

# Critical Business Practices for Agility

By Rick Dove, Paradigm Shift International, e-mail: dove@well.com, 505-586-1536, Senior Fellow, Agility Forum

Enterprise Agility is not something that happens because technology is put in place, or because machines are configured differently, or even because all business systems are reengineered for reconfigurability. Agile enterprise occurs because of business practices.

Business practices are the way we do things, and why we do them that way. Explicit practices are codified in our procedures manuals and mission statements; implicit practices are part of the unwritten "system" and culture, and the more powerful because that's the way things really work.

The top-down hierarchical management model that dominates business today likes rules, thrives on rules, relies on rules to direct the mindless employee it envisions. When we attempt to identify all of the business practices that govern the way we do things the list becomes oppressively long. But they do not all equally

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determine a company's competitiveness. Some are more important than others. So what subset should we look at to determine Agility? Is there a manageable subset that can make an impactful

difference in our competitive posture? If we can identify *the* critical set of business practices that determine our abilities to thrive in uncertain times, and measure our competency with these practices, we would have a powerful way to evaluate ourselves against the competition, as well as a road map for improvement.

A recent series of industry workshops I conducted for the Agility Forum attempted to identify this critical subset of business practices.

This effort identified a "short-list" of business practices impacting an enterprise's potential Agility and critical in today's general competitive environment. Its purpose is to serve as a starting-point model for companies interested in taking steps toward Agility. Factors placing practices on the critical list included high immediate leverage potential, indications that industry is actually ready to deal with them, priority recognition in a "voice-of-industry" survey conducted by the Agility Forum in early 1995 (This column, Feb 96), and the emergence of vanguard reference examples.

This starting-point model is the result of industry-group debate among participants in the Agility Forum's 95/96 Agile Business Practices focus group, and reflects the realities and concerns of their sponsoring companies from sectors that include electronics, autos/trucks, aerospace/defense, chemicals/process, computers,

software, business reengineering, management consulting, and the Department of Defense.

As an immediate reengineering tool, this framework can focus questions and strategies in fruitful directions. Its purpose is to identify those areas that lack sufficient attention, yet are timely and critical in today's competitive environments. It ignores many competitively necessary and timely practices, such as "listening to the voice of the customer" and "integrated product and process development", that already enjoy high visibility and significant implementation examples. Instead, it illuminates items that meet three specific criteria: 1) they deal specifically with important competitive change proficiency competencies, 2) instances of good implementation and usage are relatively rare and not well understood, and 3) industry in general appears prepared to tackle these elements as a natural next step in its transformation to higher forms of Agility.

This, then, is the frontier of a constantly advancing front. It is what industry is ready to do next, where "industry" is a representative amalgamation of the diverse states of various industry sectors into a single picture. Experience has taught that looking too far from what industry is ready for might be entertaining, but it will not cause anything to happen. We are not ready for trust-based virtual relationships that spontaneously form among partners with no prior working histories. We are not ready for partnering with people we only know through electronic images. We are barely ready to seriously tackle most of the most important issues - those that lie in the "soft" domains of the socio/technological interface, the corporate/employee relationship, and self-organizing distributed control and responsibility.

This is not a comprehensive taxonomy of business practices, nor are the category groupings a suggested decomposition of a business model. In the near future one would hope that a different set of practices would be appropriate as the focus moves on to subsequent priorities. Thus, the reference framework discussed here is not timeless; but rather timely: it is both actionable and a necessary next step in general progress today.

The focus of course is on Agility. For instance, the definition for the sub-category of "Business Case Justification" is solely interested in the justification process for investing in an Agile capability, and not the more general activity of making an investment in anything the business may require. The model addresses the "organization" as opposed to the enterprise or the corporation, because the information is potentially applicable to any operational group: division, plant,

department, perhaps even a team under appropriate circumstances.

There are issues about the Agility of a given practice, as well as issues about that practice's ability to support an Agile enterprise - both are important, for it is difficult to envision an Agile enterprise supported by rigid practices (unless those practices are easily discarded and replaced - which implies an Agile practice framework). It is instructive, however, to understand that the principal issue, and therefore the emphasis, for Information Technology in support of an Agile enterprise is the Agility of the information technology infrastructure itself.

There will always be front runners that have a very different familiarity with the frontier than the majority of others in their industry, or especially others in slower-paced industries. What they are reducing to practice others are experiencing accidentally, or seeing as hints and glimmers elsewhere. Here we hope to lay a foundation from which companies, and organizations within companies, can plot a course of action.

This column does not permit an examination of each of these twenty-five practices and their relationship to enterprise Agility. The seriously interested are referred to the proceedings of the 1996 Agility Conference available from the Agility Forum. There is no universally applicable absolute truth for all companies in all industries in all times - this framework is intended to illuminate most of

the timely frontier areas without belaboring the accepted mainstream work-in-process.

The "soft" issues are the hard issues in the business world today. If there are any silver bullets left, they don't fit the guns we have today. Change proficiency is principally impeded by cultural and people-based issues. Technology has strong and necessary contributions to make in facilitating decision support and decision implementation; but innovation and motivation are the domain of people and the cultural environments that shape them.

This framework can be used now to focus reengineering workshops and strategies in fruitful directions. We continue to update the structure while using it as a foundation for benchmark-case targeting. In March of 1996 this framework was employed as the foundation for the first structured case study of enterprise-wide Agility. Remmele Engineering, a \$100 million Minnesota machining company, is currently being analyzed across all twenty-five business practices; and will shortly become the first enterprise-wide reference model for high competency at change proficiency.

We will discuss this reference model next time, with Remmele Engineering providing real substance for the abstractions appearing in the Critical Business Practices framework.

