

# Reengineering the organization for profit and growth through agility and change management

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**Abstract:** Companies have no choice but to change since the world is moving and shifting fast. Organisation leaders are aware of it and they are trying to cope by applying their best thinking to the structures, systems and processes they need to compete. This paper aims to explain how organisation can transform for profit and growth through agility and change management methods. It describes the agile transformation steps, principles, elements, dimensions of agility followed by organizational change maturity model. This paper examines the role of organizational agility in creating customer service excellence and HR contribution in driving organizational agility. It also explores the alignment of vision and goals in organizational transformation through the interplay of 11 organizational levers.

**Keywords:** Corporate Social Responsibility, CSR Theories, CSR development, Organizational agility, Agility dimensions, Agility elements, Change management, Organizational change maturity model, Agile transformation strategy, Agility benefits, Agility challenges, Agility principles, Agility elements, Change management benefits, Culture change, Alignment levers, Alignment steps.

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## I. Introduction

A recent study found that four most important skills/capabilities are required for the organizations in the future — leading people, strategic planning, inspiring commitment and managing change. Organizational Agility is achieved by being alert to both internal and external environmental changes – opportunities as well as challenges – and the ability to use available resources in a timely, flexible, affordable and relevant manner, in order to respond to those changes effectively. An agile organisation embraces change by moving quickly, decisively and effectively to anticipate, initiate and take advantage of change, yet remains robust enough to absorb any set-backs. Out of competitive necessity, it successfully exploits opportunities and sustains performance over time, as the environment changes by absorbing and reacting to major disruptions, yet avoiding major collisions. Thus agility is not just about being fast, but also entails the capacity to remain in touch with customer needs.

Organisations today find themselves increasingly challenged by having to manage unpredictable and continually changing customer opportunities. Forecasts become unworkable and success is dependent on an ability to respond rapidly and flexibly to customer requirements, to change gear and immerse the organisation in these new opportunities on a constant basis.

## II. Organizational Agility

Organizational agility can be defined as a ‘business-wide capability that embraces organizational structures, information systems, logistics processes and, in particular, mindsets’. The agile organisation creates competitive advantage for itself by being able to adapt its people and processes to the continually changing needs of the marketplace, increasingly with the support of technical innovation. The challenge for organisations is to fuse together people and process approaches to achieve cost-effective value delivery. Competitive advantage today lies in recruiting and motivating the right people, giving them the most appropriate tools and training, while at the same time constantly improving business process.

When element, people or process, fails to embrace change, the organisation becomes less nimble and therefore less able to compete. Organizational agility forms the final vector of the Service Excellence model. It is the last stepping-stone to achieving customer focus that brings with it profit and growth. In the Service Excellence model agility is implemented through information and action:

$$\text{Agility} = \text{information} + \text{action}$$

Agility becomes viable depending on how strongly the organizational culture encourages and embraces change. When the organization is agile, changes do not stress people or the system as this is a normal way of working. The level of fluidity and flexibility will depend on the quantity and speed of changes to which the organization must respond. Agile organizations must have the staying power to drive business performance over the long run and the ability to quickly shift its focus across business units and teams.

Agility enhances the ability of an organization to offer high-quality services and products; hence, it contributes to organizational efficiency. An agile organization integrates organizational processes and

individuals with high technology so that it can fulfill customer needs for high-quality products and services. Agility enhances organizational ability to provide high-quality products and services, hence improvement of organizational competitiveness. An agile organization may reduce its production costs and increase its market share, meet customer needs, introduce new products, evaluate and estimate the activities bearing no value added and increase competition. Thus, organizational agility has turned out to be a successful strategy in competitive markets with rapid variations in customer needs.

Agility, or the ability to manage continuous, rapid and sustainable change, is becoming a key organizational differentiator in a fast-changing complex environment. Implementing organizational agility requires managers to regard all areas of the business as potentially subject to change. They must recognize change as coming from the external world of customer demands, competitor influences, technical advances, legislative changes, macro-economic shifts and so on, and not simply as an internal activity. They must also be able to use available resources in a timely, flexible, affordable and relevant manner, in order to respond to those changes effectively.

**2.1 Principles of organizational agility**

An agile organization primarily aims at providing customers and employees with satisfaction. Table 1 illustrates the principles of organizational agility.

