

White Paper

The Power of Organizational Agility: Why You Need It and How to Achieve It

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Introduction:

Organizational agility is an ability for an organization to renew itself, adapt, change quickly, and succeed in a rapidly changing, ambiguous, turbulent environment.¹

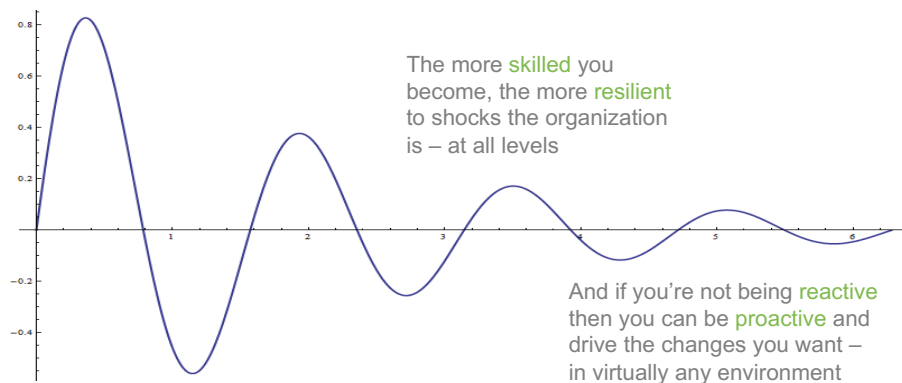
Organizational agility is the ability for a company to adapt with speed and continue to thrive through any business challenge whether it be internal or external. Many organizations exhibit organizational agility by adapting to changes on a regular basis – new mandates, internal structure changes, product or market adaptations are all examples of changes and the business' ability to change and adapt is their degree of organizational agility. Today's disruptions are just the most current example of the uncertainty that comes with running a business and brings this concept top of mind as organizations across the globe and across industries are required to adapt to changing conditions. Businesses, nonprofit and government organizations will always have to evolve and require adaptations based on uncontrollable external influences, including technology advancements, competition, economic uncertainty and unexpected events (like the 2020 pandemic); and the ones that are strong in organizational agility are those that will not just make it through the changes, but will become stronger because of it.

Part One: Adapt or Fail – The Dangers of Playing It Safe

To endure and grow, it's just a matter of getting better at managing change with proactive preparation. In a 2015 McKinsey & Company article, The Keys to Organizational Agility, Wouter Aghina described organizational agility as the ability to, "thrive on change and get stronger," adding that through adopting agility, change "becomes a source of real competitive advantage."¹

In a recent article by Andy Jordan, an experienced PMO consultant and respected project management expert, he described why project managers need to be concerned about the state of organizational agility within their business, and how they can actually accelerate the pace and success of an organizational change.² Jordan uses a graphic to show how a business adept to organizational agility can absorb changes rather than be shocked by them, and the PMO plays a fundamental role in rolling out the change through inevitable new initiatives, canceling projects or making changes to the projects that are already underway.

Organizational Agility Smooths The Business



Organizational agility is best achieved by embracing the following key concepts:

Optimized Project Selection Is Informed by Investment-Conscious Planning

When the economy takes a downturn all areas of business are impacted, including the funds available for investment. Each dollar must be spent with care to ensure that it maximizes the ROI needed to protect the company in the tough times and keep it strong enough to recover when the economy improves – but the reality is project selection should always be an area of focus for improved organizational agility. Optimized project selection informed by investment-conscious planning allows an organization to prioritize the right projects at the right time based on their ability to best contribute to the needs of the organization. This matters when times are good and there is flexibility to take more risks ... likewise when times are tough, and risk must be minimized as much as possible.

Case In Point:

"We challenge our sponsors to identify the value of selecting the right programs. This is portfolio management at the core. The PMO has to be part of the solution. It's a challenge, but once you go through the iterations a few times, everyone sees the value."

