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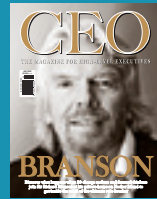
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Building an AGILE Organisation



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With change being the new normal, Australian businesses and their leaders need to increase their agility.



By Vanessa Gavan

The need for organisations to respond to a dynamic marketplace is nothing new—there is always a legal, regulatory, financial, or competitive challenge to deal with. The difference today is the depth and frequency of the changes.

Whole industries are making fundamental shifts in response to a perfect storm of technology, demographics, and economics. Multiple new players such as Airbnb, Uber, Amazon, and Netflix have seized market share and permanently changed the competitive landscape in their sectors. More disruptors emerge every week.

Nowadays, every industry is fair game for a major shake-up. The latest research from PwC reports that the majority of CEOs expect to be entering new sectors over the next three years.

The new entrants are successful because they are extremely agile.

They sense established players are ignoring a customer need—tailor a solution to match the corresponding gap in the market and launch it quickly. The opportunity is there for anyone to exploit, but established companies either underestimate its importance or are too slow, complacent, or scared to act. By missing these opportunities, they are putting their bottom lines, employees, and shareholders at risk.

Agility is always a desirable attribute. Agile companies grow revenue 37 per cent faster than their competitors, generate 30 per cent higher profits, and outperform their peers on every efficiency, customer, and employee measure. However, nine out of ten executives believe today's pace of change makes agility important for survival as well as for performance.

The agile organisation

Many leaders believe their companies are agile because they

are adept at launching new products or programs, but agility is not confined to a single event. It is a constant state of readiness.

Being organisationally agile means responding quickly and profitably to strategically important opportunities and threats. To position their companies to do this, CEOs should focus on a number of core areas.

Marketplace awareness: Make every employee responsible for identifying and acting on trends and risks, supported by sophisticated research and close customer relationships.

Strategic decision-making: Only respond to a change if it supports the overall business strategy and is in line with company values.

Risk-focused responsiveness: Standardise risk identification strategies and project management processes across the whole enterprise.

Operational flexibility: Ensure key operational areas (for example, manufacturing, IT, HR, supply chain) keep up to date with relevant market trends and are flexible enough to rapidly realign with changes.

Supportive culture: Discourage bureaucracy, hierarchy, and silos, encourage cross-function collaboration, and make flexibility and empowerment the norm.

Aggressive portfolio management: Position the company so it can rapidly move people, investment, and strategic focus from underperforming business units to growth areas. This requires centrally controlled talent and cash; managers who are empowered to make quick decisions and have the skills to move across the enterprise; and scalable, transportable project management processes.

Robust resilience: Elements such as on-call investment capital, low fixed costs, and a sticky customer base provide the stability and confidence to take on big challenges, compete successfully, and outlast the competition.

Most of all, build up a cohort of existing and potential leaders who are adaptable and flexible.

The agile executive

Highly agile executives are strong in strategy, analysis, collaboration, planning, and innovation. Rather than resisting change, they embrace it, absorbing what they learn from the experience whether good or bad. This ability to continually adapt and improve is the hallmark of learning agility, an essential quality for an agile executive.

Learning agility, which is found in only 15 per cent of the overall workforce, is a key indicator of high potential. The most successful executives are those who evolve their capabilities, building on the technical competencies of their early years by gaining leadership skills such as team building and

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strategic awareness as they ascend the corporate ladder.

While some people are naturally more adaptable than others, learning agility is not an innate talent—it is a way of working that can be learned. Developing it in your executives will provide a major competitive advantage.

Identifying learning agility is difficult, so I favour using psychometric assessment tools such as Korn/Ferry's viaEDGE. Their multidimensional criteria and consistent methodologies make them more rigorous and objective than unstructured self-assessment or subjective opinions from interviewers or line managers.

Once identified, high-potential executives can be helped to strengthen their learning agility by:

1. adding to their developmental pathways modules that focus on key agility skills
2. facilitating formal learning in ways that require learning agility (e.g. asking them to provide several responses to a single scenario)
3. individual coaching, training, and mentoring
4. cross-function and international assignments
5. building flexibility into their roles
6. recognising and rewarding their agility.

The agile CEO

Organisational and executive agility are interdependent. High-potential executives whose creativity and risk-taking are stifled by rigid systems and processes will underperform, and an enterprise with a flexible infrastructure but change-averse executives will fail to convert opportunities. The combination of both is rare; only 45 per cent of companies are successful with new initiatives.

Getting the balance right requires top-down leadership that places a premium on agility at organisational, team, and individual levels because they know change is inevitable. The agile CEO has the courage and humility to recognise that what makes them and their company successful today is not what will make them successful tomorrow. Their ability to be flexible and responsive to a shifting marketplace and workplace shapes their careers and determines the success of the enterprises they lead.

The attributes of an agile CEO include:

- regarding doing things differently as business as usual
- moving the company forward by making and implementing fast, timely decisions—even unpopular ones
- communicating the reasons for change down the line so it is more readily accepted
- taking strategic risks and learning from the experience in a way that inspires their direct reports and the general workforce to do the same.

Most of all, the agile CEO positions adaptability and innovation as essential tools for growth, making change less threatening and stressful for everyone. In a world defined by change, that is the most essential attribute of all. •

About Vanessa Gavan

For over 15 years, Vanessa has consulted to a range of leading Australian and international organisations to enhance business strategies, improve executive leadership capability, redesign organisational structures, and deliver operational performance solutions. As an entrepreneur and business leader, Vanessa has lived through every business life cycle and has refined her abilities to inspire, deploy, and motivate people to achieve great things.