**Table 1.** Principles of agility

Dimensions	Relative Characteristics
<b>Change</b>	Change culture, Continuous improvement
<b>Integration</b>	Organizational integrity, symmetric implementation of activities, information available to employees
<b>Team building</b>	Decentralized decision making, empowering individuals to work in teams, intersecting teams, teams versus organizational boundary
<b>Technology</b>	Technologic knowledge, leadership in using available technologies, skills and knowledge in utilizing technology, flexible production technology
<b>Quality</b>	Life quality of products and services, value added products, copyright of original design, short-term development cycle
<b>Participation</b>	Relations based on trust in customers/suppliers, development of fast communication
<b>Market</b>	Strategic relation with customers, close relations with suppliers, responsiveness to changes in market
<b>Training</b>	Continuous training & development, learning organization, multi-skill and flexible employees, updating occupational skills
<b>Welfare</b>	Employee satisfaction

An organization necessarily has a set of capacities to respond to peripheral changes. An agile organization is more concerned with peripheral changes, unpredictability and uncertainty so that it tends to react quickly in such situations. Thus, it needs potential capacities, adaptation to tackle the peripheral changes and uncertainty. These capacities consist of four components:

- **Responsiveness (reaction):** the ability to identify changes and quickly respond to them so that they may be tackled.
- **Competition:** the ability to effectively achieve organizational goals and objectives.
- **Flexibility/receptivity:** the ability to develop different processes and achieve various goals through using identical facilities
- **Speed/agility/acuteness:** the ability to do things as fast as possible

**2.2 Elements of an agile organisation**

There are three elements of agility (1) Focus Agility, (2) Resources Agility and (3) Performance Agility as shown in Table 2. To be optimally adaptable and nimble, an organization should endeavor to strengthen each type of agility and the systems and practices that support them.

**Table 2.** Elements of agility

	Elements	Considerations
<b>Focus agility (Direction)</b>	Mission, Strategies, Goals, Business plans	Risk assessments, SWOT, Foresight, Value evaluation, Market trends
<b>Resources agility (Speed)</b>	People, Money, Capital, Outputs, Brand elements	JIT teams, Rapid reskilling, Reallocation, Integration, Reconfiguration, Partnerships
<b>Performance agility (Efficiency)</b>	Data, Processes, Performance management, ROI, Measures	Process improvement, New ROI measures, Organizational learning, Culture technologies, Collaboration

### **2.2.1 Focus agility**

The degree that the organization can and does nimbly adjust its mission, strategies and goals – where it is heading – to respond to new threats, opportunities, or business conditions. Agile organizations read their markets (current and potential customers, competitors, trends, regulatory environments, etc.), scan their external and internal environments, understand emerging opportunities, and quickly turn the information into a road map for action. To improve focus agility the systems and practices need to not only tolerate change, but also be designed to prompt leaders at all levels to regularly recalibrate and adjust the organization's focus. And all employees should be expected, encouraged, and rewarded for keeping their eyes and ears open for helpful information and sharing this business intelligence.

Focus agility is most visible when applied to broad strategies but is also important on the departmental level. Leaders who fail to adjust the direction of their work groups will find it difficult to optimize results and performance. Focus agility requires a continual evolution and realignment of an organization's mission, strategies, goals and business plans. To ensure alignment between these direction setting systems, leadership teams use risk assessments, SWOT analysis (strengths, weaknesses, opportunities and threats), foresight and forecasting, value evaluations, market trending and other methods that help the team make informed decisions about direction.

### **2.2.2 Resources agility**

Resources agility is achieved through a continual redeployment of people, processes, money, capital, and other organizational assets. To achieve resources agility, leaders need to have systems in place that alerts them when a reallocation is warranted and could better serve the organization's mission and strategies. Agile organizations do not leave the potential need for resources reallocations to chance nor do they tolerate an ad hoc approach to management. If nonstop change is an organizational reality, then it is important to regularly reassign assets to meet today's and tomorrow's needs.

While it is almost always the case that resources agility should follow a change in focus (mission, strategies, goals), resources agility might also be needed in absence of a change in focus. Agile leaders measure progress and use data to proactively reallocate resources to better achieve goals. It is also common that changes in performance agility impact how resources are allocated and used.

The primary systemic elements at play are people (which includes all costs associated with people), money, capital expenditures, outputs (used internally or sold externally), and brand elements. For many organizations, their brand(s) is as much a resource as is their products and services. The methods we use to flexibly adjust and use these resources include teams, rapid reskilling, reallocation, integration, reconfiguration, and partnerships.

### **2.2.3 Performance Agility**

Many businesses use efficiency tools and practices such as Lean, Kaizan, quality processes, Theory of Constraints, and Agile (not to be confused with organizational agility) to improve their processes and ways of getting the work done. In addition to creating agile processes, it is important to create agile people, teams, and cultures. Adjust and align continually how people do their jobs and how people work together. It is not enough to ensure that people are accepting of changes, they need to advocate and initiate changes.

Work cultures are thought to be slow and difficult to change and this is often the case. Agile organizations, however, have learned how to identify core elements of their desired culture and quickly replace obsolete notions, practices, and beliefs. Agile cultures encourage employees to discuss and challenge (in a culturally acceptable way) business practices, values, operating methods, and work processes as this is an important way that leaders learn the information they need to keep business results on track to achieve goals. To measure and improve the agility and performance of these systems Process improvement, measures, learning and development, culture development, technologies, collaboration, and other performance enhancing methods and practices are used.