-VP of enterprise portfolio planning and delivery, North American healthcare provider³

Case In Point:

"We actually champion Agile in our organization. We used to oversee the whole process, but now we help the teams define sprints and modify breakdown structures based not on financials but on ...

Rapid Adjustments Are Made While Minimizing Disruptions

A poor response to disruption can be just as costly as making the wrong investments. Companies must be able to make swift decisions to make the correct adjustments that help them stay on target or shift in a more beneficial direction. Creating a culture of examination and adaptation strengthens the company and cultivates a universal attitude of continuous improvement. When disruptions occur,

...actual implementation and deliverables. We work with our security team, coaching it on how to operate in an Agile way based on number of features and getting the team to define the boundaries based on the sprint.”

-Vijay Sharma, deputy director of financial systems services, US Department of Education³

everyone is already accustomed to a pattern of assessment and change and can more easily shift behavior and decision-making to focus on risk assessment, mitigation or any other direction that is required.

Teams Are Empowered to Do Their Jobs with Minimal Interference

Investing in talent when business is going well will translate into the ability to rely on those individuals to make the right choices in a hurry if the environment suddenly changes. There’s an old adage that says, “measure twice, cut once.” In the instance of team building, measuring twice means hiring the best people for the job long before chaos strikes. The next step is trusting them to utilize their high level of expertise as the individuals closest to the work to make sound decisions that will best support the needs of the business. In short, build strong teams with positive relationships and reliable expertise and then trust them to do what you hired them to do. This will serve you in ordinary and extraordinary times.

Case In Point:

“We always ask ourselves, ‘Why would someone hire us?’ It’s a partnership. We leverage resources and coordinate with our business partners to bring a disciplined approach to get the result. We got more disciplined in the upfront aspects of projects to determine the business benefits – be crisp about it.”

-PMO director, digital publication organization³



With this understanding of the foundational concepts of organizational agility in mind, the next step is to examine the ins and outs of embracing and strengthening organizational agility. This will prepare you to achieve the best outcomes for your business no matter what is happening in the world outside or inside your doors.

Part Two: Agility vs. Governance

The concept of implementing organizational agility can induce fairly strong reactions from certain business owners. Some embrace the concept wholeheartedly and tout its benefits with zeal. Others, however, find it to be an intimidating prospect. This is likely due to the misconceptions that surround the concept of “going agile.”

One of the most common erroneous perceptions association with organizational agility, and agile methodologies in general, is that it follows an impulsive path of spur-of-the-moment decision-making without a lot of governance or structure to control the outcomes. This misnomer is a largely inaccurate but, for some organizations, is still a deterrent to adopting agility. This is unfortunate and the truth is that all agile strategies must first have a system stable enough to support implementation if they are to work as intended. To put it another way, agility doesn’t sacrifice stability — it requires it.



How does an organization maintain stability while simultaneously implementing organizational agility? It does so through governance. Governance is the foundation of an organizational agility strategy because it sets the guardrails for agile decision-making. Governance builds rules in the background that ensure agile methods almost always result in a win for the business. Agility allows an organization’s team to roll with the punches, make swift changes and focus on continuous improvement. When implemented properly, governance provides the guidance that allows agility to thrive, following these characteristics:

- Governance is the budget; agility is the team’s ability to swiftly change course mid-project to avoid exceeding that budget.
- Governance is ensuring that only the most highly qualified candidates are hired; agility is trusting those individuals to make swift decisions that advance company goals.
- Governance is determining that customer satisfaction is a primary goal; agility is allowing a team the freedom to make tweaks to a final product to deliver on that promise.

