

CONSIDERATIONS ON ORGANIZATION AGILITY AND CHANGE MANAGEMENT

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ABSTRACT: Agility is considered the new business management paradigm that is focused on continuous improvement practices through a high-tech change management. The paper's objective is to describe a proposed approach (model of agility evaluation and/or diagnosis, methodology, methods and tools) called the Total Agility Management House. The designed approach could be considered a trustful support (also, integrated and derived with organization's strategy) for the organization alignment to a new business model. The model and the associated methodology have been developed, tested and validated in the context of actual organization dynamics, in order to establish a successful implementation of agility in organization.

KEYWORDS: organization, behavior, agility, change management, human resources management, competitiveness.

1. INTRODUCTION

As the business companies constantly develop strategies to dominate the existing markets and in the same time are looking forward for ways to approach the emergent markets, it becomes more and more clear that there is a great need for methods and explained paradigms that will offer viable solutions to these complex business situations [16]. In the last twenty years more and more companies looked forward for such a paradigm that initially emerged from the information technology/software development (programming) area: The *agile programming* has been turned into the *agile business*, the *agile enterprise* or the *agile manufacturing*. In synthesis, the new organization's paradigm is shown in Figure 1.

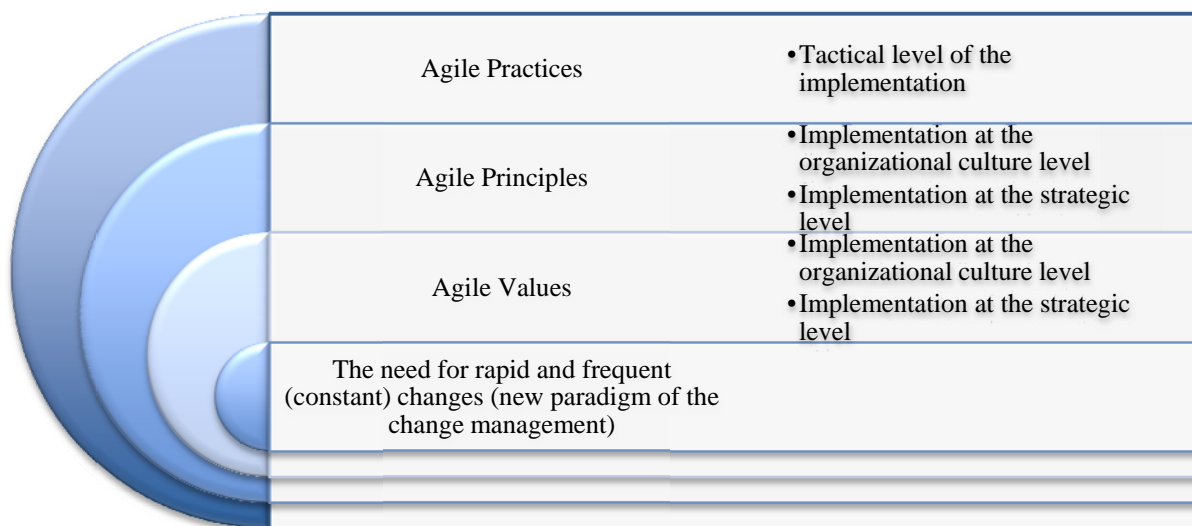


Figure 1. The relationship between the agile values, principles and practices (adapted from [15])

Organizations are forced to quickly recognize the external environment changes, in particular their close market changes (e.g. legal regulations changes, competition increasing, new entrances on the market etc.), and they have to react by an adequate and quick reconfiguration of their internal environment (as aligning organizational behavior with the external environment changes). The change problem becomes more complex in the case of multinational companies operating in ever-changing global political scenes, on global market

and having an internal environment characterized by a high cultural diversity degree [6]. Even if such organizations have experience on doing business globally (because they operate on the global market from a long period of time), they are now facing the emerging markets and economies phenomena [4]. Furthermore, multinational or global companies of today are facing with a strong competition because of the existing actors behavior in emerging economies (good examples are, economies as those of China, India and Brazil). Furthermore, in emerging economies, local competitors have not only political support, but also have powerful resources (both in human resources and financial capital) [3, 7].

