

A strategy-focused agile transformation: planning simultaneously 50 years ahead and 5 minutes ahead

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Author(s) **The Agile Research Network**
Helen Sharp, Leonor Barroca and Diane Strode (The Open University, UK)
Peggy Gregory and Katie Taylor (University of Central Lancashire, UK)

Summary

"I thought we'd embarked on achieving a destination, but actually what we embarked on was a really long journey" Head of Transformation

This report was produced by the Agile Research Network (ARN¹) and explores one part of the journey taken by a charitable organisation transforming to *strategic agility*. Strategic agility enables an organisation to sense and seize opportunities, manage deep business uncertainty and adapt to changes in the business environment.

The case organisation is a traditional charity for disabled people which had evolved over many years to include hundreds of different services and products which were not used by the majority of potential customers. Although a new strategy had been set, with an aspiration to reach more potential customers, the organisation wasn't set up to deliver the required step change. A new strategy was needed, one that was agile and focused on a small number of activities. A change programme was initiated that encompassed both organisational change and significant strategy change. This white paper covers the time from initial drafts of the new strategy up to its launch in 2018 (about 13 months), and is based on a series of interactions with the transformation team and interviews with Heads of Department.

Strategy development began with identifying an overarching vision and a set of ambitious goals. The new strategy development process aimed to produce a five-year strategy, a three-year strategy and a one-year plan. At the end of the process, a five-year strategy and a one-year plan were delivered to the Trustees.

By January 2018, a long term (e.g. 150 year) goal had been identified, and a business plan with priorities and cross-cutting objectives had been developed. A new operational model was being developed at the same time. Although the focus originally was to have an agile strategy, the transformation team had realised that *"Agile strategy has to be a process"*. A review in March 2018 identified continuing issues about accountability (what is it? what does it mean for me?) and performance measurement (what data do we need to collect), as well as fixed hierarchies and timeframes. The overall vision and objectives were in place, but not everyone had bought into the changes, although the plan had attracted support. The new strategy was launched towards the end of 2018.

Throughout ARN's engagement we looked for successes, challenges and next steps, as well as how to improve the process for the future. Successes for the transformation process include agreement that the goals and objectives were right for the organisation, that the process achieved a change in mindset and that the budget was agreed. Several past challenges were identified. Fewer future challenges were identified, and these related to keeping staff engaged and energised, succession planning for strategic development, getting the right data available for performance management, aligning the Departments and the strategic goals, and communicating the right external profile. Improvements for the future, were maintaining more stability in the organisation, finding a better way to update finances, being clear and transparent in communications and expectations, and being more creative in how the process unfolds.

Achieving organisational agility requires balance between elements in tension so that an organisation can be effective in performing its functions. We identified six balances in this case:

¹ The Agile Research Network (agileresearchnetwork.org) is funded by the Agile Business Consortium (ABC), The Open University and University of Central Lancashire. The model operated by the network is that members of ABC work closely with the research team to understand the causes and consequences of a challenge they are facing, and where possible, to identify alternative ways of working gleaned from published literature.

Changing too quickly vs changing too slowly, How much to change vs how much to keep stable, Creativity vs discipline, Change for short term vs change for long term, Change strategy vs change structure, Involving enthusiastic people to energise the changes needed vs involving representatives from across the whole organisation.

1 Introduction

The business management literature identifies four dimensions of agility: economic, operational, organisational and strategic (Toni et al, 2005). We consider these dimensions to be complementary and useful view-points for analysing enterprise agility. The *economic agility* viewpoint has been addressed, for example, in conjunction with theories for management of financial buffers against demand uncertainties or external market shocks. The *operational agility* viewpoint deals with aspects of manufacturing system flexibility, e.g. ability to adapt the manufacturing system to different environmental conditions and a variety of product features. Agile software development literature referenced by Laanti et al (2013) captures especially operational agility aspects related to software component development, e.g. management of rapidly changing business requirements and iterative delivery practices. The *organisational agility* viewpoint deals with models of organisation (e.g. organisation of individuals and teams) and labour flexibility in rapidly changing environments (Toni et al, 2005).

