20 years. In that time, I have worked with dozens of organizations on some of the

largest transformation programs in the world. I have gotten a lot wrong, I have gotten a lot right, and I have learned more than I imagined possible. I have gone from software engineer turned project manager, working in a rather traditional, 120,000-person organization, to ultimately cofounding and leading my own company, which helps leaders and entire organizations adopt modern, progressive, and often unfamiliar ways of working. I see many organizations struggling to achieve results in their journeys toward agility, and many are making similar mistakes. I therefore wish to share what I have learned with as many people as possible to make an impact. I firmly believe that writing this book is the best way to reach a wider audience, to distill many years of learning and experience, and to help people who are on similar paths.

My Two Key Drivers

When I spent some time crystallizing what really drives me and identifying the essential problem I am striving to solve, I found that it came down to two things. These two things are why I do what I do, they are why I get out of bed every morning, and they are why I created the 6 Enablers model.

- **Driver 1: Increasing Organizational Agility.** The world is currently more complex, more interconnected, more turbulent, and therefore less predictable than at any point in our history. In order to survive and thrive in such an environment, an organization's ability to adapt quickly, easily, and cheaply becomes its competitive advantage. Most struggle to know where to begin on this front.
- **Driver 2: Increasing People's Engagement.** When it comes to work, large numbers of people feel disempowered, frustrated, and bored. They are unable to make the most of their potential because when it comes to contributing ideas, tapping into their creativity, and truly revealing their passion for what they do, they are stifled. Helping to shape environments where people not only work more effectively but also enjoy what they do is incredibly satisfying.

In short, I am passionate about helping to create high-performing, agile organizations that delight customers with great products and services, and I am passionate about helping to create truly people-centric organizations in which people love to work—organizations to which they can bring all of their capabilities and in which they can realize their potential every day. Everything I do in my professional life is in the service of these drivers. While they may appear different, in practice, the two cannot be separated.

Most organizations, particularly traditional ones, tend not to pay much attention to either. This is, frankly, unsurprising. Surviving and thriving in the twentieth century required efficiency and compliance rather than adaptiveness and creativity. The world has changed a lot since then, and now, in the twenty-first century, we need to reinvent organizations so that they can be effective in a very different business climate.

How This Book Works

This is not a book of recipes. Many crave such a book, but this is not it. With such diversity in business goals, cultures, capabilities, and strategies, there can be no recipe that is universally applicable. Those who claim to have such a recipe clearly misunderstand the complex and contextual nature of organizational change. Not everyone wants to make the same cake, and they certainly don't have the same ingredients and equipment. Instead, this book focuses on mindset, principles, and general patterns. It is a summary of what I believe are the important factors in increasing organizational agility and why they work. They are things to consider in a so-called *agile transformation*.

The book will provide examples, stories, knowledge, and tools that will help you on your way. Exactly how to apply them in each unique context will be down to those leading the change. On a topic this large, one cannot cover everything. Rather, I seek to highlight the areas that are often ignored but are nonetheless vital to creating high-performing, agile organizations. At the end of each chapter, I have provided a summary, some key practices, and further reading and resources for those who wish to explore the topic in more detail. At

the end of each section within each chapter, I invite the reader to reflect on its particular context. I advise you to take the time to perform these reflections and to note down your answers somewhere safe. Having these reflections all together will be invaluable as you explore the final chapter and begin to consider populating the Business Agility Canvas.

In a way, each chapter is designed to be standalone. You can read any chapter and get a lot out of it. However, given the interconnect- edness of the topics explored here, reading the book as a whole is recommended. Like an athlete pulling together a coherent, coordinated program of the right diet, physical training, technique, and tactics where all elements work together to achieve their goal, the final chapter shows how the 6 Enablers can be designed in a complementary way to achieve a business goal. My hope is that upon completing the book, people will be inspired to dive deeper into the areas that interest them most. There is no shortage of great material out there with which to continue the learning journey.

The days of agility being confined to IT are long gone. So who is this book aimed at? There are, I believe, two main groups who will benefit most from it. The first is composed of leaders seeking to create nimbler, more adaptive organizations—those leading agile transformations. For that group, this book will open their eyes to the kinds of changes *they* will need to make in how they show up each day as leaders, but it will also illuminate the areas of their business that need to be included and brought along. The second group consists of those who coach leaders through agile transformations—senior coaches and consultants who advise and coach at the organizational level to support these changes. The topics I will be covering are ones on which I very much hope members of this group will educate themselves so that they will be able to coach and advise successfully the leaders with whom they work. Too often I see many of these topics being ignored because they are just not on the radar. I hope to go some way toward making them visible.

What I will *not* be doing in this book is promoting any particular agile approach as superior. There is plenty of that in the agile space already. Most of the approaches out there work well in certain contexts. I will try to identify in which context some approaches *may*

work well, and why. I will also avoid providing prescriptive recipes. Every organization is different, and each will have its own route to agility and high performance. What is important is that we tackle all of the areas that are crucial to creating an environment in which any chosen approach can work.

