

The Agility Factor

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– book extract on the routines of Agility -

ORGANIZATION AGILITY DEFINED

Agility is the capability to make timely, effective, and sustained organization changes. As with any capability, agility is a repeatable, organizational resource. Agile organizations are able to make timely changes because they can sense or anticipate relevant environmental shifts better than their peers. Agile organizations make effective changes because they do a better job of selecting the ones that will deliver on environmental demands. Finally, agile organizations make sustained changes; after all, any change is meaningless unless the organization embeds it long enough to solve the problem it was intended to address.

However, the changes implemented do not become a permanent or institutionalized source of inertia; they are always subject to and ready for reform.

The management literature increasingly refers to this as a “dynamic capability” –*the potential to sense opportunities and threats, solve problems, and change the firm’s resources and processes*. This allows outperformers to maintain or enhance their relative advantages in ways their competitors fail to see or do not fully implement. Agility is also strategically relevant. Agile organizations often change, but they do not pursue change for change’s sake. They pursue it for the sake of competitive advantage.

Four routines, summarized in Exhibit 2.1, distinguish outperformers from thrashers and underperformers. The ability to make timely, effective, and sustained change results from the capacity to

- *Strategize* in dynamic ways
- Accurately *perceive* changes in the external environment

EXHIBIT 2.1 The Routines of Agility

Routine	Description
Strategizing	How top management teams establish an aspirational purpose, develop a widely shared strategy, and manage the climate and commitment to execution.
Perceiving	The process of broadly, deeply, and continuously monitoring the environment to sense changes and rapidly communicate these perceptions to decision makers, who interpret and formulate appropriate responses.
Testing	How the organization sets up, runs, and learns from experiments.
Implementing	How the organization maintains its ability and capacity to implement changes, both incremental and discontinuous, as its ability to verify the contribution of execution to performance.

Note: The exhibit describes organizational “routines.” It would be a mistake to associate these with a particular structure or department, as in “this group does testing, that group does implementing.”