# Measuring What Matters

## The Art of Measuring Business Agility


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INTERNATIONAL INSTITUTE FOR LEARNING, INC.

INTELLIGENCE, INTEGRITY AND INNOVATION

AGILITY

**FREEDOM**
the absence of necessity, coercion, or constraint in choice or action

**FLEXIBILITY**
the ability to change easily and adapt to different conditions and circumstances as they occur

**RESILIENCE**
the capacity to withstand or to recover quickly from difficulties and failures

## BUSINESS AGILITY

is a set of organizational capabilities, behaviors, and ways of working that affords your business the freedom, flexibility, and resilience to achieve its purpose.

***No matter what the future brings.***

# PRINCIPLES OF BUSINESS AGILITY

***Executives*** *tailor funding approaches and frequency to the type and context of the work*

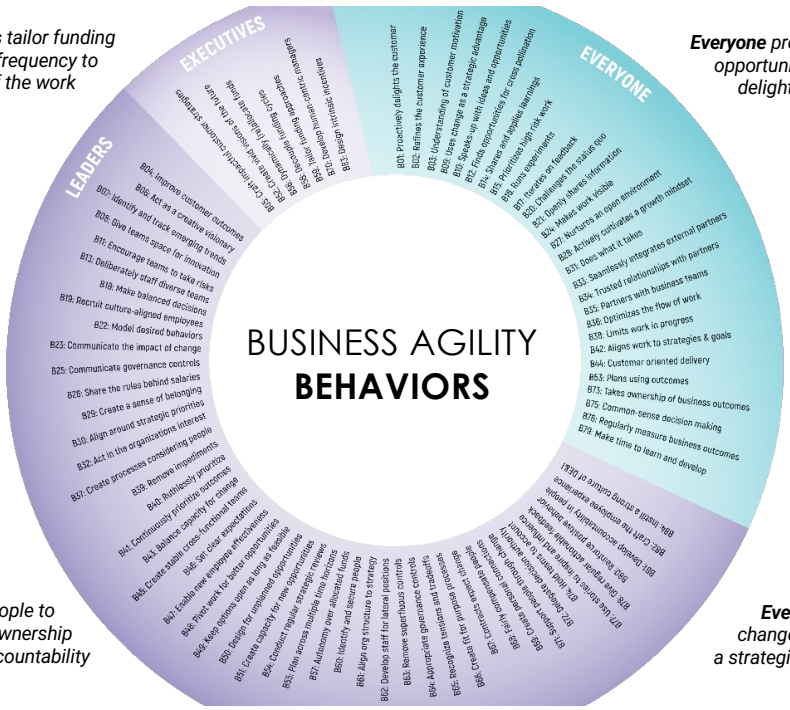
***Everyone*** *proactively searches for opportunities to satisfy and delight the customer*

***Leaders*** *remove superfluous controls and approvals*

***Everyone*** *challenges the status quo and is open to being challenged*

***Leaders*** *develop people to take increasing ownership and accountability*

***Everyone*** *anticipates change and views it as a strategic advantage*



# 84 BEHAVIORS > FREEDOM, FLEXIBILITY, RESILIENCE

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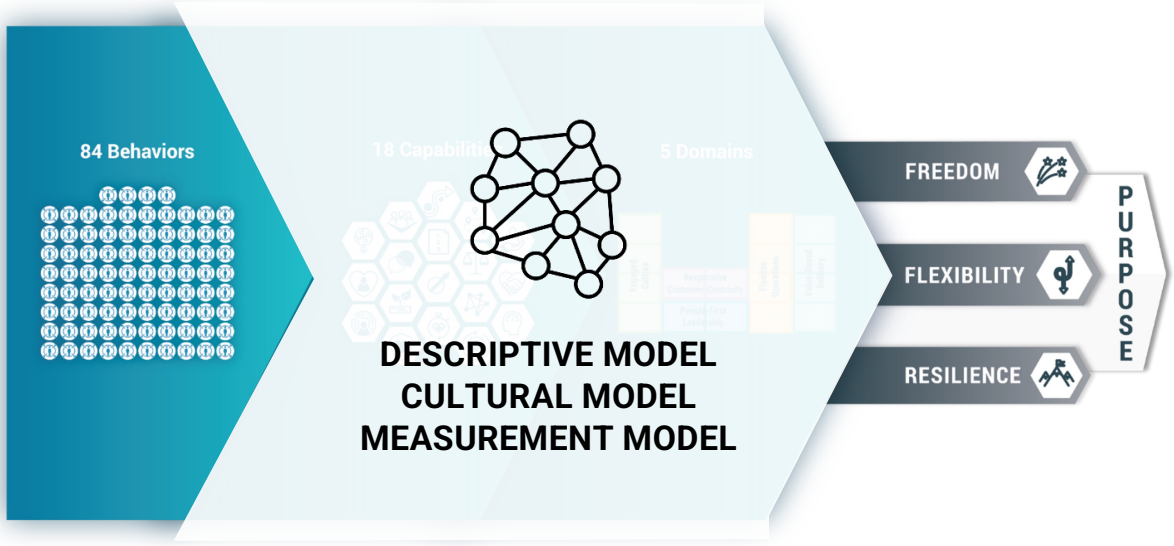
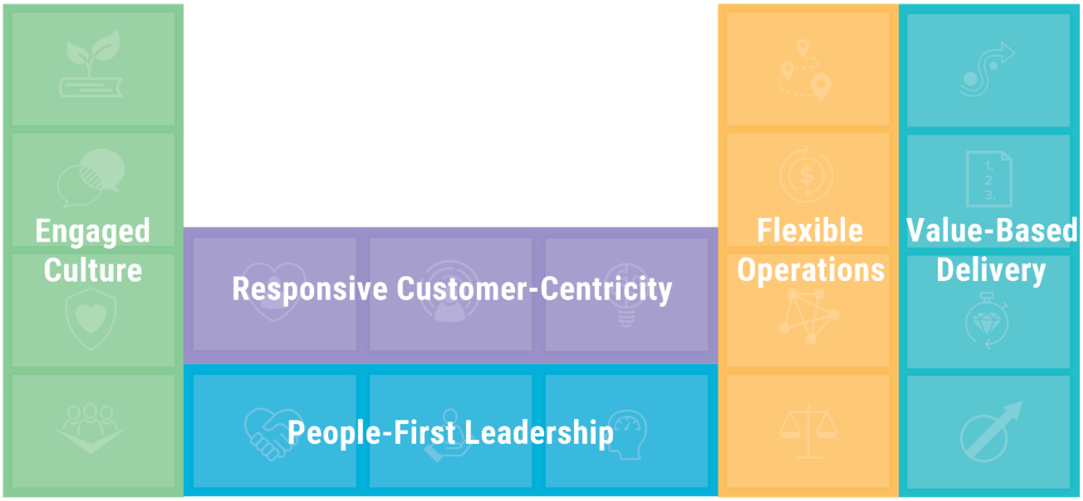


# DOMAINS OF BUSINESS AGILITY

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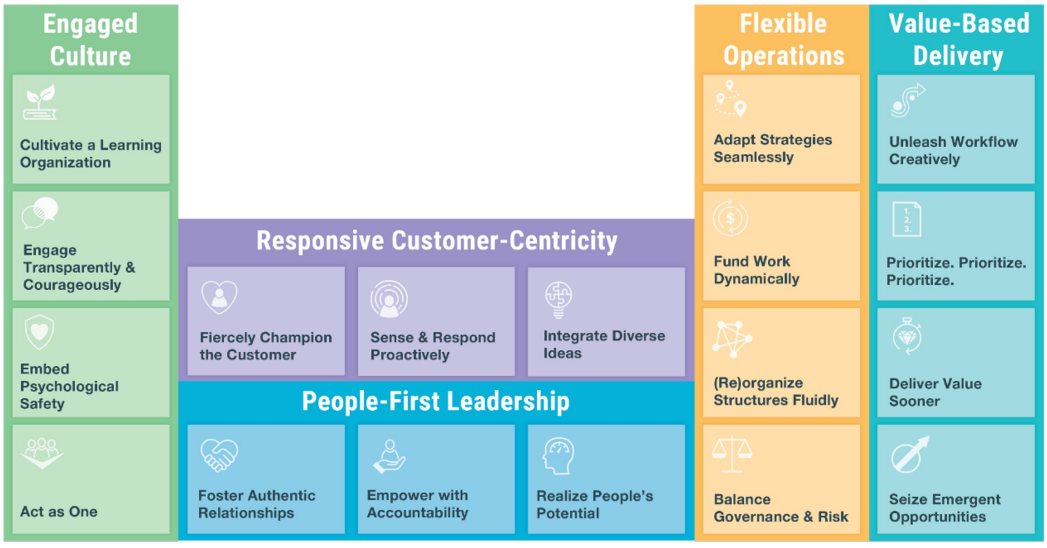

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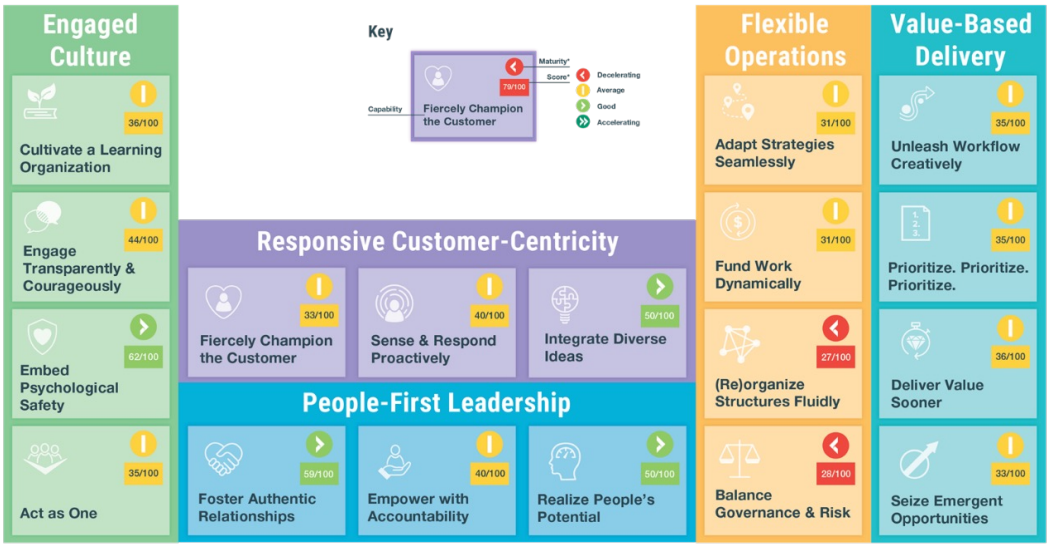
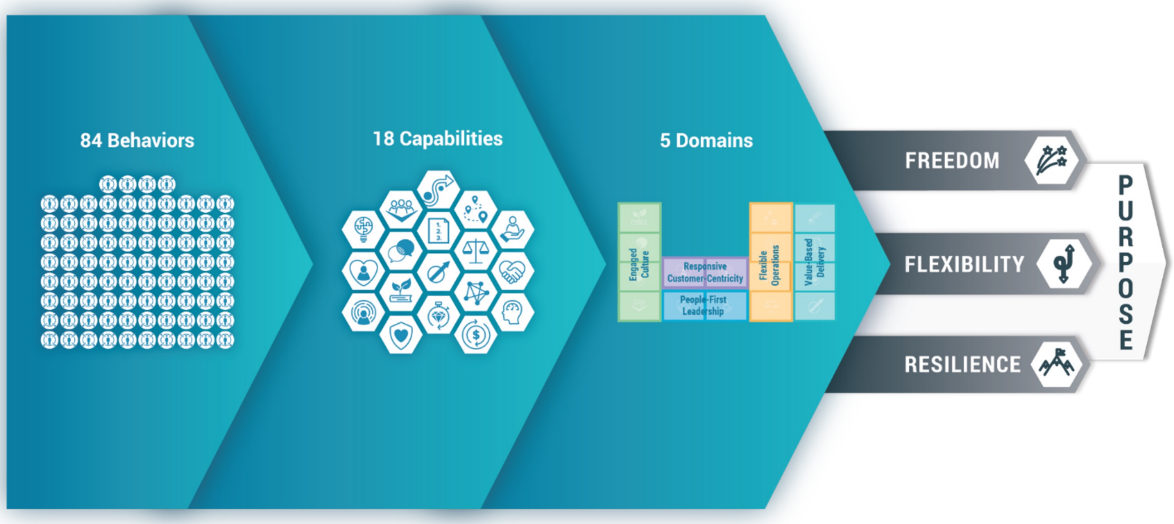
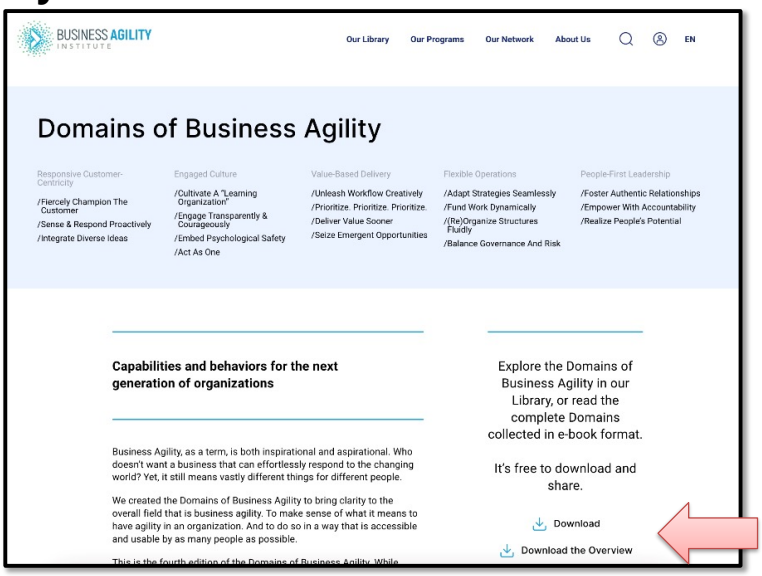



# BEHAVIORS > CAPABILITIES > DOMAINS



# https://businessagility.institute/domains/overview



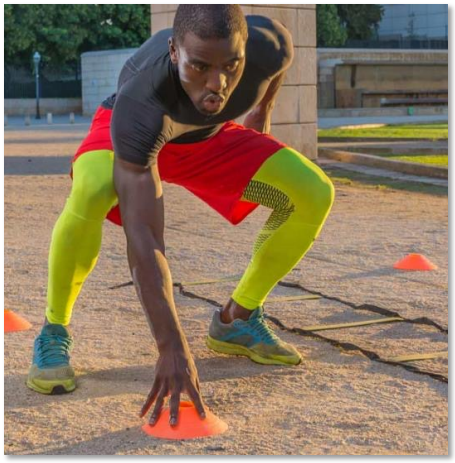
# WHAT ARE WE MEASURING?

