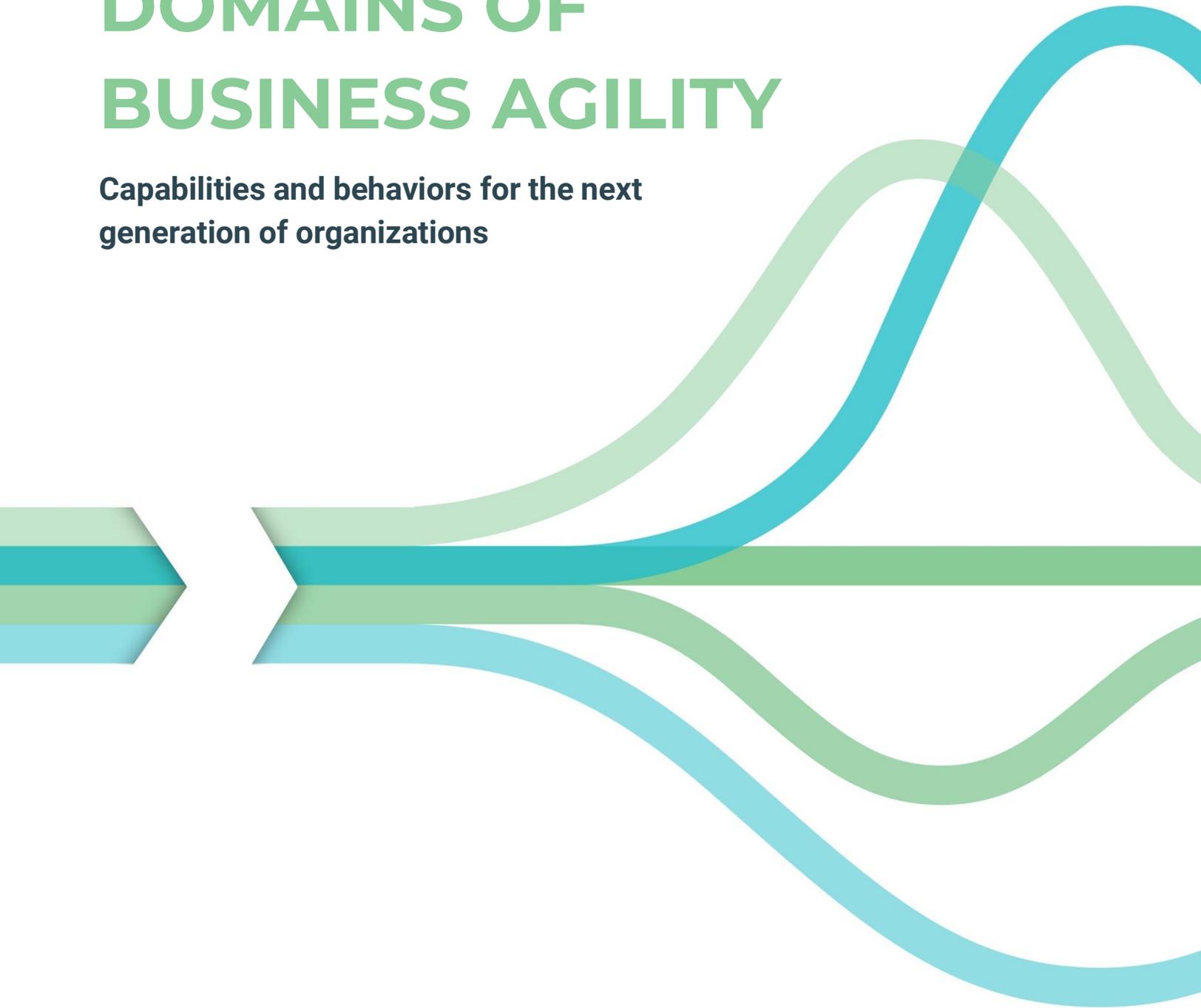


# DOMAINS OF BUSINESS AGILITY

Capabilities and behaviors for the next  
generation of organizations



v4.0



**BUSINESS AGILITY**  
INSTITUTE

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# PREFACE

Business Agility, as a term, is both inspirational and aspirational. Who doesn't want a business that can effortlessly respond to the changing world? Yet, it still means vastly different things for different people.

We created the Domains of Business Agility to bring clarity to the overall field that is business agility. To make sense of what it means to have agility in an organization. And to do so in a way that is accessible and usable by as many people as possible.

This is the fourth edition of the Domains of Business Agility. While earlier editions focused on the characteristics of an agile organization, this latest edition approaches business agility in terms of business capabilities and behaviors. We think this approach is more useful as it connects the goals of the organization (new and improved capabilities) with observable and measurable actions (behaviors).

This latest edition is the culmination of over 18 months of research and review. It incorporates the insights from over 1300 organizations as well as input from many of our member organizations. The result is a comprehensive model of universal behaviors and capabilities across organizations of different sizes, types, and industries.

Our focus on behavioral change is an opportunity to have a bigger impact on organizations around the world. Our goal is to enable organizations to better understand their current state and constraints to agility. In other words, to make better decisions where to focus their transformational investment. This behavioral model is also the basis of how we evaluate agility in organizations ([businessagilityprofile.com](http://businessagilityprofile.com)).

The Domains of Business Agility is a guide through your Business Agility journey. For leaders and executives, it is an essential educational tool. For transformational leaders, it brings focus to the right areas. And for folk on the journey towards business agility, it sets context for each step ahead of you.

# WHAT IS BUSINESS AGILITY?

The world is changing faster than ever before. Organizations of every size are struggling to remain relevant in the eyes of their customers and society. Customers are more informed and their expectations are higher than they've ever been. Employees demand more clarity, empowerment, and meaning in their work. It is only high-performing, adaptable, and agile organizations who will thrive in this unpredictable market – in other words, business agility.

**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.***

With this freedom, companies can instinctively seize emerging and unforeseen opportunities for their customers' benefit and bring focus to how work is conducted across the entire organization. It's not just processes and procedures. It is principles and ways of thinking that lead to new organizational behaviors and norms.

# KEY PRINCIPLES OF BUSINESS AGILITY

The Domains of Business Agility are built on 4 key principles that recognize the nuances and complexity in how organizations adopt and practice business agility.