In order to penetrate these markets and achieve profit success and competitiveness, organizations have to focus on a fast responses, by growing their agility and decreasing their internal bureaucracy. Beyond this competition, social pressures and the fragmentation of mass markets, the firms must take into consideration the constantly evolving customer expectations [9]. This new organizational behavior is briefly described in Figure 2 by the representation of the creating (or sometime the co-creating) of customer value [11].

Creating Customers Value				
C - Personal Choice	S - Caring Service	Q - High Quality (of products and services)	T - Total Cost	R - Responsiveness

Figure 2. World-Class Positioning (the competitive business edge and customer value creation) (adapted from [8])

All this effort to face the environment changes of emerging economies must be assumed by the whole organization, so, agility is not only a strategy developed from a new paradigm, but it also includes the methods and tools applicable for each level of decision and action inside the company. Thus, the organization must find ways to anticipate or adapt to uncertain or changing environments [1] in order to achieve competitive advantage and, furthermore, to generate changes in the business environment (by high focus on innovation and learning in all changes stages and even in the change management strategy adopted by them). The organization's board as well as all management levels must place a higher focus on areas of expertise such as change and risk management, research and development, innovation, contingency (including uncertainty and complexity) management and leadership (including the implementing of *Agile Orientated Culture* in the organization) [13]. In addition, the leadership skills and spirit of the managers represent important aspects for a successful implementation of the new paradigm. This refers not only to the leadership of the project manager responsible with the agility principles implementation, but it refers also to the leadership of all levels' managers in the organization [10, 13].

In the context of establishing and implementing the Agile Orientated Culture, the paper's objective is to present a proposed approach developed for the evaluation and/or the diagnosis of the organization agility. This was based on a model called the Total Agility Management House. The designed approach (including an evaluation methodology with corresponding methods and tools) could be considered a trustful support (also, integrated and derived with organization's strategy) for the organization alignment to the new business management paradigm. The presented model and methodology have been developed in the context of actual organization dynamics, in order to establish a successful implementation of agility in organization. Through two case studies there will be shown the feasibility of the proposed approach.

2. THE PROPOSED APPROACH: TOTAL AGILITY MANAGEMENT HOUSE

There is no check-list or state of the art method that guarantees a successful implementation of the agile paradigm in the case of a company. Each organization, each area of business and each level of implementation represents a specific situation that will be treated related to the specific conditions. Thus, when a change or perturbation in the business environment occurs,

organization will respond in a particular way by deploying its own agile characteristics [5, 14].

The first step for such a large-scale project, is dedicated to the constant support and reinforcement given by the organization’s core management. Employees have to be confident on the management support, but also, organization’s management must have a constant review of the change implementation status supervise by the agile champion (the managers from the executive level, responsible for triggering the implementation of the paradigm) and by each department leader [5, 12].

2.1 The Proposed Model of Organization Agility

According to our studies and some practical observations done in multinational companies, there have been proposed the model of the Total Agility Management House (TAMH), by considering the experiences of the use and exploitation of the House of Quality model. As it is shown in Figure 3, the proposed TAMH model consists of 2 levels: (a) the strategic level defined by the organization’s values and principles; (b) the organizational models defined by the existing practices at the tactical level. The House of Agility is defined by eight pillars. Each pillar represents a main organizational value that is supported by principles. Each principle is associated with a number of specific practices.

