BUILDING CHANGE AGILITY: THE STRATEGIC PROCESS FOR AGILITY IMPROVEMENT

A companion piece to Change Agility: Readiness for Strategy Implementation

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Introduction

Nearly 90 percent of the executives surveyed by The Economist Intelligence Unit (EIU, 2013) ranked organizational agility for change as vital to business success. Yet most organizations struggle with how to prepare themselves to become more agile in how they manage—or react to—change. In Change Agility: Readiness for Strategy Implementation (PMI, 2014), a companion piece to this paper, we suggest that the process of building change agility should be treated as an internal strategy, much like talent development, with periodic updates to the strategies for improvement, and a portfolio of programs and projects to implement these strategies.

This supplemental paper focuses on practical suggestions for implementing a change agility improvement program that becomes part of the organization’s strategic processes. It discusses each of the steps of the improvement process as it relates to change agility, paying special attention to effective methods for assessing where the organization may need to improve.

As with any internal improvement strategy, the quest for change agility includes the steps, as shown in Figure 1, of:

- Define the desired state
- Assess the current state
- Perform a gap analysis
- Develop and execute the program
- Reassess/measure to determine success

The process should be repeated over time, thereby continuously improving and increasing the change agility of the organization.

The remainder of this paper details these steps, identifying the processes, key inputs and outputs, and effective tools and methods for completing each step.

Figure 1: The Change Agility Improvement Process
Define the Desired State

In undertaking a strategic review of organizational change agility, the process of defining the desired state is staking out a few key areas that will best aid the organization in becoming more agile, as shown in Figure 2. It may be completed prior to assessment of the current state, or after that activity.

In defining the desired state, the descriptors of the change-agile organization referenced in *Change Agility: Readiness for Strategy Implementation* (pp.8-9) (PMI, 2014) may create a useful starting point. Recognize, however, that defining the desired state is not the same as defining an ideal state, which could prove to be overwhelmingly complex to tackle. Establishing a desired state is putting a stake in the ground in the areas that may offer the greatest value for the organization. For example, company executives may recognize that while the surface issue is the level of executive commitment to strategies, they can achieve the greatest value by thoroughly debating the impact of the environment and its complexities so that they actively create the strategies they are called upon to support.

To define the desired state, a firm begins by looking at critical organizational strategies that are desired over time, and defining the agility that will be needed to enact those strategies, as done by the hospital system in the Case Study: Preparing for Agility in the paper *Change Agility: Readiness for Strategy Implementation* (p. 9) (PMI, 2014). The hospital leadership said, “Our strategy is to be known as the hospital system that responds most rapidly and completely to patient illnesses. Regardless of the exact way the environment pans out, we’re going to have to react more quickly, and train increasingly more people more rapidly. And because we expect a lot of change over time, we’re going to have to make sure people on the front line are continuously involved in helping us to do it right when the changes come.”

![Figure 2: Process for Defining Desired State](image-url)

In the hospital system’s case, they had ample experience to suggest that these goals could create enormous inroads in their change agility. Indeed, organizations often have an innate sense of where the biggest bang for the buck may be attained. But an equally viable approach is to first assess the current state and then compare the findings to key organizational strategies in order to define the desired state. Take, for example, the case of
a manufacturing company that adopted a strategy to enter a new geographic market, but with no prior history of a global presence. They did not have a clear idea of what change agility would be required to enter the global marketplace. Once they conducted a change agility assessment, they recognized that their culture was poor in knowledge-sharing. Knowledge tended not to be shared outside silos because business units were highly autonomous and competitive. This company recognized that changing the culture of knowledge-sharing would be crucial to making a successful entry into another market.

In both cases, the firms carefully defined the specific area in which improvement was needed, capturing a picture of a significantly changed internal environment.
Assess the Current State

Assessment is undoubtedly the most critical part of enhancing change agility. While many times an organization has a good sense of where it needs to improve, much of what impedes change agility is under the surface—like an iceberg—and is difficult to address with “topical remedies.” A more thoughtful assessment often turns up factors that offer even greater returns in change agility than the obvious areas for improvement. In the case of the manufacturing company in the example above, the leadership’s first instinct was to target improved employee involvement in decision-making. But the assessment made it clear that without changing the cultural norm of poor knowledge-sharing, employees’ ability to offer useful input would be limited. Another company determined to institute change management found that good change management practices like communication were hampered by fundamental disagreements among executives about the directions for the company.