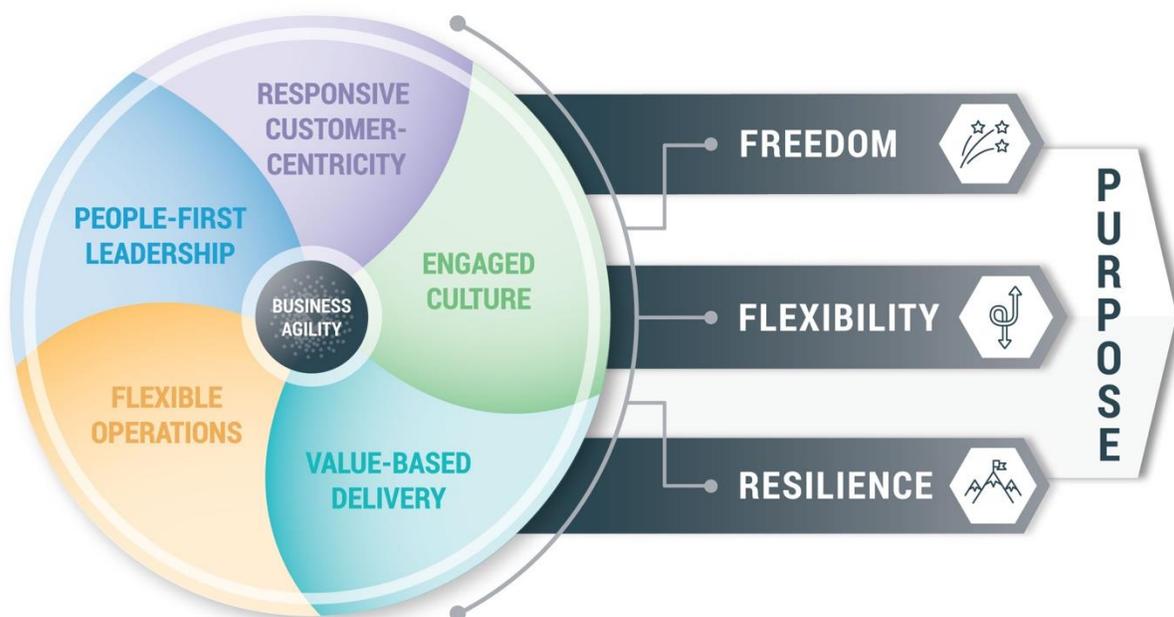


1. **Continuum. Not a State.** Business agility is a continuum, not a state. It's an ongoing journey where the question is not whether you have it, but rather how much you have (and is it enough).
2. **Range of Excellence.** Organizations express a range of business agility capabilities, both strong and emerging, at the same time in different areas of the business.
3. **1000's of Ways.** Business agility can be established in thousands of different ways, using different approaches, practices, frameworks, and operating models.
4. **Behavioral Change.** Business agility can only be expressed (and measured) through behaviors – if you act with agility, you have agility.

# THE DOMAINS OF BUSINESS AGILITY

Introducing the **Domains of Business Agility**: a cultural operating model for your organization consisting of 5 primary domains spanning 18 emergent business capabilities. The combination of these domains and capabilities determines the current and continued effectiveness of your organization and are expressed through behaviors.

The capabilities and behaviors within each domain are equally important, necessary, and interrelated. You cannot realize business success in an unpredictable market until you develop business agility in each domain across all areas in your organization.



The purpose of this model is to show you the essential building blocks for agile organizations to strive towards.

Business agility is best seen as a continuous and systematic evolution of culture, people, and skills rather than a transactional event focusing on one or two domains or capabilities. Start thinking of business agility as the common thread. An operating model that amplifies adaptability and responsiveness in every area of your business. One that acknowledges that an organization is a complex adaptive system and that agility must be everyone's responsibility. That is to say that "an organization is only as agile as its least agile division!", and that's probably not IT anymore.

The key capabilities associated with each of the five domains of business agility are illustrated in the following diagram.



*The Domains and Capabilities of Business Agility*

The model itself consists of 3 main components: Domains, Capabilities, and Behaviors.

## Domains

The Domains are the highest grouping and basically answer the question: If you are trying to help an organization realize more Business Agility, what broad areas (or domains) will you focus on improving? Another way of looking at it is what are the desired outcomes of having greater agility?

There are 5 main areas or domains: Responsive Customer-centricity, Engaged Culture, People-first Leadership, Value-based Delivery and Flexible Operations.

Within each of the domains are a series of interconnected capabilities. Some of these capabilities are common sense and have been known in the business world for years (like knowing your customer) and others are more often overlooked or novel (like integrating diverse ideas).

## Capabilities

A capability simply refers to the power or ability of an organization to do something. Can your organization seize emergent opportunities? Can your organization act as one? Can your organization fund work dynamically? Can your organization engage transparently and courageously?

Based on the research of the Business Agility Institute, there are 18 capabilities that develop and improve as business agility advances. These have been grouped according to the Domain they contribute to the most.

Capabilities themselves are realized by a set of behaviors. In other words, when people start behaving in specific ways, the organization will realize certain capabilities. There are over 80 different behaviors that help organizations build and realize the 18 capabilities of business agility.

## Behaviors

Imagine leaders who incentivize risk-taking, give teams space for innovation, adjust strategy based on direct customer insights, and let purpose drive process. Imagine a workforce aligned and passionate about your organization's mission. Imagine a place where people are not only safe but encouraged to challenge the status quo and facilitate divergent thinking. Imagine everyone working as one team. Each of these are observable behaviors, not tools, processes, or systems.

A behavior is a specific, observable, and repeated action taken by a person or group inside an organization. In this model, behaviors are the ultimate expression of business agility. In reality, each of the 80+ behaviors belong to multiple capabilities. However, for simplicity we have listed each behavior under the capability they contribute to the most.

Each behavior is expressed by a specific actor; either leaders, executives, or everyone.

- **Executives** refers to those leaders in a position of significant responsibility and authority. Usually directly responsible for P&L and the strategic vision.
- **Leaders** mean those individuals who carry personal authority and influence across the organization. This often includes people in management positions, although leaders don't always have to be managers. Leaders also include the Executives above.
- **Everyone** incorporates the entire workforce (employees, contractors, managers, etc). Unless otherwise specified, this includes leaders and executives above. These people are part of the culture of the organization.

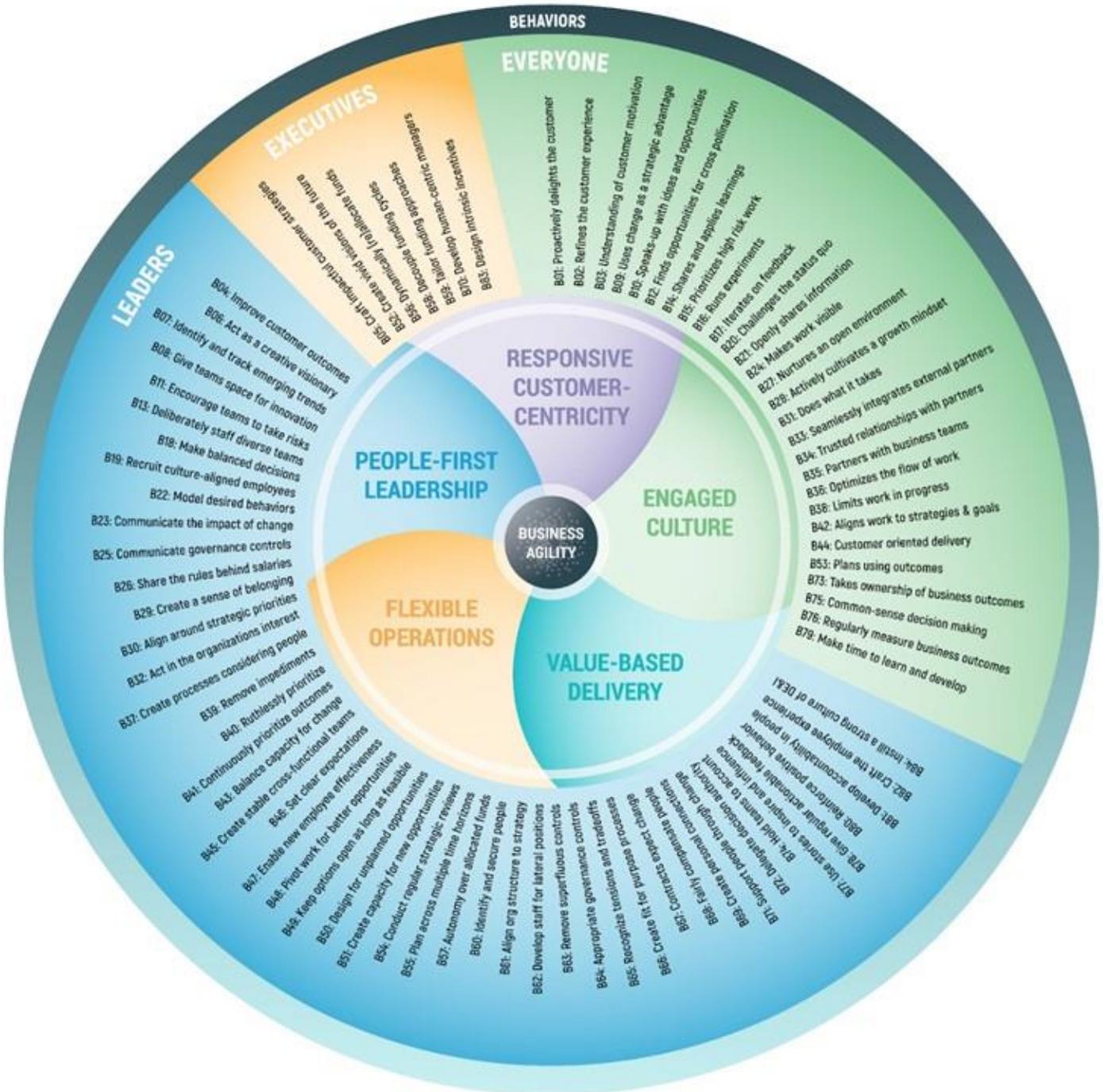
Overall, capabilities are improved when you improve the underlying behaviors across the organization. While this is not a comprehensive list of organizational behaviors, these are the ones identified to have the largest impact on business agility.