Business management literature views *strategic agility* through culture (Schein, 2010), leadership (Doz et al, 2010) and dynamic capabilities (Teece et al 2016) that enable an organisation to sense and seize opportunities, manage deep business uncertainty and adapt to changes in the business environment. According to Toni et al. (2005) strategic flexibility (or agility) consists of four distinct categories: (1) speed and variation of competitive priorities, (2) range of strategic options, (3) rapidity of movement from one business to another, and (4) variety of possible new businesses.

This report follows one part of the journey taken by an organisation transforming to agility through a focus on *strategic agility*.

2 The Organisation and its Context

"What is the role of a Victorian patriarchal provider of services for <disabled> people in an age where funding streams, public expectations, customer expectations, deem that we're actually no longer relevant, fundamentally all of our lead indicators for the business are really unhealthy. Need to fundamentally transform and that makes it really big." Change manager

Our case organisation is a traditional charity for disabled people. It started life as two separate organisations with different foci, but over the years each took on a wider range of activities and the merged organisation had hundreds of different services and products. As a result, they were carrying a lot of cost and their purpose had become confused – both for staff and for customers. More than that, their services were not used by the majority of potential customers. Up to the start of the transformation reported here, the charity's strategy set an aspiration to reach more potential customers, but it wasn't set up for delivering the required step change. To address this, a change programme was initiated but it failed to get sufficient management sponsorship. To combat this, the programme started as "*skunk works*" (a small group of people given autonomy to work on a "secret" project) – with no widespread communication and engaging only with those who had an appetite for change. This work was to deliver a change programme that did not deliver to the existing strategy but to a new one, because the existing strategy couldn't be done. The new strategy needed to be agile and focus on a small number of activities. The change programme therefore encompassed not only organisational change but significant strategy change as well.

Prior to ARN's involvement, an assessment of group culture and a re-structuring of the organisation had taken place. In particular there was an urgent need to improve the financial health of the organisation, and to embed the "lived experience" of disabled people into the organisation, by involving the community more.

This white paper covers the time from initial drafts of the new strategy up to its launch in 2018 (about 13 months).

2.1 Group Culture

During November and December 2015, the case organisation underwent an exercise to discuss their work life and organisational culture. All areas were represented, with 240 staff and volunteers taking part. The discussions were run as group sessions prompted by stories from customers, staff and partners, and they explored values and beliefs that influence behaviour at work.

From this activity, the ten values and behaviours that have the most influence on behaviour at work were identified, and the ten values and behaviours most affected by change, i.e. most 'sensitive', were identified. The highest ranked influence was their *hierarchical structure*, with *knowledge sharing* and *personal accountability* also featuring in the top ten. The highest ranked sensitive area was customer service, with *fear of blame* and *set in our ways* also featuring in the top ten. Four areas appeared in the top ten for both: *customer focus*, *risk aversion*, *collaboration* and *personal accountability*.

From this exercise, an action plan was developed and was in the process of being delivered when this study was undertaken. The exercise outcomes were operationalised in the new brand and strategy launch through the values and behaviours.

2.2 Strategy development

"there's no such thing as an agile strategy, it's a process that enables you to <be agile>"
Change manager

In July 2017 a paper was put to the Board of Trustees setting out the development of a new strategy and delivery plan. This was the third year of their previous 5-year strategy. Prior to this, in April 2017, the organisation was restructured to remove duplicate functions, which resulted in the loss of senior management posts.

Strategy development began with identifying an overarching vision and a set of ambitious goals. These were iterated through a "task and finish" group of 10-12 people invited to take part, from a range of different grades, departments, and physical locations around the country. The initial goals and objectives were tested with customer and internal staff stakeholders, and strategy drafts were presented to the Board of Trustees at regular intervals.