IN A 8527

**MEASURING THE AGILITY OF THE ORGANIZATION**

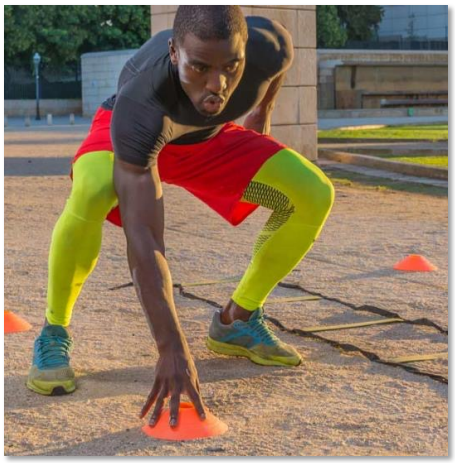
**MEASURING ORGANIZATIONAL PERFORMANCE**

**MEASURING AGILITY**



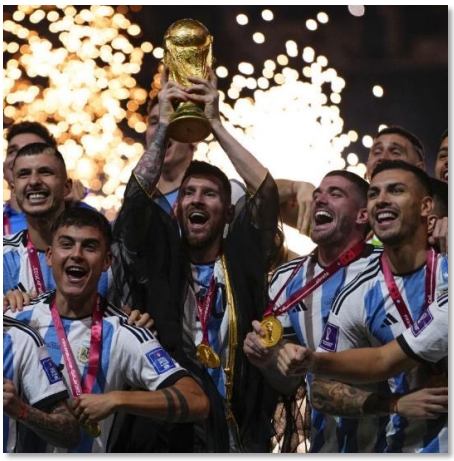
**MEASURING PERFORMANCE**

**MEASURING AGILITY**



**via TESTS**

**MEASURING PERFORMANCE**



**via RESULTS**

**Time to Market**
**Customer Satisfaction**
**Revenue or Profitability**
**Market Share**
**Brand Awareness**
**Share Price**

# AGILITY IS NOT MEASURED BY RESULTS

THE **ABILITY** TO DO SOMETHING

VS

THE **CHOICE** TO DO SOMETHING

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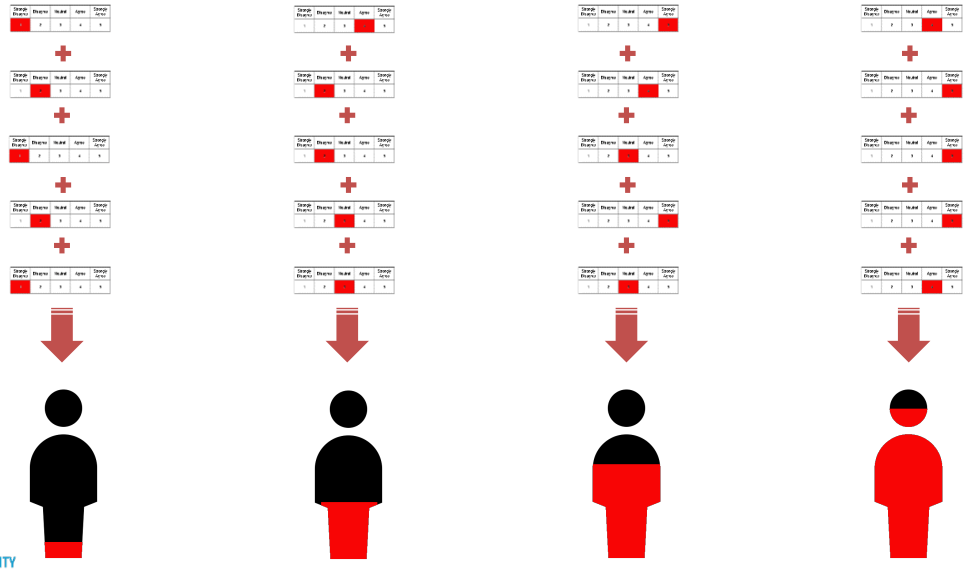
## THE HOW MATTERS

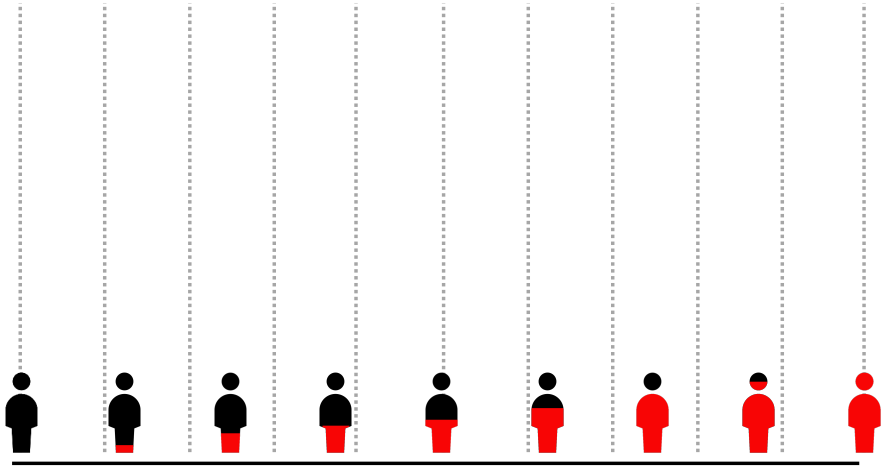
**Measure capabilities by measuring behaviors**

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |

# STRENGTH OF BUSINESS AGILITY

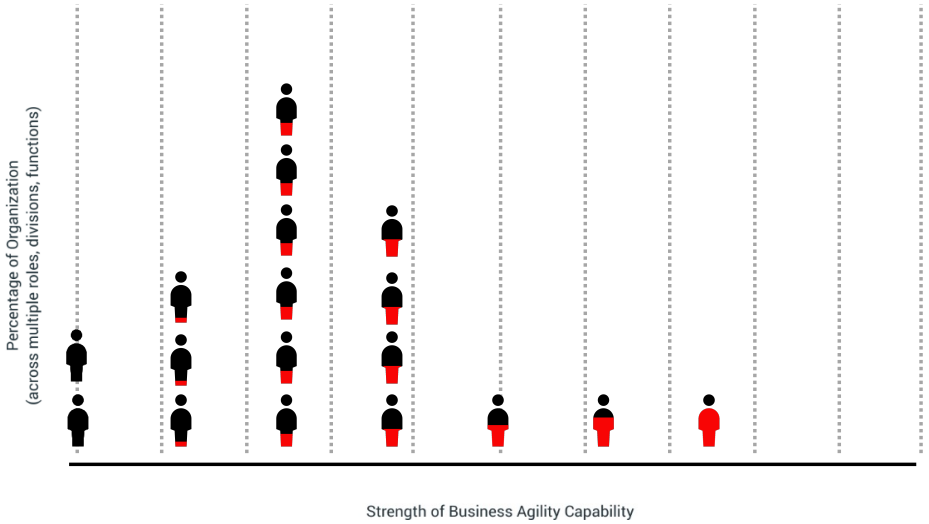


BUSINESS AGILITY PROFILE



Strength of Business Agility Capability

BUSINESS AGILITY PROFILE

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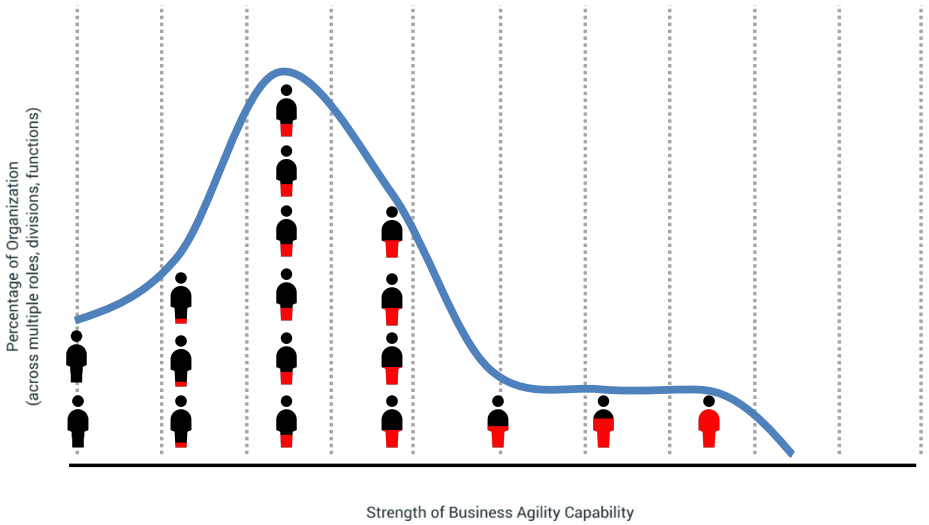


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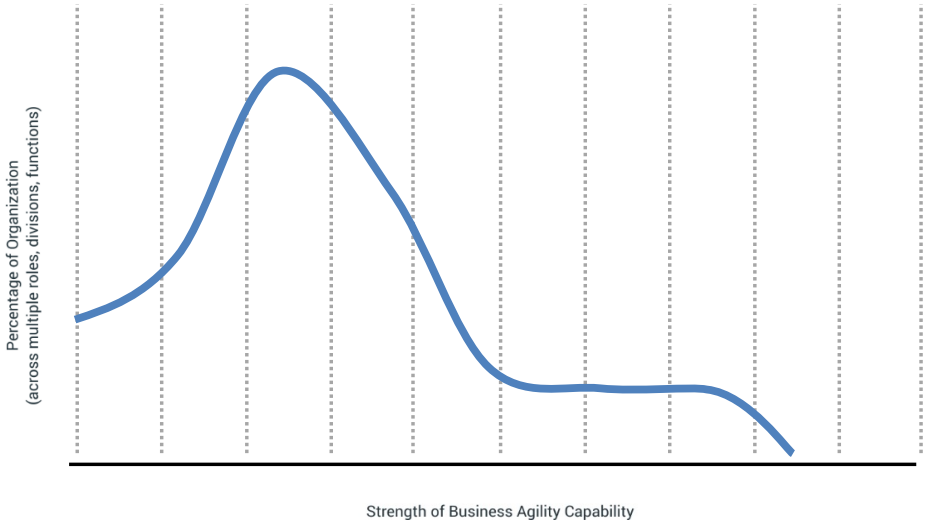


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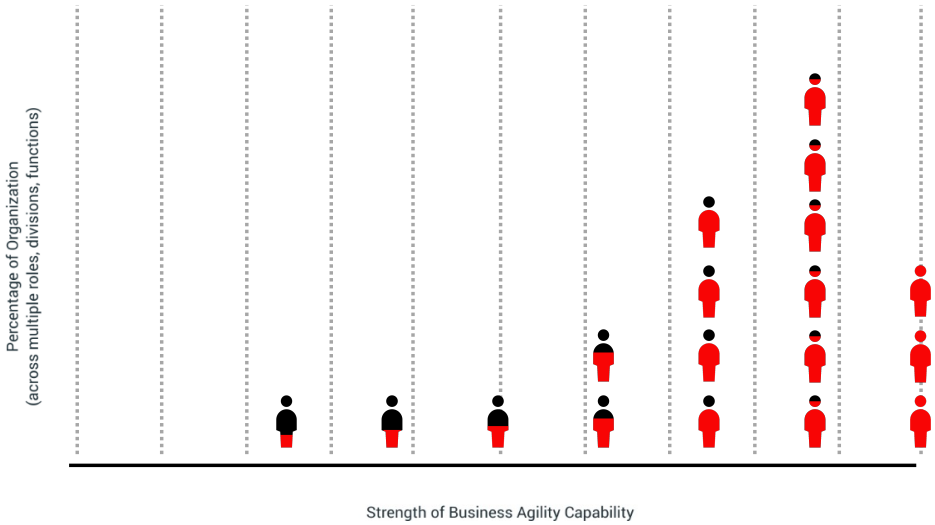


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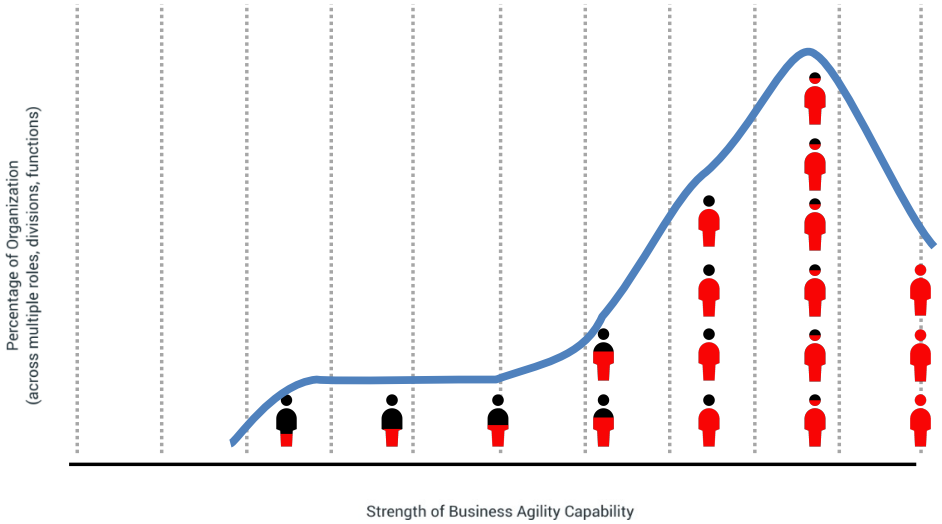