An assessment helps to tease out both the visible manifestations of impediments and underlying causal drivers, and highlights more clearly what measures will be most effective in improving agility. In conducting an assessment of the current state, it is critical to gain an accurate picture of both the obvious and the hidden attributes.

This section outlines process considerations for assessing organizational change agility:

- How to get a well-rounded view of both the visible manifestations of change agility, and the causal drivers;
- The process and data to be used in assessing change agility; and
- Useful techniques and considerations that aid the assessment.

Assess change agility from multiple angles

The causes of change agility problems are not one-dimensional. Indeed, several related causes may contribute to what appears to be a single impediment. Take the example of a key impediment identified by the IBM global CEO study (IBM, 2008): shortage of resources. That might be caused by:

- Lack of needed knowledge or by too many efforts going on at one time;
- Internal quibbling over who owns resources and has the right to “give” them to other initiatives;
- Organizational problems with collaboration;
- An interminably hierarchical process to decide on allocation of resources; or
- Several of the above elements.

A mistake made by many organizations is to accept the most visible—or the least troubling—explanation of the problem and to try to adjust only that one factor. By purposefully viewing the question from multiple angles, an organization trains itself to consider a broader range of causes, and to address a change agility impediment more systemically.

There are three angles from which to consider the organization’s readiness to change, as shown in Figure 3.


Who needs to be ready for change?

In assuring agility for change, the organization needs to make sure that individuals—internal and external to the organization—are ready to participate in change efforts and to accept and use their results. It must also assure that strategy initiatives, and the structures and people supporting portfolio, program and project management, are equipped to implement the strategies as envisioned. And the organization itself must be nimble in responding to or initiating change. Table 1 describes the goals of change agility from these three “who” perspectives.

<table>
<thead>
<tr>
<th>Individuals</th>
<th>Initiatives</th>
<th>Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Trust the needs, the solutions, the processes, and the leaders ■ Know the personal impact ■ Understand how to offer input (market intelligence, change process improvement, change solution ideas)</td>
<td>■ Clearly fit into the big picture ■ Are carried out by well-designed and standard processes and governance ■ Are able to obtain timely resources ■ Have broad support</td>
<td>■ Identifies and responds rapidly ■ Responds innovatively ■ Operates holistically and collaboratively</td>
</tr>
</tbody>
</table>

Table 1: Goals of Organizational Change Agility – Who
What processes/activities need to be ready for change?

When we think of change, our minds go to implementation. But there are other organizational processes that must function well in order for organizations to be ready for change. The process of selecting and defining strategy, for example, can aid or impede realization of the strategies. When strategies are poorly aligned with long-held values, resistance will be deep. When strategies require organizational capabilities that currently do not exist (for example, managing an outsourced customer service function), they jeopardize the schedule and degree of strategy realization.

Similarly, the processes commonly used to mobilize for change need to be continually improved to be change-ready. Strong portfolio and program management functions that work hand-in-hand with strategy definition aid the interpretation of strategy into programs and processes most likely to succeed. Processes for involvement and communication, and for resource allocation and sourcing, are also critical mobilization enablers.

Execution of change programs can be impeded by onerous decision-making processes, by poor collaboration, by incomplete communication, and by inexpert program and project management. These key transactional processes should be assessed for their ability to drive the execution forward.

And sustaining the change—full realization of the envisioned strategy—is dependent on clear activities to monitor, measure, adjust, and continually improve the strategic benefits realized from implementation of the strategy. It is aided by continued planned attention from program and portfolio management functions.

The goals of change agility, as viewed through the lens of the processes/activities they impact, are outlined in Table 2.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Mobilization</th>
<th>Execution</th>
<th>Sustaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy development process invites data and perspectives from all</td>
<td>Well-understood change management process</td>
<td>Decision-making process is rapid, inclusive, and open to challenge</td>
<td>Processes for monitoring and measuring acceptance, usage, and feedback about the change are rigorous</td>
</tr>
<tr>
<td>Process assures value alignment of changes</td>
<td>Process develops buy-in through involvement</td>
<td>Organizational project, program, and portfolio processes are followed</td>
<td>Lessons learned are fed back into improving the change process</td>
</tr>
<tr>
<td>Governance of implementation efforts is in place</td>
<td>Governance process assures manageable change inventory and resource availability</td>
<td>Collaboration and involvement are emphasized</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Communication is prompt, frequent, and transparent</td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Goals of Organizational Change Agility – Processes/Activities
What changes in operational systems need to support change agility?