The new strategy development process aimed to produce a 5-year strategy, a 3 year strategy and a one-year plan. At the end of the process, a five year strategy, and a one year plan were delivered to the Board of Trustees. Work towards the 3-year strategy helped people to think about the medium-term planning horizon, and was preserved for use in subsequent planning cycles, although not presented to the Board.

Task and finish groups were set up to drive the business plan forward. This was made up of a subset of "Heads of Department". Their remit included making sure that others in their department were kept informed of developments.

The final strategy was launched in late 2018.

"<We> now have a written down and universally agreed piece of paper that <....> everyone buys into that and it's documented and it doesn't bang on – 25 pages of, you know, overly

complex mildly irrelevant conjecture and jargon like the previous versions have been very much like. It's succinct, it's clear, clearer in accountabilities than ever before." Head of Brand and Marketing

3 Background to the case study

The ARN engaged with this case study from July 2017 to August 2018. The initial meeting in July 2017 set the scene and agreed subsequent meetings. In Oct 2017 we attended a workshop with the Head of Change, Head of Transformation and another member of the transformation team. This workshop explored agility – what agile is and is not - and contextual matters including how to assess performance in an agile setting. Many “parking lot” issues were raised including BHAGs (big hairy audacious goals), culture, business readiness, flexibility vs agility, and accountability. In January 2018 a short meeting provided an update on progress and identified a way forward in this project.

In March 2018 we met again to gain an overview of the process so far – and some reflections of what had happened, and how it went.

In July 2018 we conducted semi-structured interviews with 8 heads of areas about their perspective on the transformation process, challenges, successes and next steps (see Table 1). In August 2018 we conducted the same semi-structured interview with the Head of Transformation to reflect across the whole process.

Table 1: Interviewees July and August 2018

Role	Length at org	Goal owner	Involvement
Head Community Involvement	17 years	Yes	Heavily involved in conception and development of vision
Head customer service	3.5 years	Yes	Part of working group (Oct 2017), T&F group member. Now chair operational group
Head finance business partnering	3 years	Yes	Led on numbers front
Head HR		Yes	More involved in plan than strategy. T&F groups
Head Legacy Community and Challenge Events	2.5 years	Responsible for one goal, not owner	Involved in workshops
Head Partnerships	29 years	Yes – two goals	Development – not a lot of involvement
Performance Manager	14 years	No	Designing performance framework to help with KPIs, opportunity indicators etc.
Interim Head of Brand	2 years	Yes	Yes, in many meetings and workshops – too many to remember which is which
Head of Relationship Development	1 year	Priority 2 & oversight of priority 3	Influenced in the background. Brought in when restructuring was done.
Head of Transformation	4 years	Yes	In charge of the transformation process

Throughout this time, ARN also had access to several documents and versions of the strategy

including the one issued to staff in Sept 2018. This included a set of values and behaviours expected from staff and used as a guide to recruitment.

3.1 Analysis

All interactive sessions were audio recorded and transcribed, or detailed notes were written on the contents. The documentation, and some aspects of the audio recordings were taken as context for the investigation. The views of the journey, including successes and challenges were analysed thematically.

4 Results

4.1 Transformation from inside the agile transformation team

4.1.1 Early thoughts in Oct 2017

At the time of the workshop in Oct 2017, four related issues arose and were discussed. These were seen as critical aspects by the transformation team at that time:

1. What is agility, and what is it not? During a brainstorm on this topic, several issues were discussed, including the need for accountability, discipline, empowerment, customer focus, and responsiveness. Several common misconceptions about agile were identified jointly. These included that agile isn't chaotic or process-obsessed, and that agility requires a cultural shift. A longer list of issues was set to one side for discussion later, including business readiness, appraisal of team and individuals, agile behaviours, agile planning and consensus. This discussion gave rise to a focus on the following related points.
2. Performance management in an agile environment: For someone to be accountable there needs to be a way of measuring performance. Agile focuses on the team rather than the individual so how to measure performance of an individual rather than at the team level, was discussed as a considerable concern. Potential ways to address this included asking individuals how they want to be measured, 360-degree assessments and allowing diversity in timescales for appraisals. There was a focus on the "*right behaviours in different contexts*" and that individuals would need to demonstrate these behaviours as part of performance management.
3. Agile strategy

"We are testing the strategy as we are formulating the strategy"

The strategy needs to be responsive to the environment and hence will need to be updated regularly. Discussion included the idea of a 3-year rolling plan, and questions from managers such as "where do I start?", "what's sprint 1?". This might include the need to keep momentum going – not to just run workshops for a few days, get a brilliant "buzz" and then stall. An evidence base for challenging ideas and providing rapid feedback were needed.