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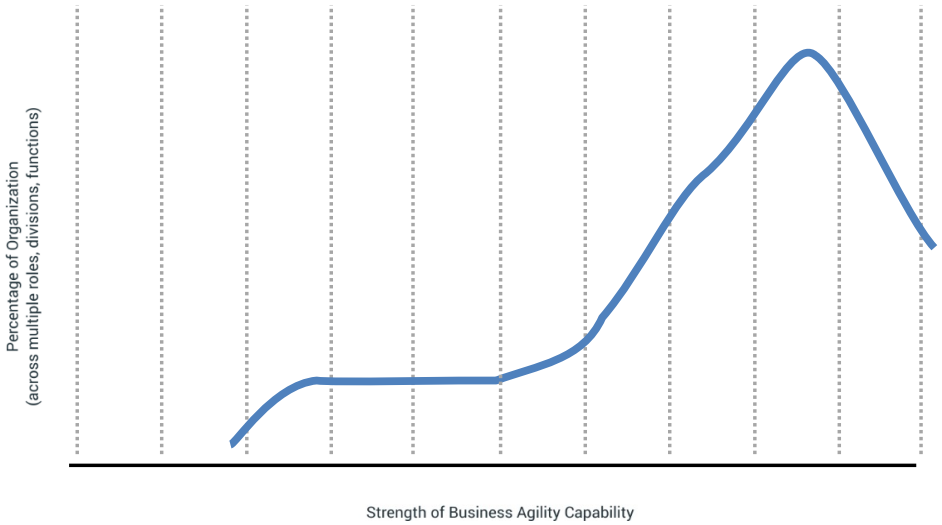


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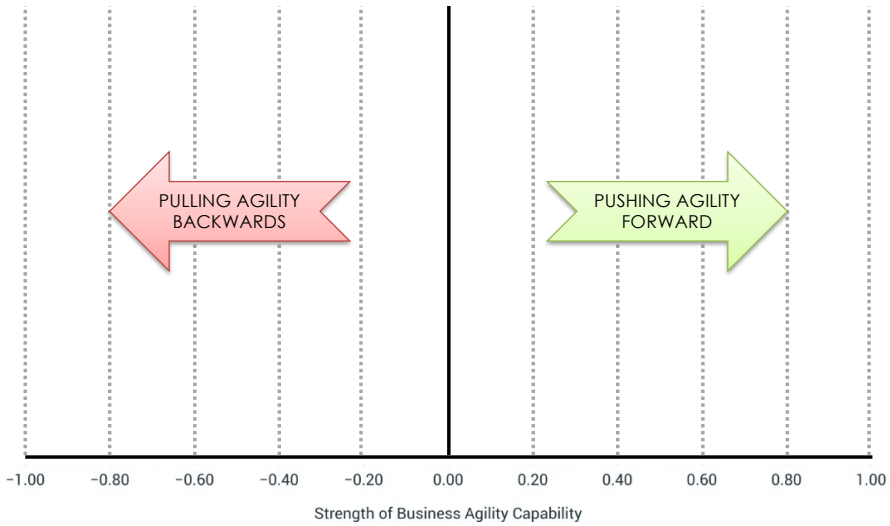


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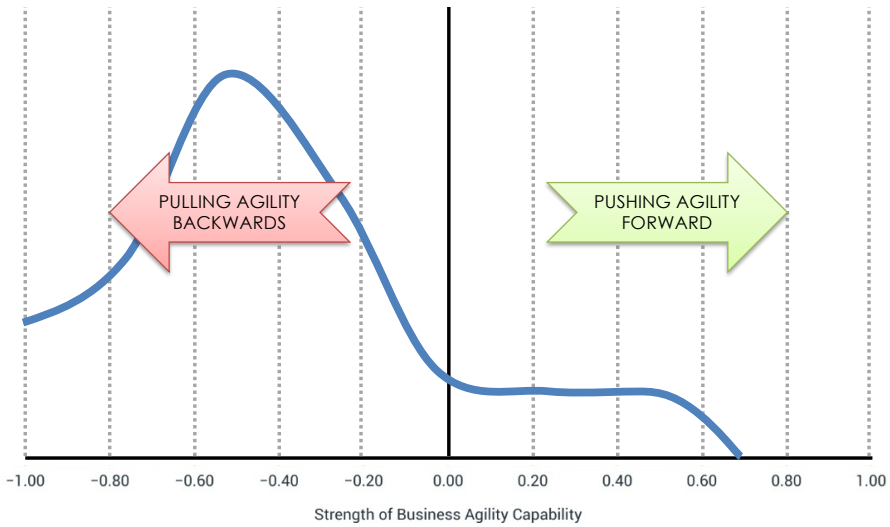


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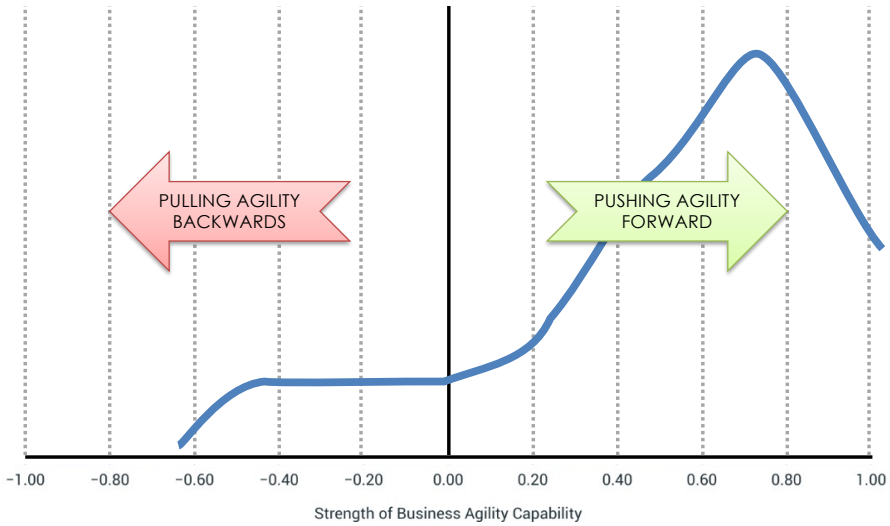


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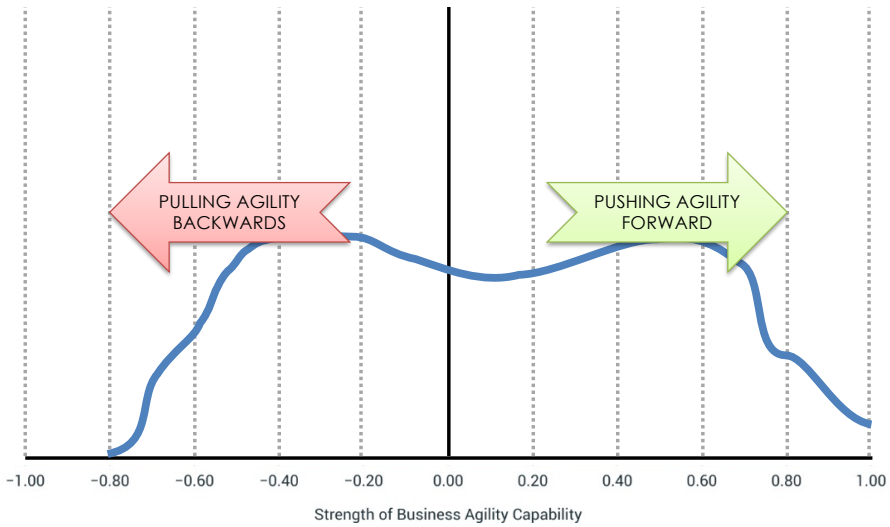


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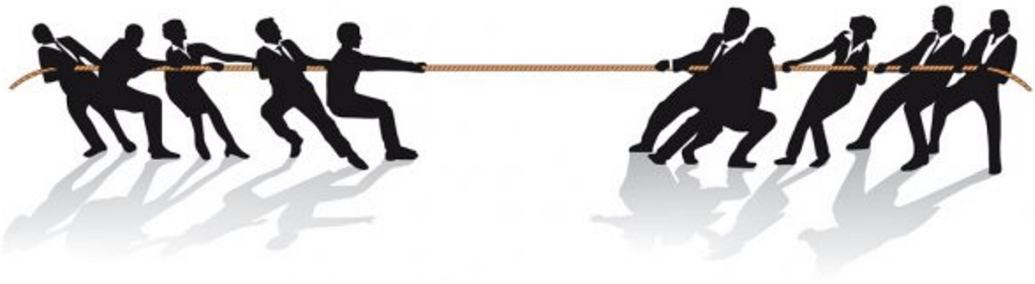
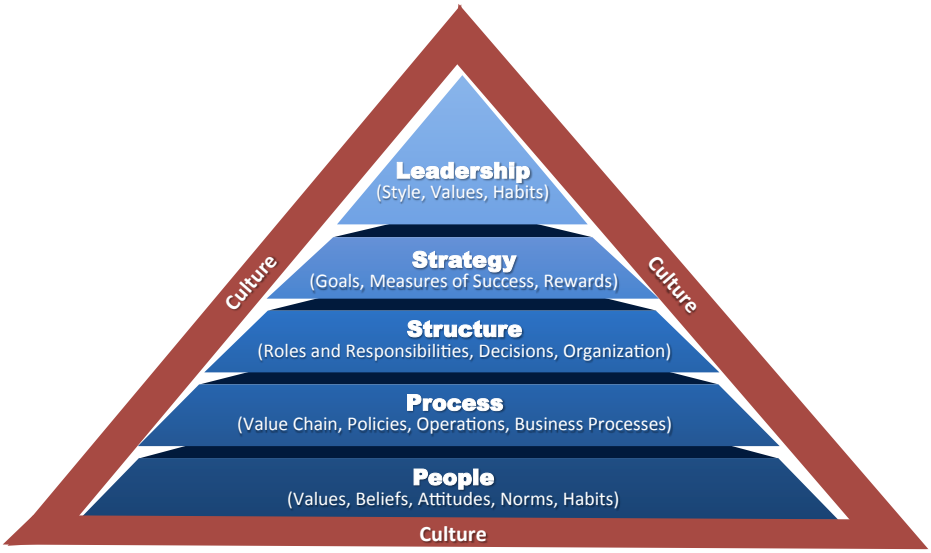
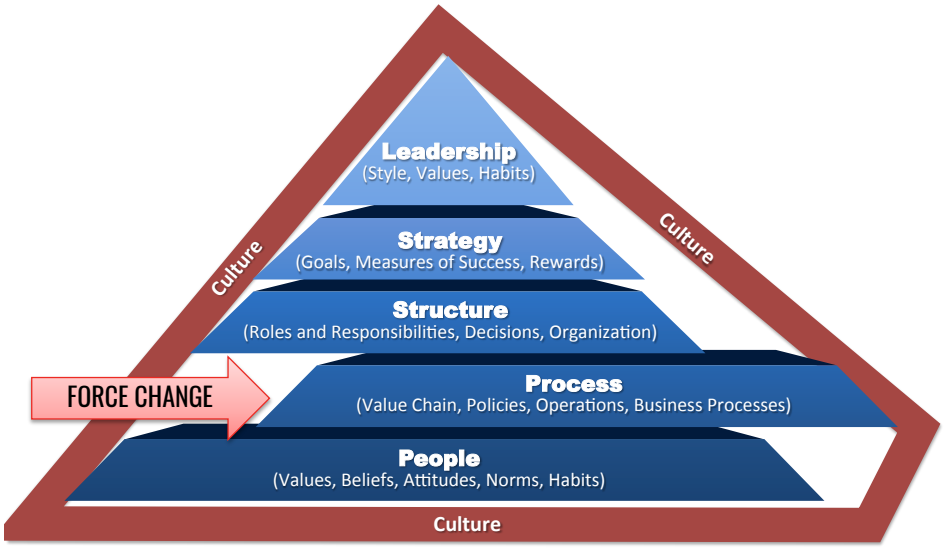


BUSINESS AGILITY PROFILE

# CULTURE




# CHANGING PROCESS ONLY



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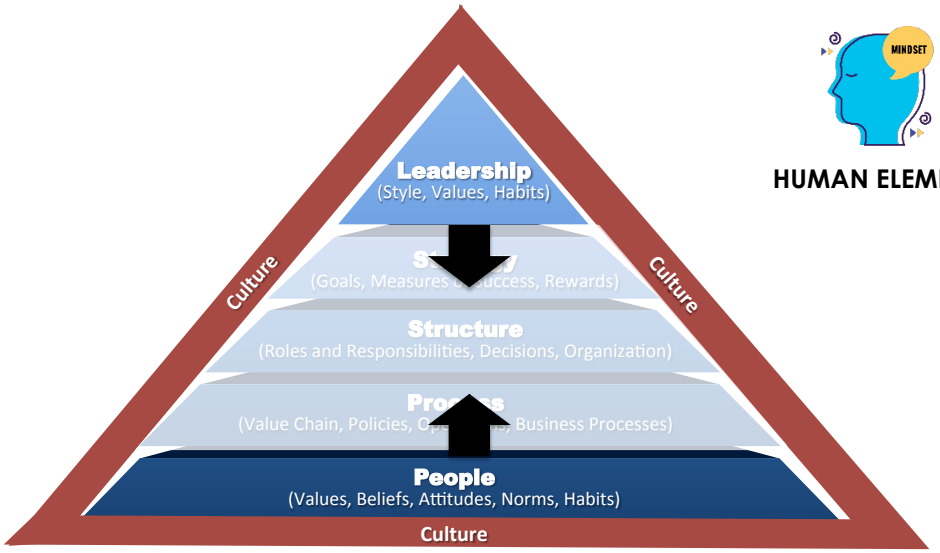