Behaviors serve another important role: evaluation. Since a behavior is an observable and measurable action they are a great indicator for evaluating the overall agility of an organization. Whether these behaviors are observed in executives, senior leaders, or any and all employees of the organization – regardless of their title or rank.

As you go through the Domain of Business Agility, start assessing how effective your capabilities are, simply by reflecting how many observable behaviors exist in your organization.

For further detail, the Domains of Business Agility powers the Business Agility Profile. An in-depth evaluation of the 18 organizational capabilities and the 80+ behaviors. Learn more about the Business Agility Profile.

<https://businessagilityprofile.com/>



Observable Business Agility Behaviors



## RESPONSIVE CUSTOMER-CENTRICITY

As customers' needs and expectations shift and evolve, organizations must be responsive enough to stay relevant and resonant. When an organization centers its purpose on something greater than itself – the customer they serve every day – it is not only able to shift *with* its customers' needs, it is able to anticipate needs *ahead* of its customers themselves.

Customer-centricity is the foundation of business agility. Aiming leadership, strategies, systems, processes, and people toward serving your customers' ever-changing needs – in other words, putting them at the center of your universe – enables business agility to flourish in your organization.

### FIERCELY CHAMPION THE CUSTOMER



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

Identifying and caring about your customer means making it personal. It means enriching your understanding of their values, their needs, and their expectations by listening, learning, and engaging with them. When organizations deeply understand what motivates and excites their customer – as well as what they aspire toward and struggle with – they can envision a bold new future for their customers that will inspire and resonate.

The following 6 behaviors strongly contribute to the ability to fiercely champion the customer.

**B01: *Everyone proactively searches for opportunities to satisfy and delight the customer:*** “The Customer” plays a central role in all work in the organization. Plans, priorities, decisions, and actions all consider the impact on the customer. Will they be more or less satisfied or delighted by what we do? How can we amplify their delight? What new opportunities are we finding to wow our customers?

**B02: *Everyone deliberately crafts and iteratively refines the customer experience:*** Everyone in the organization understands the organization's vision for the “Customer Experience” (how customers or potential customers perceive the business and its products/services, based on their interactions with the business, even if there is ultimately no purchase). Everyone considers how their work could affect the Customer Experience and works to make the Customer Experience progressively better.



**B03: Everyone** invests in an in-depth understanding of customer motivation: As part of a customer-centric organization, everyone works to understand the underlying needs or desires that drive potential customers to identify and purchase products or services like those of their organization.

**B04: Leaders** design governance processes to improve customer outcomes rather than back office efficiency: When implementing processes to manage and control the function of the business, leaders consider the impact of these governance processes on the customer. A good governance process - at a minimum - does not degrade customer outcomes. Ideally, a change in governance supports an improved customer outcome.

**B05: Executives** craft strategies that are impactful to customers (not just the company) while remaining aligned with the organization's principles and purpose: Strategies focus on how our organization will create positive outcomes for customers in alignment with our mission, vision and values. We know that, as we create value for our customers, we will achieve our internal financial and growth objectives.

**B06: Leaders** behave as creative visionaries as well as operational leaders: Leaders of product and service development teams inspire and motivate the creativity of their teams by sharing their vision of what's possible tomorrow, rather than just emphasizing today's operations.

## SENSE & RESPOND PROACTIVELY



Companies can no longer afford to take a “wait and see” approach when it comes to imminent change. Technology, market, and customer trends appear rapidly, showing up as challenges or opportunities depending on your perspective.

Today, companies need to proactively scan for emerging patterns and sense trends that may add up to significant change – even disruption. This is not a job for a few corporate folks secluded in an ivory tower. Sensing change and noticing patterns is a job for many, at all organizational levels. It requires you to continuously cast a wide net in order to intuitively recognize shifts and make bold leaps.

The following 3 behaviors strongly contribute to the ability to sense & respond proactively.

**B07: Leaders** proactively identify and track emerging patterns and trends: Leaders regularly scan the market for patterns and trends (technology, market, regulatory, etc) that may affect business today or provide emerging opportunities tomorrow. These identification and tracking activities leverage the power of many people, rather than depending on a few experts.



**B08: Leaders** define strategic outcomes in ways that give teams the space to pursue innovative and potentially unforeseen solutions: Leaders describe desired outcomes or strategic results with just enough detail for teams to understand the necessary constraints, while allowing the teams as much flexibility as possible to discover new solutions.

**B09: Everyone** anticipates change and views it as a strategic advantage: Change is not seen as something to control, limit, and, if possible, avoid. Change is seen as an inevitable characteristic of business, and that positive opportunity often lies in change. Working to develop the capability to use change to catalyze new ways of serving existing (or new) customers is a shared perspective throughout the organization.

## INTEGRATE DIVERSE IDEAS



Bold new ideas are the first step toward innovation and disruption. The next big idea could come from anyone in your organization. This means that organizations must aggressively invest in the ability to *seek out* and openly *discuss* diverse ideas from anyone in the organization – especially those closest to the customer. There is always more than one way to think about something, and each person brings a perspective forged through their unique identity, culture, and experiences.

To truly embrace business agility, organizations must intentionally encourage diversity of thought. However, seeking out and discussing diverse ideas is not enough. Organizations need to have the ability to integrate new and emergent ideas into their experiments, strategies, roadmaps, and plans in a seamless way that is welcomed by teams and doesn't cause organizational chaos.

The following 4 behaviors strongly contribute to the ability to integrate diverse ideas.

**B10: Everyone** is invited to *speaking-up with ideas and opportunities*: In both formal and informal discussions, people in the organization work to include everyone else in the conversation. Ideas and opportunities are actively sought after and welcomed from anyone and everyone. People notice if a conversation is being dominated by one or a few voices, and respectfully find ways to invite others to contribute as well.