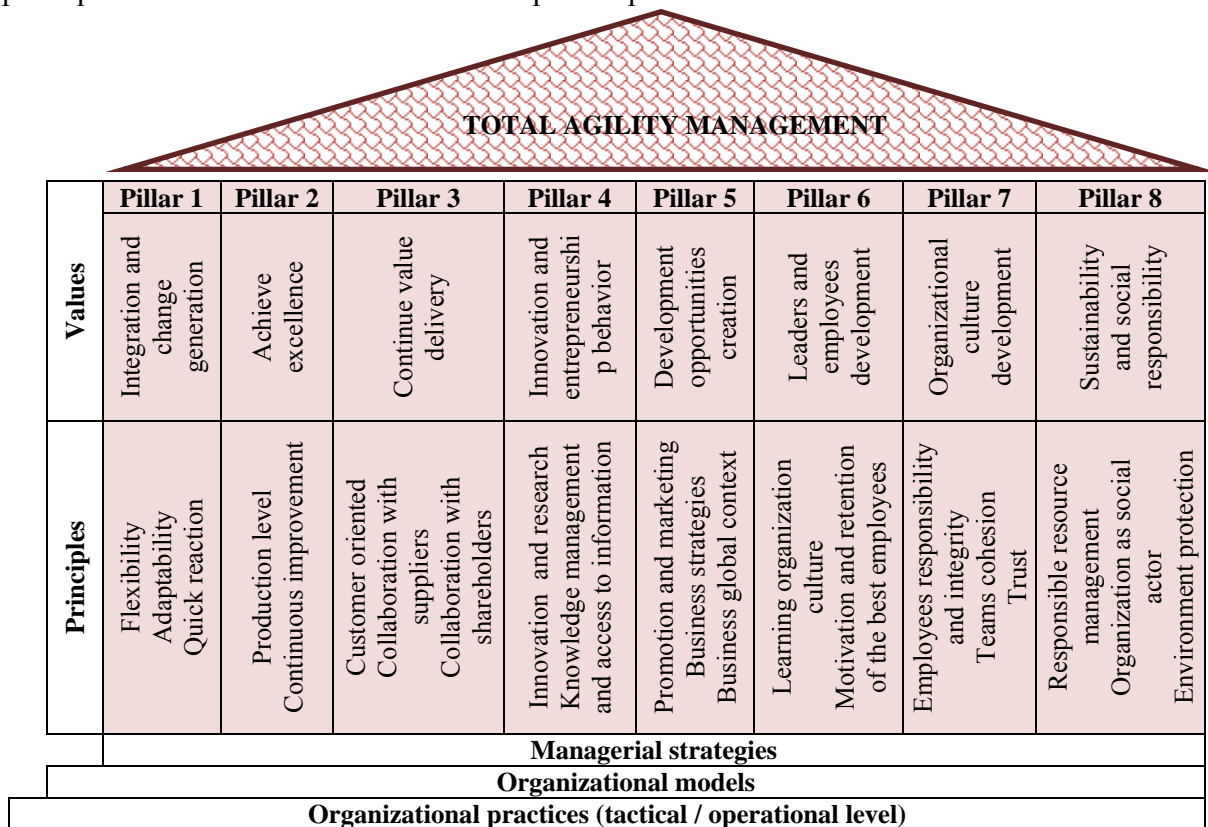


Figure 3. The model of the Total Agility Management House (TAMH)

2.2 The Developed Methodology for the Organization’s Agility Evaluation

Based on the TAMH model there have been proposed a methodology for the organization’s agility audit or evaluation in five steps: (1) the preliminary internal audit (done for each pillar of the Agility House by the continuous improvement manager together with the organization general manager); (2) the external audit (analysis of the internal audit documentation and scores review); (3) visit the organization; (4) documenting the final observations and results; (5) presenting the evaluation conclusions together with the agility footprint (graphical representation of the actual level of the agility principles implementation).

For each principle there have been defined situations description for the evaluation that were scored from 0 (not existing situation in the organization) to 10 (existing situation in the organization). Based on the scores gained on each practice (that belong to each principles of a

define organization value) there have been calculated the percentage of definition, coverage and excellence of agility principles implementation relatively to an ideal situation (100%) that was described. The percentages were considered as maturity levels of the agility principles implementation in the organization. Furthermore, a total percent was determined in order to show the level of the agility principles implementation that show the maturity agility level of the organization.

