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Scaling up to business agility
Prof Darren Dalcher
Series Article

Advances in Project Management Series [1]

Scaling up to business agility [2]

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Recent articles in this series have examined crisis management and recovery (see, for example, Dalcher 2020; Dalcher 2021). Ideas for novel and creative solutions, that prove to be essential to recovery from crisis and to flourishing in turbulent times, require rapid testing and exploration as we seek to make sense of a turbulent and fast changing environment. Indeed, the notion of *fail fast, fail often* is invoked in such demanding settings (Edmondson, 2011; Kahana et al, 2016). Yet, many organisations struggle with identifying the mindsets and approaches that would enable, underpin and support such activity in an organised fashion. This article looks at general approaches for supporting nimble adjustments and rapid learning in organisations.

Experimentation matters

Many organisations struggle with innovation, not least because so much is unknown in relatively unexplored contexts, domains and situations. Thomke (2003) observes that an organisation's ability to innovate depends on a process of experimentation where new products and services are created and existing ones are improved. However, organisations are tempted to persist with what appears to be working well, and the cost of additional experimentation is often viewed as prohibitive, thereby limiting the potential for future improvement or innovation. Yet, the challenges of turbulent conditions and emerging crises introduce new imperatives to prepare for the unexpected and to continuously ask uncomfortable questions (Brooks & John, 2018). What-if type questions can thus become essential in highlighting hidden assumptions, pushing boundaries, testing the rules, and discovering new insights.

Questions, and the resulting reflection, play an important part in fuelling the innovation process. It is well acknowledged that trial-and-error provides a powerful mechanism for iterative discovery, reflection and experimentation, which promotes resilience. Indeed, resilience develops by sampling the unexpected in small doses and diverse ways through

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[1] *The PMWJ Advances in Project Management series includes articles by authors of program and project management books published by Routledge publishers worldwide. Each month an introduction to the current article is provided by series editor **Prof Darren Dalcher**, who is also the editor of the Routledge Advances in Project Management series of books on new and emerging concepts in PM. Prof Dalcher's article is an introduction to the invited paper this month in the PMWJ. See Darren's background and qualifications at the end of this article.*

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iterative cycles of trial-and error (Wildavsky, 1988). To benefit from experimentation under turbulent conditions, organisations need to become aware of the power of experimentation, but must also develop the appetite, mindset, process, organisation and governance structures that would support and enable such discovery. Ironically, in difficult and turbulent times, when experimentation is most needed, it is often dismissed as an unnecessary or a luxury extra. In reality, experimentation holds the key to exploring what is different now, what might be feasible, and how things might be organised when a new normal is established.

Continuous innovation is challenging. Innovation requires trial-and-error experimentation and discovery. It demands attention, resources and commitment, especially in difficult times when these prove to be scarce. Continuous experimentation enables responsive reactions to emergent conditions and budding opportunities. Consequentially, it also develops high-velocity responsive capabilities that can prove particularly useful during disastrous, turbulent and uncertain periods.

Ultimately, experimentation as an activity is not something that is conducted in the basement, when no one is looking. It is an unrelenting attitude, a passionate curiosity and an information buying strategy to explore irregular, volatile and demanding contexts. However, embedding experimentation within organisations requires the development of an agile, flexible and nimble repertoire of processes and capabilities for probing and responding.

Business environments and the relationships with consumers are changing rapidly. Gailly (2018) lists a number of key concerns that affect firms across most industries, placing further pressure on innovative thinking, namely:

- The accelerating pace of technological development, which have revolutionised and transformed complete sectors
- The internalisation of markets and competitions
- The growing acknowledgement of the impact of consumers and firms on climate, biodiversity and the planet's capacity to sustain aging and future generations must be considered and addressed

The future, it seems, will not resemble the past. In addition, there is a perceptible impact of rapid change and turbulence on the lives of individuals, communities, regions and even countries. The recent pandemic has also highlighted the critical need to engage responsibly with social and societal aspects as we endeavour to grapple with new challenges and their wide-ranging impacts. Given the set of challenges, there is overarching necessity for developing new behavioural patterns for acting, deciding, responding and experimenting in agile and responsive ways.

Thinking agile

Agile thinking is often invoked in conversations regarding management and organisations in contemporary and demanding contexts. Agile seems to mean different things to different

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people, resulting in many different practices and approaches clamouring to position and arrange themselves underneath the umbrella of agile methods or approaches (Dalcher, 2008). In practice, given the multitude of implementation approaches and practices, identifying what they have in common can become problematic.