4. Sustainability of agile

"We can do agile planning, but agile sustainability comes down to what people are motivated to do... and how they are motivated to behave"

The question of agile behaviours and performance management started to be framed in terms of agile sustainability.

4.1.2 January 2018

By January 2018 there was a clear sense that the process around the strategy needed to support the continuous improvement of the strategy, and that this process should be agile. Although the

focus originally was to have an agile strategy, the realisation was that *"Agile strategy has to be a process"*.

The organisation had identified a long term (e.g. 150 year) goal, and developed a business plan with four priorities and eight cross-cutting objectives. The next step at this time was to change the portfolio management process to adapt to having three-year rolling plans that move towards that long term goal, through three-month update cycles when the progress is checked *"is this the right stuff? Yes, move on; no, stop it or cut it"*. This will involve test-learn, test-learn cycles. *"That's your agile strategy, it's your tactical 1-3 year business plan moving towards big significant goals, that get refined"*.

Work to create those business plans was underway, and a template for the business plan for each department had been developed. The baseline plan for 18/19 needed to be developed.

The change in culture was to be driven through the new branding process, which was expected to launch towards the end of the year.

4.1.3 Review in March 2018

"If we've had one conversation on how you define accountability over the last 6 weeks, it's probably been 87 conversations" "there is one plan the organisation is collectively accountable to the Trustees for delivering it and collective accountability is the thing" "accountability is just a reporting accountability" "it's the word that's the blocker to all of that"

Accountability continued to be a big issue at this point in the process, along with performance measurement and the need to identify and acquire appropriate data to facilitate performance management. The difficulties were with senior managers who were concerned that they were being asked to be accountable for things outside their direct line management budgetary control. Some people associated this term with blame, and there was a kind of fear about what would happen if the objective failed. Trustees want to know who is accountable, and who is responsible and there has been a blame culture in the past. Although they were still not very agile, the changes that had been made highlighted the *"massive culture change required"...* *"fundamentally we are not currently built to deliver those goals"*. At this point in time, instead of focusing on changing the culture, the terminology has changed to be looking at values and behaviours.

Fixed hierarchical structures and **fixed** timeframes were also causing problems, and there was little appreciation that the plan had to drive activities, and had to *"have a life of its own"*. In the past, the plan had been delivered through line management and through the budget, and these are structured in silos. In a **fixed** governance structure it's hard to get across the dynamic nature of the whole process. Managing based on data and monitoring of performance would be preferred by the team, without a static written document at all *"we're driven by thisgovernance deadline that's really quite artificial"*

Finance had been encouraged to map budget lines to the goals in the plan and had eventually done this manually and found that a lot of money was being spent on **activities that did not provide sufficient value**. Over the previous year they turned round a loss of several million pounds into a surplus by slimming down the organisation, changing the service model, focusing on reducing discretionary spend and selling properties that they no longer need.

Alongside the planning, a **new operational model** was needed which takes more of their activities online. Staff and customers were consulted about the plan and the changes in the organisation and there were significant differences: customers talked about changing attitudes on employment, mobility etc while staff said they should focus on f2f services. The goals and objectives for the plan had been tested with customers and staff, and encompassed potential customers who have not engaged with the organisation before.

People were working still in silos, creating their own plans without talking to anyone else, and without any reference to the overall goals. In order to create their plan they need to work across departments but they weren't used to that. In the silo'd way of working they had freedom within what they were doing, but with this new plan, they have freedom to innovate as long as it aligns with the organisational strategy. They have been "ill-disciplined" but now **need to align** – if it's not in the strategy then "*you really shouldn't be doing it*". This isn't about empowerment but about discipline.