In totally, for the evaluation and/or the diagnosis of the organization agility there were defined 105 practices with 105 corresponding indicators, as following: 9 indicators for Pillar I, 18 indicators for Pillar II, 11 indicators for Pillar III, 12 indicators for Pillar IV, 19 indicators for Pillar V, 16 indicators for Pillar VI, 11 indicators for Pillar VII and 9 indicators for Pillar VIII.

The calculations were operationalized based on a developed Excel application (relational database) and the graphical representation of the results were done using a color code for different levels of the agility principles implementation, as: blue (maturity level, $95\% < \text{Total calculated score} \leq 100\%$), green (develop level, $90\% < \text{Total calculated score} \leq 95\%$), yellow (growth level, $50\% < \text{Total calculated score} \leq 90\%$) and red (initial level, $\text{Total calculated score} \leq 50\%$). The agility footprint is represented as a curve on a radar graph with eight radius corresponding to each pillar.

In the following, the proposed model and associated methodology (TAMH) have been tested and validated in the case of two multinational companies operating in the automotive industry.

3. RESEARCH RESULTS ON THE PROPOSED MODEL AND THE ASSOCIATED METHODOLOGY VALIDATION

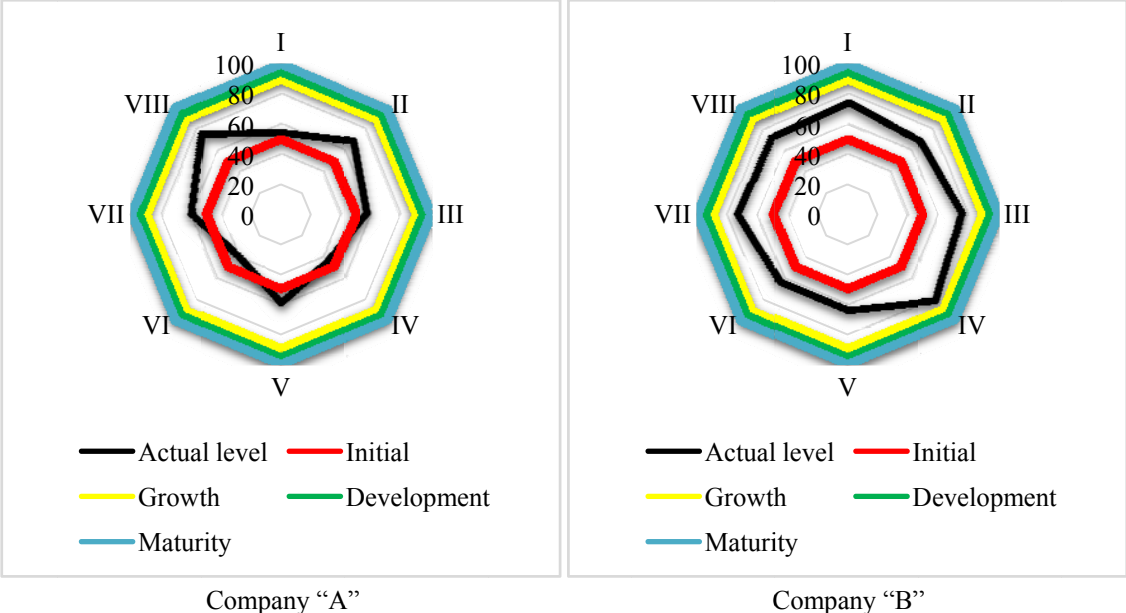
The first case study approaches for evaluating company “A”, which is a unit of production in the automotive industry, with approximately 500 employees in the production area; the company was established in Romania 9 years ago. Company “A” is part of a multinational corporation, one of the major players in the automotive industry manufacturing parts worldwide. The research allowed the testing and validation of all aspects and practices included in the strategic pillars of the House Agility model. Following the results analysis gained by the application of the proposed methodology, company “A” have obtained a total score of 57% for the agility principles implementation [2]. The research results are shown in Figure 4. Analyzing the footprint agility for company “A”, the following observations have been made [2]:

- The company has an uneven approach on agility, TAMH pillars having various levels of implementation, which indicates the lack of a systematic approach to the agility implementation;
- Pillars II, III, V, VII and VIII have very good scores and that reflect the company's orientation towards continuous development, with a particular focus on achieving profit through new technologies, but also by developing suitable policies for the current state of the economic environment;
- Pillars I and IV are poorly developed (shown by the low scores) because change and innovation are not constant the focus of the company's management;
- Pillar VI is underdeveloped also, because of the organizational systems lack to promote accelerated learning, and on the other hand, the lack of constant focus on staff motivation beyond an adequate remuneration policy;
- Overall, in the case of company “A” there is a high level of practice defined, but the problem is the coverage and stability in implementing and promoting agility principles.

The second case study deals with the evaluation company “B”, which is a unit of production in the automotive industry, with approximately 400 employees in the production area, the company being in business for 10 years in Romania. Company “B” is part of a multinational corporation (competing with company “A”), being a major player in the market for automotive parts manufacturing industry worldwide. Similar to the first case study, the

research allowed the testing and validation of all aspects and practices included in the strategic pillars of the TAMH model. Following the results analysis gained by the application of the proposed methodology, company “B” have obtained a total score of 72% for the agility principles implementation. The research results are shown in Figure 4, in parallel with the research results for company “A” in order to support a comparative analysis of both companies. Analyzing the footprint agility for the company “B”, the following observations were made [2]:

- The company has a uniform approach on agility, the pillars defined in the TAMH model having similar levels of implementation, which indicates a systematic approach to the implementation agility;
- The calculated scores for each pillars show that they are all well developed in term of the agility principles implementation, the company having a well-defined and coherent approach to all practices defined for each pillar;
- Overall, in the case of company “B” there is a high level of agility practice shown by the coverage and stability indicators of the agility principles implementation that are over 70%. These proofs that company’s management ensure a synergistic approach for agility, focusing particularly on achieving a common vision and commitments.



Level of implementation Company “A” [%]	Pillars								Total score
	I	II	III	IV	V	VI	VII	VIII	
Actual level	54	68	57	44	59	40	60	75	57
Initial	50	50	50	50	50	50	50	50	50
Growth	90	90	90	90	90	90	90	90	90
Development	95	95	95	95	95	95	95	95	95
Maturity	100	100	100	100	100	100	100	100	100
Definition	90	97	90	90	85	86	99	100	92
Coverage	67	66	64	35	71	48	49	79	60
Stability	52	74	63	61	70	46	72	70	64
Level of implementation Company “B” [%]	Pillars								Total score
	I	II	III	IV	V	VI	VII	VIII	
Actual level	74	68	76	82	64	64	73	72	72
Initial	50	50	50	50	50	50	50	50	50
Growth	90	90	90	90	90	90	90	90	90
Development	95	95	95	95	95	95	95	95	95
Maturity	100	100	100	100	100	100	100	100	100
Definition	90	97	90	92	85	86	99	100	92
Coverage	79	66	81	95	82	77	76	74	79
Stability	85	74	88	84	70	72	72	70	77

Figure 4. The agility footprint and agility evaluation results in the case of two organizations [2]

4. CONCLUSIONS

The paper emphasized the characteristics of the new business management paradigm that is focus on agility. The main causes of this new business practice are given by the unpredictable, rapid and constant change of the business environment conditions, the high level of competition and the need for organization's sustainable development (limited available resources that should support high level of performance, efficiency, effectiveness and profit but without neglecting organization's social impact).

In order to operate under the pressures of the new business paradigm there have been proposed (designed and described) the TAMH model and an associated methodology for the agility principles implementation in organization. TAMH is a holistic management model that allow the development of an agility evaluation and/or methodology (operationalized through an Excel application) with the aim of increasing organization's adaptability to suggested and needed undertaking changes of the internal and external environment.

The implementation of the TAMH model and methodology will better valorised the actual managerial methods and practices by creating synergies between different organization areas and managerial levels, having in the background the business processes continuous improvement targets (proofed by the presented case studies).

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