Change Agility: Readiness for Strategy Implementation (PMI, 2014) identified the four operational systems that are focal points for change-agile organizations: Time, Leadership, Work Norms, and Learning and Sharing. Because these are specifically associated with success in change agility, it is valuable to review the organization’s capability through this lens as well. Assessment of these four factors forms the third lens of the prism identified in Figure 3. Table 3 outlines the goals of the supporting systems.

<table>
<thead>
<tr>
<th>Time</th>
<th>Leadership</th>
<th>Work norms</th>
<th>Learning</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Environmental change is monitored constantly and responded to quickly</td>
<td>■ A culture of leader trust and transparency is rewarded</td>
<td>■ Involvement in direction-setting and choices about implementation is institutionalized</td>
<td>■ Knowledge is broadly shared</td>
</tr>
<tr>
<td>■ Selection, prioritization, and resourcing of change is ongoing and well-triaged</td>
<td>■ Leaders team together to make change happen</td>
<td>■ Holistic thinking, integration, and collaboration are prized and rewarded</td>
<td>■ Learning is captured and fed into formal reviews to aid process improvement</td>
</tr>
<tr>
<td>■ Decision-making is rapid, driven to lowest appropriate level in organization</td>
<td>■ Leaders are savvy about the marketplace, committed to strategy achievement, and unwavering in support of change</td>
<td>■ Employees, suppliers, customers, and business partners participate in choices made</td>
<td>■ Processes are standardized and use best practice – particularly practices for strategy development, decision-making, governance, and organizational project management</td>
</tr>
<tr>
<td>■ Cultural norms support a sense of urgency and openness to risk</td>
<td>■ Leaders encourage openness to innovation, experimentation, and challenging questions</td>
<td>■ Decisions are participative processes, marked by respectful dialogue and challenges</td>
<td></td>
</tr>
</tbody>
</table>

Table 3: Goals of Organizational Change Agility – Supporting Systems
A thorough change agility assessment will consider all three perspectives in discovering the best areas for enhancements.

**What causal drivers need to be addressed in order to improve change agility?**

Finally, the assessment will also seek to fully understand the causal drivers to be sure the organization gets below the tip of the iceberg. This part of the assessment is best accomplished by taking all the data obtained by reviewing the organization through the above three lenses of the prism (Figure 3), then delving below the surface to understand the causal drivers that need to be addressed using Figure 4 and the accompanying description of the drivers found in *Change Agility: Readiness for Strategy Implementation* (PMI, 2014). A useful means to do this is to rate each of the statements in Table 1 on a five-point scale, ranging from 1."trending toward being a barrier to change", through 3."neutral", to 5."trending toward being supportive of change", and to use evidence from the three-angle review to support and document the ratings.

For example, a company rated the causal driver "digestible inventory of change" (see the Capacity section in Table 4) as trending toward being a barrier to change, citing evidence from its review of the three angles of the prism:

- In the "Who" review, they found that initiatives often had to be slowed down to wait for resources, and individuals in key operating areas were frequently trying to learn multiple new systems at one time.