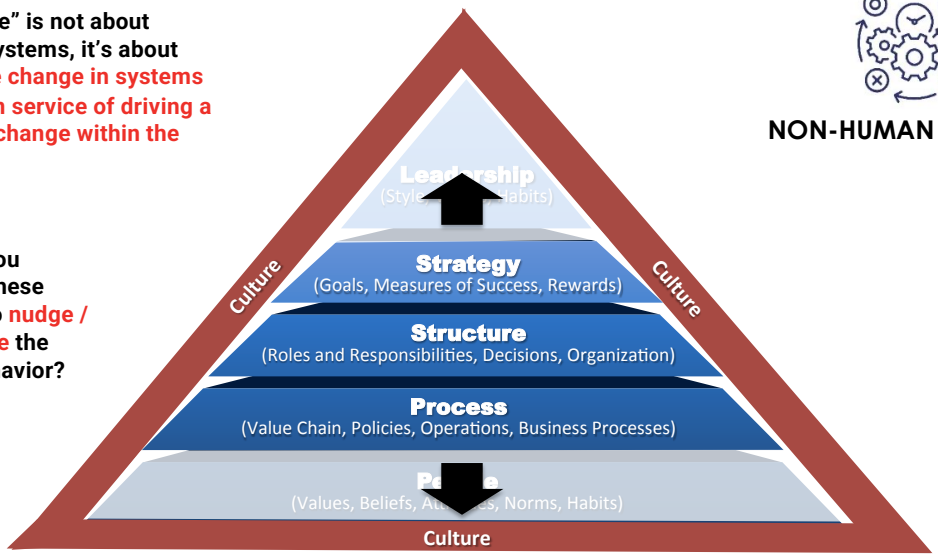


**HUMAN ELEMENTS**

# CULTURE

**"The change" is not about changing systems, it's about people. The change in systems should be in service of driving a behavioral change within the people.**

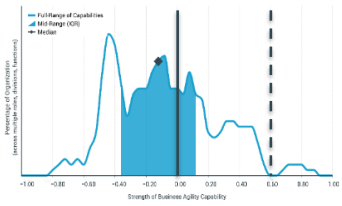
**What can you change in these elements to nudge / guide / drive the desired behavior?**



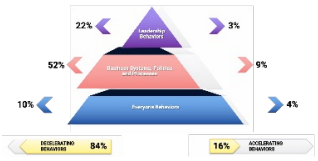
**NON-HUMAN ELEMENTS**

# BUSINESS AGILITY PROFILE™

**SHAPE OF AGILITY REPORT**



**ORGANIZATIONAL TENSIONS REPORT**

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BUSINESS AGILITY PROFILE™

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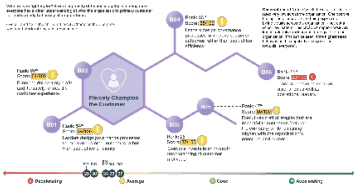
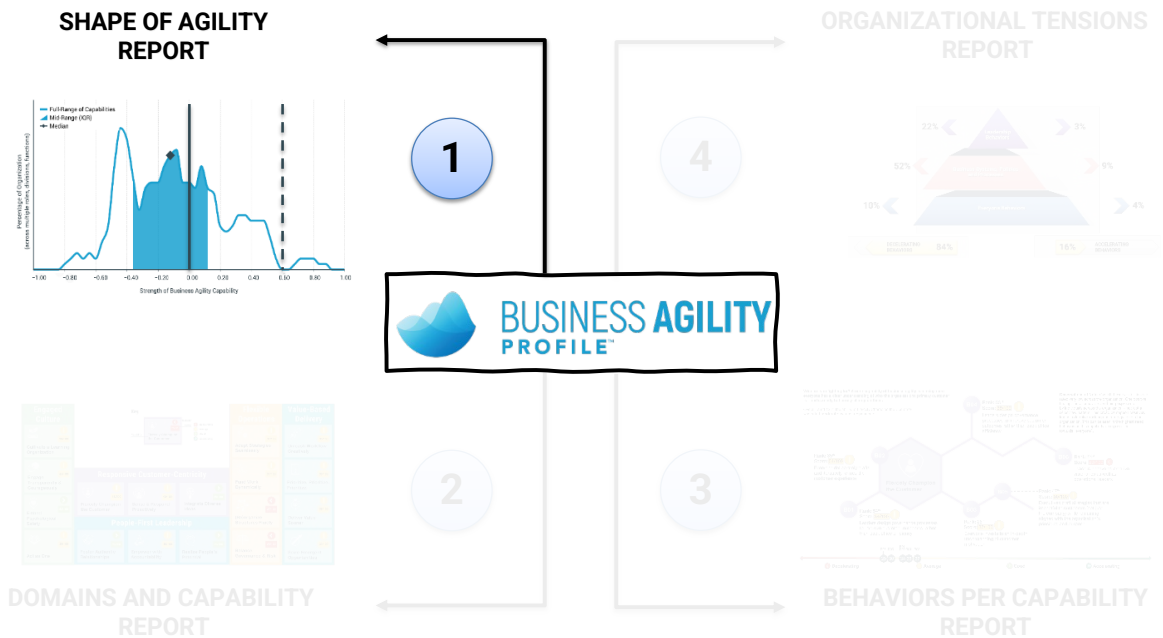
**DOMAINS AND CAPABILITY REPORT**



**BEHAVIORS PER CAPABILITY REPORT**


SHAPE OF AGILITY REPORT
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DOMAINS AND CAPABILITY REPORT
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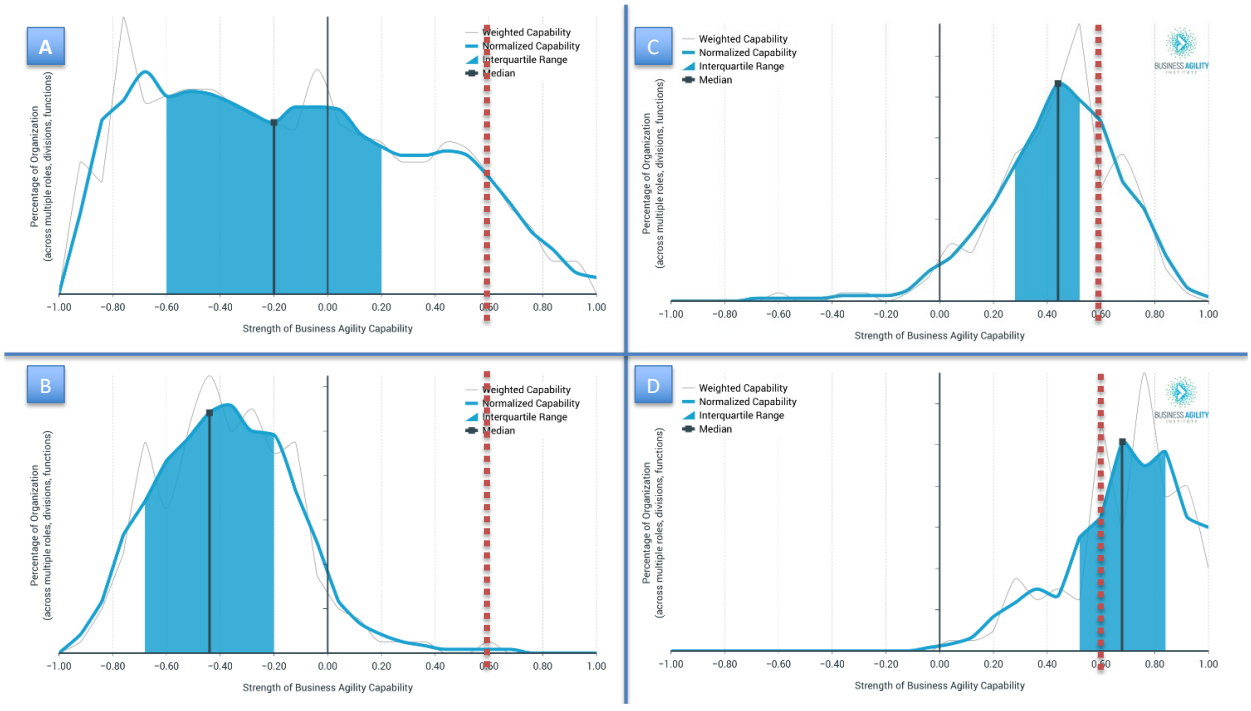
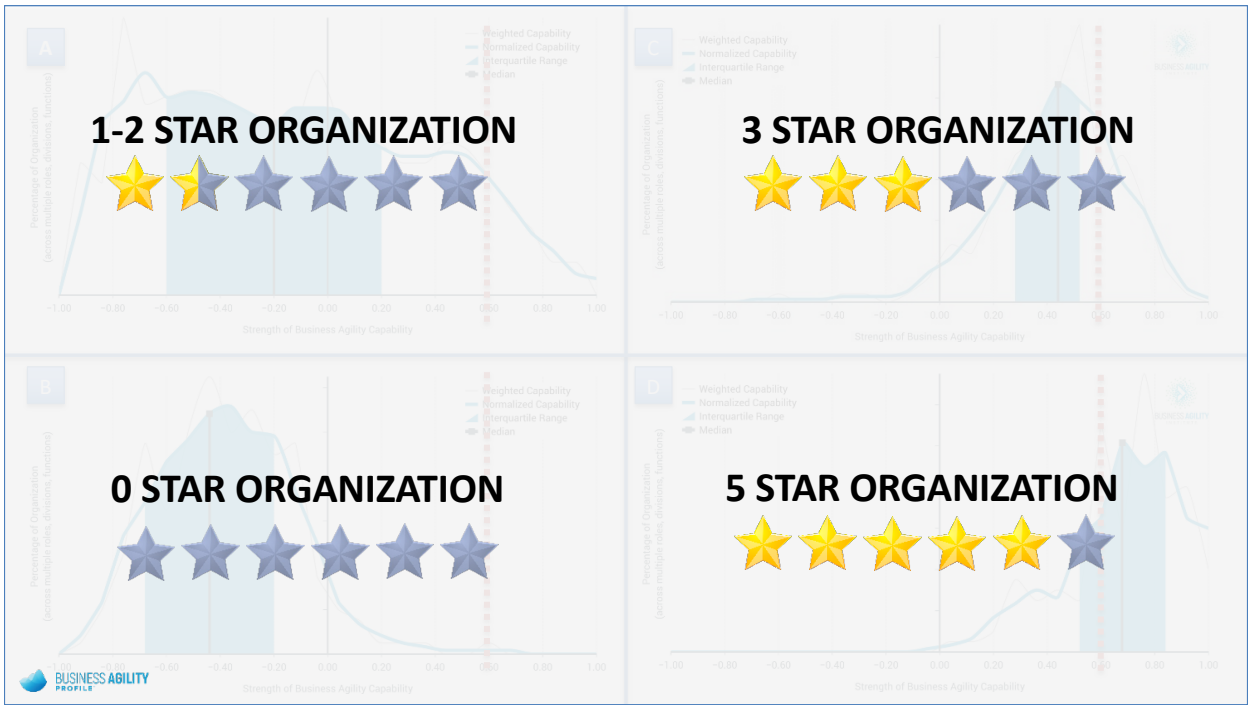

A
B
C
D
Weighted Capability
Normalized Capability
Interquartile Range
Median
Percentage of Organization (across multiple roles, divisions, functions)
Strength of Business Agility Capability
-1.00
-0.80
-0.60
-0.40
-0.20
0.00
0.20
0.40
0.60
0.80
1.00




## 3 STAR ORGANIZATION

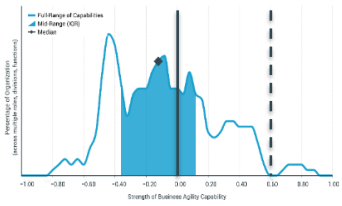
- ✓ Leaders support people throughout the change so that change is not a distraction from day-to-day work
- ✓ Leaders create personal connections through empathy, listening, coaching, and mentoring
- ✓ Leaders hold teams and peers to account for the commitments they make
- ✓ Leaders create a sense of belonging through inclusive experiences
- ✓ Leaders make decisions informed by data, rather than assumptions or guesswork
- ✓ Leaders design governance processes to improve customer outcomes rather than back-office efficiency
- ✓ Leaders continuously adjust business outcomes and strategies based on insights from teams and customers
- ✓ Everyone establishes and maintains psychological safety
- ✓ Everyone is invited to speak-up with ideas and opportunities
- ✓ Everyone plans using outcomes, rather than outputs
- ✓ Everyone limits work in progress

# 5 STAR ORGANIZATION

- ✓ Executives design incentive and reward systems that tap into intrinsic motivation
- ✓ Executives decouple internal funding cycles from external reporting cycles
- ✓ Leaders model desired behavioral changes before asking others to do it
- ✓ Leaders create time to accommodate emergent opportunities
- ✓ Leaders compensate, reward, and recognize individuals and teams fairly for the work they do
- ✓ Leaders remove superfluous controls and approvals
- ✓ Leaders recruit employees based on mission-alignment, culture add, and a growth mindset
- ✓ Everyone defaults to the open sharing of information
- ✓ Everyone establishes and maintains psychological safety
- ✓ Everyone is invited to speak up with ideas and opportunities
- ✓ Everyone actively cultivates a growth mindset
- ✓ Everyone challenges the status quo and is open to being challenged