In Forrester’s recent research report, *Agile Organizations Need Modern Governance Structures*, analysts argue that governance is not at risk, it’s just outdated. Forrester recommends five imperatives for PMO leaders to embrace in order for governance to support and strengthen an organization’s agility.³

Figure 2: The Modern PMO Embraces Five Imperatives

Action	Benefits
Embrace Agile	<ul style="list-style-type: none"> • Bring Agile and DevOps to the whole organization. • Provide transparency across multiple work streams. • Help the PMO understand the value of program outcomes.
Leverage data	<ul style="list-style-type: none"> • Identify performance trends beyond traditional reporting. • Gain a deeper understanding of business’ needs. • Help the PMO understand the value of program outcomes.
Bring in business experts	<ul style="list-style-type: none"> • Ensure that the PMO directly drives results. • Become a results management organization. • Develop a disciplined approach.
Invest in learning	<ul style="list-style-type: none"> • Keep teams on the same page. • Enable stakeholders to develop a better understanding of their roles. • Ensure that the organization understands the PMO’s vision.
Rebrand if needed	<ul style="list-style-type: none"> • Become synonymous with value and benefit. • Avoid perceptions of past failures. • Bring luster back to the PMO.

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Source: Forrester Research, Inc. Unauthorized reproduction, citation, or distribution prohibited.

When Good Governance Goes Bad

While governance is a powerful factor in the success of any organizational agility strategy, it can become cumbersome if it is too heavy-handed. If we think of governance like a highway system, it adds clarity to the conversation. A highway is built to allow individuals to safely travel from place to place with ease and speed. There is a need for stoplights, speed limits and other road rules, but

(hopefully) those rules do not severely limit the driver's ability to travel, stop for food, or take a look at a point of interest along the way.

Continuing this analogy, the rules are supposed to prevent drivers from endangering themselves and others on their journey. With an overuse of governance, the highway would have a speed limit of 20 miles per hour and a stop sign every 500 feet. That is what overly restrictive governance can do to organizational agility. In the ideal environment – highway or organization – governance (the rules of the road) is combined with agility (the ability to travel freely) for an improved, unobstructed experience.

With a clear understanding of the stability and governance required to facilitate organizational agility, the next step is to focus on creating a strategy for implementation.

Part Three: Creating an Organizational Agility Strategy

Case In Point:

In uncertain economic conditions it's more important than ever to understand the operating environment

- Down times are externally driven – that's where threats are coming from
- But it's also where opportunities first appear

Aligning internal work with external needs is crucial

- Customer and market needs don't disappear, but they do shift
- Understanding that new reality is key to meeting needs – and succeeding
- The outside world is your map to success

There are four elements a business must consider when developing a successful agility strategy: impact, threats, opportunities and control. Each of these elements create a better understanding of how adaptable your business is to the influences of the external world. They can also help your organization develop a plan for responding to them.

In a recent webinar titled "Accelerate Agile in Times of Uncertainty," speaker Andy Jordan, president of Roffensian Consulting, noted that the world drives many of our actions in business adding that, "the outside world is your map to success." Let's take a closer look at the four strategic elements that will help your organization create a map for navigating challenges posed by external influences of all sizes.⁴

Impact: Are external influences impacting your organization? What specific areas of your business do they affect?

Threats: Assess how those areas are being affected. Where can outside factors do the most damage? What is the worst-case scenario for each area of impact?

Opportunities: Sometimes the impact is not negative. In fact, it can provide

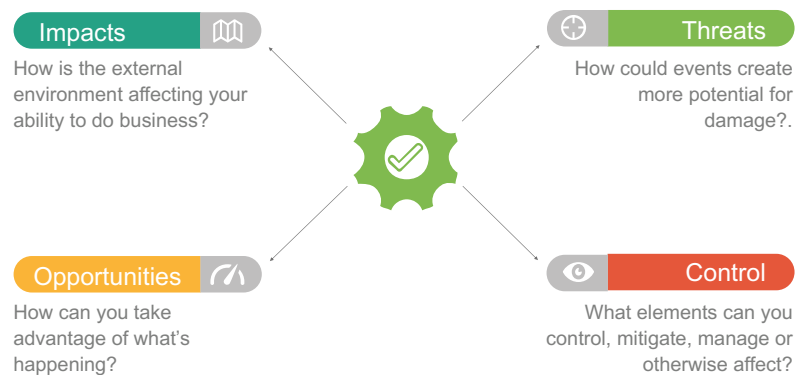


opportunity for growth and advancement. In Part 5 of this paper, you can learn how several different industries used external adversity to grow in an entirely new way.