- In the "Activities" review, they found that the governance process did not have the authority to decide which programs should be funded in what order, and they recognized that project teams were closing implemented projects before errors were corrected.
| Culture | The organization (its leaders and employees) is attuned to market environment, responsive to trends, and innovative in thinking ahead to the next moves. Risk is accepted and explored. Rapid but measured response to environmental changes is valued. | 1 | 2 | 3 | 4 | 5 |
|——— | ———— | —— | —— | —— | —— | —— |
| | The organization operates in a holistic and integrative manner, marked by boundary fluidity (including boundaries outside the organization). | 1 | 2 | 3 | 4 | 5 |
| | The organization’s structures and decision-making processes are lean, allowing maximum flexibility for decision-making at lowest possible levels. | 1 | 2 | 3 | 4 | 5 |
| | Work styles throughout the organization and at all levels are collaborative and well-coordinated, with interactions marked by trust. | 1 | 2 | 3 | 4 | 5 |
| | Throughout the organization, people welcome and invite all data points, input, and challenges as part of a healthy dialogue about the organization’s future and best options to get there. | 1 | 2 | 3 | 4 | 5 |
| | Knowledge is consistently shared and freely offered; and personal, team and organization development is made a priority and actively fostered. | 1 | 2 | 3 | 4 | 5 |
| Commitment | Leadership accepts change as inherent and seeks out sources of volatility and complexity in their environment. | 1 | 2 | 3 | 4 | 5 |
| | Leadership builds an attitude of change as normal and works to ensure successful change as the experienced norm. | 1 | 2 | 3 | 4 | 5 |
| | Leadership is ruthless in triaging change opportunities and culling those with poor value alignment or poor match with cultural and resource capabilities. | 1 | 2 | 3 | 4 | 5 |
| | Leadership both accepts challenge to direction and insists on above-board debate rather than below-the-surface complaints. | 1 | 2 | 3 | 4 | 5 |
| | Leadership is active in supporting change efforts before, during, and after implementation to assure ultimate strategy achievement. | 1 | 2 | 3 | 4 | 5 |
| Capacity | The organization regularly uses and supports lean and adaptable business models and processes. | 1 | 2 | 3 | 4 | 5 |
| | The organization manages a digestible inventory of change at all times, assuring minimal overload for any people or groups. | 1 | 2 | 3 | 4 | 5 |
| | Key strategy-implementation processes in the organization are well-understood and consistently and smoothly used, including processes for strategy development, solution definition, change management, and organizational portfolio, program, and project management. | 1 | 2 | 3 | 4 | 5 |
| | Key organizational processes, both operational and strategy implementation, are regularly improved through a clear improvement process. | 1 | 2 | 3 | 4 | 5 |
| | Development of plans and solutions is inclusive, respectful, iterative and rapid. | 1 | 2 | 3 | 4 | 5 |
| | The organization intentionally and proactively manages the resources needed for implementing changes, focusing on availability, accessibility, capability and expertise. | 1 | 2 | 3 | 4 | 5 |
| | Reward systems in the organization—both formal and informal—support all of the themes in culture, commitment and capacity. | 1 | 2 | 3 | 4 | 5 |
The “Supporting Systems” review showed that there was no time for lessons learned to be identified and fed back into future work; and involvement in decision-making was regularly short-changed in the interests of getting project resources on to other projects.

All of these statements painted a vivid picture of the impacts of an organization jeopardizing change success by consistently taking on too many changes.

**Process for conducting the assessment**

The preceding discussion of reviewing change agility through multiple angles of a prism speaks to the basis for the change agility assessment. Here we turn our attention to how to conduct the assessment and what data to bring to bear. In general, a good change agility assessment will both make use of existing organizational data and add to and verify that data with additional assessment activities (see Figure 5) in order to accurately identify the themes representing areas for improvement.

![Figure 5: Process for Assessing Current State and Defining Gaps](image)

**Data used in the assessment process**

There is an abundance of data typically gathered in an organization for other purposes that is useful to examine in light of impacts on change agility. Table 5 suggests some of these types of data.

- **Temperature** or climate data examines how customers, suppliers, partners and employees of an organization feel about their experiences with the organization. This data frequently unearths culture and commitment issues that are pertinent to change from the individuals’ perspectives.

- **Historical information**, such as lessons learned, sheds light on common impediments. Risk inventories show both anticipated and unanticipated speed bumps. Portfolio governance and program management lessons learned are prime sources of data about change implementation. Lists of resources used in projects can highlight common resource needs that may need to be strengthened. Historical information often identifies capacity issues, but can also point out commitment issues and even culture impediments. This data typically gives a viewpoint from the initiative perspective.
Consulting reports can also be useful, even if not directed specifically toward change agility. A consulting report analyzing the viability of a company’s entry into a new market, for example, may point out capability gaps that can be generalized to many other change programs. A consulting report to improve an operational process may point out training issues that would equally hamper a change program in that business unit—and perhaps others.