"We've felt the burden of trying to facilitate the discussion, and manage process, and produce the end product" – **external facilitation** would have been better

The timing of this review was about half way through the process towards a new strategy launch. The overall vision and objectives were in place, but not everyone had bought into the changes. On the positive side, the plan had attracted support, and "*it feels as though it's moving us in the right direction*" but "*we just assumed way too much*" and "*<the process has> gently exposed some of the undercurrents of the organisation*"

4.1.4 August 2018: Lessons learned from the Head of Transformation:

This interview took place just before the new strategy was launched, but after it had been presented to the Heads of Department (see Table 1).

Successes

"the approach we're moving towards is absolutely right – right for <the organisation> specifically but actually generically right for an awful lot of organisations" ... "the change we're seeing in our external customer environments is just not gonna stop"

Challenges : reflections on the process

"I thought we'd embarked on achieving a destination, but actually what we embarked on was a really long journey"

- One and three quarters people to do the transformation is not enough resource.
- Senior stakeholders may have buy-in to the process, but they also need to go through a personal change as well as a fundamental organisational transformation. They need to have the right mindset. "*we didn't appreciate the depth of mindset change basically that it would need.*"
- We needed more stability in terms of leadership
- The agile approach needs collaborative way of working, which is counterculture to a traditional hierarchical organisation with siloes. "*half the senior management didn't know what other functions did*" "*A key thing is just understanding what everyone does*". We need to come together and plan together as "heads of department" – the plan used to be driven by budget and done per department
- Communicating the approach outside the subset of managers in the T&F groups was limited. We need to get people engaged in this as a business change and not just as a new process.
- Difficulty in communicating what accountability means – "*you may not be in control of all the direct levers for an outcome but you are in control of relationships with the people who can pull those levers*"
- Need a real-time (as close as possible) operational dashboard

Done better:

Two main areas for improvement for the next time around:

1. be a bit more creative – using design thinking for example "*we need to focus a lot more on*

enabling the business change and enabling the business to fly and probably a bit less on the process itself”

2. get new senior people up to speed quickly – or find a way to keep senior people. Constant change of personnel created such instability.

Next steps: 50 years and 5 mins

- Fifty-year perspective: We now have the purpose statement and the priorities, and we have business plans, but we need to tackle the really important medium-term strategic goals.
- Five-minute perspective: *“our major Achilles heel across the whole charity is data ... our new performance dashboard is a lot better ... we’re nowhere near being able to report the real-time heartbeat type metrics that we really need to understand how the business is performing day-by-day”*

4.2 Transformation from the Heads of Department perspectives

The interviews with the Heads of Department were analysed for themes according to successes, challenges, what could have been done better in the transformation, and next steps. Tables 2 and 3 summarise the themes emerging from this analysis.

Table 2: Themes from “Heads of” interviews, with illustrative quotes

Theme	Success	Challenge (past)	Challenge (future)	Done better	Next steps
Plan/strategy	“Strategy is great”	“No control or proper oversight”	“Succession planning – strategy ownership”		
Org structure	“More manageable organization”	“Organisation too convoluted”			
Org culture	“Shift in mentality”	“Honesty and openness”	“Morale”		
Org purpose	“Shared organizational goals”	“No guiding narrative or philosophy for decision-making”			“Be clear about Charity’s role”
Level of org change		“Degree of organizational change”	“Change fatigue”	“Stability – everything’s been changing”	“Get changes embedded”
Transformation process	“Process has been excellent”	“Process took too long”			
External profile	“Responding to external events well”	“Reputation declining for years”	“Need to make sure people know us”		“Launch ourselves as listening”
Operational	“Budget agreed”	“Identifying accountable owners”	“Data difficult to quantify”	“Find effective way to update finances”	“articulate budget requirements”
Staff buy-in	“Getting senior people on the T&F group”	“People need to buy-in to the philosophy”	“Bring along people across the organization”		“Excite and energise everyone”

Reading Table 2 left to right provides an overview of the theme and how it plays out across the transformation activities. For example²:

Level of change in the organisation: There was no mention of *success* in this theme. A *past* challenge was the high degree of organisational change, and a *future* challenge will be change fatigue. What could be *done better* is to achieve more stability as everything's been changing, and *next steps* are to get the changes embedded.