Control: Once you have determined your affected areas, begin building a plan for how to approach the problem. What is within your control? How can you mitigate the uncontrollable? What challenges can you turn into opportunities?

Understand And Respond

The world drives your actions



An adaptable organization should be able to assess each event or outside influence against this list and then use the resulting information to realign operations to business goals and develop new metrics for success. By establishing a company mindset that seeks to understand and respond, you will be better prepared to not only identify how the external environment is impacting your business, but to mitigate damages and capitalize on opportunities with minimal or no disruption. A strategy geared toward organizational agility should include critical elements such as:

- Creating a change-ready culture
- Prioritizing collaboration and the proverbial open-door
- Leveraging technology to enhance and expedite changes
- Common goals that are both supported by leadership and communicated

“The role of leadership today is to bring clarity in uncertain times. The more uncertain things are, the more leadership is required.

There is no job description for what you are facing, no rule book...today's leaders need to thrive in the face of this uncertainty.”

– Satya Nadella, CEO of Microsoft



Part Four: Connecting Strategy and Execution for Sustainable Organizational Agility

As you implement a strategy to increase organizational agility, your best ally in execution is your Project Management Office (PMO). Why is this? Ideally, your PMO should be your chaos wrangler and driving source of change at all times, be it managing the day-to-day activities of your portfolio, leading the way through an unexpected disaster or helping advance your quest for organizational agility. In all cases, the PMO team has the best ability to lead the organization to a new state of progress, or normalcy, when times dictate. An ideal PMO should support organizational agility through:

- Informing decision-making
- Providing a portfolio perspective
- Leading organizational change
- Facilitating information distribution

If you are reading through these traits and are still not sure your PMO can take on a leadership role, it might be time to take a closer look at how your PMO can step up to the challenge.

Fine-tune Your PMO Leadership

What does a PMO tune-up entail? It depends on your level of PMO maturity. Some PMOs might need only minor adjustments to strengthen their leadership capabilities. Others might need a bit more work. Here's a list to help you overcome some common PMO challenges:

- 1. Diagnose the problems** preventing your PMO from becoming your partner in times of adversity. Where do they struggle and why? Are they lacking data or tools to help them make informed decisions? Do they lack the knowledge of how to engage relevant stakeholders? Is leadership sending them mixed signals on their role on the organization?
- 2. Check your alignment.** Have you clearly communicated your business goals? Do the goals of your PMO match? Is each goal tied to a broader strategy? If not ...
- 3. Establish goals for your PMO.** Be sure to communicate with the PMO team to assess whether or not those goals are reasonable and attainable. This is an opportunity for everyone to get on the same page with the same vision for success. Note: Like metrics and deliverables, goals change with circumstances. Don't be so rigid that you sabotage progress.



[Get the Complete Checklist](#)

Case In Point:

“Fit” organizations – those that came out of a turn stronger – outperformed “fragile” organizations in key areas. This enables fit organizations to invest and maintain profit margins, while fragile organizations shrank. Further, fit enterprises increased their revenue at a compound annual growth rate of 5% over the past three years, compared with 3.5% for fragile enterprises.⁵

4. Establish your process. Process should never impede outcomes. It should only make them easier. Communicate with your PMO to establish what effective process looks like, including areas where it needs to take a backseat to progress. In Part One, we noted what happens when good governance goes bad — process should be an expressway, not a roadblock.

5. Get the right tools. Speed, data and visibility are critical to PMO success. If your PMO is bogged down with spreadsheets, meetings, siloed communication and minimal reporting, it can't be the partner you need. It's time to go digital with a PPM tool.

6. Assemble your team. Create a cross-functional team of experts and then trust them to perform the job correctly. Make it a point to know who your best cheerleaders will be and who will be your naysayers and direct them appropriately.