BUSINESS AGILITY PROFILE

**SHAPE OF AGILITY REPORT**



**ORGANIZATIONAL TENSIONS REPORT**

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BUSINESS AGILITY PROFILE™

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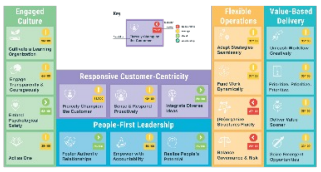
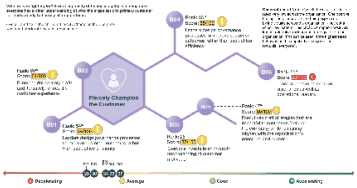
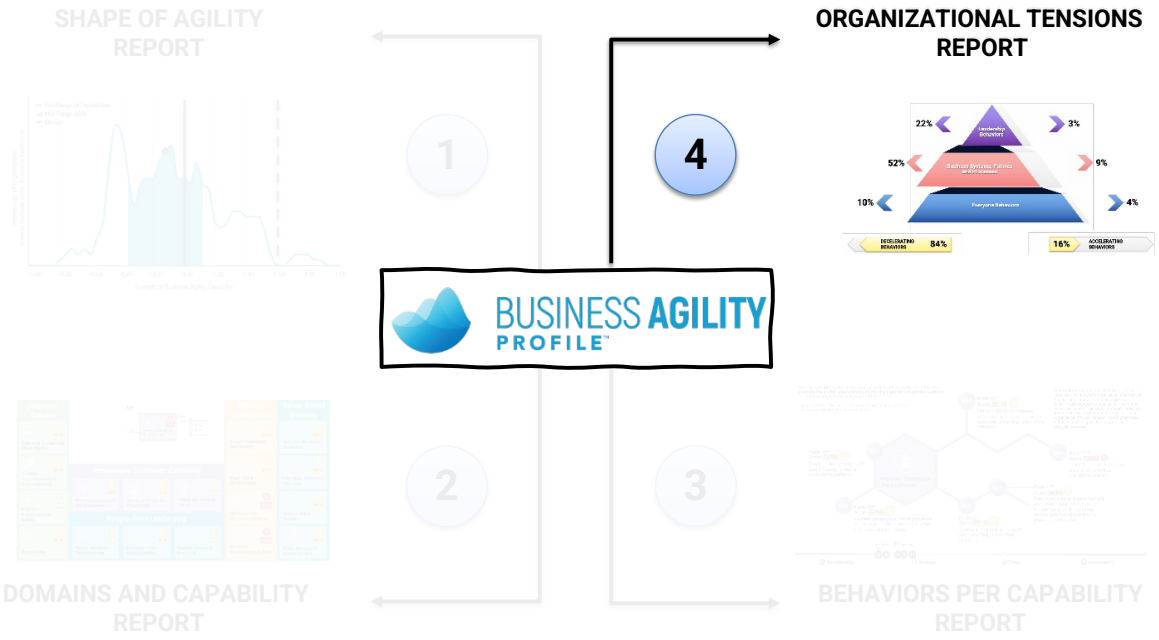



**BEHAVIORS PER CAPABILITY REPORT**




SHAPE OF AGILITY REPORT
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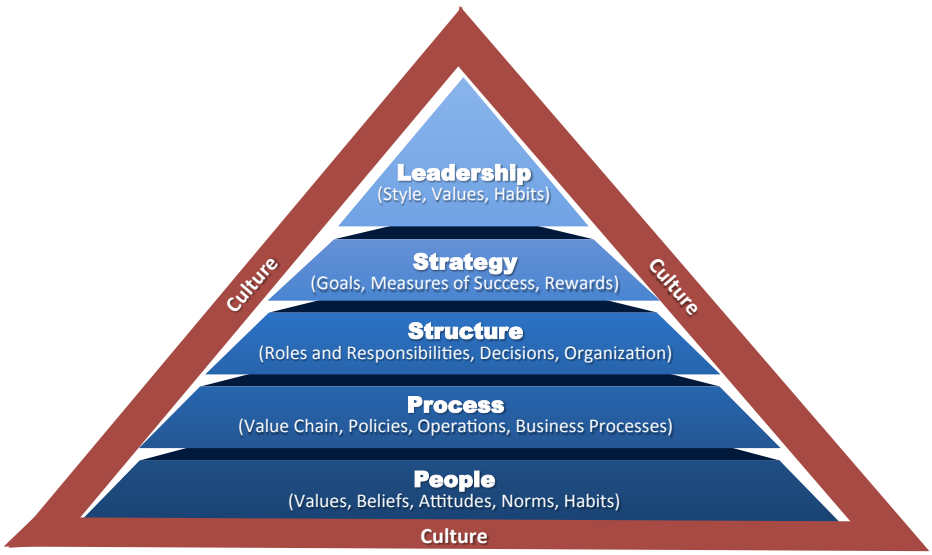
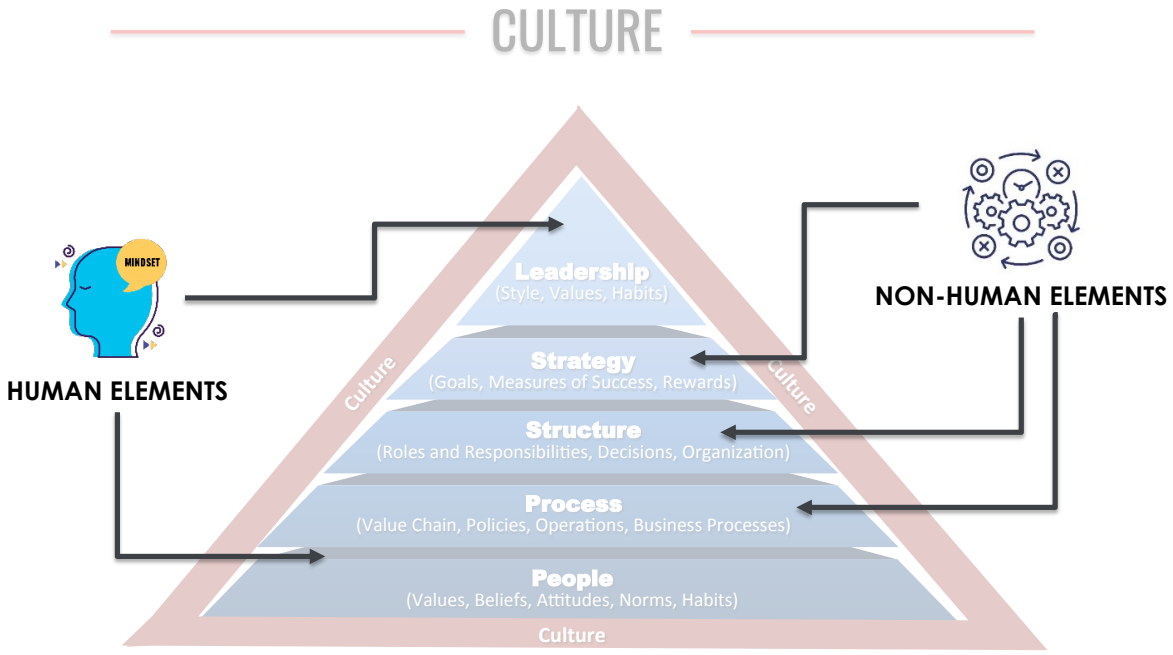
BEHAVIORS PER CAPABILITY REPORT

# CULTURE


Leadership
(Style, Values, Habits)
Strategy
(Goals, Measures of Success, Rewards)
Structure
(Roles and Responsibilities, Decisions, Organization)
Process
(Value Chain, Policies, Operations, Business Processes)
People
(Values, Beliefs, Attitudes, Norms, Habits)
Culture
Culture
Culture


CULTURE
MINDSET
HUMAN ELEMENTS
NON-HUMAN ELEMENTS
Leadership
(Style, Values, Habits)
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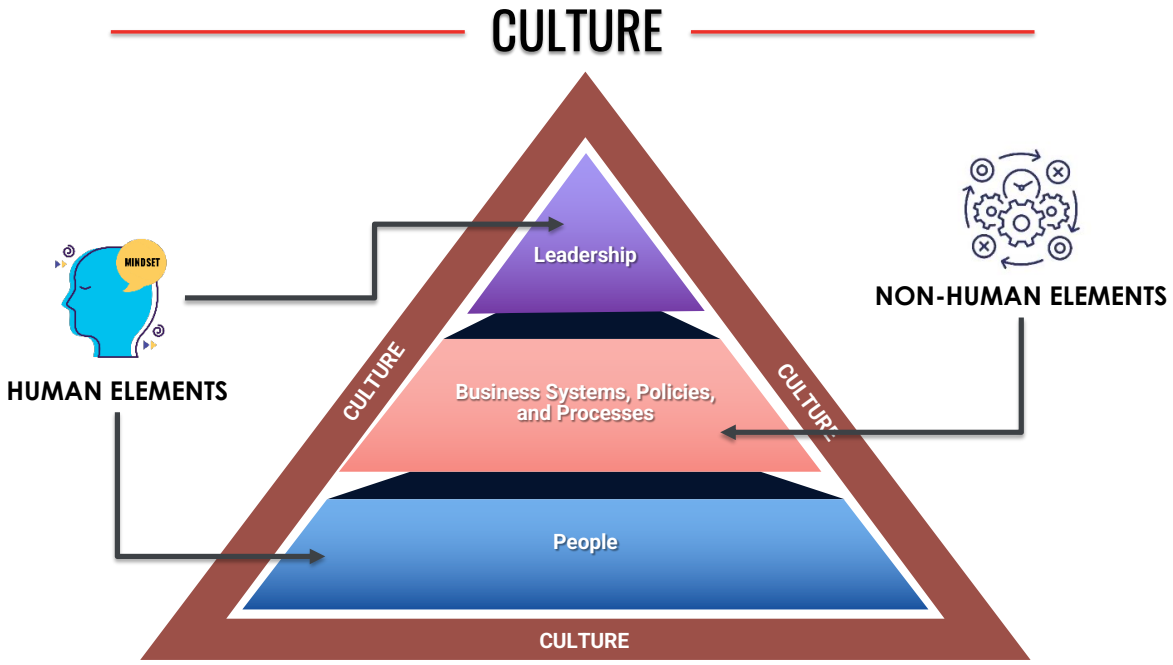
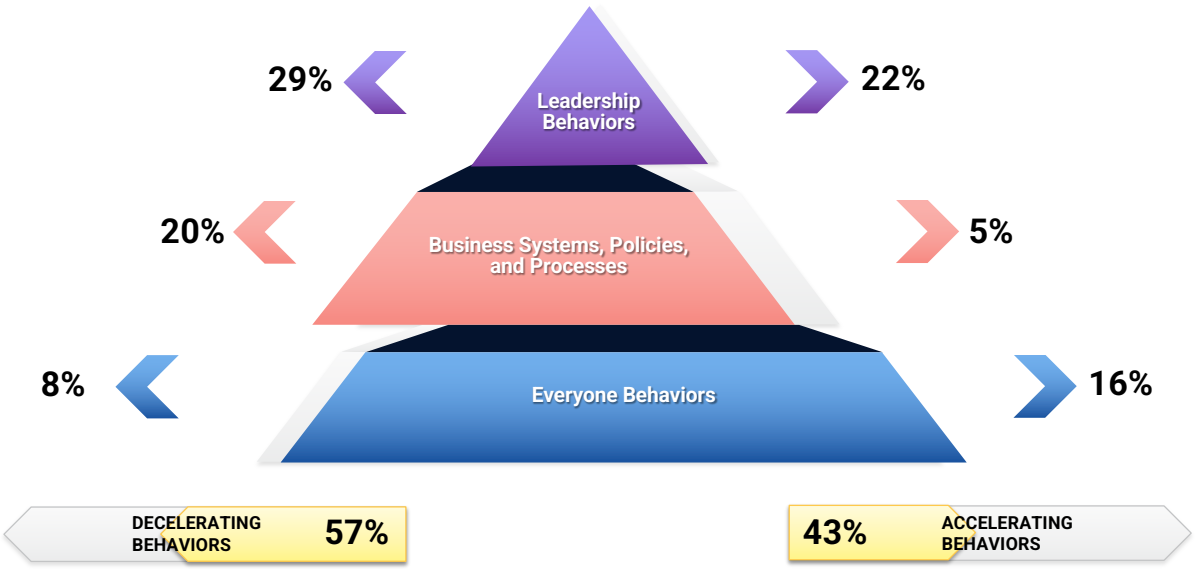

CULTURE
MINDSET
HUMAN ELEMENTS
NON-HUMAN ELEMENTS
Leadership
Business Systems, Policies,
and Processes
People
CULTURE
CULTURE
CULTURE




# NATIONAL BANK
# JUST GETTING STARTED

This is a snapshot from a mid-sized national bank who was **just getting started** on their business agility journey. Overall, this was a very **immature organization** with most behaviors **pulling back** against the transformation activities.

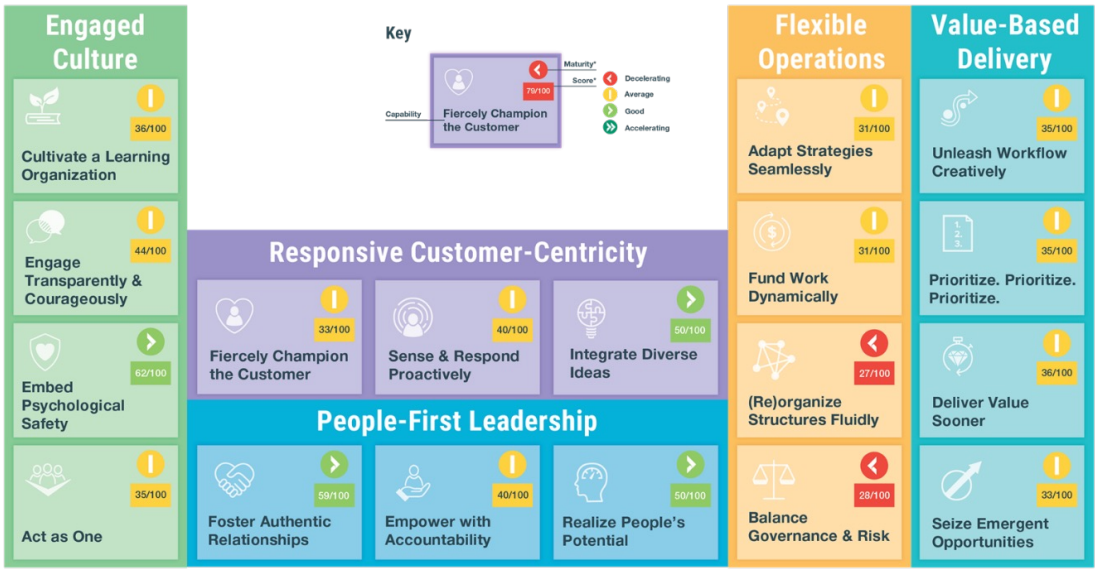
## Summary of Capabilities

This organization demonstrated a low level of business agility across the organization in both the behavioral and business systems evaluation.

However, their investment in key capabilities, such as Embed Psychological Safety, has established a high-readiness for ongoing advancement.