**B11: Leaders** encourage and fund teams to take *worthwhile risks*: Teams are not always expected to “play it safe.” They are given the time, support, and (most importantly) funding to explore ideas and opportunities with no guarantee of success but which may be of value to customers and the business.

**B12: Everyone** pursues opportunities for *cross-pollination with other groups and organizations*: Channels both formal and informal encourage cross-communication on a frequent basis at all levels of the organization. Ideas and insights multiply when shared across the organization. Individuals and teams share challenges with other parts of the

organization, often finding that a particular problem has already been solved somewhere else. Experiments and their outcomes (both positive and negative) are shared so that other groups may learn and apply the lessons as well.

**B13: Leaders deliberately staff diverse teams:** Leaders build teams with demographic diversity (gender, race, sexual orientation, etc.); experiential diversity (affinities, abilities, skills, experience); and cognitive diversity (how we approach problems and think about things)



## ENGAGED CULTURE

Engaged employees feel connected and committed to the purpose and work of your organization. When engagement grows deep roots, it becomes an integral part of an organization's culture. It simply becomes part of "how we do things around here." Active connection and commitment become central to the values, norms, and behaviors of the group.

Such an engaged culture is not simple to develop and sustain. It flourishes when leaders and employees share needed care, offer meaningful feedback, and take effective action to keep it alive. We need to constantly think about culture and how it engages and sustains people. This is how agility blossoms.

## CULTIVATE A "LEARNING ORGANIZATION"



A "Learning Organization" is always in motion. It seeks new insights and knowledge — whether from outside or within — and uses that knowledge to improve itself. At an individual level, this is called a growth mindset: the recognition that your talents and abilities can be continuously improved. At the organizational level, it is about recognizing that there is always something to learn from ourselves, from others, from our customers, and from the world.

This relentless pursuit of continuous improvement requires individuals and organizations to be open to learning opportunities, both planned and unexpected. Planned learning can be as simple as taking the time to inspect what is happening now, or it can come from investing in formal experiments and prototypes to see what's possible. Unexpected learning emerges out of accidents, failure, and mistakes. In turn, this requires a willingness to accept and talk about failure.

The following 6 behaviors strongly contribute to the ability to cultivate a "learning organization".

**B14: Everyone shares learnings and they are appropriately applied:** Regardless of whether something is a success or not, people share what they have learned widely across the organization, and these learnings are used by other parts of the organization.

**B15: Everyone prioritizes high risk work to determine viability of options and next steps as quickly as possible:** When identifying what to do next (at whatever level of granularity is appropriate) everyone involved takes into account the risk and value of each. Work is prioritized to those with the highest uncertainty and highest value in order to rapidly learn if the risks can be mitigated and if the value is attainable. In other words, fail fast.



**B16: Everyone** deliberately designs and runs experiments based on hypotheses, observations, ideas, and feedback: Deliberately explore and test ideas with a "beginner's mind" where you don't have predetermined expectations of what you are trying to prove.

**B17: Everyone** frequently seeks and iterates on feedback regardless of the source (e.g. employees, customers, or stakeholders): "Feedback is a gift" is not a slogan - it is a lived value. It is built into how you work. Everyone at every level is actively seeking feedback and uses that feedback to adjust their own behaviors and identify changes needed to improve products and services.

**B18: Leaders** make decisions balancing available information, risk, and urgency: Decisions are made with the best information and data available at the time, rather than blind assumptions, random guesses and historical (old and possibly no longer relevant) data.

**B19: Leaders** recruit employees based on mission-alignment, culture add, and a growth mindset: Leaders take a broader perspective than the organization's short term needs when considering hiring someone. Considerations include how the candidate's mindset and values align with the organization's mission; the growth and evolution of the organization's culture; and the degree that a candidate's mindset is growth oriented (rather than fixed).

## ENGAGE TRANSPARENTLY & COURAGEOUSLY



In an empowered organization, transparency is a necessity, not a "nice to have." Information provides the context ("the why") that individuals and teams need to make the best possible decisions they can without having to go up and down the chain and slow down decision-making. In agile organizations, transparency is the default when it comes to information. Good and bad news should both be shared transparently and courageously. While there will always be some things that shouldn't be shared for legal or strategic reasons, organizations should insist on keeping restricted information to a minimum.

Because the move toward transparency is a bold one, leaders need to model courage to make it happen. Leaders must not only engage transparently and courageously, they must facilitate the flow of information in all directions: up, down, and – most importantly – across your organization.

The following 7 behaviors strongly contribute to the ability to engage transparently & courageously.

**B20: Everyone challenges the status quo and is open to being challenged:** “We’ve always done it this way” is not seen as a valid reason for continuing to “do it that way.” Everyone feels safe to question how things are done, and in return is open to having their assumptions, biases, and mental models questioned in a respectful way. This openness is true for all levels of experience and position.

**B21: Everyone defaults to the open sharing of information:** Information, policies, data, plans, and outcomes are openly shared at all levels of the organization, across the organization. Rather than share on a “need to know” basis - as much information as possible is available to anyone.

**B22: Leaders model desired behavioral changes before asking others to do it:** Leaders don’t just talk about the needed behavioral changes in the organization. They are among the first to personally adopt the new behaviors as habits.

**B23: Leaders communicate and discuss the why, what, and impact of change early and often:** Leaders take an active role in leading change by communicating as early as possible about impending changes – enabling the organization to understand the impact, rather than second-guessing it. Leaders create opportunities for two-way dialogue about significant changes and share the background and drivers for the change. Leaders are involved throughout the change process, not just at the beginning, to reinforce, align, and amplify key change points.

**B24: Everyone makes work visible:** The organization consistently uses shared systems and processes to organize and prioritize all of the work of the organization. Everyone uses these systems and processes so that the “cost” of current work and the capacity for future work is understood. These systems may be informal (not necessarily a complex tool) and are used to promote two-way conversations and decision-making about work capacity.

**B25: Leaders ensure that governance controls and approval processes (and any changes to them) are clearly articulated and communicated:** Leaders ensure that governance is documented and accessible to everyone who is affected by the policies and procedures. No one needs to rely on verbal mythology of “how things are done around here.” Onboarding for new employees includes education on governance, and changes are widely communicated to everyone who might be affected by a change.

**B26: Leaders share the rules behind salary and compensation with everyone:** The logic and rules for compensation are consistent and accessible to everyone in the organization.

## EMBED PSYCHOLOGICAL SAFETY



Risk is inherent in business today. And because external risks fuel uncertainty, organizations need to be able to take swift, calculated action. They need to be able to invite bold ideas and empower people to move on them. In this environment, psychological safety for individuals and teams is paramount. It needs to be woven into the DNA of an organization and modeled by its leaders.

First defined by Amy Edmondson of Harvard, “psychological safety” is “a shared belief held by team members that the team is safe for interpersonal risk-taking.” In other words, it is safe to speak up, challenge ideas, ask questions, disagree, and make mistakes without fear of repercussions. In an environment where such actions are not only acceptable but *expected*, creativity and innovation thrive. Notably, it’s not effective if there’s just a *façade* of psychological safety. Actions need to match words – to ensure psychological safety, everyone needs to work consistently to nurture it, quickly identify when it breaks down, and take immediate, transparent action to repair it.

The following 3 behaviors strongly contribute to the ability to embed psychological safety.

