The Meanings of Agility

Bob Morison – November 2012

Business "agility" is a term we use a lot, and everyone has a general sense of what it means – a combination of quick and nimble. But when we talk about the need for agility in a particular business or marketplace, the term takes on different, more specific meanings. Are we talking about big changes or small? About an ability that is embedded in flexible business processes and systems, or more embodied in the behaviors of empowered employees? Do we become more agile through the information on hand, or the architecture and reconfigurability of our information systems?

In the recent Stryve Outcome Project *What's the Future of Enterprise Systems?* we outlined three types of agility:

- **Responsiveness.** This is agility in the small – the ability to make many small changes quickly in response to customer demands and business opportunities.

- **Reengineering.** This is the ability to revamp business processes quickly, simultaneously streamlining and adding functionality, to take advantage of new business and technological capabilities.

- **Innovation.** For purposes of this discussion, we're talking about the ability to rapidly introduce business capabilities that are dramatically and often disruptively new.

All three involve changing in response to demand or opportunity. All three require speed (relative to the competition) if we're to call them "agile." All three depend upon flexibility that's already part of the organizational fabric. But they play out differently.

Responsiveness is most important in highly competitive markets where there are no big differentiators. In order to maintain an edge, a business has to be making constant adjustments, often in the form of product and service variations for specific customers. At one extreme, you can be responsive through mass customization for a large customer base. That can be enabled by product and service configurators that crank out product or service variations within workable limits. Or responsiveness can be practiced by front-line employees who know when and how far to bend the standard procedures to delight a specific customer. At the other extreme, where the business works with relatively few customers or business partners, responsiveness entails regularly adjusting working relationships for mutual benefit. That's often the work of a relationship team.

At both extremes, success depends upon the ability of information systems to handle variations on transactions and to accept functional add-ons without

disruption. And it requires information and analytics at the front lines and wherever responsive decisions and actions take place.

Reengineering is most important when process performance has fallen behind the competition and incremental improvement cannot close the gap, and when a company sees the opportunity to raise the performance bar and gain advantage through business process capability. Mobile technology is driving a lot of reengineering these days, for both defensive and offensive purposes. When an auto insurance company, for example, puts its adjusters on the road to handle claims at the customer's location or accident site, it takes more than a mobile interface to back-office systems. The claims processing and payment issuance processes may need to be reengineered to operate in minutes rather than days.

Rapid reengineering depends upon the architecture of applications, their degree of modularity, reconfigurability and openness to new modules and new front ends. The associated skills include "agile" development (because conventional spec-and-build is too slow) and systems integration (because transactions systems have to mesh with channel systems as never before).

Innovation is most important when there is growth opportunity in whole new products, services, or lines of business. Innovation is accelerated – becomes really agile – when it doesn't have to start from scratch, but rather can draw upon existing resources. As Vijay Govindarajan articulates so well (see his talk at the February 2011 Stryve Executive Forum), even the most disruptive innovation, the one that needs to operate as a "New Co" apart from the "Old Co," should capitalize on the expertise and other resources of the Old Co.

The question here is whether existing applications and databases can lend their content – business logic and data – to innovation efforts. Can they give the innovators a head start in their work of prototyping, experimenting, and "mashing up" business and technology components and get to market in record time?

Next time someone drops "the A word," take the opportunity to probe a bit deeper. What kind of agility are we really talking about – everyday responsiveness, rapid reengineering, or fast and flexible innovation? Their success factors, time frames, and information systems and technology implications are different. What kinds of agility does your business most need?