BUSINESS AGILITY PROFILE

**NATIONAL BANK**
**JUST GETTING STARTED**

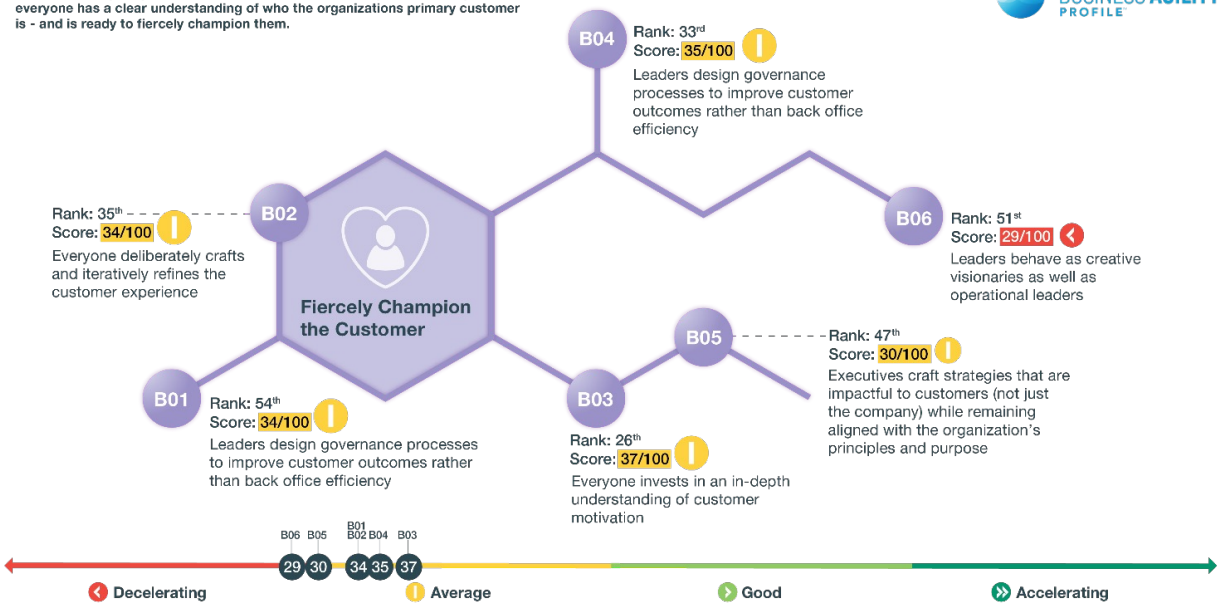



## Fiercely Champion the Customer

**NATIONAL BANK**
**JUST GETTING STARTED**

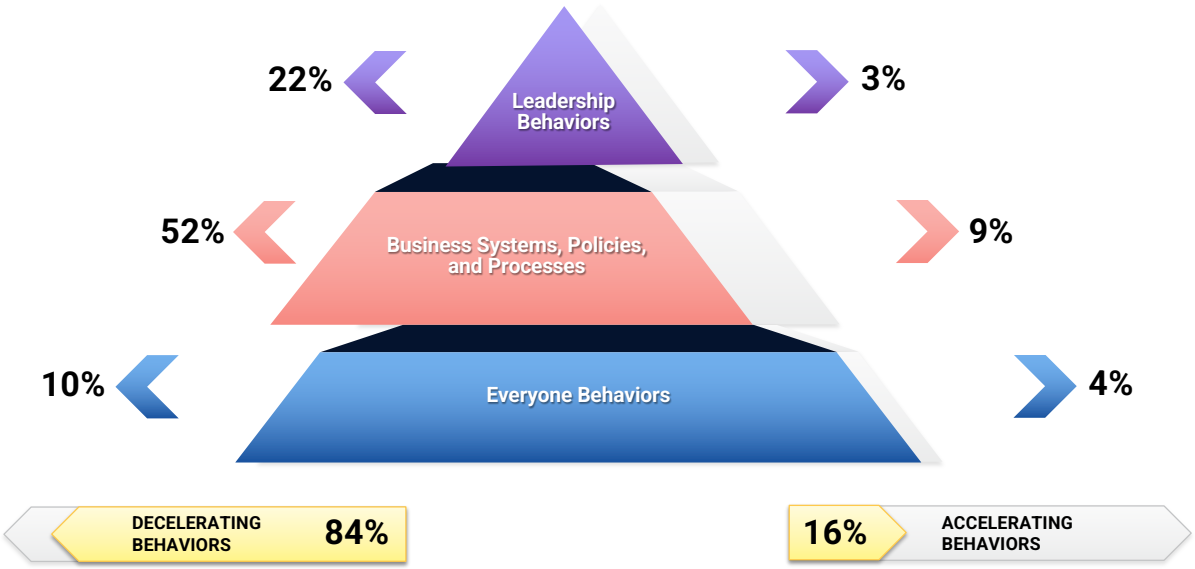
BUSINESS AGILITY PROFILE

**Who are you fighting for? A core capability of business agility is making sure everyone has a clear understanding of who the organizations primary customer is - and is ready to fiercely champion them.**



BUSINESS AGILITY PROFILE

**NATIONAL BANK**
**JUST GETTING STARTED**




BUSINESS AGILITY PROFILE

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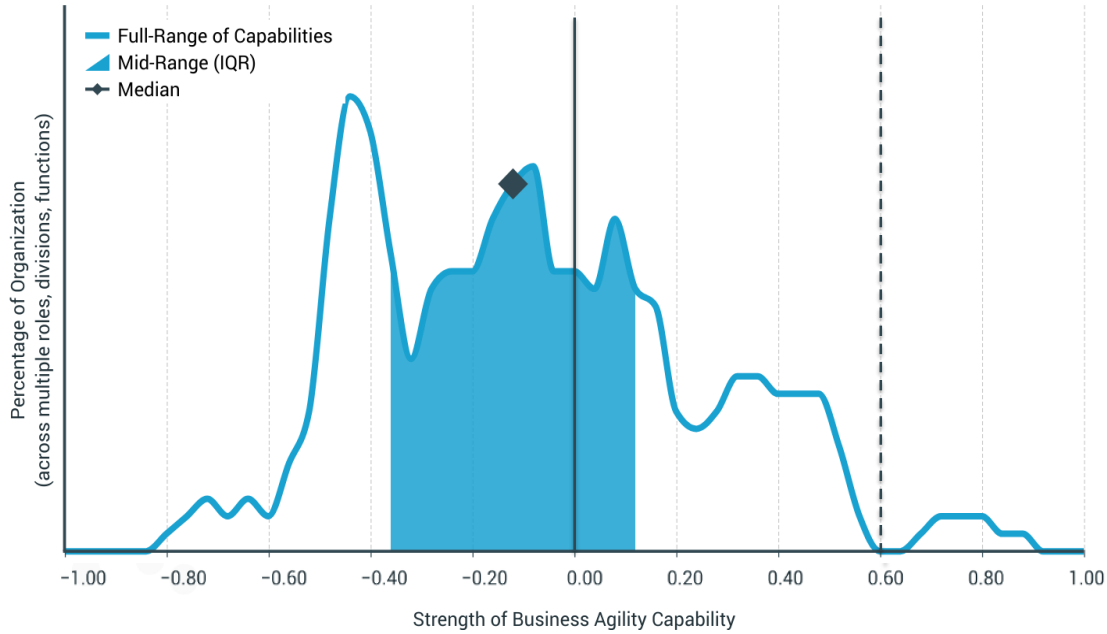


BUSINESS AGILITY PROFILE

# AUTOMOTIVE MANUFACTURER 2-4 YEARS IN

This is a snapshot from a large automotive manufacturer based in Europe. This organization has been investing in their business agility journey for the last **2-4 years**. Overall, this organization had created a **good foundation** for their journey with most behaviors **neutral** towards transformation activities.

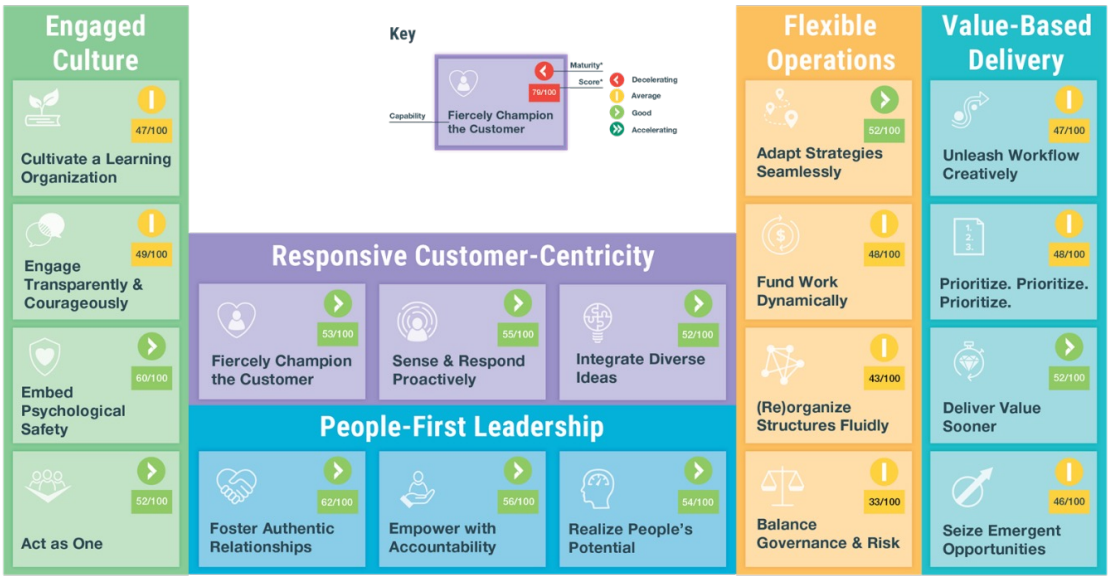
## Summary of Capabilities

This organization demonstrated a moderate level of business agility across the organization in both the behavioral and business systems evaluation.

The strongest behaviors are mostly within the People-First Leadership domain and related leadership behaviors, whereas the capabilities that require the most attention are those within the Flexible Operations domain. This is fairly normal to see – transformation of governance-related behaviors are usually the last to be invested in.

BUSINESS AGILITY PROFILE

AUTOMOTIVE MANUFACTURER
2-4 YEARS IN



## Fiercely Champion the Customer

AUTOMOTIVE MANUFACTURER
2-4 YEARS IN

BUSINESS AGILITY PROFILE

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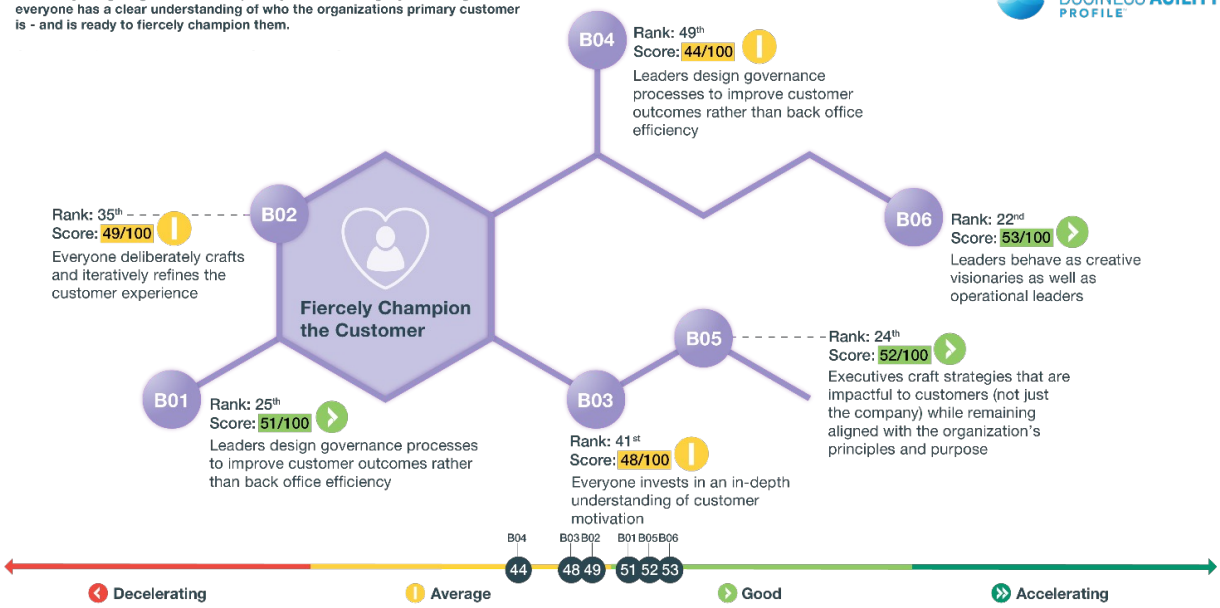
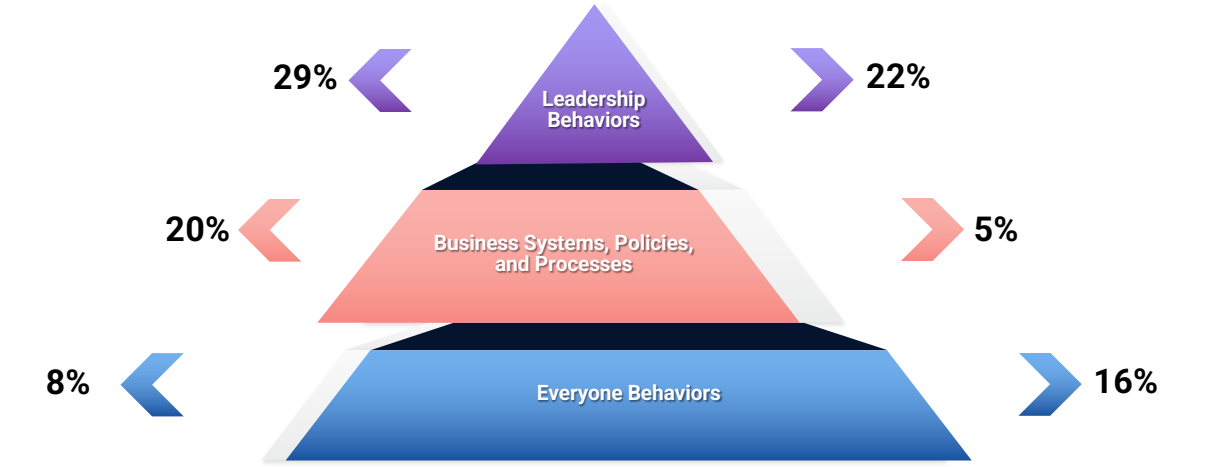