<table>
<thead>
<tr>
<th>Temperature</th>
<th>History/experience</th>
<th>Consulting reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture assessment</td>
<td>Lessons learned</td>
<td>Process issues or limitations</td>
</tr>
<tr>
<td>Employee surveys (climate, attitude)</td>
<td>Risk inventories</td>
<td>Capability gaps</td>
</tr>
<tr>
<td>Customer feedback</td>
<td>Resources used when/why (internal/external)</td>
<td></td>
</tr>
<tr>
<td>Supplier feedback</td>
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</tbody>
</table>

Table 5: Typical Sources of Internal Assessment Data

Armed with existing internal data, which provides a partial picture of where change agility might be improved, an organization is wise to also conduct a more formal change agility assessment. Analysis of existing data will offer areas for further exploration. At the same time, not every marker of a change-agile organization will have been touched on in the existing data, so other data points will need to be gathered.

Options for conducting the formal assessment to supplement existing data

A more thorough assessment can be done with the aid of a consultant or carried out internally. If completed with the aid of a consultant, the following considerations of potential consultants’ capabilities and processes will help to assure a meaningful assessment:

- Process targets a broad range of audiences: customers (in some cases), suppliers, business partners, leadership, and employees.
- Process gathers both data and “stories” (subjective viewpoints, examples) to enrich clarity of understanding.
- Process gathers multiple forms of data; not just survey responses, but also interviews or focus groups.
- Assessment considers all lenses of the prism (Figure 3).
- Assessment vehicle, if used, has been tested over time and breadth of organizations, and is frequently updated to follow emerging research findings.
- Consultant’s perspective is focused on dynamic improvement in a constantly changing environment rather than on a fixed idea of maturity.
- Consultant has no fixed solution to sell; knows and can recommend credible resources who can help in different areas of needed improvement.
If the organization chooses to conduct its assessment internally, there are also considerations that will help to produce meaningful results:

- There should be clear, ongoing ownership of the assessment process. Gathering and analysis of internal data and preparation, implementation, and analysis of the full assessment should be centralized in a specific function. Much as the Human Resources function often owns the talent development and succession planning strategic processes as guided by leadership strategy, a specific area of the organization must be seen as the owner of the change agility assessment and improvement process, also as guided by leadership strategy. One logical organizational area for this ownership is an Enterprise Portfolio Management (EPMO) function, if existing, because organizational change agility is aimed at better strategy implementation—a perspective unique to these cross-organizational functions. Where the EPMO function does not exist, ownership will be most successful if housed in a strategic planning function that guides, records, and manages implementation of strategies.

- The assessment process needs to be credible. Poorly designed surveys or interviews will give misleading data, or data that is open to challenge. Unskilled execution of the process will call its results into question. Often, organizations have internal or external support functions that are already used to conduct data capture and analysis like environmental scanning or survey development. These expert resources should be made available to the change agility assessment owner.

- The assessment process needs to dig deep. The simple tool in Table 4 is insufficient to prompt the detail needed to identify causal sources of inadequate change agility. Detailed information about how processes work, how interactions take place, how behaviors are played out and rewarded, and how resources are developed and applied is crucial to pinpointing improvements.

In general, the same considerations about process as identified for an external consultant apply for internal resources who design and execute the assessment.

**The product of the assessment process**

However the assessment is conducted, the end product is best characterized as a thematic compilation of important areas for improvement. Data points from existing organizational data and the formal agility assessment support the themes, and the themes’ impacts are brought to life by stories and quotes. The themes are as explicit as possible in naming and illustrating causal drivers. In addition to the areas of needed improvement, it is useful for the assessment report to also define causal drivers that are supportive of change agility, because these may point the way to promising options to support improvements. If there are areas of the organization, or people in the organization who demonstrate effective practice, their methods can be examined to identify ways to replicate good practice elsewhere in the organization.
Useful considerations for the assessment process

Several considerations aid the assessment’s data gathering:

1. Take a literature review approach to analyzing existing internal data. Academic literature reviews are a good model for assessment of existing internal data and offer credibility because they:
   - Pull together themes from the data sources;
   - Suggest nuances from different sources that may add insights to the themes;
   - Offer areas of disagreement between sources, suggesting different interpretations of the data; and
   - Quote the source data in their overview, creating a comprehensive summary of viewpoints. In this way, the literature review itself becomes a future jumping-off-place for next iterations of analysis.

