servicenow

Creating Organizational Agility

How adaptive planning can make your organization more agile

START ⟫

Organizational agility is becoming increasingly important for several different reasons:

- Barriers between traditional industry segments and across geographical boundaries have become lower, increasing competition in virtually every sector.
- Customer satisfaction windows are shortening, requiring the ability to deliver solutions as soon after the need is identified as possible, and then continuing to create innovative solutions to maintain client loyalty.
- Technology is redefining what is possible on a continuous basis, creating opportunities that didn't exist even a few months ago.

Let's Get Agile – Organizationally Speaking

If you work in IT, you understand Agile. It's been a cornerstone of how your teams work for almost two decades now and it has given you the ability to deliver solutions that better meet your clients' needs, often in less time and for less money. In recent years you have doubtless also been involved in discussions around some form of scaled Agile – the extension of Agile principles and approaches to program and portfolio levels of organizations, and to functions beyond project execution. But there's another development that you may not be so familiar with – organizational agility. It has similarities to Agile, but it's not the same. And as an IT leader it's going to impact you. Big time.

In simple terms, organizational agility is the ability to build an organization that can adapt and adjust quickly to a changing operating environment, with minimal disruption. It involves active monitoring of the external factors that impact an organization – suppliers, competitors, customers, technological advancements, regulatory frameworks, etc. and identifying the threats and opportunities that those changes create. It then requires organizations to respond to those threats and opportunities in such a way that the organization consistently delivers optimal performance.

These factors combine to not only increase the speed with which organizations must be able to respond, but also to increase the amount of change they must respond to. Combined, that is fundamentally changing how organizations must operate, and organizational agility is the response.

A new way to plan

At the heart of organizational agility is the recognition that businesses are continuously evolving.

> It is increasingly difficult to predict what will happen in even the next quarter, so the idea of traditional planning – where organizations would plan for a full year several months before that year began, is completely obsolete.

Instead organizations are adopting an adaptive planning approach.

Under this model annual planning still operates to establish investment budgets and high-level priorities, but the decisions around which projects to invest in occurs on a quarterly basis, with initiatives only confirmed if they are resourced and funded to begin within the next three months. What's more, those investments are revisited during that quarter, usually on a monthly basis, and further adjustments are made if organizational agility has identified the need for it.

And it's not just projects that are subjected to this adaptive planning approach. While it's unlikely that the organization's core priorities – the goals and objectives it sets, will fundamentally shift, there may well be adjustments throughout the fiscal period that those goals are set for. Organizational agility must be applied just as much to what the organization is seeking to achieve as it is to how it goes about achieving it.

success of adaptive planning, and they must also change how their departments operate, not just in terms of projects, but also for operational work. Let's look at each of those elements in more detail.

Advances in technology don't conveniently coincide with organizational planning cycles, they occur continuously.

IT and Adaptive Planning

Much of the acceleration in the pace of business is directly or indirectly attributable to advancements in technology. The global economy is fueled by the ability to buy from and sell to anywhere on the globe in many industries, not only increasing competition, but also shifting commerce from traditional mediums to online. Increased choice also drives higher expectations from consumers (whether the product is business or end user focused) and that in turn drives innovation, further advancing the speed of development of solutions.

IT leadership must be the guides for the organization regarding these technology-driven advancements. They must advise executives on:

- What is becoming possible as a result of current and emerging technology. This can't only consider the organization's own position, but also current and potential competitors.
- How advances in technology are disrupting the current business model. This is effectively IT's role in organizational agility – monitoring the technology elements of the environment the organization operates in and providing context and direction around the responses required.
- The opportunities to leverage new and emerging technologies to improve internal performance. This applies to both operations and projects and will be focused on carrying out existing work more effectively and efficiently through technology. It will also involve the commissioning of new work that would not have been realistic without those advances in technology.

This guidance isn't an occasional process, carried out in conjunction with organizational planning. Rather it is a continuous commitment to identify and interpret technology related threats and opportunities. The interpretation element of that is key - it's not enough to recognize that advances in technology have the potential to impact the company or industry. There must also be an ability to project how that impact will occur, advising the organization whether to respond immediately, take a watching brief and see what happens, or 'ignore' it and continue with the current direction. This requires today's IT leadership to understand the industry and business model they operate within to ensure they have the business context necessary to accurately interpret emerging technology.

It is easy to see how this function must integrate with modern, adaptive planning. Advances in technology don't conveniently coincide with organizational planning cycles, they occur continuously. IT leaders must always be an integral part of the planning process so they can facilitate changes to planned and approved projects as soon as the threat or opportunity arises – that's the only way to truly achieve organizational agility. Here's an example of how that works in practice.

An organization will approve its investment budget for the next fiscal period, establishing the capital and operational dollars that will be reserved for projects and programs. They will then approve those projects that are scheduled to start immediately and that have resources available to allow that to occur. All stakeholders, including IT leadership, understand why those projects are approved. That understanding includes the goals the projects contribute to, dependencies on them, the strategic alignment, etc. All other approved projects that aren't yet able to start become part of a prioritized backlog, ready to be given the go ahead to begin when funds and people become available.

This is modern adaptive planning in action – the continuous review and adjustment of current and proposed projects, by all stakeholders, to ensure the work planned and underway has the best possible chance of achieving the organization's dynamic goals and objectives.