Agile thinking provides the potential means for continuous exploration and innovation. Denning (2016) maintains that agile thinking encompasses three main ideas, or principal laws (which are slightly paraphrased below):

- **The law of the small team**: Small autonomous cross-functional teams work in short cycles on relatively small tasks that deliver value to customers, whilst gaining continuous feedback from the ultimate customers or the end users: Such teams defy traditional bureaucratic structures and instead emphasise autonomy, cross-functionality and multi-interaction channels
- **The law of the customer**: Work is primarily focused on delivering value to customers: This implies an external focus, a growth mindset, and paying attention to new opportunities and creating new advantages for customers
- **The law of the network**: Organisations are viewed as fluid, interactive and transparent networks of players that are collaborating towards attaining the common goal of delighting customers

The three laws explain the main emphasis and value of agile thinking. The adoption of agile approaches enables teams to concentrate on performance and focused achievement in short bursts of activity. Denning therefore asserts that agile thinking enables the generation of high-performance teams on a consistent basis by utilising a set of ten core practices (2016: 4):

1. Work is organised in short cycles
2. Management does not interrupt the team during work cycles
3. The team reports to the client, not the manager
4. The team estimates how much time work will take
5. The team decides how much work it can do in an iteration
6. The team decides how to do the work in the iteration
7. The team measures its own performance and products at the end of each short cycle
8. Work goals are defined before each cycle starts as outcomes (through user stories)
9. Managers systematically remove impediments
10. The team systematically inspects and adapts performance to ensure continuous improvement

The set of practices enables agile experimentation-in-the-small (Dalcher, 2008) to thrive, as teams are empowered to focus on delivering supreme performance. The collection of practices can be utilised to support fast, furious and focused experimentation, especially under conditions of novelty, ambiguity, uncertainty, and turbulence, or when the directions for progress are not well understood and the methods for achievement require elaboration and development. Such focused achievement can be nourished in small autonomous teams,

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but becomes a management challenge when organisations look to scale up the work of a multitude of independent teams operating in close proximity with great levels of dependence between their expected work products that would necessitate conceptual or architectural integration.

Acting agile

Agile teams can develop into effective high performing teams operating autonomously. However, scaling a collection of multiple agile teams across an organisation is only the first level of the challenge. The next level looks beyond teams and requires enterprise-wide adoption of agile approaches in order to enable the organisation to work and respond in new ways and make a business agile.

This next level requires flexibility and rapid decision making across the entire enterprise whilst operating in a volatile environment, and thereby developing a greater capacity for innovation and change. The Agile Business Consortium (ABC, 2021) defines business agility as the ability of an organisation to:

- Adapt quickly to market changes – internally and externally
- Respond rapidly and flexibly to customer requirements
- Adapt and lead change
- Continuously be at a competitive advantage

Agile businesses need to become more adaptive, creative and resilient, reflecting a commitment to continuous improvement and transformation. Agile leaders empower their organisation and their teams to make informed impactful decisions in real time. Business agility is thus attained when an organisation is operating in an agile and strategic manner at scale across the entire enterprise. The challenge for leaders revolves around being able to understand how to embrace and deploy agility at the business level whilst eschewing the natural tendency to use the 'normal' processes for deliberation and decision making.

The recent pandemic stretched organisations to operate under increasingly turbulent and demanding conditions, where agility becomes an even more cherished capability enabling organisations to respond proactively to unexpected and exceptional environmental perturbations. This month's guest article by Peter Taylor explores the principles needed to embrace agility globally and make the entire business agile. It draws on his new book *Make Your Business Agile: A Roadmap for Transforming Your Management and Adapting to the 'new Normal'*, published by Routledge.

Taylor's approach emphasises *business agile*, as a perspective that offers the right business flexibility and the fast decision making needed to provide greater capacity for innovation, adaptation and change. Many businesses struggle to become business agile, seeking guidance and advice regarding the necessary transformation journey and the fundamental changes needed to reposition their business in order to deal with turbulence and change. The

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approach advocated by Taylor develops an informed change process that is capable of responding to opportunities, challenges and shifts in the business environment.

Taylor seeks to develop a well-tested, yet simple to follow roadmap for engendering significant transformation. This is done by highlighting the benefits, offering solutions to common problems and considering the changes needed to enable a decentralised management style that offers more successful decision making through effective and relevant collaboration. His work is important in positioning business agile as the next level and arena for actively facing and addressing disruption and change and enabling adaptation and experimentation. By reducing processes, adjusting the governance mechanisms and believing in the power of people to deliver simple success in demanding times, it becomes possible to steer organisations towards becoming more responsive and business agile.

