

PRAESTA



PRAESTA INSIGHTS

The age of agility

Praesta Partners is the UK's premier firm of business coaches, based in London and operating both nationally and globally. We coach senior leaders including CEOs, main board directors, management team members and other key senior executives. Our clients comprise several hundred organisations in the private and public sectors, including FTSE 100 and 250 companies, private equity owned businesses, leading professional services firms and all areas of financial services.

All Praesta coaches have had senior level business careers - many were board members, CEOs, partners or managing directors of major organisations in their first careers. Thorough training, continual professional development and regular supervision are integral to maintaining our high standards. As well as one to one coaching, we conduct team and organisational coaching and board effectiveness reviews. We are also leaders in working with executive women.

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Agility and why it matters

When we at Praesta reviewed our work recently, we were struck by the way clients were trying to deal with economic and geo-political uncertainty. Rarely in our working lives have macro economic outlooks seemed so hard to predict. Many organisations had used the recession to good effect. They had revisited strategies, taken and enacted tough decisions, re-focused businesses, re-configured top teams and got corporate finances into robust shape, so as to be fit for a new, likely future scenario of steady, low growth in western economies. Yet, to many, making any sort of bold move constituted a wild throw of the dice. The new priority was ensuring a safe passage for their organisations.

When we dug deeper some dynamic activity was in play. Many of our clients were investing in environmental scanning, to pick up weak, early signals of changes relevant to their organisations. They were developing their organisations' ability to act swiftly and surely in response to opportunities and threats, to react faster than their competitors and to switch resources at short notice. Agility – how to wait, watch, and make fast, decisive moves at the right time - has become a core source of survival and long-term competitive advantage.

Our view is that agility starts with the leader, who shapes the capability of his/her teams and, through them, the wider organisation. We therefore look at agility from a leadership perspective.

Agility: what it is....

For the people and organisations we work with:

- **Agility is the facility to act and react fast and decisively**, to move into and out of situations with sure-footed confidence, when the time is absolutely right so as to open the door to opportunities, secure competitive advantages and avoid potential threats.
- **Agility requires mental alertness** that informs, and is informed by, a high state of suppleness and fitness. It is a state of readiness and of being, albeit one that needs to be rested to conserve energy and strength for when they are most needed.
- **Agility's use is situational**, so it is important to develop it for when you need it. Once the time has come, if you and your organisation do not possess agility, it is too late to start working on it.

When a leading building society heard that another mortgage and savings book was available, it moved fast. By deploying the appraisal and decision making capability it had achieved through making two other acquisitions, it rapidly secured attractively priced funding that reduced its requirement to access more expensive and volatile wholesale markets.

...and isn't

Agility is not:

- **Restless, aimless action.** Having agility and using it are different things. Agility is best used selectively and purposefully.
- **Purposeful action at the wrong time.** Things can go badly wrong if even a worthwhile move happens on the wrong occasion or at the wrong time.
- **Heavy change management programmes.** Agility is about travelling light in the right general direction with strategic goals in mind.
- **An athlete permanently condemned to sitting on the sub's' bench.** If agility is never properly exercised, then it will degrade over time.

Becoming an agile leader

A lot of Praesta's work is with individual leaders. We have therefore explored how they can promote and embody agility themselves. Eight mutually reinforcing elements stand out in relation to how an agile leader relates to others and manages him/herself.

With regard to relating to others:

- **Sustain momentum.** The emphasis needs to be on finding reasons to say "yes" rather than "no". If you are behaving like a rabbit in the headlights, going round in circles, parking things or putting them off, then your organisation will drift. It is easier to exercise agility if there is some momentum that can be deployed to seize an opportunity, take avoiding action or find another way of achieving your own or your organisation's goals.
- **Have adult conversations.** Organisational confidence is fragile and fickle. Easy clichés and glib assurances do not impress people who read newspapers and are plugged into informed social networks. Talking meaningfully to your own people keeps you and them in the loop of what is actually happening. They will take comfort from knowing you and others are "on watch". You will make better decisions because of what they tell you. And when you take action, people will be prepared for it.
- **Encourage initiative.** If you have all the answers, set all the goals and have a marked preference for how things should be done, then others will tend to do what is safe: keep their heads down, walk the treadmill and do what they're told. Expressing your displeasure with these ponderous behaviours will make them worse. Enabling others, by encouraging their contributions and supporting their efforts, is more likely to succeed.
- **Frame the context.** The way you frame the context in which other people work will affect the nature of their thinking and activity. Agility is well served by establishing a combination of clear goals and a framework for decision making that gives people a lot of room to use their own initiative as to how things are done.

With regard to managing yourself:

- **Accept the new reality.** When things have changed, recognise a new reality and accept it. Making commitments and taking action may require you to set aside things to which you were previously committed. Put your emotions to one side, manage your anxiety, let go and move on.