As soon as IT leaders identify a technology related advancement, they must consider the potential impact on:

- Projects that are currently underway. Are these projects still able to achieve their goals, are changes necessary to how those projects are structured (scope, schedule, approach, etc.), and are the expected business outcomes still achievable and appropriate? Potentially there may be the need to cancel and replace some in-flight projects if the impact is significantly negative.
- Projects that are in the prioritized backlog. Are changes needed to the priority sequencing, do any of the projects need to be removed from the list, or do some need to be initiated immediately?
- New or previously rejected initiatives. Do proposals that were previously considered and rejected now need to be revisited, or do new proposals need to be developed and considered to leverage the new technology possibilities?
- The organization's goals and objectives. Technological evolution has the potential to fundamentally redefine what is possible, allowing the organization to set new or expanded objectives for the current period. Conversely, such advancements may 'level the playing field' for competitors, putting previously defined targets out of reach. Either situation requires an adjustment to the organization's goals.

This consideration cannot happen in isolation, it must be done in conjunction with all business stakeholders.

To achieve this level of understanding and organizational agility, IT leaders must be strategic partners of the business. They must be intimately familiar with the business goals and how those goals are to be achieved. They must be trusted advisors whose business focused analysis of technological advancements is accepted, and they must always be an integral part of the planning process.

Organizational agility isn't just about major project investments. It is about creating a business that can respond quickly in all aspects of its work.

Modern IT Operations

For IT, that impacts multiple elements of operations. Some recent advancements in technology are already facilitating improved organizational agility. Cloud based computing as a replacement for traditional data centers and server rooms makes it far easier to embrace emerging technology, as does the Software as a Service (SaaS) model. Infrastructure as a Service (IaaS) and Platform as a Service (PaaS) are rapidly becoming the next generation of those models, allowing for ongoing adaptation to how IT operates.

At the same time, the integration of DevOps with Agile is moving many IT departments closer to their ideal of continuous delivery, not just for projects but also for help desk tickets and support requests. And low code and no code environments are further reducing the work involved in making changes, and in the expert skills required for those changes. All of these serve to reduce the time needed between the identification of the problem and the deployment of the solution, which helps to achieve organizational agility.

This is especially true when technology also helps to reduce the disruption caused by the process of change. The more technological progress can become evolution rather than revolution, the easier it is for end users to adapt to the changes, not only reducing any adjustment periods, but also allowing for a faster rate of change to occur. Commonly, the limiter to the speed of technological change is not the technology itself, but the ability for people to accept those changes. The more gradual that process can become, the better for the adoption of organizational agility.

However, IT operational change around organizational agility is not just about technological advancement. Consideration must also be given to how IT staff are used to ensure they are always working on the highest value work. Organizations like to think in terms of separate resource pools for projects, operations and support. But as an IT leader you know there is only one pool of resources – your IT department staff. Those people must be distributed in such a way that all work can be achieved, and that is a difficult balancing act. There is frequently more work scheduled than can be completed, and moving people from one type of work to another is disruptive and requires a period of adjustment during which productivity suffers.

> As a modern IT leader, you must not only be able to prioritize work across the different categories of operations, support and projects, you must also be able to decide whether work has any value to the organization.

In a technology environment that is continuously evolving, there needs to be much more consideration given to whether support items need to be addressed. It is entirely possible that the problem will be removed through evolution within a reasonable period, and that the time and effort required to fix the problem can never deliver a return on the investment. While not the case with every support request IT receives, the approach of accepting a problem rather than fixing it must be considered as a legitimate business strategy.

For that to occur, the way IT support is managed must change. Approvals for support work must be made high enough up the management structure to ensure those decision makers understand and consider the larger organizational context, and that means taking support work approval away from front line support analysts. Much like project investments, support approvals must become more top down.

Similarly, operations management can be a heavy commitment in low value work. Just as service-based models are becoming more common for infrastructure, platforms and software, so IT departments must consider outsourcing operations to a third-party service. This eliminates the need for continuous training and certification for internal IT resources and frees up those people to work on higher value work that contributes more directly to achieving the organization's goals. This also has the advantage of potentially expanding IT's capacity for project work. That in turn may increase the number of concurrent projects that can be delivered, increasing overall organizational value creation capacity.

Conclusions

Organizational agility is a strategic necessity for today's businesses. Without it they will never be able to optimize performance, nor ensure they can gain and maintain a competitive advantage in their industry. And organizational agility cannot be achieved unless technology is at the heart of it. Technology not only drives the need for an organization that can adapt quickly and with minimal disruption, it is the enabler of that disruption-free adaptation.

Just as a business cannot achieve organizational agility without technology, business leaders cannot make effective decisions around agility without IT leaders. IT leaders are critical partners in the success of the business, they must understand technology in the context of their business, and must run a department that supports and enables agility concepts. The IT leader that can do that will become an invaluable partner to an organization's executives. The one who can't will not be allowed to continue in the role.

servicenow

Creating Organizational Agility

How adaptive planning can make your organization more agile.

LEARN MORE

About ServiceNow

ServiceNow (NYSE: NOW) is the fastest-growing enterprise cloud software company in the world above $1 billion. Founded in 2004 with the goal of making work easier for people, ServiceNow is making the world of work, work better for people. Our cloud-based platform and solutions deliver digital workflows that create great experiences and unlock productivity to approximately 5,400 enterprise customers worldwide, including almost 75% of the Fortune 500. For more information, visit www.servicenow.com.

© 2019 ServiceNow, Inc. All rights reserved. ServiceNow, the ServiceNow logo, Now, Now Platform, and other ServiceNow marks are trademarks and/or registered trademarks of ServiceNow, Inc. in the United States and/or other countries. Other company and product names may be trademarks of the respective companies with which they are associated.