External profile: A *success* has been the response to external events. A *past* challenge is that our reputation had been declining, and a *future* challenge will be to make sure people know what we stand for; *next steps* are to launch ourselves as a listening organisation

Staff buy-in: A *success* was to get senior people on the Task and Finish group. A *past* challenge, during the transformation, was to get people to buy-in to the new philosophy and *future* challenge is to engage people across the organisation; the *next steps* are to energise everyone.

Table 3 shows five themes which related to only one category, with three of these being in the *done better* category.

Table 3: Themes related to only one category (none for Successes and Next Steps)

Theme	Challenge (past)	Challenge (future)	Done better
History	"Historical negativity around the organization"		
Dependencies /links		"Making sure we're all aligned"	
Communication/ transparency			"Be better with internal comms"
Clarity			"Be prescriptive about what people do towards the plan"
Leadership			"Change process <was> too mechanistic"

5 Discussion

5.1 Comparing different perspectives

The meaning of accountability was a concern for the transformation team throughout the process. It was mentioned in every engagement we had with the transformation team, but hardly mentioned at all in the Heads of Department interviews. Other issues raised by the transformation team were recognised by the Heads, but not all the issues raised by the Heads were recognised by the team.

There was a strong support for the progress that had been made up to the new strategy's launch – not just the strategy itself, but also its vision and goals. Other successes related to the organisation's structure, a change in culture and mindset, and the turnaround of the financial situation.

There were several past challenges, but fewer future challenges. Those that were identified relate to keeping staff engaged and energised in the continuing transformation process, succession planning for strategic development, getting the right data available to performance management, aligning the Departments and the strategic goals, and communicating the right external profile.

² Note that the quotes come from different interviewees and so these sentences do not represent any one person's viewpoint.

Areas for improvement in terms of the transformation process were maintaining more stability in the organisation, finding a better way to update finances, being clear and transparent in communications and expectations, and being more creative in how the process unfolds.

The next steps identified were in response to the issues raised above, and included embedding changes, articulating clearly the organisation’s goals externally, and energising everyone to take the changes forward.

5.2 Balancing tensions

Achieving organisational agility requires certain paradoxes to be balanced. Balance here does not imply equality but rather that the elements in tension are in the correct proportions that allow an organisation to be effective in performing its functions. In the data we have collected, six balances were evident. These are summarised in table 4. Although they arose in the past, they may remain pertinent as the organisation moves through the three-month test and learn cycles.

Table 4: Balances observed on the path to agility

Balances	Description
Changing too quickly vs changing too slowly	The organisation needs to transform quickly enough to make an observable difference and to reach the endpoint of the transformation in a timely manner, without incurring change fatigue. So the transformation must be fast enough but not too fast; slow enough but not too slow.
How much to change vs how much to keep stable	Changing everything at once in the transformation process can lead to instability. The balance is in deciding what to change, and how much, and what to keep stable. Alternatively, if everything needs to change, then at what points should the organisation stop, stabilise, and embed the changes.
Creativity vs discipline	This balance can be understood as one example of the previous balance: how much to change and how much to keep stable. Creativity involves generating and trying new ideas to change and improve the way the organisation thinks about its purpose, engages with its stakeholders, and provides services and products. Discipline in organisations involves establishing a way of working, which in agile organisations concerns setting a rhythm of incremental working consisting of goal setting, product or service delivery, collecting evidence on the effectiveness of delivery, reporting regularly, and re-planning based on the evidence.
Change for short term vs change for long term	An organisation may face an immediate threat and need to address the threat in the short term. The balance is about how extensive to make the changes based on the short-term issue, when such changes may damage long-term goals.
Change strategy vs change structure	Extensive changes were made to the organisational structure just prior to finalising and implementing the new strategy. It was suggested in our interviews that the new strategy required further disruption to the organisational structure.
Involving enthusiastic people to energise the changes needed vs involving representatives from across the whole organisation	This balance concerns how to initiate the emergent change process. Involving everyone from across the organisation from the start may not be practical if, for example, there are influential sceptics. Starting to work on the changes in a small, self-selected and enthusiastic group in order to progress rapidly and discuss feasibility is an alternative adopted here.