2. Surveys are a useful means of obtaining broad patterns, but skilled construction is crucial to obtaining reliable results, especially in a topic area that assesses both fact and emotion, like change agility.

3. Focus groups and interviews offer a way to validate survey results and/or thematic data obtained from existing internal data. The purpose of these face-to-face techniques is to dig more deeply into the most likely needs for improvement, to uncover root causes, to capture the stories, and to identify ways to measure ultimate improvement. Method-guided dialogue techniques or facilitation techniques aid these encounters such as force-field analysis pictures or root-cause analysis techniques.
Perform a Gap Analysis

The results of the assessment, informed by both existing internal data and a more formal assessment, are now ready for analysis and discussion in a strategic conversation. The purpose of a gap analysis is to define the richest areas for improvements. The thematic compilation of areas for improvement gathered in the assessment is the primary input to this work. If a desired state was defined prior to assessment, it will also be input to the gap analysis, as shown in Figure 5.

If a desired state was defined in an earlier step, the discussion will center on whether and how the assessment data may alter either the nature or the extent of the needed improvements, and thus the characterization of the desired state. If the desired state will be deduced from the needs identified in the assessment, the strategic discussion will focus on defining the desired state. In both cases, the outcomes of this strategic discussion are to produce both statements about the desired state, and statements about the highest priority gaps that need to be filled in order to move toward the desired state.

Several techniques are effective in the gap analysis process.

- **Theme development**
  It is useful to develop themes from multiple perspectives rather than from only one person’s analysis. Because change agility is not an end state, there will be different perspectives on what phenomenon causes another and the degree of “good” or “bad” capability the data suggests. Multiple points of view will help to open more discussion about both priorities and potential areas for work. One method for theme development that opens multiple perspectives is affinity grouping.

- **Prioritization**
  The goal of prioritization is to determine which areas of improvement may be most powerful in enhancing change agility in light of the organization’s strategies. Two prioritization techniques that are particularly useful are prioritization of those factors that have shown high impact/high frequency in the assessment, and a forced distribution using multiple people’s perspectives (forcing 10-20 percent of the thematic improvement areas into the top tier of improvements necessary to address to best achieve strategies; 10 percent into the bottom tier; and the remaining 70-80 percent into the middle tier). A prioritization technique that is not effective is an impact/effort grid, because it tends to limit actions to only the part of the change agility iceberg that sits above the surface.
Develop and Execute the Program

Establishing a program to improve change agility is, in reality, establishing a new set of corporate strategies, then managing their implementation and benefits achievement, just as would be done for a strategy to enter a new market, for example. Leadership must engage in a thoughtful strategic discussion when selecting its change agility improvement strategy, including input from affected people, just in the same way it would when defining its external business strategies.

Once selected, the strategies need to be championed and programs and projects identified to carry them out. As with programs and projects to achieve other company strategies, change agility programs and projects are appropriately governed to strategic success as part of a portfolio of efforts being undertaken by the organization. This governance is well served through a portfolio management process and function that gives clear authority for monitoring both the programs of work and the environment in which they are to be implemented, as seen in Figure 6. A key aspect of the action plan is to identify strategies that offer the greatest chance of success.

In the development of substantive strategies, it’s useful to keep in mind some factors that will aid in assuring success in moving the needle on change agility:

- Consider starting with a high-impact, high-support effort. If people really want the improvement and are willing to work on it, the change will occur more rapidly.

- Look for strategies where the organization already has some people or areas that are demonstrating effective practice. It is easier to build improvement plans from an existing model, and easier to gain acceptance when there is already visible evidence of successful practice.

- Selecting one or two culture strategies is likely all an organization can attempt at one time. It is reasonable to have others waiting in the wings and specified, but belief in the capability to change requires seeing a few things through to substantive improvements. (See Case Study: Prioritizing Cultural Changes on page 22.)
Look for strategies that may draw through all three types. For example, establishment of a culture of collaboration and involvement can be supported by commitment strategies such as leadership modeling of cooperation/support among business units and by capacity strategies such as development of a documented process for obtaining input on proposed organization strategies. The shorter term operational efforts build trust in the commitment to the more transformational strategies.