## **2.3 Six dimensions of organizational agility**

An agile organisation embraces change by moving quickly, decisively and effectively to anticipate, initiate and take advantage of change, yet remains robust enough to absorb any set-backs. Out of competitive necessity, it successfully exploits opportunities and sustains performance over time, as the environment changes by absorbing and reacting to major disruptions, yet avoiding major collisions. It's not only fast, but continues to take risks whilst remaining in touch with customers' needs. A six dimension approach can be used to measure organizational agility:

1. **Leadership & Management** – The style of the leadership and its alignment to the strategy, the strength and speed of decision-making, the clarity of communication and the degree, to which it is trusted, will all influence the organization's appetite for agility.

2. **Innovation** – The degree to which an organisation has in place a systematic approach for sharing insights on market trends and continually generating new ideas, as well as the degree to which it uses internal and external networks to share ideas, affects an organization’s ability to adapt to changing customer demands and technological advances.
3. **Strategy** – The way in which the strategy is developed, balancing rational with intuitive input, encouraging internal dialogue, and how clearly the strategic intent is communicated and the level of stretch imposed, all contribute to providing an agile mindset and ambition.
4. **Culture** – The way the employees' collective values and opinions guide behaviour will impact on how agile the organisation can be. This culture can be influenced by the policies and practices on areas such as transparency and openness of information, and also how the employees are recognized and rewarded for successfully responding to changes in the marketplace.
5. **Learning & Change** – The degree to which the organisation has a shared vision, has an appetite for change and the capability to enact the changes, and how it deals with the consequences of past decisions, all impact an organizations’ level of agility.
6. **Structure** – The strength and robustness of operations and processes combined with the degree to which the managers have clear delegated decision-making authority, will help determine the ability to respond to the challenges in the marketplace.

## 2.4 Agile transformation strategy

As organizations seek to improve return on investment and manage project risk more effectively, more companies are turning to agile product development methods to achieve these goals. The process of moving an organization to an agile framework is best achieved using an iterative approach that employs frequent inspect-and-adapt cycles as shown in Figure 1. Therefore, each organization embarking on an agile transformation should determine the best path to address their unique goals and challenges.



**Figure 1.** Agile transformation steps

### 2.4.1 Exploration

The Exploration phase of an agile implementation is marked by interest and knowledge pursuit. The desire to adopt an agile approach can come from many sources and be motivated by any number of factors. Often, team members, seeking to improve their own working environment, read existing literature and implement some Agile practices in their small groups. In other instances, the driving force may come from company management, in a desire to reach organizational goals in a more effective way and reduce project risk. The move to adopt an Agile framework can even come from the product organization itself (often referred to as “the business”), as they grow tired of and disillusioned with expensive upfront requirements gathering efforts that yield products that do not meet market needs.

Regardless of its origins, the desire to begin adopting Agile practices leads organizations into the exploration phase of adoption, with an emphasis on three primary activities: 1. gaining knowledge, 2. building skills, and 3. identifying organizational impediments.

### 2.4.2 Coordination

The Coordination phase of adoption is marked by a more organized effort to use agile practices throughout the enterprise. Most likely, at this point, there are one or more teams using agile techniques on projects and achieving success with them. Members of these teams have probably begun sharing their experiences with others, through casual conversation and perhaps also during more formal events such as lunch time “brown bag” sessions or even presentations to management. Regardless of the mode of communication, the message behind these events is clear: teams are achieving concrete results with agile techniques and it would benefit the organization to move to a more wide-scale adoption of the approach.

### 2.4.3 Process definition

Enterprises moving into the process definition phase of agile adoption exhibit a more structured and unified approach to product development. Up to this point, the key collaboration has most likely been at a team level, meaning the individual team members coordinate with each other to meet their group commitments. But to reap benefits from Agile at an enterprise level, that coordination must spread further.

The first step is the development of an organization-wide approach to evaluating and removing impediments. It is no longer enough to have each team bringing forward their impediments for individual

consideration. Instead, these issues must be compiled into a single list that can be evaluated by management.

It is logical, at this point that the organization also settle on a toolset that supports the agile approach. Whereas the Coordination phase is marked by experimentation with tools and practices, the Process Definition phase is a formalization of that work. The organization must have in place tools that allow multiple teams working on the same project to coordinate and integrate work easily. Reporting should be uniform and meaningful.

With the aid of the new toolset, the organization can now begin developing a new set of metrics that helps everyone in the enterprise better understand the progress in projects. Likewise, the product organization will now be able to develop a uniform way of determining business value, so that projects may be judged against one another for funding. This transparency of information allows leaders in an organization to make the best choices possible with the information they have available at any given time. And, in turn, it means the organization has moved to the strategic alignment phase of agile adoption.