**B27: Everyone** nurtures an open and welcoming environment allowing others to authentically speak their mind: Creating a culture of psychological safety and a safe working environment is everyone’s responsibility. Everyone needs to be “in the moment” and aware of their impact on others. Leaders especially need to be vulnerable, open, and transparent.

**B28: Everyone** actively cultivates a growth mindset: People with a growth mindset believe that everyone can develop new skills and capabilities, that failure is an opportunity to learn, and that learning and improving is more important than being right. In contrast, people with a fixed mindset tend to believe that people have a predetermined potential, that failure should be avoided, and that being right is most important. From a practical perspective, people have a mixture of growth and fixed mindsets, and they continually work to develop and sustain more growth-oriented mindsets more often.

**B29: Leaders** create a sense of belonging through inclusive experiences: When designing and facilitating interactions between the company and an individual, leaders at all levels of the organization consider how to ensure that all participants feel that they belong, are included and have a voice that is heard.



## ACT AS ONE



An agile organization is one that is designed to collaborate. Operating with the mindset of a single aligned team focuses your organization so it can achieve shared goals that span teams, functions, and divisions. Rather than locally optimizing a part of your organization, it's critical to take a bigger perspective that encompasses how the whole system operates. Acting as a seamless, unified front ensures that the customer enjoys the same positive experience – no matter who within the organization is serving them.

Rather than taking a monolithic approach (imagine a single huge aircraft carrier), an agile organization with an aligned mindset embraces the autonomy of a flotilla of small boats sailing in concert to reach their collective destination. The very construct of the organization – from its organizational structure and work processes to its market engagement and external partnerships – promotes a sense of the organization being one team.

The following 6 behaviors strongly contribute to the ability to act as one.

**B30: Leaders** *invest time to communicate and align everyone in the organization around the strategic priorities, starting with the “why”:* Leaders make sure that everyone in the organization understands what's “most important” in support of the organization's strategic priorities. Leaders take the time to make sure that everyone (at all levels) is aligned on the priorities and understands the motivation or “why” that is driving these priorities.

**B31: Everyone** *does what it takes to achieve customer outcomes without being bound by job descriptions:* When an opportunity is identified that will support desired customer outcomes, everyone is able to act on that opportunity. “Not my job” and “Not in my job description” are not excuses for ignoring such an opportunity.

**B32: Leaders** *act in the interest of the organization rather than their own area:* In other words, to design systems & structures to ensure that leaders operate as one team with unity of purpose towards the target customer experience.

**B33: Everyone** *seamlessly and transparently integrates external partners into the value stream to achieve common goals:* External partners (outside the company or organization) are treated as members of the team, and are included in the workflow just like the organization's employees. The approach is one of shared responsibility and collaboration working together to achieve common goals (us together, rather than us versus them). Places in the process where external partners need to be treated differently are seen as exceptions to be minimized, rather than the standard approach for working together.

**B34: Everyone** invests in building trusted relationships with external partners to align them to the organization mission, strategy, and values: Getting complete business outcomes into the hands of customers today often requires collaborating with external partners to coordinate value creation and/or delivery. Everyone in the organization sees external partners as essential members of the team. Commensurate time is spent laying the foundation of productive long term relationships by aligning on mission, strategy and values, rather than approaching the work as purely transactional.

**B35: Everyone** in Finance, HR, and security teams see their role as a partner (vs police) to business teams: Employees in functions that set policies and manage compliance activities for the organization see themselves (and are seen) as collaborators and supporters of the business teams, rather than bureaucratic enforcers of “the rules.”



## VALUE-BASED DELIVERY

To create value for customers, organizations must deliver the right work, in the right way, at the right time. You need to be able to move at the speed of your customers. And as your customers' needs and expectations evolve, your organization needs to be willing to make hard decisions about where to focus its efforts.

However, focusing efforts appropriately is not enough if the systems that deliver value are ineffective. Organizations need to identify and remove constraints and bottlenecks. When value-delivery systems are optimized, organizations can focus more effectively and consistently delight their customers.

### UNLEASH WORKFLOW CREATIVELY



How work flows through our organizations is every bit as important as the way blood flows through our bodies. When “build-ups” begin to slow and constrict the flow of work, organizations need to immediately and creatively remove these impediments – whether they are challenges in the human systems dynamics or in the processes and structures that shape the organization’s work. And significantly, the people who do the work should have a voice in how to create and modify – they often have the most creative ideas for how to liberate the workflow.

Truly agile organizations don’t optimize for efficiency. More often than not, doing so actually slows down the entire system. Business agility comes from optimizing the *workflow* from end to end. Because systems will always have constraints, the key is to focus on creatively resolving the most critical roadblocks – wherever they exist.

The following 4 behaviors strongly contribute to unleashing workflow creatively.

**B36: Everyone** defines & optimizes the flow of work from vision to delivery of value: The organization's vision and mission are clear to all. All work can be related to how it contributes to achieving the vision and people all clearly understand how their contribution makes a difference. Done is when "value" is in the hands of the customer.

**B37: Leaders** create processes with the employee, contractor, or vendor experience in mind: Leaders make sure that people who will be involved or impacted by a new or changed process have an opportunity to provide input to the process design, test the process, or help improve it.

**B38: Everyone** limits work in progress: Work in progress (or WIP) is work that is partially complete, but not yet ready for release or delivery to the customer. Limiting the amount of work in progress allows the organization to focus on delivering the highest priority work as quickly as possible.



**B39: Leaders remove impediments:** When an impediment is recognized, people are empowered to do what is needed to remove or minimize the impact that it has. If it is something outside of the scope of control of the individual who recognizes it, there is a clear and rapid path to bring it to the attention of the people who have the ability to remove it and they act rapidly and decisively.

## PRIORITIZE. PRIORITIZE. PRIORITIZE.



Just how many “top priorities” can an organization survive? Too much “top-priority” work is among the most crippling challenges faced by organizations. Truly critical work gets lost in the noise of everything else, and as new needs and ideas emerge, the noise only grows. This is how progress stagnates and dies.

Leadership needs to ruthlessly prioritize the work of the organization — over and over again. What is most important? How does it fit with your organization’s current vision, strategies, and goals to benefit customers? Is it consistent and aligned across your organization? Done well, prioritization enables an organization to express great creativity. It allows people to focus, eliminates the time wasted by revisiting competing priorities, and accelerates time to completion on what’s most important. This is what creates capacity for *tomorrow’s* top priority.

The following 4 behaviors strongly contribute to the ability to prioritize. prioritize. prioritize.

**B40: Leaders ruthlessly prioritize what the organization works on:** Rather than saying “yes” to everything, leaders constantly prioritize what’s more important for the organization. Leaders say “no” to lower priority options so that the organization can focus on fewer initiatives - enabling quicker completion of the most valuable work.

**B41: Leaders continuously (re)prioritize business outcomes & opportunities:** Leaders collaborate to prioritize the outcomes the organization is currently working towards. Not everything is “priority #1.” As new information or opportunities become available, priorities for the organization are updated.

**B42: Everyone ensures work is aligned to current strategic priorities & goals:** To advance the organization's strategic goals as quickly as possible, the day-to-day work of the organization needs to be aligned. With regular strategic reviews, all work made visible, and open lines of communication across the organization - minor course corrections ensure that day-to-day work supports the strategic intent of the organization.

**B43: Leaders factor in the organization’s capacity for change and balance accordingly:** Leaders monitor the types and degree of change already in process in their organization, as well as historic change-fatigue, when considering launching a new change initiative.