Prepare statements that reflect the degree of progress expected in a period of time. A reasonable strategy statement for the company highlighted in the case study might be: Establish a culture of reasonable risk acceptance and experimentation. Within this two-year planning cycle, create and build acceptance of a system that rewards innovative experimentation; describe and discuss innovation and risk at all levels in the company; and begin to see evidence of increased experimentation in key customer-facing areas of the company.

It is also important to recognize the degree of effort involved in any strategy decision. Deep change to organizational culture will take more time, effort and management attention in order to deal with the complexity of the change strategy, as illustrated in Figure 7.

<table>
<thead>
<tr>
<th>Capacity strategies</th>
<th>Commitment strategies</th>
<th>Culture strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processes</td>
<td>Processes to increase understanding of environment and to manage volatility and complexity</td>
<td>Organization integration and holistic viewpoints</td>
</tr>
<tr>
<td>Systems</td>
<td>Culture of change as normal and productive</td>
<td>Collaborative, involved work norms</td>
</tr>
<tr>
<td>Knowledge</td>
<td>Processes to assure values alignment of change</td>
<td>Knowledge-sharing and building on learnings</td>
</tr>
<tr>
<td>Skills</td>
<td>Leadership support and sponsorship</td>
<td>Risk acceptance and responsiveness</td>
</tr>
<tr>
<td>Resource development</td>
<td>Involvement processes</td>
<td></td>
</tr>
</tbody>
</table>

**Operational strategies**
Behavior change as a result of new knowledge or skills

**Organizational strategies**
Behavior change as a result of mindset change

**Figure 7: Change Agility Strategies**
■ **Capacity strategies** are largely related to structures, skills and processes, and are more readily understood in implementation terms by the organization.

■ **Commitment strategies** are often the development of—or change in—less operational and more strategic domains involving a broader range of opinions and interpretations. They rarely stand alone as strategies, either supporting a capacity strategy or being the visible manifestation of a culture strategy. Commitment changes often require mindset changes and behavior changes. Because they typically are directed to leaders’ actions, careful messaging is required about the intentions of such strategies.

■ **Culture strategies** represent foundational changes to mindsets and behaviors in the organization—beliefs, reward systems, and social behaviors. Even when leadership embraces such strategies, they are frequently met with skepticism, as people doubt the willingness and ability to take on the difficult work of such change. The culture strategies require extensive programs of change that, over time, build belief and trust in the organization’s ability to move the needle on the culture. Culture strategies require unrelenting leadership attention to implementation. Any slips in attention signal loss of willpower to achieve real change. Culture strategies can be uncomfortable and fatiguing for leaders as they meet skepticism, resistance and second-guessing.

Once strategies are developed, it is time to build out the program with its component projects to enact the needed changes. It is important in this process to understand that much of change agility relies on behavior modification, and behavior modification demands highly structured design and execution of:

■ Iterative and increasingly detailed communication, always pointing back to why the change is important to both the organization and to individuals;

■ Cycles comprised of “Hypothesize – Seek Input – Test”, to continually evolve the viability of new processes and behaviors;

■ Clearly articulated new work processes and norms, supported by reward systems and cultural rules of engagement; and

■ Feedback mechanisms that give realistic, not “feel-good” measures of actual behavior changes (e.g., regular sampling of performance reviews for incidence of positive references to individuals’ experimentation and to managers’ development of experimentation capabilities in their staff).

Concurrent with efforts to build change agility, decisions still need to be made about whether to undertake other change programs and projects that are important to organizational strategies. An enterprise portfolio management function (or strategic planning function) triages and prioritizes the organization’s change agenda. It is useful for these governance functions to put each of the potential change programs and projects up against the prioritized results of the change agility assessment to determine:

■ Whether the proposed change is likely to be challenged to a significant degree by a number of the prioritized change agility issues or gaps. If so, undertaking the change jeopardizes its success and, more importantly, sends a signal that the organization isn’t serious about change readiness and will push through the challenges rather than solve them.
Whether the proposed change is likely to be challenged by one of the change agility priorities that has action plans in the form of defined programs and projects. If so, it may be worth taking on the change as a test case/proof of concept to try out some of the change agility process and behavior changes. Whether success of those change agility efforts is positively demonstrated in the implementation of the change or not, it sends a signal to the organization that there is a commitment to not only the words, but the real-life experimentation needed to bring about greater change agility.

