



Creating a culture of agility should be the CEO's top strategy

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What company in the world has not been going through sudden shifts wrought from major, disruptive change? IBM, Intel, HP, Nokia, RIM are just a few iconic brand names that spring to mind. These companies are all grappling with needing to radically change to survive and compete. They are responding in many predictable ways: changing CEOs and leadership teams, shifting strategies, rolling out new product lines, amping up innovation, cutting costs, restructuring. All good things to do to react to change, but these actions treat the symptoms of a chronic illness without curing the underlying cause. CEOs may be missing out on the most important strategy of all: creating a culture of agility.

At Senn Delaney, we guide CEOs on shaping their organizational cultures. They come to us wanting to overcome many business challenges. Some want to create a customer-centric culture. Others need to align the culture to a changing strategy and structure. Many want to overcome cultural barriers that occur during mergers. And naturally, most seek to increase innovation to be more competitive. These are all great goals, but what they are really are by-products or traits that result from shaping a culture in a desired direction. What CEOs actually need, even if they aren't stating it in these terms, is to build a culture of agility. This is really the cornerstone of business success in today's turbulent times of radical change.

What is organizational agility?

This is a great definition of organizational agility by Lee Dyer and Richard A. Shafer of Cornell University ILR School/Center for Advanced Human Resource Studies: "Organizational agility is the capacity to be infinitely adaptable without having to change. Agile organizations strive to develop a built-in capacity to shift, flex, and adjust, either alone or with alliance partners, as circumstances change, and to do so as a matter of course."

Being infinitely adaptable is the key here, and there's really only one way to do that: create the culture that has the built-in capacity for agility.

Why should CEOs focus on creating an agile culture?

Agility is linked to profitable growth: Massachusetts Institute of Technology research suggests that agile firms grow revenue 37% faster and generate 30% higher profits than non-agile companies.

Nearly 90% of executives surveyed by the Economist Intelligence Unit believe that organizational agility is critical for business success. Yet, most companies admit they are not agile enough to mobilize quickly, respond positively and change to compete successfully. Does this describe your organization?

As a CEO, you need to take a comprehensive look at how agile your organization really is. CEOs should consider these questions: Are we changing as fast as the world around us? Is our culture enabling us to be agile or impeding us? A comprehensive diagnostic survey of the cultural traits of your company is the best way to get a true picture of this and a good start at determining next steps.

What are some barriers to agility?

Internal barriers – the culture — prevent organizations from being agile. The barriers include hubris, complacency and resistance to change, poor decision-making, lack of alignment around strategies, vision and values, risk-averse mindsets, siloed thinking and turf wars.

What are common traits of agile organizations?

Agile organizations are optimistic in the face of challenge, never rest on their success, and regularly seek to improve even when they are successful. They embrace failure as a learning opportunity, have a strong purpose, a vitality, and a learning mindset. There is alignment and clarity around the mission, and vision, and values. Rapid decision making happens not just during a crisis, but every day. There is a strong ability to execute, high levels of accountability, customer-centric thinking and strong cross-organizational synergy. Amazon is a strong example of an agile organization. It has morphed from a Web-based bookseller to an online retail platform to a digital media powerhouse, and most recently, to a leader in cloud computing. And this continual change has taken place in the absence of a performance crisis, demonstrating an ability to envision changes and adapt instead of the reverse.

Can you create a culture of agility?

Creating a culture of agility is possible and should be the first strategic priority of the CEO and senior leadership team because it is the culture that spawns an organization's ability to adjust in any direction and execute any strategy. Transforming the culture requires a comprehensive approach and a focus on four key principles: purposeful leadership, personal change, broad engagement, with energy, mass and momentum, and focused sustainability.



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