## DELIVER VALUE SOONER



How quickly can a great idea move through your organization into the hands of your customers? The promise of agility is *more* value delivered *more* quickly – and the trick is seeing the whole picture. It's about how quickly a new idea can become part of your strategic plan and how quickly it can be funded, staffed, and launched. As ideas become reality, it's crucial for them to be able to move through various parts of your organization at lightning speed.

Success is not measured by when a great idea leaves your corner of the organization, but by when it arrives in the customer's hands. A crucial question is, therefore, how frequently your customer wants something new. A common misconception is that agility always works to decrease time to market. In reality, agile businesses are able to dance between immediate needs and longer-term needs. The goal is to deliver the right value at the right time for the customer.

The following 4 behaviors strongly contribute to the ability to deliver value sooner.

**B44: *Everyone* breaks down and delivers work from the perspective of a customer:** Plans are created by breaking down large pieces of work into smaller pieces of work. Each smaller piece of work is outcome-based and represents a piece of value that could be delivered to the customer.

**B45: *Leaders* create stable cross-functional teams:** Leaders foster high performance by staffing teams with the variety of skills, functional knowledge, and experience needed to do their work. As much as possible, leaders keep team members together long enough so that the team moves from being a working group to being a true team.

**B46: *Leaders* set clear direction and measures of success:** One of the most impactful skills of a leader is to set clear expectations without succumbing to micro-management. By setting the right context for the people of the organization, leaders are able to create a vision-aligned and purpose-driven organization.

**B47: *Leaders* enable new employees to be effective quickly by focusing onboarding on organizational networks, interactions, culture, and values, in addition to the necessary processes & tools:** An employee's first days with a new company are not just spent getting them setup with the processes, tools, and information needed to do their immediate job. Leaders also spend time with new employees to share the "big picture" of the organization's mission, culture and values so that they understand the context and motivation underlying their position and work.



## SEIZE EMERGENT OPPORTUNITIES



An opportunity is just a great idea that gets acted on quickly and effectively. Truly agile organizations have the ability to perceive, anticipate, and act on transformative events and emerging change. Sometimes, when we realize that our customers have an unmet need, it's an opportunity to expand how we serve them. Other times, an unanticipated event like the coronavirus pandemic of the 2020s brings opportunities to shift and address a global need.

To fully seize an emergent opportunity, organizations need to continuously anticipate and lower the cost of change. They must be able to see it and recognize it for what it is. They also need to evaluate the opportunity in the context of their current portfolio of products and services to assess whether it's worth the investment. How critical is this opportunity for your customers, your business, the world? And finally, organizations need to be able to act on the opportunity at hand – potentially pivoting from current commitments to act fast before the opportunity becomes less attractive. When organizations cultivate business agility, they are able to assess and act on emergent opportunities without simply jumping on each opportunity that arises.

The following 4 behaviors strongly contribute to seizing emergent opportunities.

**B48: Leaders pivot work when a more valuable opportunity arises:** When a new opportunity is sufficiently more valuable than the current work focus, leaders will shift the team to work on the new opportunity.

**B49: Leaders delay commitments and keep important and irreversible decisions open as long as feasible:** Leaders recognize that quick, irreversible decisions are not always the best option. In some cases (particularly when it's a large-scale decision that will have a profound impact on the business) - it is important to keep as many options open for as long as possible.

**B50: Leaders design work systems and processes so unplanned opportunities can be started quickly:** Our processes (e.g. contract, procurement, funding models) are designed for unplanned and emergent work.

**B51: Leaders build capacity into the system to accommodate emergent opportunities:** Leaders help their organization quickly act on new opportunities by supporting people to shift their commitments, rather than by attempting to “just add one more thing” to the plan.





## FLEXIBLE OPERATIONS

Organizations are complex, adaptive systems. The dynamic interactions between each element of an organization adds exponential complexity – and unpredictability. Yet, for some reason, business operations are often run on the assumption that organizations behave in simple and predictable ways. This misalignment has profound and measurable consequences on an organization's effectiveness.

Organizations need to invest in creating flexible business operations – from strategy and funding models to operational governance and the very structure of the organization itself. Organizations with flexible operations are better positioned to meet evolving needs and seize emergent opportunities.

### ADAPT STRATEGIES SEAMLESSLY



Nowadays, strategic planning must be an ongoing and evolving process that is fast to change in response to dynamic conditions. While we need to look forward, gone are the days of the 3-year – or even 1-year – plan written in stone. To thrive, the speed of your company's strategy must be one step beyond the pace of the market and adaptable enough to stay ahead of its customers. Significantly, this means that the strategic planning process can't take too long or be too expensive. The goal is to establish adaptable strategies that can carry you forward – even when circumstances and priorities change.

New possibilities and challenges can come from any direction. Having strategies that enable your organization to pivot dynamically is therefore a key component of business agility. When your organization is prepared to adapt its strategies quickly and effectively, it will be better able to embrace change, tap into emergent opportunities, and meet the needs of the future.

The following 4 behaviors strongly contribute to the ability to adapt strategies seamlessly.

**B52: Executives** create vivid and inspiring visions of the future and invest time inspiring everyone towards them: We develop compelling and vivid stories of how our products and services will benefit our current and future customers that inspires everyone to create that significant future.

**B53: Everyone** plans using outcomes, rather than outputs: Plans are created to achieve measurable and intended business or customer results that deliver business value (outcomes) rather than just the activities needed towards the goal (outputs). Specific activities are not planned in detail to allow greater flexibility in achieving the outcome.



**B54: Leaders** *conduct regular & frequent strategic reviews and updates:* Leaders regularly review progress against the organization's strategic plans; and update the strategic plans to reflect new feedback and learning.

**B55: Leaders** *conduct strategic planning across multiple time horizons:* Leaders include more than one time period (for example 1 to 3 years, 3 to 5 years, 10-20 years) when developing strategic plans.

## FUND WORK DYNAMICALLY



Metaphorically, money is the blood pumping through an organization. That means that *funding* – the ability to circulate money where it's needed – is your organization's beating heart. Agile organizations are those that can dynamically shift funds, without restriction, from areas of less value to areas of greater potential value. They are able to respond dynamically to changing circumstances and emergent possibilities by moving organizational funds to where they can make the most impact.

Funding work dynamically can reveal breakthrough opportunities. In most organizations, this means changing the ways funds are allocated – from funding projects and departments that follow a set budgetary cycle to funding business outcomes strategically and on an “as-needed” basis. The potential benefits in innovation, growth, and customer value are truly massive.

The following 4 behaviors strongly contribute to the ability to fund work dynamically.

**B56: Executives** *dynamically, and strategically, (re)allocate funds based on data and outcome measures:* Funds can be moved to where it is needed most, regardless of prior decisions. Executives can change their minds as more information becomes available.

**B57: Leaders** *have autonomy over their allocated funds:* Funds are assigned (whether to team(s), product(s), or a value stream) without granular constraint on exactly how those funds must be spent. This goes hand-in-hand with the need for leaders to keep their commitments. Funds will be reallocated if not.

**B58: Executives** *decouple internal funding cycles from external reporting cycles:* External reporting doesn't dictate how we plan and spend our money internally.

**B59: Executives** *tailor funding approaches and frequency to the type and context of the work:* We change our funding approaches depending on context; including (but not limited to) project-based funding, funding value-streams, funding stable teams, etc.