When faced with major changes in student funding senior leaders in a university took time out to work through the challenges involved. They needed to take tough decisions if they were to become agile and responsive to shifts in students' requirements. It meant overcoming barriers to change, turning uncertainty into new opportunities and motivating their staff to get behind the new agenda and make it happen.

- **Think radically and recognise you have choices.** When many factors are outside your area of influence, it is easy to feel boxed in, to rehearse and perfect circular arguments and concur with the collective wisdom of group-think. In our experience, clients suffering in such ways are usually constrained by their own limiting beliefs. When they re-frame their situations and challenges, new insights and choices emerge. Most times, there is a way.
- **Take care of yourself and ensure other people do the same.** If you and those around you are working 110%, you are not well placed to notice what is going on and make sense of it. Nor do you have spare capacity that can be rapidly deployed when needed. So arrange things such that people cover for each other and do whatever rests and energises you on a regular basis.

A newly appointed leader who took over a national organisation knew he had to both sustain momentum and change the leadership team. He recognised he had to exercise choices about both priorities and people. He had a sequence of frank conversations that prompted a step change in the performance of some people and the departure of others. He kept his physical agility by doing long walks, his mental agility by talking with a trusted mentor and his emotional agility by listening to the small voice within.

- **Listen to the small voice within.** The subconscious has a habit of making connections that we find hard to articulate. That does not mean that the messages it sends us are wrong, but they are easy to dismiss. Instinct is a bedfellow of agility, so take time out to reflect and, when your inner voice speaks, give it some air time: it may be speaking a message you should hear!

Becoming an agile team

We also work with a lot of top teams. For them, agility is promoted by:

- **Doing what only it can do.** A top team – any team – needs to be clear about the place it should occupy in the organisation’s value chain. What must the team’s differentiated contribution be to help the organisation to deliver its strategic outcomes? Many top teams fail to take a hard look at their core purpose, take on too much, lose focus, become a choke on enterprise and a block on progress. Agility dies as a consequence.

When the Underwriting Board of a global insurance business was asked what its prime accountability was, its initial answer was “this year’s underwriting result”. When it revisited the first answer, it concluded that the current year’s underwriting results were actually the responsibility of its regional businesses and that its own responsibility was to create sustainable, long-term competitive advantage through its professional leadership of the group’s underwriting systems, policies, processes and people. That resulted in it working on a very different agenda and reducing the cause of tensions between itself and the regional underwriting teams.

- **Integrating with the informal organisation.** Most of the effective communication within organisations is carried out informally. If top team members have influential positions in the informal social networks that operate across the organisation’s key functions and geographies, the team as a whole can get the intelligence it needs, disseminate information, test decisions, marshal opinion and mobilise resources.
- **Avoid isolation.** It is easy for a top team to create its own bubble. Common manifestations are special office and communications facilities; and frequent, regular meetings that suck in more and more decisions. Whilst it is important that a top team functions efficiently as a discrete unit, it can also become distanced from the rest of the organisation and concentrate power in ways that were not intended. The trick is to get the best of both.

- **Working in small, networked teams.** By dint of their size and business-as-usual agendas, most executive committees are unsuited to doing high quality work fast. Small, collaborative, well-networked executive teams use informal processes more than formal ones, facilitate rapid information exchange and iterative working, thereby enabling fast decision making.

The top team of a consumer telecoms business looked at how it could best meet its ambitious goals. It concluded that it had to operate with the agility of a start-up. Its members promptly moved to a shared space to facilitate the kind of iterative communication, fast decision making and collaborative working that was required.

Becoming an agile organisation

What might leaders and top teams attend to in order to achieve organisational agility? At a practical level, organisational agility depends critically on the following points:

- **Comprehending the environment.** Most of our clients' organisations are investing more effort in the complementary activities of scanning the environment and making sense of what they are finding out, in order to inform decision making in a timely way. Typically this involves:
 - > Widening and deepening the information sources they trawl. This usually involves making new and different connections to comprehend soft data, such as opinions and informed speculation, as well as factual data.
 - > Pooling information with colleagues more frequently, formally and informally, so that more brainpower and experience are applied to a wider set of data.
 - > Making sense of disparate sets of data by developing, sharing and testing insights and hypotheses, thereby building a shared perspective whilst avoiding group-think.
 - > Regularly applying the resulting learning to the organisation's strategies and plans and then making decisions appropriately.

An incoming CEO called for the abandonment of his company's digital strategy when he heard how much it was costing. The head of the digital business pushed back: "My business now generates 21% of our revenue for 2% of its cost using 0.2% of its people. You can cut off the investment if you like but I wouldn't do that." The CEO reversed his decision because he realised the world had changed. The investment continues as does progress: the digital business put on another million customers last year.