#### **2.4.4 Strategic alignment**

A key indication of a move towards the strategic alignment phase of agile adoption is that the organization begins to push agile practices and values out to the entire organization. Leaders in the enterprise value the transparency and predictability that the iterative approach brings to projects, and they begin to realize that the next step in adoption is to push that approach out to the strategic planning process.

It should be noted that there is essentially only one group of people who “live in” both the tactical and strategic worlds in an agile organization, and that is the product organization. With one eye on the current iteration and the other on long-range planning, it is the product owners who act as a catalyst to unite the planning process. Working closely with the development teams and upper management, they are the glue that brings together disparate groups to work towards a uniform goal. As the planning effort matures, other processes in the organization must follow suit.

#### **2.4.5 Transformation**

The final stage of agile adoption occurs when an enterprise has transformed. Agile Transformation looks a bit different in every organization that achieves it, but there are some common themes. Agile practices form the core foundation of values the organization shapes all its actions and decisions around. All employees value and promote transparency, honesty, and making and meeting commitments.

### **2.5 Benefits of organizational agility**

An agile ‘change-able’ organizational culture is reflected in:

- Intense customer and market focus with internal systems, structures and processes facilitating this
- Anticipation of need, risk and opportunity
- Speed of decision making and implementation
- Flexibility
- Climate conducive to experimentation, innovation and shared learning
- Empowerment and participation
- Team/partnership working across boundaries
- Continuous improvement and risk management
- Efficiency and effectiveness
- Cut costs, where necessary
- React to changing market/environment position
- Navigate quickly to change
- Successfully launch new products/services
- Attract and retain top talent

### **2.6 Challenges to agile adoption**

For some organizations, the transition to agile is harder than it needs to be. Often this is a result of the lack of understanding of agile principles or a simple lack of experience. But it can also arise when an enterprise tries to take short cuts in their agile adoption process. Following are some common pitfalls when organisations run astray of agile values and goals:

- Underestimating the amount of change that must occur
- Ignoring the product organization
- Neglecting distributed teams
- Failing to make full use of the empirical process
- Forgetting to celebrate successes

## **2.7 Factors improving agility and barriers to achieving agility**

Two internal factors stand out as drivers which are improving organizational agility – leadership focus and employee commitment. In addition, technology capabilities, workforce and capabilities as well as speed of decision making processes are seen to improve agility. Other factors include:

- Individual employee alignment to business goals
- Simplified/streamlined business structure
- Collaborative corporate culture
- Speed of decision-making processes
- Workforce capabilities
- Technology capabilities
- Flexible cost structure

Speed of decision making processes as well as technology capabilities are seen as the biggest internal barrier to achieving organizational agility.

## **2.8 HR's contribution to organizational agility**

Senior HR practitioners (especially strategic business partners), are increasingly expected to be able to lead on change management, organisation design, culture change etc. However, many feel uncomfortable about attempting these forms of expert contribution. They are also responsible for growing the caliber and capability to leaders and leadership, whose behaviour has such a strong impact on employees.

The focus needs to be not just on tough short-term fixes but also on building agile, flexible organisation cultures where people want to give of their best. Many of these cultural elements are within HR's remit, e.g. over the last few years there have been major efforts to build organizational cultures conducive to employee engagement so many HR practitioners may be 'doing' Organisation Development (OD) without knowing it.

## **2.9 Organizational agility in creating customer service excellence**

Organizational agility is based around the five key points in creating customer service excellence

- Constructive criticism
- Methods, tools and training for creating culture change
- Tools and techniques for knowledge management
- Monitoring and sharing information
- Responding to change positively

### **2.9.1 Constructive criticism**

A successful business can be operated through 4Is culture:

- Imagination – making our work memorable.
- Irreverence – challenging the status quo.
- Improvement – a little better every time.
- Initiative – making the first move.

This way of working represents a set of values that support the vision of customer service excellence. Values are the beliefs that guide behaviour within the organisation and they need to be embedded throughout: in organizational structure as well as human resource practices such as recruitment, training, appraisal and reward schemes. It is also important that they are embedded in internal debate and in succession planning.

### **2.9.2 Methods, tools and training for creating culture change**

In order to capitalize on the advantages of creating a culture where constructive criticism is an essential element, organisations need to ensure that they invest in equipping employees to manage change. This is because although positive attitudes to 'irreverence at work' and a climate of encouragement go a long way towards enabling change management, employees also need to be able to call on the most appropriate tools and training.