## (RE)ORGANIZE STRUCTURES FLUIDLY



Responsive team structures are a hallmark of business agility. To embrace new opportunities with ease and without disruption, you must be able to dynamically and responsively restructure parts (or all) of your organization. This means that teams and people must be able to move where they are needed most without becoming mired in overly complex change management.

Change is everywhere. Customers, competitors, markets, and environments are all constantly in motion. The result is that the pressure to change constantly builds up. Yet the fear of the unknown, change, and volatility can all keep organizations from making frequent, small, and necessary changes. And the cost is high. When they resist change until they no longer can, organizations often wind up facing enormous change efforts that waste time and creativity.

The following 3 behaviors strongly contribute to the ability to ability to (re)organize structures fluidly.

**B60: Leaders** rapidly identify and secure the resources and people for new opportunities: When new initiatives are identified we can bring the work to an existing team or form a new team quickly, while ensuring they have access to all the resources they need to effectively deliver the initiative. This is done mindfully without overburdening the WIP limits of the organization or any teams, and where necessary we will stop other work to deliver on the highest value initiative. In addition, considerations of make vs buy and hire vs contract are quickly assessed and enacted.

**B61: Leaders** proactively adjust organizational structure and operating model to align with strategy: In other words, we don't wait. Change happens when it's needed. We don't batch change.

**B62: Leaders** intentionally develop staff for lateral and diagonal positions and promotions: Leaders take a long term, broad view of how their staff might serve the organization in the future. With this perspective, leaders develop and support their people not only to advance in their current area, but also to take lateral shifts and promotions in other parts of the organization.



## BALANCE GOVERNANCE AND RISK



Balancing governance and risk is among the most challenging yet important business agility capabilities organizations need to strive toward. It means giving people the greatest possible autonomy to serve customers without putting the organization at excessive risk or causing negative repercussions — and it often means challenging your own assumptions about what's possible. Are you layering mandates? Are you building systems for the lowest common violator? Are you spending \$5 to save \$1? Are you creating unnecessary delays and bottlenecks? Are people working around the system to get work done?

Good systems help people get things done faster. Organizations should take care of themselves by establishing policies and systems for auditing, governing, and pricing. But these systems must not by default interfere with or block customer relationships or the empowerment of teams. If they do, you have taken them too far. Cultivating business agility means removing the obstacles that prevent your organization from giving customers what they need instead of overly focusing on what employees are (or are not) permitted to do.

The following 6 behaviors strongly contribute to the ability to balance governance and risk.

**B63: Leaders remove superfluous controls and approvals:** Leaders ensure that business controls and approvals have a clear purpose and value. Any obsolete, duplicate, or unnecessarily complicated governance is regularly archived or streamlined, as appropriate.

**B64: Leaders design governance controls that are not one-size-fits-all:** The degree of governance specified for a business process is appropriate for the level of potential business risk or impact. For example, all purchase approvals, regardless of amount, may not require the same level of sign-off. If an inappropriate approval is made, leaders provide timely feedback so that the approver is able to make better decisions in the future.

**B65: Leaders recognize organizational tensions and make appropriate tradeoffs:** Not all challenges in an organization have a simple solution. Some challenges are paradoxes or dilemmas where progress in one direction comes at the expense of another. Leaders can identify situations where such conflicting interests exist and can purposely tradeoff the impact of pursuing one course of action versus another.

**B66: Leaders** create processes that are fit for purpose and suitable to the level of complexity, risk, and impact: Processes should help an organization run more consistently (versus ad hoc operations). When creating a new process, leaders ensure that it produces the desired outcomes as effectively as possible. The “cost” or overhead of the process (versus the desired outcome) is designed so that it is not overly complicated, risky or ineffectual.

**B67: Leaders** create and manage contracts to expect change rather than to minimize or control it: Leaders see contracts as an opportunity for the involved parties to clarify and align expectations. Knowing that change will likely be needed during the life of the contract, leaders work to ensure that contractual language includes how change will be communicated, decided and handled, rather than striving to define and “lock down” everything in the contract.

**B68: Leaders** compensate, reward, and recognize individuals and teams fairly for the work they do: Leaders design and improve the compensation, reward, and recognition programs based on outcomes produced and are consistent and equitable for all individuals and teams in the organization.



## PEOPLE-FIRST LEADERSHIP

The most compelling competitive advantage a company has is its people and the culture they create together. People-first leadership recognizes that the leader's job is to do what it takes for people to succeed, thrive, and delight the customer. The idea of having leadership "put people first" is not limited to an organization's employees, however. It also includes cultivating a "people-first" culture in relation to contractors, external partners, collaborators, and alliances.

People-first leadership begins with the intentional development of trust and respect for everyone in the organization. It's about sharing information, communicating transparently, and distributing power and responsibility. It's less about what you *know* as a leader and more about how you create an environment to empower *others* to do the best work of their lives.

### FOSTER AUTHENTIC RELATIONSHIPS



Too many leaders (and systems) treat customers, colleagues, and employees transactionally. When relationships are devoid of authentic connection and genuine care and concern, we lose opportunities to unlock tremendous business and human potential. Authentic relationships are not built by artificial harmony or shallow interactions, but through honest, respectful discussions and debates. This starts with genuine interest, curiosity, and vulnerability – and leads to shared trust and a sense of belonging.

In addition to leading by example and investing in deep connections themselves, leaders need to create environments where investing in authentic relationships is encouraged for all and viewed as essential to the success of the business – not an option for people to engage in when they want. When invested in, authentic relationships maximize impact because they allow people to cut through the nonsense and politics to do the right thing for the customer.

The following 3 behaviors strongly contribute to the ability to foster authentic relationships.

**B69: Leaders** create personal connections through empathy, listening, coaching, and mentoring: Leaders build relationships and act with social awareness to establish effective two-way communication with others in the organization.

**B70: Executives** invest in developing effective and human-centric people managers: We work with people managers at all levels of the organization to develop and continuously improve how they collaborate with and lead their direct reports and teams.



**B71: Leaders** support people throughout the change so that change is not a distraction from day to day work: Leading change is an integral part of a leader's job, not a singular action to be initiated and then delegated. By actively leading the full cycle of change, leaders support their people to incorporate change into how they routinely work, rather than having it be a distraction.

## EMPOWER WITH ACCOUNTABILITY



To drive timely decision-making and adaptability, individuals who are closest to the customer need to be empowered. Where leadership sees the big picture, customer-facing employees can often see critical details more clearly. They understand what is needed, and, when empowered, can make a powerful impact at the customer and organizational level.

Empowerment allows individuals to contribute meaningfully through the mindsets of growth and ownership. However, empowerment without accountability is laissez-faire. And accountability without empowerment is just command and control. *Empowerment with accountability* requires balancing the two in order to become truly agile within your organization.

The following 6 behaviors strongly contribute to the ability to empower with accountability.

**B72: Leaders** delegate decision authority to the lowest appropriate level based on risk: Rather than aggregate all decision authority at the highest levels, leaders assign clear responsibility for specific types of decisions at the level best suited to make the decision based on access to data, time sensitivity, and relative risk to the business and its goals. Expectations for communicating designs are clearly defined so that people get access to the outcome of the decision, without having to personally be involved in making it.

**B73: Everyone** takes ownership of business outcomes with the necessary authority, autonomy, and agency to do what it takes to achieve it: Everyone understands the goals that the organization is working to achieve for its customers and feels ownership for helping to achieve them. Everyone in the organization has the authority to act in the best interest of the customer and is able to exercise the autonomy to take action.