In chapters 1 and 2, I will start with a description of how the agile movement began and how it moved into the boardroom. I will also provide context around the *why* of agility from a business and leadership perspective. In chapter 3, I will outline the six main areas of focus for any organization seeking to move toward agility. Typically, only one or two of these areas are given attention, and this narrow focus leads to an extremely low success rate. Chapters 4 to 9 will be deep dives into the underlying principles behind the six domains identified in chapter 3. And finally, chapter 10 will pull it all together through the lens of the Business Agility Canvas. This will provide a steer on not only how to get started with a transformation but also how to achieve clarity and alignment around the vision, success criteria, key risks, key stakeholders, and key obstacles, as well as a coordinated set of high-level changes across the 6 Enablers of Business Agility to give your transformation the best chance of success.

I'm confident that this book will prove to be a valuable investment of your precious time.

CHAPTER 1

The Changing Business Climate

We are in one of those great historical periods that occur every 200 or 300 years when people don't understand the world anymore, and the past is not sufficient to explain the future.

—PETER DRUCKER

IN THIS CHAPTER, WE WILL EXPLORE

- the key differences between exploration and exploitation
- the concept of VUCA (volatility, uncertainty, complexity, and ambiguity) and its implication for the business climate
- the main drivers behind the emergence of agile ways of working.

Exploring and Exploiting: Two Key Organizational Activities

Think of the most commercially successful organizations around today. What makes them so successful? A superior product or service? Great business model? Efficient operations? The ability to continually innovate and create successful *new* products, services, and business models? For the most successful, it's likely to be all of the above. At the highest level, most organizations are undertaking two main types of work—*exploiting* current products and services and *exploring* new ones. Most will be more focused on one than the other, but both will be happening to some degree. The natures of these two activities are fundamentally different. They seek to achieve different outcomes, require different skill sets, and must be approached in different ways.

Traditional organizations tend to be designed to *exploit* known and understood products, services, and business models. Demand for these has been proved, often over many years. The strategy here is to compete based on the delivery of incremental improvements to existing products and services while simultaneously reducing costs and increasing efficiency. Processes are well understood, there is enough data to make accurate forecasts, detailed plans can be made, and performance can be assessed based on revenues, growth, and profit. These activities are largely understood and predictable, and success relies on effective execution toward a known goal. This pursuit is what we have come to expect from established organizations. An example of effective *exploiting* is Amazon's implementation of algorithms to improve the efficiency of picking and shipping items from its fulfillment centers. It offers the same service as before, but more cheaply, which allows Amazon to pass those savings on to customers, giving it a competitive advantage.

While many organizations have mastered the art of *exploiting*, few can claim to be effective at *exploring*. Exploring is the act of seeking out new products, services, customer segments, and even entire business models. The strategy here is to compete through innovation and sometimes the reinvention of the entire organization. It is an uncertain, unpredictable pursuit that tends to involve a lot of trial and error. As such, making predictions and detailed plans is often not possible. To return to our Amazon example, while it sought to *exploit* its core business model of online retailing, it also continuously *explores* new products, services, and business models. One example of this came in the form of the Kindle e-reader, a product innovation that revolutionized the publishing industry. Another example is a business model innovation, a cloud computing platform called Amazon Web Services (AWS). Launched in 2002 and relaunched in 2006, by the end of 2019, AWS had an annual revenue of over \$30 billion.¹

As we will see, the ability to effectively exploit *and* explore is more important than ever, but it was not always this way. Traditionally, organizations have been able to succeed largely through the mastery of exploitation. In the rest of this chapter, we will take a look at how the imperative to explore has increased over time, and the main reasons for that shift.

Reflection

What are the key areas in your organization engaged in exploiting existing customer offerings? What are the key areas engaged in exploring new customer offerings? How much focus and investment is spent on each? How does that compare with the most successful in your industry? Remember to keep your answers in a notebook for use in chapter 10.

The Twentieth-Century Organization: Exploiting with Efficiency

For most of the twentieth century, organizations survived and thrived by being expert exploiters, creating economies of scale, and relentlessly pursuing operational efficiency. Outfits that produced an as-good or superior product more cheaply than their competitors were likely to prevail. Thus, managers constantly sought to achieve the highest possible output, with the least investment of time, money, or effort. This was achieved largely through specialization, standardization, and the division of labor. In short, it was survival of the most efficient. The ability to exploit their existing products and business models effectively was the main concern, and so organizations were designed almost exclusively for this purpose.

The embodiment of the efficiency movement was Henry Ford, founder of the Ford Motor Company. On October 7, 1913, Ford and his team at the then-Ford plant in Highland Park, Michigan, launched what is arguably the greatest innovation ever in the field of manufacturing: the moving assembly line. Inspired by the overhead trolley used by Chicago packers to dress beef, the new process allowed the production time of the Model T to drop from 12 hours to 90 minutes, and for the price to drop from \$850 to \$300. This innovation eventually allowed for the production of a Model T every 24 seconds. By 1927, Ford had gone from just another small automobile manufacturer to selling more than 15 million Model Ts every year—half of all automobiles sold at the time.² It had masterfully exploited the Model T and had won at the efficiency game.