- **Achieving and maintaining organisational resilience.** A resilient organisation can withstand the buffeting and traumas an uncertain environment inflicts upon it. It has a dynamic equilibrium that enables it to take bold, decisive action without being destabilised as a consequence.
 - > Resilience is usually achieved by a combination of financial robustness, market power, leadership continuity and the continued confidence of key stakeholders such as customers, employees, regulators, investors, lenders, politicians and the media.
 - > Resilience is also promoted by organisations recognising the choices available to them about which geographies, products, services, investments and initiatives they can back. Agility facilitates timely switching of resources between them, thereby increasing the probability of meeting goals and mitigating risk.

When an international company faced unexpected financial problems in one area of its business this provided a stimulus to address wider issues across the Group. Ways of addressing issues had become fossilised. Agility meant moving away from tired routines and stimulating fresh ways of tackling a rapidly changing market.

- **Engaging stakeholders.** Ongoing engagement of internal and external stakeholders, whose support is likely to be needed to get buy-in to decisions and implement them, helps establish the conditions for agility.
 - > Better decisions can be made faster by well informed people and teams, who understand the bigger picture. They can be better tested and built upon by key stakeholders who are already up-to-speed; and executed better and faster by engaged, well informed managers and collaborators.

- > The challenge is to win hearts as well as minds, to generate the energy, focus and, thereby, the momentum needed to act fast: to develop the goodwill that helps avoid blame and witch hunts when changes of course are required and mistakes are made – i.e. at the very time that constructive energy and positive action are needed most. Corrective action needs agility too!

After two years of stabilising and improving a substantial international, family owned business, the CEO decided it was at a strategic cross roads. He believed the business was ready for significant investment that would spur further growth, but this money had to come from the family forgoing dividends, taking on debt and/or ceding 100% ownership. He suggested there should be a family conference at which the options for the business and their funding implications were presented and discussed in depth. He insisted the family should not make a hasty decision, but take advice and time. They were very impressed with the input and agreed a process and timetable for coming to a clear, agreed way forward.

- **Developing organisational capability.** The key to an organisation's agility resides in the people who lead and manage it. Their attitudes, energy and skills affect the culture and infect the people around them. Our insight suggests that three complementary factors should receive attention so as to encourage initiative and collaboration and nip dysfunctional behaviours in the bud. These are:
 - > Knowing, developing and deploying talented people who find it natural to create a can-do culture that encourages the use of initiative within a clearly communicated strategic framework. This involves appointing and promoting people who exhibit the right kinds of attitude - including telling it how they see it - and weeding out derailers and blockers.
 - > Widespread use of a coherent, practical leadership approach that equips senior managers to engage hearts as well as heads in the pursuit of the corporate agenda, thereby getting the best out of people. This involves adopting a model that suits the organisation, training people in it and helping them to use it properly day-to-day.

- > A performance management regime that recognises team outcomes as well as individual contributions. Even today, many organisations whose goals can only be achieved by the whole becoming greater than the sum of its parts, still run performance management systems that in reality only comprehend individuals, not teams.

A Final Thought

All individuals, teams and organisations deserve to embed the competences and attitudes that produce confident, sure footed agility when needed. Agility for an individual, team or organisation requires a thoughtful, persistent and adaptable approach. Individuals need to keep reminding themselves how they keep agile so they can 'float like a butterfly and sting like a bee'. Similarly any organisation should be mindful of how it is going to retain that capability. It will be tough and rewarding at the same time. So keep making the right inputs and, with an element of good fortune, you will be pleased with the outcomes.

Further reading

Changing the Way We Change (Pascale, Millemann, Gioja; Harvard Business Review, 1997)

Leadership Team Coaching (Peter Hawkins; Kogan Page, 2011)

Leadership Agility (Bill Joiner & Stephen Josephs; Wiley, 2007)

Strategic Speed: Mobilize People, Accelerate Execution (Davis, Frechette, Boswell; Harvard Business Press, 2010)

Super-Flexibility for Real-Time Adaptation: Perspectives from Silicon Valley (Homa Bahrami & Stuart Evans, California Management Review, 2011)

The Right Role for Top Teams (Rob Cross and Jon Katzenbach, Booz Allen, 2012)

Your Brain at Work: Strategies for Overcoming Distraction, Regaining Focus, and Working Smarter All Day Long (David Rock; Harper Collins, 2009)

Praesta Insights pull together thought and experience of topical leadership issues in an accessible and digestible way. This publication has been researched and written by two of our partners, Steve Wigzell and Peter Shaw with the help of their colleagues.



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Other titles, available on request, are: ***Faster, Faster*** (Heather Dawson); ***Riding the Rapids*** (Jane Stephens and Peter Shaw); and ***Seizing the Future*** (Peter Shaw and Robin Hindle-Fisher).

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