Being agile

Dealing with turbulence and change requires a repositioning of innovation as a strategic priority. Whilst this may need to be embedded and established in place, especially during times of crisis, it involves a conscious effort and investment ahead of time. Such investment implies progressing from operational or executable agility towards justifying, acquiring and deploying a strategic understanding of agility.

Being agile means being able to respond to ever changing consumer, contextual and business needs. Rigby, Elk & Berez (2020) observe that many business innovations were not designed or planned for, but instead emerged as a small group got together to address an urgent need. They advocate a need for more systematic rather than sporadic approach to prepare for the next crisis and ensure the capability to innovate persists. Their particular recommendations for preparing for future challenges include three key actions (slightly paraphrased and re-elaborated below):

Building an agile system in agile ways: Making the business more agile through the creation of agile teams charged with generating innovations. People need time to create, buy into and engage with a new operating model that sanctions and promotes innovation and change.

Increasing the speed of innovation: A distinctive feature of crises is the speed with which innovations, solutions and transformations occur. Allowing teams to realise innovation requires the innovation effort itself as well as the time spent waiting on others. Reducing delays, approval cycles and internal barriers can significantly speed up innovation and change.

Resetting the balance between standard operations and innovation: Re-establishing the balance between the competing needs to run the business and change the business. A fixation with efficiency of operations starves innovation, rendering it ineffective. Establishing innovation as a permanent objective or function can help in striking an important balance.

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Dynamic environments necessitate a shift from focusing on what is stable to concentrating on what is changing (Hunsaker & Knowles, 2020). In such settings, trial-and-error should become a valid alternative to rational planning (Stacey, 2009), but not just in times of crisis when the normal equilibrium is severely disrupted. Turbulence and pandemics provide the impetus for accelerating the interest in business agility and broadening the scope of interest. Nonetheless, it is essential to preserve the innovation imperative beyond the immediate necessity of the pandemic. Maintaining the sense of urgency, repositioning innovation at the core of the business as a key skill for survival and creating a system that sanctions and welcomes continuous innovation are all essential to developing the indispensable capability for constantly improving, adapting, and innovating.

Elevating agile conversations to the corporate level carries multiple benefits. Agility, nimbleness, flexibility, versatility, adaptability and resilience need to be built into the mindsets, makeup and values of the organisation to ensure they allow businesses to explore their context, identify opportunities, prosper in good times and still maintain the requisite repertoire and ability to react, adapt and respond in more demanding circumstances. Failing early, failing fast, failing often, failing forward hone organisational capability. Constantly trying, exploring and experimenting can thus become the sustaining recipe for overcoming unexpected turbulence in the short term and flourishing and succeeding in the long term.

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Darren Dalcher, Ph.D., HonFAPM, FRSA, FBCS, CITP, FCMI, SMIEEE, SFHEA, MINCOSE is Professor in Strategic Project Management at Lancaster University, and founder and Director of the National Centre for Project Management (NCPM) in the UK. He has been named by the Association for Project Management (APM) as one of the top 10 "movers and shapers" in project management and was voted Project Magazine's "Academic of the Year" for his contribution in "integrating and weaving academic work with practice". Following industrial and consultancy experience in managing IT projects, Professor Dalcher gained his PhD in Software Engineering from King's College, University of London.

Professor Dalcher has written over 300 papers and book chapters on project management and software engineering. He is Editor-in-Chief of *Journal of Software: Evolution and Process,* a leading international software engineering journal. He is the editor of the book series, *Advances in Project Management*, published by Routledge and of the companion series *Fundamentals of Project Management*. Heavily involved in a variety of research projects and subjects, Professor Dalcher has built a reputation as leader and innovator in the areas of practice-based education and reflection in project management. He works with many major industrial and commercial organisations and government bodies.

Darren is an Honorary Fellow of the APM, a Chartered Fellow of the British Computer Society, a Fellow of the Chartered Management Institute, and the Royal Society of Arts, a Senior Member of the Institute of Electrical and Electronic Engineers, a Senior Fellow of the Higher Education Academy and a Member of the Project Management Institute (PMI), the British Academy of Management and the International Council on Systems Engineering. He is a Chartered IT Practitioner. He sits on numerous senior research and professional boards, including The PMI Academic Insight Team, the CMI Academic Council and the APM Group Ethics and Standards Governance Board as well as the British Library Management Book of the Year Panel. He is the Academic Advisor, author and co-Editor of the highly influential 7th edition of the APM Body of Knowledge. Prof Dalcher is an academic advisor for the *PM World Journal*. He can be contacted at d.dalcher@lancaster.ac.uk.