### **2.9.3 Tools and techniques for knowledge management**

Knowledge management is now recognized as a strategically important business process that can make or break an organization's reputation for customer service excellence. The first step in creating a knowledge management system is to establish a process for capturing knowledge about the organisation, its customers and the business environment. There are two main types of knowledge to be managed: (1) explicit knowledge and (2) tacit knowledge.

Explicit knowledge is the more tangible of the two. It represents the type of knowledge that can be captured in written or process form and is easily reused. The 'what' dimension of corporate 'know-how' is made

up largely of explicit knowledge. Tacit knowledge, on the other hand, refers to the implicit and often ambiguous knowledge that is acquired mainly through personal experience. It is usually context-specific and provides the 'how' dimension of corporate 'know-how'.

Tacit knowledge is difficult to formalize and hard to capture. As people are generally better at talking about experiences than writing them down, new techniques to capture tacit knowledge are emerging, many of them based on the art of storytelling. Extracting and exploiting the value of knowledge to deliver customer service excellence is a core competence of awards winners.

#### **2.9.4 Monitoring and sharing information**

It is important that an organisation makes provision to understand the key trends that may impact on the environment in which it operates. These trends need to be monitored on a continual basis, and not merely looked at as part of a once-a-year planning exercise. This has implications for the scanning and planning activities within the organisation. The aim today is create an ongoing process that better reflects the dynamic complexity of the marketplace rather than relying on conventional approaches that set down the three- to five-year ambitions of the organisation in a static plan.

The mark of an agile organisation is one that not only monitors information on the changing environment, but shares it through organisation-wide systems that are linked into decision-making processes. This contrasts with less customer responsive organisations where some of this information is gathered but not widely shared.

#### **2.9.5 Responding to change positively**

Organisations that can demonstrate that their people embrace change as natural and essential are those who can rightfully claim that 'it is part of our culture to treat change as the norm'. Awards winners continually question what they do and the way they do it. They compare their performance with others and consult with customers and staff. Many have done away with traditional hierarchies and replaced them with largely self-managed teams supported by a small management team.

Making the shift from an organisation where change is viewed with concern to one where employees respond positively and confidently to change as a way of life, requires building an organisation-wide capability that is embedded in organizational structure, processes and people management. In adapting both people and processes to the continually evolving opportunities in the marketplace, the agile organisation creates competitive advantage for itself.

### **III. Change Management**

For all the money and effort that go into corporate change initiatives, they have a decidedly mixed success rate. Only about half of transformation initiatives accomplish and sustain their goals with respect to culture and change management. Uncertainty, deep down in an organization, can keep a change initiative from gaining momentum.

Transformation efforts face three major obstacles. The first is "change fatigue," a dynamic that comes into play when employees feel they are being asked to make too many changes at once. When employees are faced with too many change priorities, they aren't sure how to proceed, and they aren't even sure that an initiative is good for the organization, they take a wait-and-see attitude, looking to their bosses for direction and to their co-workers for clues about which aspects matter the most. Turning to culture, it is clear that people understand its importance.

Change is often viewed as something to be overcome, controlled and a disruption to this known world, rather than the new 'norm' that needs to be managed. A truly agile organisation is able to meet these challenges through projects that are nimble and constantly assessed and adjusted by a knowledgeable and informed leadership, and in a way that is routine and normal for employees. Leaders can develop substantial competitive advantage by building up the resilience of their organisations to manage constant change.

Change management is a structured approach for ensuring that changes are thoroughly and smoothly implemented and for achieving lasting benefits of change. The change management focus is on the wider impacts of change, particularly on people and how they, as individuals and teams, move from the current state to the future state. The change could range from a simple process change to a major system change to achieve the organization's potential. There are two types of change management programs:

Systematic organization-wide change initiative involves an organization-wide transformation effort. Specific internal change management or change control program that involves providing tools and processes to control daily operational or project-specific changes. Both these programs use similar tools but have different goals and priorities. They are equally important for the organization's success. Organizational changes happen naturally in projects. By definition, projects are changing the state of things and will, most likely, include processes and procedures.

Change management differs from project management in its ultimate objective. Project management is restricted to the application of a set of tools and processes by a small group of professionals to achieve project goals. On the other hand, change management emphasizes on the people side of change and targets leadership at all levels of an organization including executives, senior leaders, middle managers, supervisors, and staff. Change management represents a large and rapidly growing discipline that is being increasingly deployed on a global scale by all types of organizations. It refers to a structured approach that facilitates the adoption of change by groups and individuals within an organization.

The process of how organizations change draws on many disciplines from psychology and behavioral science to engineering and systems thinking. The underlying principle is that change does not happen in isolation. It impacts the whole organization and each individual associated with it.

It is important to note that ‘organizations’ are not the ones that change; it is the people within organizations that change. Therefore, the success of the project ultimately is measured by the difference in work done by each individual multiplied by the number of employees impacted by the change. Consequently, effective change management requires an understanding for, and appreciation of how one person makes a change successfully. Without an individual perspective, change management amounts to activities performed without goals or outcomes achieved.