In both cases, what is important is the visibility of the debate about which changes to undertake based on data gathered and priorities/actions developed out of the assessment.
Reassess/Measure to Determine Success

Arguably, it is even more important to assess the success of change agility efforts than it is of any other organizational change. Whenever change touches on culture and people’s behavior, there is a high tendency to return to life as usual if there is little commitment to ongoing measurement and reassessment of the success of the change over time. As with any other program or project, measures of short- and long-term success of the change agility program will be established as part of the journey from strategy to execution and benefits realization.

Success measures of change agility efforts are, in large part, subjective. Nonetheless, evidence needs to be captured of the impact of change agility improvement efforts. Actual methods will differ based on an organization’s targeted areas for improvement; but consider these examples of success measures implemented by organizations:

- To measure increased involvement in decision-making across the organization and leadership openness to input, one company captured employee input on an intranet site. As increasing levels of decision points were posted on the site, questions and suggestions were captured. The system measured the increase in the number of questions and suggestions over time, and the levels of the organization from which they came. It also captured the number of suggestions that were adopted or questions used to inform decisions.

- To gauge adequacy of resources assigned to the change program over the course of implementation, one firm’s Enterprise PMO did routine comparisons of planned resources vs. resources ultimately used at various stages of implementation. Where there were differences, it focused on the gaps. Its goal was to close gaps more quickly, so it measured the time it took to find needed resources and apply them to the change program.

In addition to specific measures like these, it is useful to repeat the change agility assessment periodically, most logically in preparation for each strategic planning cycle.

The nature of change agility is that its components are connected and influence each other, as indicated by their representation as gears in Figure 4. Thus, impacting one set of gaps may enhance performance in other gap areas—and on occasion may make another gap area more prominent. An example of this was in a company in which the leadership sought to speed up and de-layer its decision-making process. While, by all measures, they had, over time, enhanced this process, it made the lack of broad involvement in decision-making—which had also been identified as a gap—more pronounced. When the decision-making process was slow and layered, people had at least heard about decision points and found ways to posit points of view. With decisions being made more locally and quickly, the grapevine didn’t work quickly enough to allow that organic introduction of other voices into the decisions.

The company’s leadership communicated the good—and bad—news about the efforts to speed up decision making. They then created a new change agility goal to enhance ways in which more people were involved and had opportunities to offer input into proposed changes. One of the methods they ultimately implemented was a daily blog accessible to everyone about in-progress changes. The expectation was that anyone could weigh in through comments on the daily blog posts; but to respect the need for speed, there was also an expectation that input would be accepted for only short periods of time, creating accountability for people to be prompt in reading the blog posts and offering their input.
Summary

Change agility—the ability to quickly and effectively focus and implement change in an organization—is a crucial strategic lever. Organizations that continually improve their change agility enhance the likelihood that their strategies will be fully implemented and achieve their hoped-for benefits.

The ongoing quest for change agility is a business strategy itself, and, as such, is most effectively carried out in a well-understood and replicable process. This supplement to Change Agility: Readiness for Strategy Implementation (PMI, 2014) offers a template for organizations to begin to build their change agility improvement process and it positions both the rationale and the route to greater agility in times of change.

CASE STUDY Prioritizing Cultural Changes

One organization saw four cultural barriers to change: a low risk culture; discouragement of experimentation; an onerous decision-making process; and a hierarchical organization structure. Leadership did a good job of transparently acknowledging the barriers and committing to modify the culture over time, but they had difficulty when they tried to tackle all four at the same time.

- Skepticism was high that such deep and encompassing culture change could be achieved.
- Efforts at any single one change weren’t always distinguishable – “what are we aiming for in this set of actions?”
- There were too many programs to realistically resource and track.
- Wins didn’t start to emerge very quickly.

They changed both communication strategies and program strategy. They communicated all four changes as important; but knowing that they were interconnected, said they would first focus energy on just one and begin to assess impact on all four. They established a robust set of projects for just one culture shift. Buy-in became better, as did focus. Results began to emerge and cemented a trust in the commitment to the culture change.
References