A PMO tune-up is a group effort that takes clear communication. Ultimately, a PMO that wants to be perceived as a true partner (instead of a hurdle to overcome) will need to ensure it contributes real measurable value to the organization. By following the steps listed above, your PMO can become the partner your organization needs to execute its strategic goals.

Delivering Business Value in the New Normal

Ensuring your PMO is setup to deliver value is the first step, but actually delivering is the key to sustainable organizational agility. As we experience a “new normal” we learn that adapting to change is more than handling the change itself; but what comes next. Gartner describes the difference as “fit” organizations vs. “fragile” organizations as those that navigate uncertainty and change with success and those that founder.⁵

Adopting a product-centric delivery approach to projects can help teams better deliver against strategic goals of projects and realize more value. This includes maintaining high standards of project selection as discussed earlier to ensure teams are delivering the highest priority investments, but also to practice continuous delivery for maintenance and upgrades to ensure work that is delivered doesn't go underutilized.

Centralizing the work of the PMO across the enterprise – regardless of methodology or delivery model – enables teams to deliver value while allowing projects to be managed in a best suited manor. This centralization also includes integrating systems so information is shared and available as needed for portfolio level decision making.

Continuous Improvement helps PMOs deliver business value because it improves the delivery of projects and products through continuous customer or stakeholder feedback. This continuous feedback and improvement builds the credibility of the PMO and increases success rates of delivering the highest priority initiatives with better outcomes. This overall results in better ROI on projects and work, and quicker benefits realization gained through better management and focus.

Part Five: Three Areas PPM Can Support Increased Organizational Agility

If the PMO is your trusted partner in organizational agility, then project portfolio management (PPM) is one method by which they provide their support. Here are three ways better PPM can help your organization in its efforts to increase agility:

1. Portfolio Management

Portfolio management is no easy task — that's why so many organizations rely on the expertise of PMOs. If a key goal of organizational agility is optimized project selection informed by investment-conscious planning, portfolio management can support that goal via:

Prioritization: As noted above, prioritization is important regardless of what is happening in your organization. Prioritization ensures that you are placing the right bets at the right time to deliver maximum ROI. During a struggling economy, prioritization narrows decision-making even further, allowing the organization to focus on the most risk averse projects to protect and maximize the investment.

What-If Scenarios: Modeling is an excellent way to assess risk in decision-making because it helps ease the doubts that can hamper speed.

2. Resource Management

PPM creates a significant advantage with regard to resource management. The broad visibility that well-executed PPM provides allows insight into the capabilities and capacity of individual team members as well as that of an entire team. Why is that beneficial? Because it results in more accurate assignments, better use of resources and better capacity management and that translates into the trust that is so vital to empowering teams.

Agile Team Resourcing: Allows you to create teams with the right capabilities at the right time to best achieve your goals. It also helps you increase accountability and solve the challenges caused by capacity management such as overutilization and underutilization.



Analysis: PPM solves the who, what, when, where and why of your resource utilization so you can make corrections in real time or in anticipation of the next project. During downtimes, that same type of analysis can guide project selection with historic data on the safest investments.

3. Communication

Is there any business obstacle that is more vexing than poor communication? PPM facilitates communication by supplying a centralized hub of information that increases visibility and accessibility for any authorized individual. It accomplishes this through:

Dashboards & Reporting: Centralized, data-rich dashboards and reporting help everyone communicate more effectively. The broad visibility puts all the information needed in a single location so that any approved party is equipped with the ability to track milestones, progress, capacity and resources at any time and make swift decisions. Additionally, reporting after project completion builds a historic profile that can inform future decision-making.

Project Collaboration: Unanswered emails or phone calls, poorly timed meetings and siloed teams can be a huge detriment to any business, particularly when the environment is already tense due to external factors. PPM's versatility and accessibility allows all member of a team to collaborate from anywhere in the world at any time.