### **3.1 Benefits of change management**

Change is constant and challenging for individuals, teams and organizations. Change Management helps to

- Identify the dynamics driving current performance
- Plan and implement change initiatives for overall organizational transformation
- Assess organizational culture and human capital to identify the changes needed to maximize individual and organizational effectiveness through dedicated management consulting
- Address current organizational development and human dynamics issues, increase effectiveness, and achieve desired results
- Mobilize the company in a unified direction supported by alignment, engagement and commitment
- Navigate change effectively and thrive in a new environment supported by training, development, and coaching of resources
- Sustain alignment, engagement and commitment through leadership and development

Benefits that have been realized from change management also includes

- Comprehensive organizational alignment
- Executive alignment
- Leadership alignment
- Team alignment
- Accelerated change management
- Effective facilitation of companywide change
- Increased effectiveness for the individual, team, and organization.

### **3.2 Culture change**

There are several levers that companies should employ as they use culture to lead transformation — or when they are trying to transform their own cultures. Among the most important are the following:

- **Culture diagnostic:** Before culture is used in a transformation or changing the culture, the current culture’s strengths and weaknesses must be known. Effectively tapping into the strengths can give the change initiative the momentum it needs to overcome obstacles.
- **Employee pride and commitment:** The odds of a successful transformation plummet when morale is bad. Companies must find ways to connect workers to something larger that they can believe in — including customer benefits or the satisfaction of beating a benchmark.
- **Informal peer networks and motivators:** Culture might start at the top, but it is reinforced at every level. Having a peer point out the benefits of change, instead of an executive or manager, is very powerful and leads to improved behaviors that continue even when nobody is looking.
- **Storytelling:** How did we get here? At companies with strong cultures, there are usually widely known stories that answer this question, often about the boldness of a leader or some decisive moment in the company’s history. These stories can be a source of pride and a natural way of reinforcing desired behaviors.

### 3.3 Organizational Change Management Maturity

OCMM describe the behaviours, practices and processes of organizations that enable them to reliably and sustainably produce required outcomes. Change Management Maturity is a key element to true organizational agility; however maturity is being developed in an ad-hoc manner, with few companies reporting consistently high scores across Strategic Change Leadership, Business Change Readiness, and Project Change Management. The Organizational Change Maturity Model as shown in Table 3 is based on the same five-level, multi-dimensional approach as that used for project, software and process capability maturity.

**Table 3. Organizational Change Management Maturity**

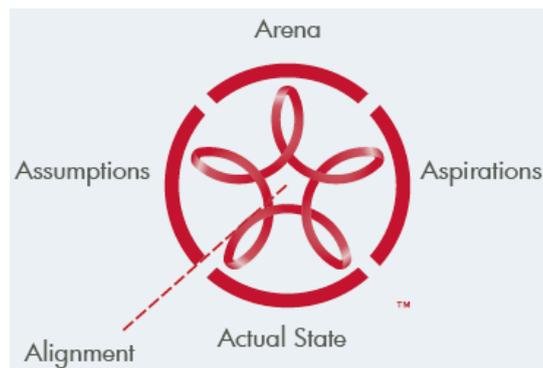
Level-1(Initial)	Level-2 (Repeatable)	Level-3 (Defined)	Level-4 (Managed)	Level-5 (Optimized)	Organizational change maturity model
		Project sponsorship, Executives are tracking change, KPI's and prioritization processes in place	Organizational change leadership, accurate feedback constant assessment to change targets	Executive change office, Board reporting Agile project Governance	Strategic Change Leadership <b>Driving</b> (Should/Why?)
	Repeatable communication and training processes available for business	Business units have view of process change (Heat Map) & ability to influence approach	Standards are in place to roll out change quickly & consistently. Feedback to adjust and manage effectiveness	Business areas comfortable with constant change. Leaders and Managers effectively driving	Business change readiness <b>Receiving</b> (How/When?)
<b>Ad-hoc project change management (focus on communication and training)</b>	Change managers on projects, change methodology in place most projects using	Change & Project methodologies linked, Change training for project managers	Project designed and assessed around change management vision and inputs	Smaller initiatives, constant assessment of an ongoing portfolio	Project change management <b>Implementing</b> (What/Who?)

## IV. Alignment of vision and goals in organizational transformation

### 4.1 Gateways to Alignment

There are 4 gateways to alignment as shown in Figure 2

1. **Arena:** The organization’s environment and strategic context
2. **Aspirations:** The organization’s desired future state (vision, goals)
3. **Actual state:** The organization’s current state and performance
4. **Assumptions:** The organization’s underlying opinions, beliefs and convictions
5. **Alignment:** The degree to which organisation current state matches its desired future state.