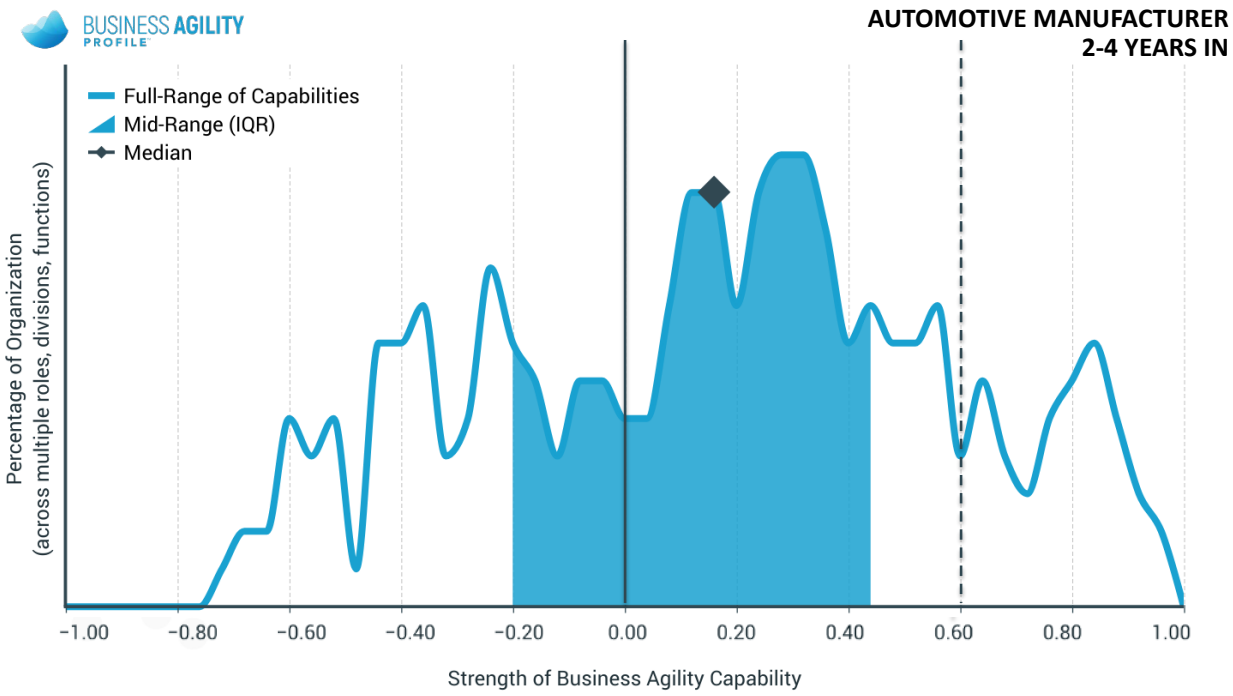

BUSINESS AGILITY PROFILE

**AUTOMOTIVE MANUFACTURER**
**2-4 YEARS IN**




**DECELERATING BEHAVIORS** **57%**

**43%** **ACCELERATING BEHAVIORS**




BUSINESS AGILITY PROFILE

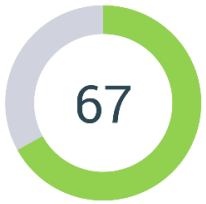
# FEDERAL GOVERNMENT AGENCY 5-8 YEARS IN

This is a snapshot from a large federal government agency who has been investing in business agility for **5-8 years**. Overall, this was a very **mature organization** with a large number of positive business agility behaviors **established and supporting** the transformation activities.

## Summary of Capabilities

The focus for this organization should be on continuous improvement of the successes and progress made so far. In other words, reinforcing and improving existing business agility behaviors and practices.

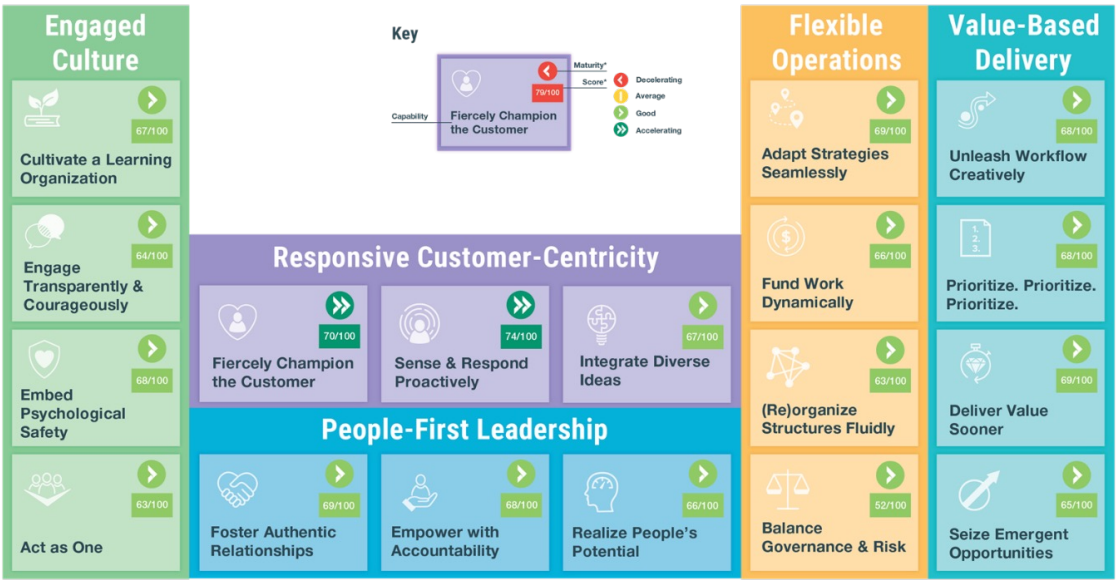
Continue to invest in transforming the relevant HR, Finance, and operational governance, policies, and procedures to support the target state behaviors.




Overall Business Agility Score

BUSINESS AGILITY PROFILE

**FEDERAL GOVERNMENT AGENCY**
**5-8 YEARS IN**




## Fiercely Champion the Customer

**FEDERAL GOVERNMENT AGENCY**
**5-8 YEARS IN**

BUSINESS AGILITY PROFILE

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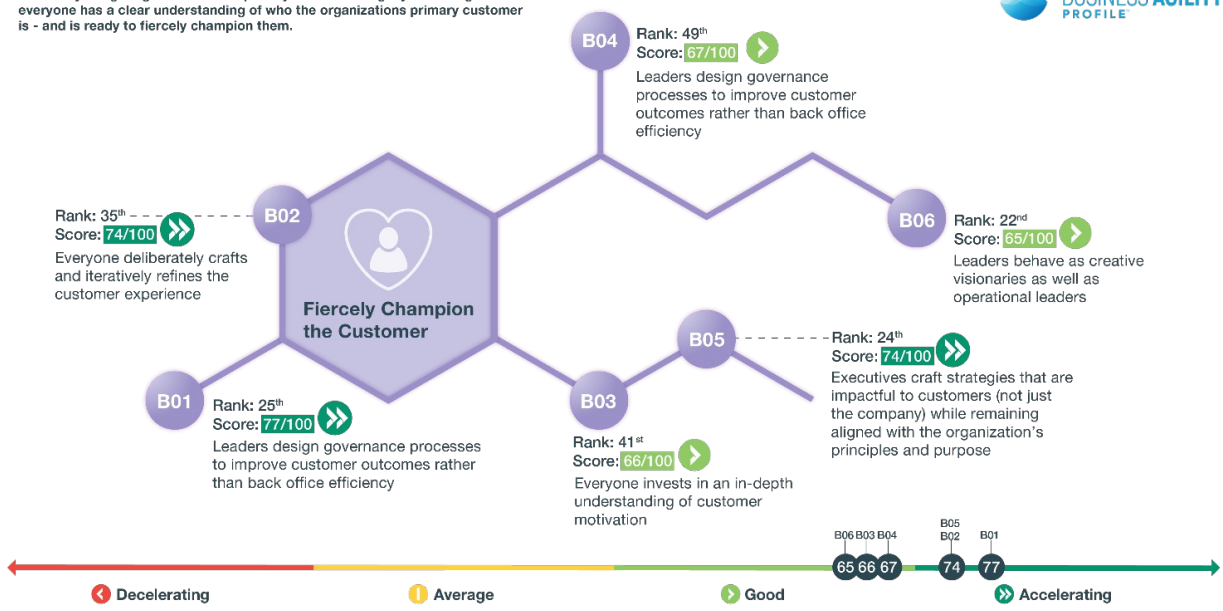
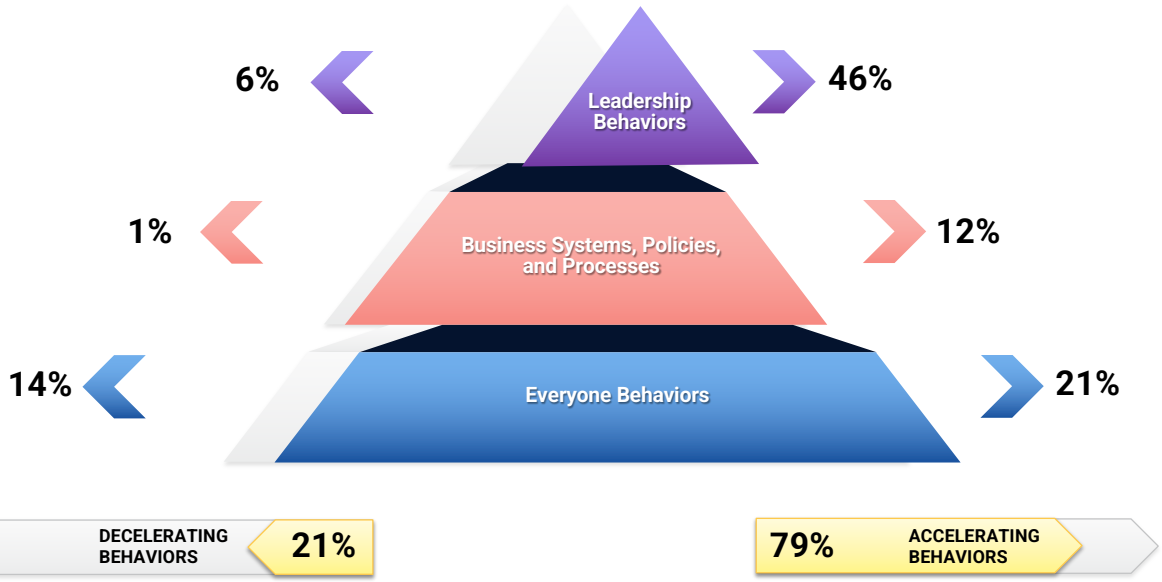


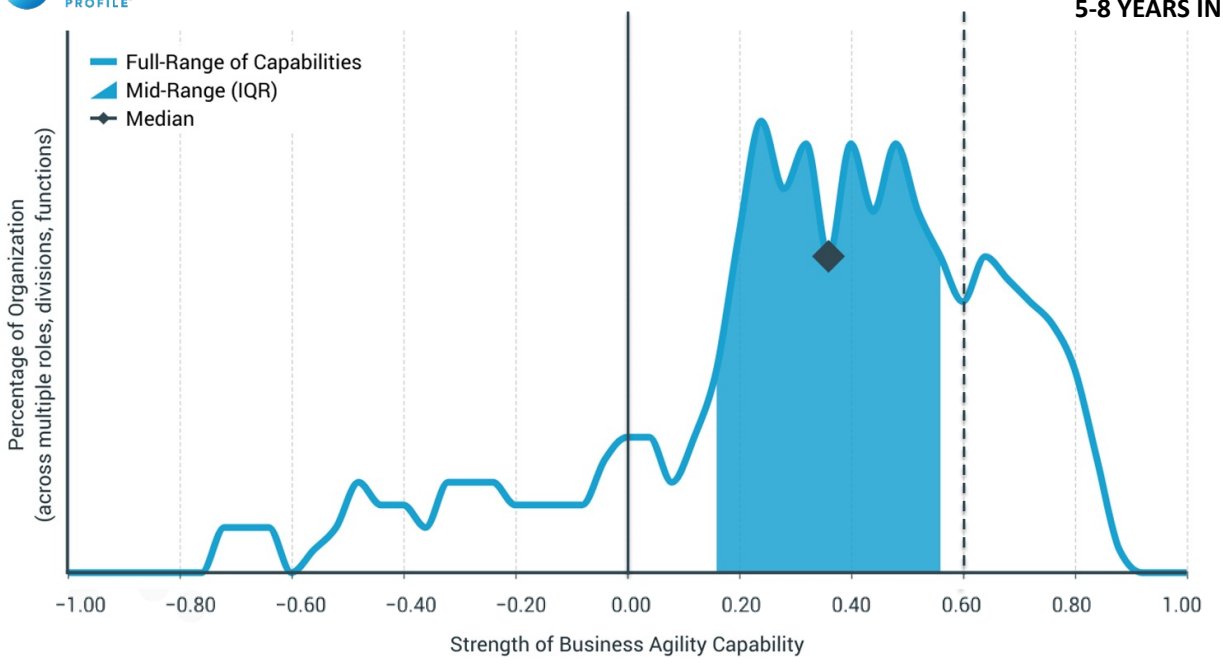
BUSINESS AGILITY PROFILE

**FEDERAL GOVERNMENT AGENCY**
**5-8 YEARS IN**

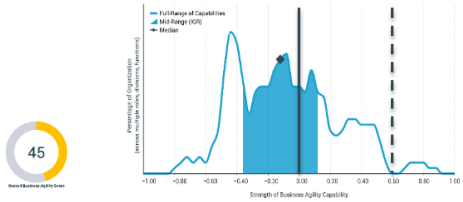


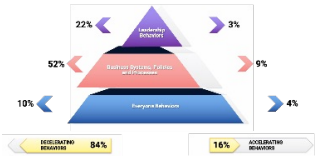

BUSINESS AGILITY PROFILE

**FEDERAL GOVERNMENT AGENCY**
**5-8 YEARS IN**

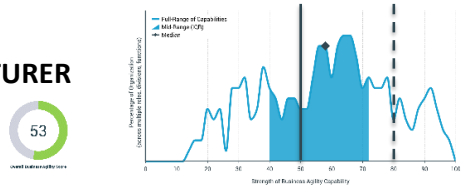


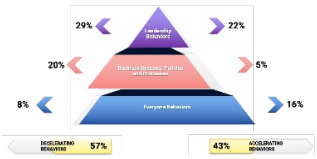
**NATIONAL BANK**
**JUST GETTING STARTED**