Part Six: Agility in Action

It may be difficult to envision how this concept of organizational agility can make your business stronger but as we've seen in this current economic climate, companies around the world that exhibited have a strong organizational agility capability have been able to pivot when options became limited. In doing so, they discovered new ways to succeed. Current events have forced the majority of industries across the globe to adapt their operations, products, staffing and so much more to survive and grow through tough challenges. Their ability to harness change has made a profound difference in their ability to survive or even thrive. Let's take a look at some examples of organizational agility in response to recent events.

Retail Thinks Outside the Mall

When retail stores across North America had to shut their doors for an unknown period of time, one popular retail clothing chain determined that it needed to act fast to adapt to the change. Like many retailers, the chain had an online presence, but the site was not quite able to convert from an in-store experience to managing the volume of a fully-online retailer. They had to swiftly update their online shopping experience to prevent crashes or delays caused by the influx of new online shoppers.





This retailer also had to adapt their fulfillment strategies. Before the closure of retail stores, distribution centers were designed for an established amount of orders based on sales trends. After the closure, supplies, staffing and delivery had to scale up significantly to meet the new demand. This company was already very strong in their agility strategy with prioritization meetings happening on a weekly basis to plan their sprints and tactics. With a shift in strategy and heavy reliance on their PPM efforts, they were able to quickly reprioritize their business model, redeploy resources and focus on the new strategy with renewed coordination to build and grow in the new marketplace.

From Dine In to Take Out

The impact of restaurant closures affected more than diners and restaurateurs. A vast web of interdependent businesses that comprise the restaurant industry had to make adjustments to survive the new normal. A company we worked with supplied staple food service equipment that provided tools and materials had to adjust their products overnight, shifting from items focused on dining in, to products focused on take-home meals. Not only that, they had to accommodate unprecedented demands for safety supplies such as sanitizer, gloves and masks while faced with an international shortage of those items. In order to adapt to the changes and remain organized, they reshaped their approach to supplying products and leveraged their existing PPM practices to manage shift their operations and meet new demands.

All Healthcare Hands on Deck

No industry saw a more drastic shift in operations than the healthcare industry. For some healthcare organizations, every employee from janitorial staff to doctors to high-level administrators, had to pitch in to prepare for an influx of patients and cope with a heavy demand for care. Healthcare professionals were retrained on the ground to serve outside of their normal roles at hospitals and clinics and employees on the backend of those operations moved swiftly to implement the technology necessary to track and task essential personnel, mobilize resources and establish and monitor medical and sanitization procedures.

Conclusion

These are just some recent examples of organizational agility and the flexibility it provides companies in trying times. While some businesses aren't in a position to pivot and options aren't there; others have created new opportunities and might never return to their previous business. The main theme with organizational agility is that it doesn't – and shouldn't – require such an extreme event for it to prove its advantage. Many businesses have leveraged agility to address digital business, globalization, or any number of adversities that have crippled their competitors. Those that are able to be flexible, become agile, and embrace changes are those that thrive through even the toughest of times.

¹ <https://www.mckinsey.com/business-functions/organization/our-insights/the-keys-to-organizational-agility>

² <https://www.projectmanagement.com/articles/574513/Defining-Organizational-Agility>

³ <https://www.forrester.com/report/Agile+Organizations+Need+Modern+Governance+Structures/-/E-RES135849> This August 2019 report is available to Forrester clients or for purchase directly from Forrester.

⁴ <https://go.keyedin.com/projects/webinar/accelerate-agile-in-times-of-uncertainty>

⁵ <https://www.gartner.com/smarterwithgartner/the-gartner-2020-cio-agenda-winning-in-the-turns/>



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KeyedIn Projects is a supremely flexible solution for managing projects, programs and entire portfolios – from a single platform that provides a comprehensive view of the status of every project. Used by project managers, boardroom decision-makers, and frontline users, KeyedIn Projects increases success rates and profit margins, enables better decisions about project selection, planning, and prioritization and optimizes resource usage across the entire business. Headquartered in Minneapolis, KeyedIn has hundreds of customers worldwide, including Walgreens Boots Alliance, LexisNexis and Office Depot.

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