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Agile Benefits: Viability and Leadership

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Expectations change: overnight delivery, one-hour glasses, 10-minute oil changes, and instant faxes. We wouldn't have it any other way now that we know it's possible. Technological advances keep changing the impossible into the standard, with the pace of these advances quickening.

Globalism has expanded the size of the market community, customer and competitor alike - and technology lets new entrants begin at the top without having to build the legacy that developed countries live with. With global reach CNN and MTV have made this larger community a more intimate community, and the explosion of satellite and cable channels shapes global knowledge with an understanding that you can have it now. For customers, this in-your-face opportunity to have something better now has killed the concept of brand loyalty.

Globalism brings more people into the technological development arena, all looking for a competitive edge. Though indirectly this expanding base of competitor and customer are drivers of the quickening pace, the real engine is ceaseless technology development. The next development no longer waits until the last is mature. The concept of successive "S" shaped maturity/utility curves worked when everyone rode the same curve, driven by diminishing returns to take a risk or be inventive.

"Beware of anything that dons the robe of political correctness, these masquerade as simple total solutions."

Hewlett Packard makes the point - undercutting their own returns from a growing laser printer market with the introduction of ink-jet technology. They understood that if they didn't, some vigilant competitor would.

A producer of goods today is like a runner on a treadmill, where tolerance for stumbling depends on how fast the machine is running. Different markets, different innovation speeds; but in every market someone's diddling with the speed control. For some the speed is comfortable and for others an effort in remaining viable. With innovation speeds in virtually all markets changing, healthy companies must be adaptable; either to react to someone else's innovation or proactively introduce one of their own.

In the accompanying figure the four objects of customer, producer, competitor, and technology, and their relationship vectors, are not especially new; but the adjectives capture the mercurial behavior we see emerging today.

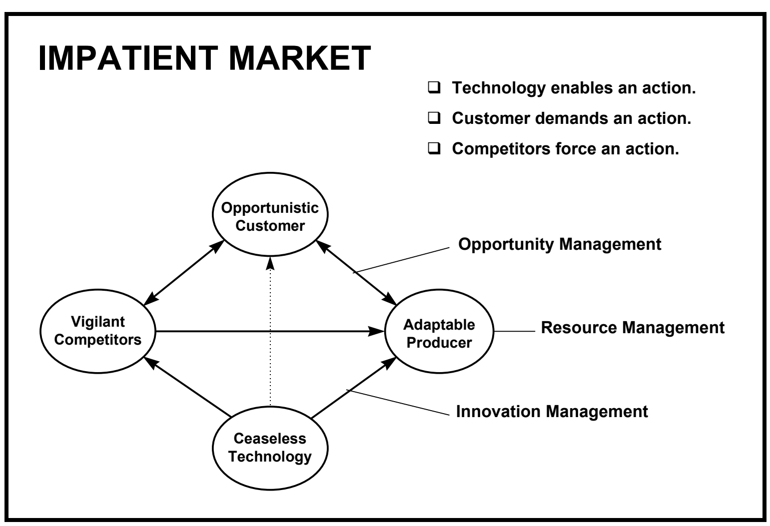
New understandings in the relationship vectors are also worth exploring. We talk today about listening to the voice of the customer, about being customer responsive, and about delighting the customer. It is politically incorrect to suggest otherwise, and these concepts are the fundamental platform for many corporate strategies. Beware of anything that dons the robe of political correctness, these masquerade as simple total solutions.

In the late seventies the American machine tool industry made a point of asking the Detroit automakers, their biggest customers, what they should do next. They listened very well to the voice of their customer, and then watched as Detroit bought new innovations from Japan. Vigilant competitor and opportunistic customer in action.

Customers cannot be expected to have the command of new technology and its possibilities that suppliers have - their core competencies are purposely focused elsewhere. Their voice can offer valuable improvements to what they already understand, and will probably be heard by the competition as well. Not listening to the voice of the customer creates an easy opportunity for the competition.

The voice of the customer, whether offered or sought, is a pointed demand for reaction made by the customer to the producer. If managed well the vigilant competitor cannot dislodge the current relationship, at least not under the current rules. Managing the opportunity from the competitor's point of view means introducing a new set of rules - proactively bringing an innovation to the opportunistic customer.

Successful opportunity management requires an active point on both ends of the vector between customer and producer. You can be sure that there is a two-way vector between customer and



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competitor - number two has to try harder.

At the heart of all of this is the engine room of ceaseless technology introduction. It is what makes innovations and improvements possible. Fairly independent of producer, customer and competitor, technology happens. New possibilities all of a sudden exist where nothing was before. What to do about this, how to foster it internally, and how to harness it effectively is the innovation management issue.

Silicon Graphics, a very successful computer workstation manufacturer, purposely seeks out the most difficult-to-satisfy customer. Fortune magazine reports that Chairman Ed McCracken "has established a practice of actively cultivating customers who want to do things that just can't be done with SGI's products -- or anyone else's, for that matter". These customers then become part of the next generation product design team. It's like General Motors going to Bangkok, Thailand with a clean piece of paper and no rules - to design a car fit for traffic congestion that keeps people in their cars four-plus hours a day routinely. The car might become an alternate office or entertainment platform, or sprout autopilot assistance for the lone driver; all of which could lead to change in larger markets.

Hewlett Packard is recognized for product innovation - and practices an interesting discipline - insisting that the hardest thing be done first in any new development project. This has two valuable side effects: projects that have killer problems are killed and killed early, and developers gain a deeper and broader knowledge of the possible.

Market viability comes from Agile opportunity management, market leadership comes from Agile innovation management. Both are enabled and coupled by Agile resource management.

Agile resource management focuses on change proficiency, seeking specific advantages that bring the benefits of leadership and viability. A company needs both proactive and reactive competencies to initiate and counter external change events, and it needs both progressive and resilient competencies to initiate and counter internal change events. These advantages are enabled by the feature of change proficiency - specifically eight types of change discussed at some length elsewhere.

Agility is the ability of an organization to adapt proficiently (thrive) in a continuously changing, unpredictable business environment - a combination of viability and leadership. The accompanying table shows the relationships between the features, advantages, and benefits of change proficiency; providing an actionable viewpoint for the strategist, the manager, and the Agility Systems Engineer (business process reengineer?).

(Resource Management)

FEATURE (Proficiency at:)	ADVANTAGE	BENEFIT
▪ Creation/Deletion ▪ Improvement	Proactive	Leadership (Innovation Management)
▪ Migration ▪ Addition/Subtraction	Progressive	
▪ Correction ▪ Variation	Reactive	Viability (Opportunity Management)
▪ Expansion/Contraction ▪ Reconfiguration	Resilient	

Agility: The Adaptability to Thrive in a Continuously Changing and Unpredictable Business Environment