

Agility, and steps to achieve it

The word agility has been getting a lot of attention lately. Many of you may be wondering if this attention is valid, or if it will pass like so many fads. In today's business environment there is not a lot of room for missing important trends or for wasting time pursuing fads. Indeed the term, agility, may soon fade from attention. However, the issues that are bringing it to our attention will certainly not fade any time soon. Most of you as business leaders will need to gain an increased understanding of these issues in order to survive and succeed. Agility is the best word so far, to describe how a company effectively manages these key issues. This provides an introductory description of what these issues are and some first steps you can take to improve the agility of your business.

Business leaders must increasingly focus on '**maximizing enduring business value in the midst of increasing change, complexity, and competitive cost pressures**'. Stop and re-read the last sentence carefully. This is the definition of Agility. Apply it to your business and see how many of the issues facing you are covered by that statement. For those of you who would prefer a formula: $dv/dt = Ag/C^3$. Don't worry. Although it is precise, it is really not difficult to understand. Each word has been carefully chosen after several years of research to capture the key issues that will eventually affect businesses in all industries of sufficient size.

You are probably facing an ever-increasing barrage of ideas and knowledge to assimilate and assume responsibility for. Traditionally, the unique aspects of your markets, your products and services, and your unique company processes have captured most of your attention. Now, you are facing more and more of the same issues as leaders in seemingly unrelated businesses. As our world becomes increasingly connected, the concept of agility will become foundational to the majority of business concerns. Specific supporting technologies will gain attention for a time, as new problems are encountered or new breakthroughs are achieved. However, these will soon be addressed and 'commoditized' (i.e. made into a commodity). However, effective handling of the core, systems issues, or, 'agility' is central to ongoing success. A good understanding of agility provides a framework for you to know what other issues are worth your time and how to address them.

One definition of agility is: '*the free market response to the shift from an isolated to an integrated business world due to increasing connectivity*'. There is a lot of system theory behind this definition. However, most of you recognize that our world is becoming increasingly 'connected'. The Internet, travel, and education of the masses have made our world less isolated and more integrated. Now you don't have to buy your widgets from a fixed supplier in your local, stable community. You can find the best deal for the widget at this instant anywhere in the world.

There are many examples of the current market shift, but you can see that the world of business is fundamentally changing. Widgets usually become a commodity.

Furthermore, the processes used to manage the supply of widgets will change. You probably now need to be able to accept widgets from a wide range of suppliers. You also probably need to understand what is needed from your suppliers. This is now much more important than tuning the processes you have used in the past. While you may decide not to change suppliers for now, you need to be able to make the best decision based on current realities. This is an example of agility.

The following is a very brief expansion of the core definition of agility. I hope that this will provide enough of a foundation for you to build on as you learn more about agility. Also, hopefully it will provide enough of a framework to begin applying agile concepts to your business decisions.

Breaking apart the definition, agility is:

Maximizing – Agility is a process of continual improvement. Components of the business at all levels are continuously tuned and new uses are found for them.

Enduring – Unlike the ‘flash-in-the-pan’ approach promoted around the beginning of this millennium, agility is about building on the strengths from the company’s history and building for the long term future.

Business Value – Otherwise known as ‘Competitive value’, this is simply the total benefit at a total cost within the realities of the marketplace. This is the core reason every business exists. Agile businesses understand its importance and make it the center of every decision that they make.

‘in the midst of’ – Agility is a clear headed response to the changing realities of the business world. If the issues of change, complexity and competitive cost are not significant for you then agility will probably be more of a distraction to you than a benefit.

Increasing – The core issues of change, complexity and competitive cost will be ever increasing realities for most businesses. Few will be able to successfully ignore them for long. The more the increase, the more important it is for you to understand these issues.

Change – This brings great cost and risk. Rapidly increasing change in your markets and also in your raw goods, people, and tools is largely unavoidable. However, as you better understand principles relating to change, you will be able to manage it and dramatically reduce the cost and risks that it brings.

Complexity – This also brings tremendous cost and risk, especially when combined with change. Like change, complexity is rapidly increasing and much of it is unavoidable. However, like change, proven approaches exist to manage complexity and to reduce the cost and risks that it brings

Competitive Cost – This is the force that drives us forward and causes us to build solutions with ever-increasing change and complexity. Our increasingly connected world is causing competitive cost pressures to increase dramatically. An agile approach to your customers and their supply chain will dramatically increase your ability to respond to these pressures effectively.

To help you to get started improving the agility of your business right now, some basic approaches that you can take are provided. Most of these will seem disarmingly straightforward. However, they are built around managing the core system issues and thus can have tremendous potential to impact your business. You will have to apply them with discretion, however. They are not magic. Agility comes from a careful balancing of various system issues that often conflict with each other. True agility is a journey of constant learning and improvement.

Before starting, we must define the perspective and the term, 'component' as we will use it. We are referring to a business component that provides something of value. It often requires some inputs and produces some outputs. It usually is related to other components. A component may be a business, a division of the business, a machine, a staff position, or even a design. A component may use other components to help provide its results. It may also interface with other components for its inputs and outputs. A component is defined by the value it provides. Agile components that are made up of other agile sub-components can dramatically improve total enduring business value over traditional approaches.

The first step to achieving agility is to focus on business value at every level of the enterprise. Obviously business leaders have long understood that business value is important. However, focusing on the 'how' or even the 'who' instead of the 'what' or, better, the 'why' can have disastrous effects on agility. Part of the reason for this is that processes or 'how' business components are implemented will usually change much more rapidly than the core value that is provided by these components. Furthermore, when decisions are made about how to implement a business component, the factors driving the decision may often be based on other requirements that were once based on business value. However, over time, this relationship to the business value provided can become very minimal or even inverted. Eventually, extraneous complexity is introduced that prevents effective decision-making and introduces increased costs.

A closely related step to achieve business agility is to begin with the end in mind. This refers to performing revolutionary, total system, top-down, analysis first. After an idealized architecture is developed, evolutionary adjustments can be performed to move the existing system towards that. This can provide agility that may never be achieved by performing many evolutionary analysis and change initiatives. The total system architecture provides leadership with an understanding of where the most significant opportunities and risks are.

One of the key ways to increase agility is to view your business and its components in terms of enduring principles. When developing architectures or just informally analyzing your business, look for common, enduring patterns and principles. When you can build your business around enduring principles, the benefits are compounded. You end up with a total system with much less total change and complexity. Furthermore, these parts of your business tend to continue providing value over a much longer time.

The business world consists of a complex network of inter-related components. Most businesses exist to provide something of value that solves another business need. You can look at the business components that support your business component, and the component that support them as a supply chain. Likewise you can look at the demand chain. Study both of these chains in terms of value provided to your business. This will build a framework for understanding external changes that will affect you. This will also help you to position your component to respond most effectively to these changes with dramatically reduced costs. Furthermore, often you will find new value that you can provide opening up new business opportunities.

I hope that this has helped you to begin thinking about ways you can improve the agility of your organization. Take the time and effort to continue to improve your skills in this. Often, seemingly minor steps can produce dramatic results. Agile systems consistently bring serendipities or benefits that were not planned, often dramatically extending the lifetime of the system. The costs and risks associated with external changes are dramatically reduced and sometimes eliminated. Total system complexity is reduced, often in dramatic ways. Most importantly, agile systems are ideally prepared to compete in the global marketplace. If you would like to learn more about how you can help your company to realize agility, or 'Agilize', contact me at DBowser@Agilize.com or visit our web site at www.Agilize.com.