**Figure 2. Gateways to Alignment**

#### 4.1.1 Gateway 1 - Arena

Any alignment effort must begin with a contextual understanding of the organization’s strategic environment or ‘Arena’. The goal here is to create shared understanding of the environment, identify unrealized opportunities, and create historical continuity for where the organisation finds itself.

#### 4.1.2 Gateway 2 - Aspirations

“Aspirations should speak to the organization’s unique context, character and personality.” A key consideration when building or reviewing aspirations is, do they speak to the organization’s unique context, character and personality? Many organisations articulate a vision or statement of destination, answering the

question ‘where to’, this is only half the necessary content; the deeper, more fundamental question is ‘why?’ Why do we exist over and above making money? What is the unique contribution our organisation makes? Why do our best people come to work here? Importantly, revisiting the aspirations does not necessarily mean starting from scratch, but rather, testing the aspirations for clarity, capacity, capability, confidence and commitment.

#### 4.1.3 Gateway 3 - Actual state

The actual state is best described as the departure point for the alignment journey. While organisations can generally craft noble aspirations, their ability to independently establish their ‘actual state’ (departure point) is significantly inhibited by a lack of objectivity. It is nearly impossible for leaders within an organisation to remove their bias and pre-conceptions, particularly if they are contributing to the problem.

In addition, it is inherently difficult for leaders to surface ‘truth’ from people within their power structure. It is our contention that the only way to effectively establish the actual state is through an independent third party, or through a new CEO with a strong mandate who possesses the determination to confront harsh realities, and the emotional intelligence to tap into existing organizational strengths and personal commitment.

#### 4.1.4 Gateway 4 - Assumptions

Before moving to the Alignment levers, there is a fourth, less-tangible but highly significant gateway to address; the organization’s underlying ‘Assumptions’. Much like an onion, assumptions comprise several layers that can be peeled away; the three basic layers are opinions, beliefs and convictions. Opinions are the easiest to shift; usually this can be achieved by appealing to the rational mind with alternative data. Since beliefs have greater depth and proximity, the protagonist must be encouraged to explore alternative scenarios through Socratic (open ended) questioning; essentially, allowing the protagonist to discover alternative meanings. In the case of convictions, rational approaches tend not to work since there is a level of emotional intensity. For people to change a conviction, they will generally need time, a safe environment to explore new beliefs, the confidence to summersault from their established position to one of uncertainty, and a trusted confidant to guide them through the process.

#### 4.2 Levers for alignment

With the four gateways firmly established, leaders can shift their focus to aligning the organisation to their aspirations. There are several additional levers that we have learned are critical for the alignment including; scorecard (alignment of metrics), story (alignment of communication), strengths (alignment of the organization’s existing assets), symbols (alignment of leadership time, focus and money) and sustainability (how the change effort sustains itself).

As a result, a more comprehensive approach to alignment encompassing 11 levers was developed. The first five comprise called ‘hard’ alignment factors that are often taught in business schools; they are akin to the ‘bricks’ of alignment. The second five represent ‘soft’ alignment factors; they are akin to the ‘mortar’ of alignment. A short definition of each factor is displayed in Table 4. The irony of the ‘hard’ and ‘soft’ labels is that the majority of leaders find it relatively easy to address strategy, scorecard or structure, but find it very hard to have an impact with story or symbols.

The final lever, Leadership Impact, represents the interdependent core of the model. The impact of leaders is as important as the other ten factors combined.

$$\text{ALIGNMENT} = [\text{Strategy} + \text{Scorecard} + \text{Structures} + \text{Systems} + \text{Skills}] + [\text{Standards} + \text{Story} + \text{Strengths} + \text{Symbols} + \text{Sustainability}] \times \text{Leadership Impact.}$$

**Table 4.** Alignment levers

Alignment Factor	Definition
<b>Strategy</b>	The focus and tactics required to achieve the aspirations
<b>Scorecard</b>	The measure of performance and change toward the aspirations
<b>Structure</b>	The formal and informal organisation of human resources to enable the aspirations
<b>Systems</b>	The systems that enable the aspirations (specifically human resource, management information and critical business systems)
<b>Skills</b>	The capabilities required to enable the aspirations
<b>Standards</b>	The agreed values and behaviours that enable the aspirations
<b>Strengths</b>	The collective assets and core competencies that can be leveraged toward the aspirations
<b>Story</b>	The communication of the journey toward the aspirations
<b>Symbols</b>	The symbolic leadership actions, behaviours and rituals that reinforce the aspirations
<b>Sustainability</b>	The commitment, momentum and capability required to sustain continuity toward the aspirations
<b>Leadership impact</b>	The manner in which leaders motivate and encourage employees to fulfill the aspirations