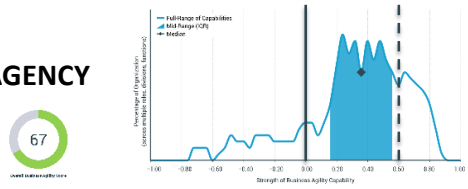




**AUTOMOTIVE MANUFACTURER**
**2-4 YEARS IN**




**FEDERAL GOVERNMENT AGENCY**
**5-8 YEARS IN**

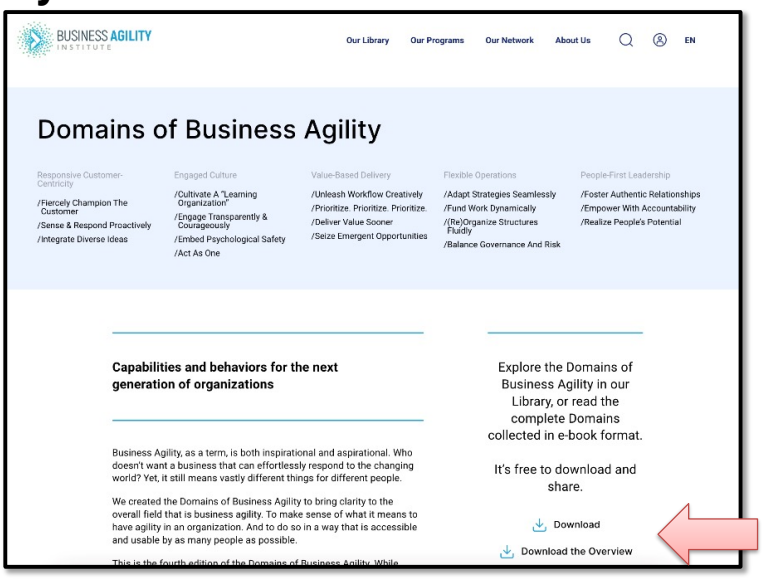


| Level 1 | Level 2 | Level 3 | Level 4 | Level 5 |
|---|---|---|---|---|
| | *Level 1+* | *Level 2+* | *Level 3+* | *Level 4+* |
| I will ensure that everyone eligible in my organization has taken or is enrolled in a two-day Agile Fundamentals course in the next 90 days. | I will create and implement an action plan to execute on the six team-non-technical practices and track it in my staff meetings. | I will support the mandate that projects worked on by my teams use the six non-technical practices by the end of 1Q 2013. | I will give my teams and myself the time and space needed to apply the practices learned in the training – we will make this the new BAU! | I will model the desired behavior of an agile mindset, including:<br>• Stopping multi-tasking and rewarding it<br>• Prioritizing only one "#1": changing our culture of "and"<br>• Talking more, sending less email |

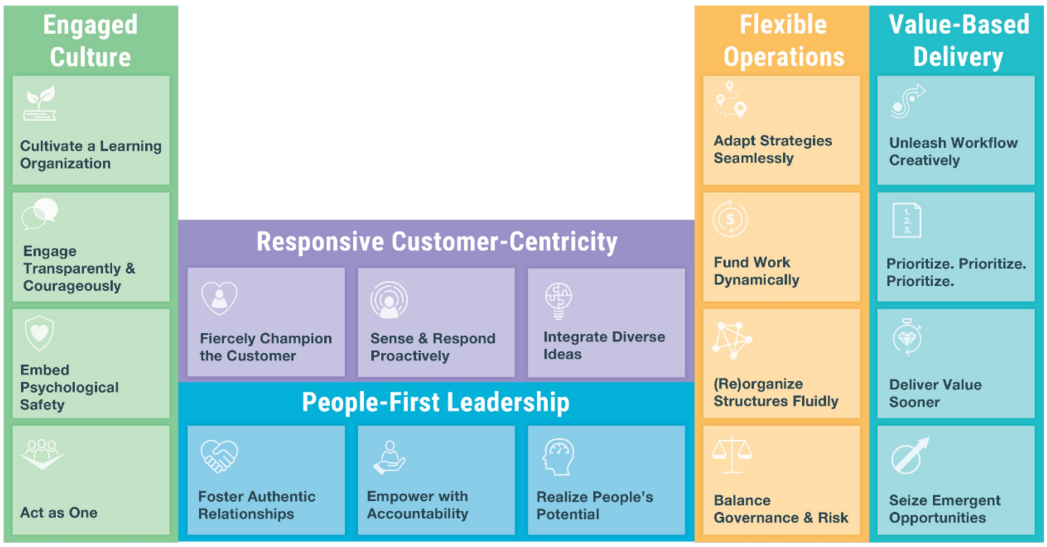
IT ALL BOILS DOWN TO A DESIRED

# BEHAVIORAL CHANGE

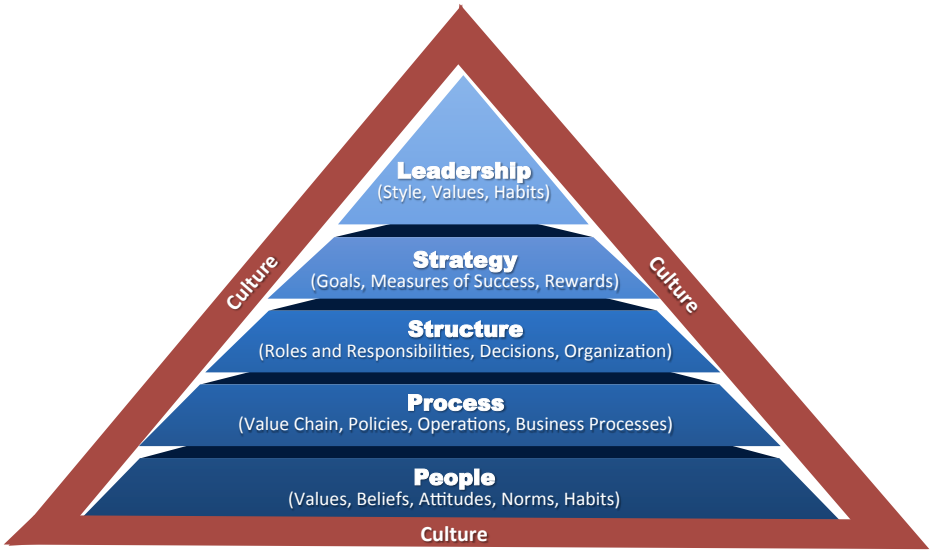
**https://businessagility.institute/domains/overview**



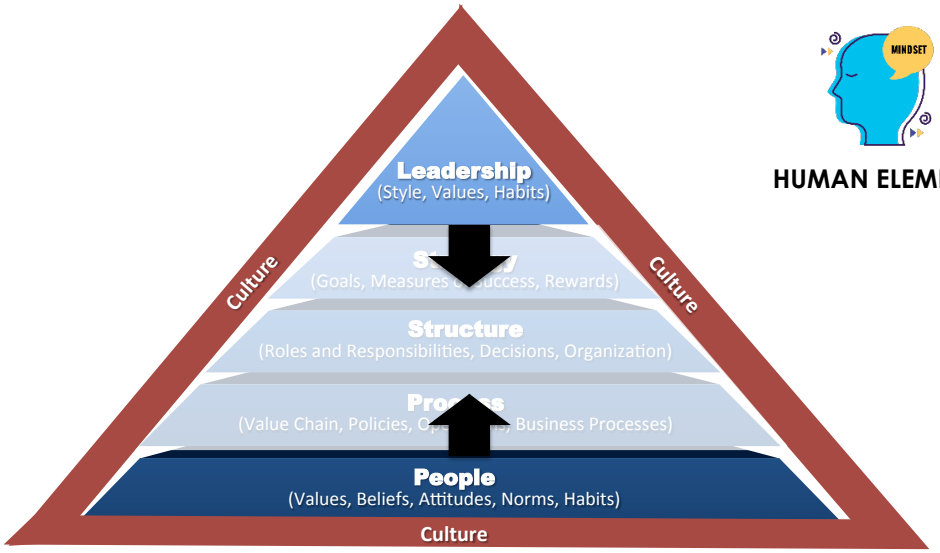
# DOMAINS OF BUSINESS AGILITY



# CULTURE




# CULTURE





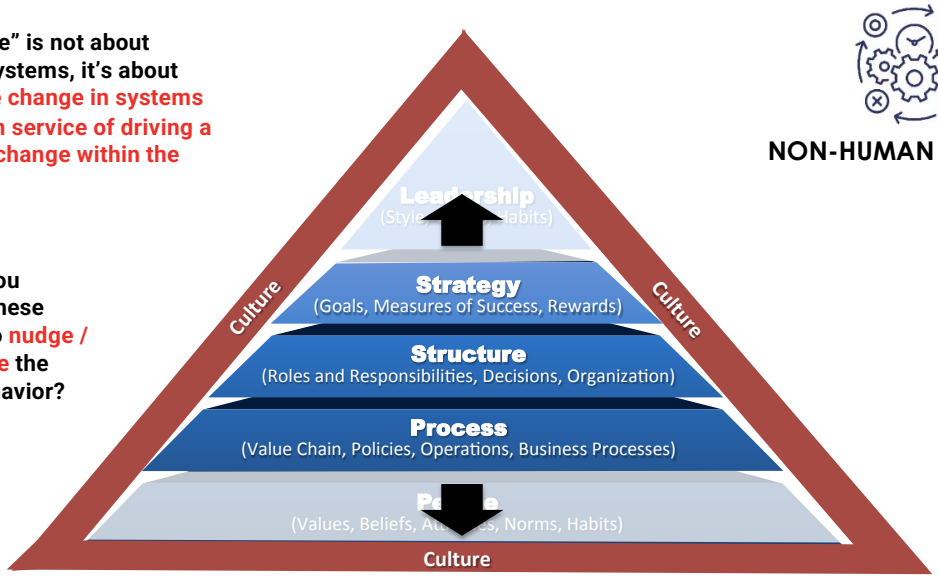


**HUMAN ELEMENTS**

# CULTURE

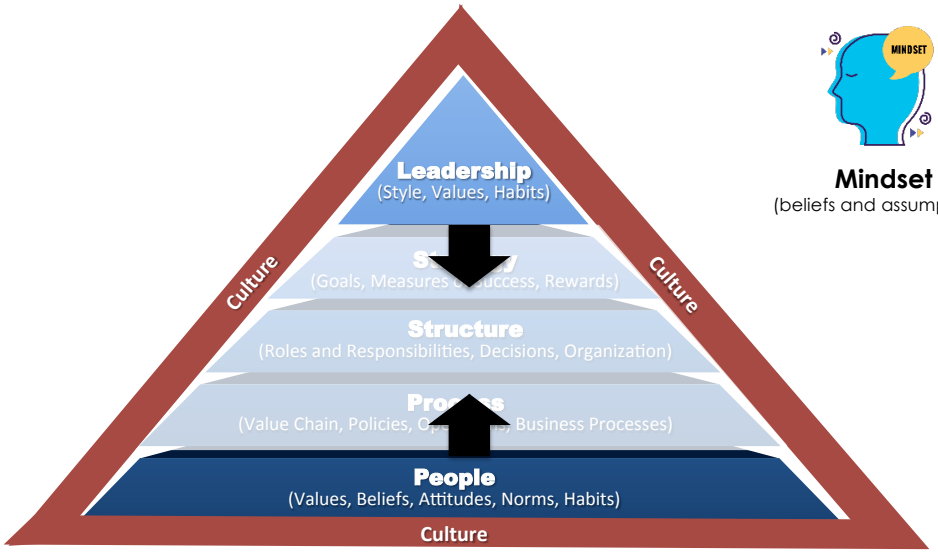
**"The change" is not about changing systems, it's about people. The change in systems should be in service of driving a behavioral change within the people.**

**What can you change in these elements to nudge / guide / drive the desired behavior?**



**NON-HUMAN ELEMENTS**

# CULTURE





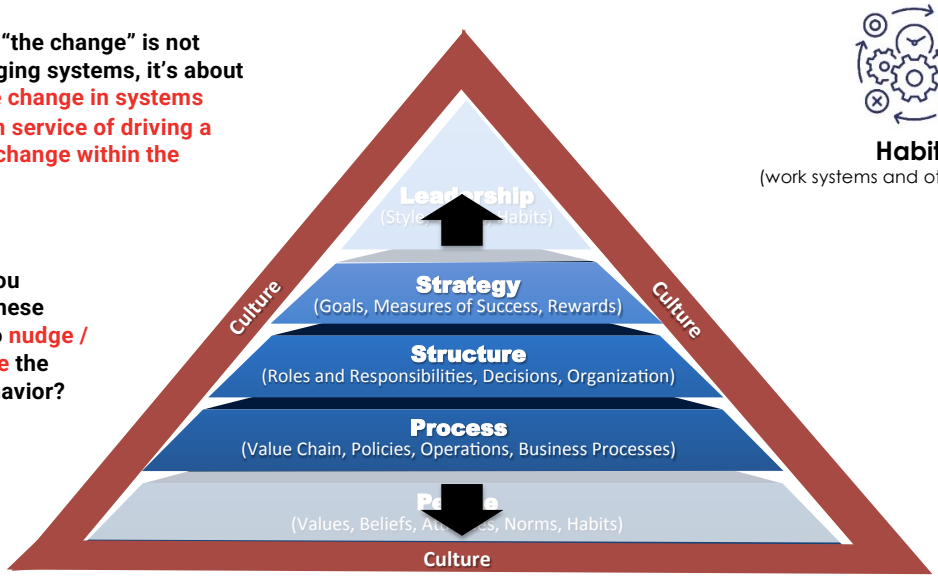


**Mindset**
(beliefs and assumptions)

# CULTURE

**Quite often "the change" is not about changing systems, it's about people. The change in systems should be in service of driving a behavioral change within the people.**

**What can you change in these elements to nudge / guide / drive the desired behavior?**



**Habits**
(work systems and other structures)

# THANK YOU

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