**B74: Leaders** hold teams and peers to account for the commitments they make: Teams and peers are given the opportunity to make their own commitments for their work, but are expected to account for their completion (or not) of their commitment. The approach is one of "celebration" for commitments that are met, and "learning" for commitments that are not (rather than punishment).

**B75: Everyone** makes decisions using common-sense judgment, guided by organizational principles and values, rather than extensively documented policies: Decision-making can be fast and consistent when everyone in the organization understands the process and criteria for decision-making. Connecting decision-making to organizational principles, values, and priorities allows decisions to be made quickly at the most appropriate level, without the delays of consulting (and maintaining) bureaucratic policies and procedures.

**B76: Everyone** regularly measures business outcomes and associated impacts: Outcomes are what our customers do as a result of our product or service. Impact is the benefit our organization, our customers, and the world gets because of the outcome delivered. While the specific metrics will vary between organizations and different products and services, they should always be expressed in terms of customer value and measured early and often (not tied to an artificial calendar). These are not "soft" metrics - they are actionable, relevant and provide insight into customer behavior and achievement of organizational goals.

**B77: Leaders** use stories to communicate, inspire, and influence: Leaders know that facts and data are only a small fraction of communication. Leaders craft and share vivid stories of customers, employees, and partners to connect listeners with both the emotion and logic underlying the business communication.

## REALIZE PEOPLE'S POTENTIAL



People are the lifeblood of an organization. It's their talents, skills, and ideas that enable success. Therefore, how organizations attract, develop, retain, and manage people is vital. Realizing potential in people is a partnership: leaders must recognize latent potential, foster environments to support development, and offer opportunities for growth; ultimately, however, the responsibility for pursuing and realizing potential belongs to people themselves.

Leaders need to be clear about what is needed for each role in the organization, ensuring that everyone has what they need to succeed and develop. This means taking a systems perspective. What complementary behaviors, skills, and experiences would support the work right now? Would someone benefit from a lateral move within the organization, rather than continued development where they are? What skills and experiences will be needed down the road? Without an ongoing commitment to realizing people's potential, work becomes transactional – and genuinely customer-centered innovation becomes impossible.

The following 7 behaviors strongly contribute to the ability to realize people's potential.

**B78: Leaders are accessible, supportive, and give regular actionable feedback:** Feedback is a foundational skill for both systems and for people. Leaders are proactive in providing timely feedback for both positive and negative feedback. They act from a place of improvement, providing constructive feedback that helps the receiver improve.

**B79: Everyone makes time to learn and develop:** In recognition that there will always be tension between “what’s needed today” versus “what will be needed in the future”, the importance of professional development is understood and supported in the organization. Managers take the time to discuss professional development interests and needs with their employees, and include professional development in the budget and schedule. Employees take responsibility for taking action in support of their professional development.

**B80: Leaders reinforce positive behavior:** Leaders recognize, encourage, and immediately celebrate “what’s going right” to create a positive feedback loop.

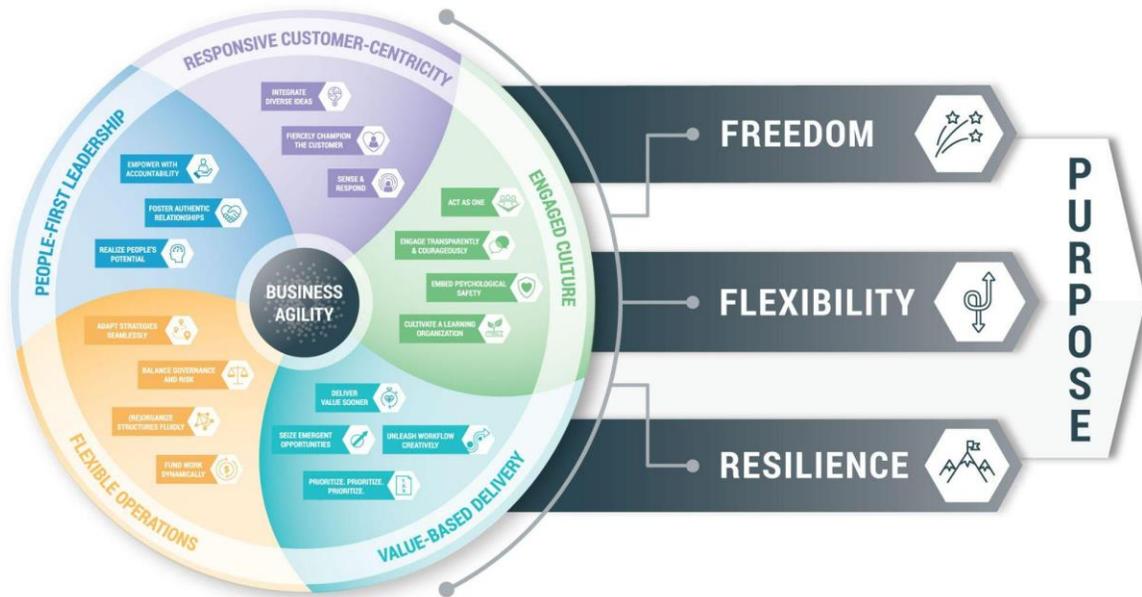
**B81: Leaders develop people to take increasing ownership and accountability:** Leaders work with their people to develop the skills, judgment, and autonomy needed to take increasing responsibility for their work.

**B82: Leaders deliberately craft the employee (and candidate) experience:** Leaders intentionally design and improve each step of an employee experience; from recruitment, onboarding, development, retention, and finally exit. This experience is designed to serve both the needs of the employee as well as the organization.

**B83: Executives design incentive and reward systems that tap into intrinsic motivation:** We create sophisticated incentive and reward systems that are designed to connect an individual's intrinsic motivation with business goals – rather than traditional motivators (such as bonuses).

**B84: Leaders instill a strong culture of DE&I:** Leaders consistently demonstrate their commitment to diversity, equity, and inclusion through the daily questions they ask, the decisions they make, and the actions they take.





For more information on the behaviors that contribute to the Domains of Business Agility, visit [BusinessAgility.Institute/domains/overview](https://BusinessAgility.Institute/domains/overview).

To understand how your organization measures against the domains, capabilities, and behaviors, visit [businessagilityprofile.com](https://businessagilityprofile.com)

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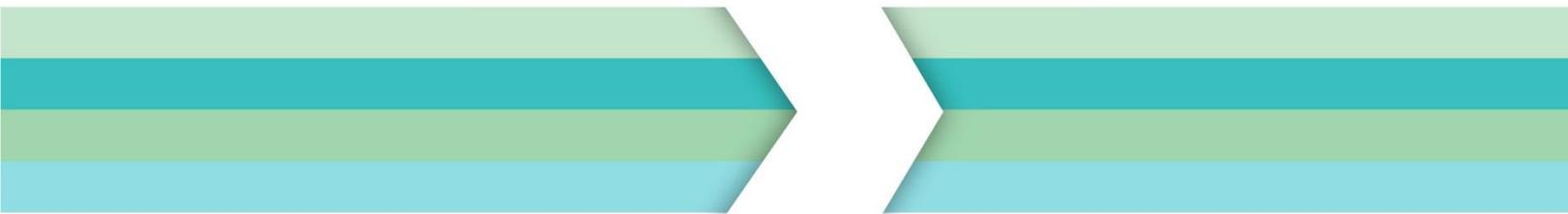
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