### 4.3 Steps for alignment

Alignment is a cycle. The process or ‘steps’ approach to alignment is a double edged sword; it is useful to a point, but also insufficient. Its usefulness stems from its ability to provide an entry point and sequence for alignment. Its insufficiency stems from its underlying metaphor being a ladder rather than a cycle. On a ladder, there is a beginning, an end, and a linear sequence of steps that transport from one state to the next. In a cycle, there are multiple possible entry points, a high-level sequence once the cycle is entered, and then constant renewal rather than completion. The process of alignment can be viewed as ‘define - align - refine’ cycle as shown in figure 3



**Figure 3.** Steps for alignment

- In the define phase, re-affirm, revise or establish the arena and aspirations, uncover the actual state and underlying assumptions, and create the alignment roadmap. This is the critical strategic content for the Arena, Aspirations and Actual state; the underlying assumptions accelerating or inhibiting performance; and the alignment roadmap to bridge the gap between the aspirations and the actual state.
- In the align phase, grow the critical stakeholder relationships necessary for execution of the roadmap, institute internal governance processes that enable integration and collaboration, and then execute the alignment roadmap in a highly prioritized way. The systematic and the integrated alignment of all 11 alignment factors; the governance processes which enable execution of the strategic initiatives; & conscious management and growth of critical stakeholder relationships.
- In the refine phase, re-context the view of the environment, course correct initiatives and plans to deal with the realities of the new environment, embed ‘strategic’ activities in day to day operations, share learnings, celebrate success, and externalize the story with critical stakeholders in the marketplace. In short, a dynamic, emergent and evolutionary approach to alignment is taken. This phase review environment and strategic context; course correct, embed strategic activities in daily operations; share learning and insights; celebrate success; & externally leverage the organisations story in the market place.

## V. Recommendation

One of the simplest yet most effective principles of an agile approach is bias for action. Agile cultures believe that if what they are doing isn’t working, then they should try something else – immediately. This is also a useful attitude when beginning an agile transformation. The most important step that teams can take is to simply start – try some agile projects. Let problems arise. Those problems will make it clear where the organization should go next. With the learning from the project, a plan can be created to move to that next level. Failure is not the enemy – inaction is. Every step in an Agile Transformation carries a lesson, if only the organisation is willing to see it and learn from it.

## VI. Discussion

The concept of change management is familiar in most businesses today. However, the way businesses manage change and how successful they are at it, varies greatly depending on the nature of the business, the change, and the people involved. Change management is the application of a structured process and tools to enable individuals or groups to transition from a current state to a future state in order to achieve a desired outcome. When change management is carried out well, people feel engaged in the change process and work collectively towards a common objective. The outcomes are change projects that realize benefits and deliver results.

A change management methodology is a key tool for managing change. It is a structured set of steps for planning and implementing organizational change. Change management provides a consistent framework for decision-making and guides the activities of the change leaders. Managing change requires a leadership team with project management, communication, and analytical skills with a high degree of result orientation. An effective change manager will prepare the organization for change in the early stages of project definition and stakeholder review by responding to their apparent resistance. When people become more aware of their own and other’s preferences when dealing with change, understanding and accepting the differences will increase

across the organization. This resulting acceptance and valuing of differences is what separates dynamic organizations that embrace change from organizations that simply react to change to try and stay competitive.

Change is a common thread that runs through all businesses regardless of size, industry, and age. The world is changing fast and, as such, organizations must change quickly too. Organizations that handle change will thrive, while those that do not may struggle to survive.

## **VII. Conclusion**

The current world is an organizational world whereby change, transformation and improvement are the major characteristics of organizations in an competitive environment, hence the improvement of the quality of life. Nowadays, many organizations are exposed to increased competitions due to technologic developments, changing market and customer demands. It seems that prognosis of change, its conception and acceptance of its inevitable occurrence rather than fear of change may better determine the path of change and even be agents of change per se. This is because the best way to predict future is to create it.

Every organization requires planned changes, which is a regular activity to rebuild the structure of the organization so that it may adapt to the changing environment and achieve new goals. Thus, it is a costly, difficult task. It is, however, important in that it helps organizations adapt to the changes occurring in organizations and environments because the organizational dynamicity and progress depends on organizational flexibility to carry out operations consistent with organizational goals.

The agile organisation creates competitive advantage for itself by being able to adapt its people and processes to the continually changing needs of the marketplace. Constructive criticism in the workplace is an essential element in overturning corporate complacency. Organisations need to invest in tools and training to enable their people to manage change effectively. Knowledge management aims to build a collective and dynamic corporate memory, made up of explicit and tacit knowledge. Understanding of the political, economic, social and technological forces at play in the market needs to be linked to decision-making processes. Positive and confident attitudes to change need to be embedded in organizational structure, processes and people management.

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