6 Reflections: How to improve your agility

Any organisation undertaking an agile transformation may benefit from reflecting on how its agility can be increased or improved. Several frameworks for assessing agility have been presented, including one from McKinsey & Co (Aghina et al, 2018). Table 5 summarises one framework that is freely available, is relatively easy to apply and is derived from both theoretical and empirical findings (Worley et al, 2014).

This agility framework is based on traditional organisational models in the literature on organisation design, and flexible and agile organisations (Galbraith, 2002; Lawler & Worley, 2006; Neilson, Martin, & Powers, 2008). The framework is also informed by action research and case studies (Worley & Lawler, 2010). Worley et al. (2014) validated the framework with correlational studies of performance data from 20 firms, and interviews with executives.

The agility framework includes routines for strategizing, perceiving, testing, and implementing and has 14 dimensions (see Table 5).

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Table 5: Routines and features of agile organisations from Worley et al. (2014) *p18*

Routine	Feature	Description
Strategizing		How top management teams establish an aspirational <i>purpose</i> , develop a widely shared <i>strategy</i> , and manage the climate and commitment to <i>execution</i> .
	Sense of Shared Purpose	The purpose or mission (outcomes other than profit or growth) is widely shared. Values embedded in these statements drive behaviour on a daily basis.
	Strategic Intent	The current business strategy is relevant in today's market. It clearly distinguishes the firm from other companies and describes the business model (how we make money) but is flexible enough to change on short notice.
	Change-Friendly Identity	There is a clear sense that "who we are" and "what inspires us" aligns with the organization's brand and reputation. This long-term strategy explains success and encourages the organization to change.
Perceiving		The process of broadly, deeply, and continuously monitoring the environment to <i>sense</i> changes and rapidly <i>communicate</i> these perceptions to decision makers who <i>interpret</i> and formulate appropriate responses.
	Strong Future Focus	The organization possesses effective processes for exploring the future deeply.
	Maximum Surface Area Structure	The organization is structured in such a way that many people maintain direct and continuous contact with different parts of the business environment.
	Vertical Information Sharing	Information from the environment gets to decision makers rapidly, in an unfiltered way. Information flows easily, in both directions, between the bottom and top of the organization.
	Transparent Information	Business, financial, competitor, and organizational information is easily found and widely shared in the organization.
Testing		How the organization <i>sets up, runs, and learns from experiments</i> .
	Flexible Resource Allocation Systems	Capable resources (people, money, time, tools) are available and can be readily deployed to experiment with new ideas.
	Encourages Innovation	Thinking of new ideas, new businesses, and new ways of working is encouraged in the organization.
	Learning Capability	Experience with running experiments is captured and applied with each new round, so that the company's capabilities are continuously improved.
Implementing		How the organization maintains its <i>ability and capacity to implement changes</i> , both incremental and discontinuous, as well as its ability to <i>verify the contribution of execution</i> to performance.
	Change Capability	There is a pragmatic ability to change collective habits, practices, and perspectives. It is embedded in line operations, not isolated in staff groups.
	Development Orientation	A human resource strategy of building new skills, competencies, and knowledge is clearly articulated.
	Flexible Reward Systems	Incentive systems in the organization—both monetary and nonmonetary—reward both effective performance and change.
	Shared Leadership	A philosophy that views everyone in the organization as a source of influence and expertise is carried from the top to the bottom.