

Governing Energy

Going Agile

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Prologue

This is the first in a three-part series. The remaining two parts will be published in May. These three editions of the blog will address critical issues the energy sector must address in the current market environment—how to develop Organizational *Agility, Resilience* and *Sustainability*. At the conclusion of this series readers will have access to our online Economic Value Proposition Matrix® model to assess the impact Organizational Agility, Resilience and Sustainability (OARS) can have on their business.

Part One

The construct of organizational agility has been around for over a decade.ⁱ Enabled by Information Technology by now all organizations should have achieved substantial agility. So what happened on the way to achieving agility?

Leadership! Leadership! Leadership!

Organizations are seen as agile if they can respond to conditions and behaviors, make decisions and capitalize/respond to opportunities/incidents more rapidly than others. Demonstrating this ability is often the subject of IT enabled case studies and the focus of software sales initiatives.ⁱⁱ

However, becoming agile is not a function of the software license a firm chooses. Rather, it is a function of the organizational mindset or its Culture.

An organization cannot simply will itself to be agile, it must invest in the transformational process to change its culture. Before this investment is made, management must answer two questions. What is an agile organization? How will agility impact our bottom line and add stakeholder value?

We have already partially answered the first question. **Conditions**, whether market, technology, regulatory or other can change very rapidly. As of this writing, the recent earthquake in Japan is affecting various automotive global supply chains.ⁱⁱⁱ

This incident was beyond control of that sector, or was it? Japan is a well-known earthquake prone geographic area. Preparation for the inevitable is critical.

The **Behaviors** of the automotive companies affected can make difference not just in the short-term but sustained into the future.^{iv} Supply chain disruptions are commonplace. How the firm responds is often a function of the **Relationship** it has with its vendors, government agencies and other sector constituents including customers and the public.

The agility of an organization is a function of its **R B C** model.^v Strong linkages between the three elements indicate a high degree of agility. Conversely poor linkages or even broken linkages suggests poor or no communication amongst economic actors involved and lack of agility.

No IT system can overcome the above problem. Rather the R B C processes must be identified, understood and documented before IT can become an enabling effort.

Moreover, much of an organization's agility is outside its so called IT Firewall. Information systems that do not tightly couple those third party linkages weaken responsiveness.

The Agile Line

The "what's in it for me" question must also be adequately answered. Transforming to an agile organization is not without costs in time, opportunity and cash flow. The economic value must be understood beforehand as well as sustained going forward.

Industry and non-sector "good practices" can be a good anecdotal starting point; however, each firm must undergo an in-depth analysis of its particular situation. Questions must be asked across all departments.

How would your department benefit if ...? The answers to these type questions must be codified in economic terms.

Simply saying, "adopting this agile process will save you 20%" is not satisfactory and often not demonstrable; hence it is unbelievable. The impact on cash flow, missed opportunities, etc. needs to be documented in understandable terms.

The financial numbers must speak to the decision-maker or **Leader**. There is only one decision-maker. It may be the CEO, or it may be a Board of Directors issue but only one entity is the economic buyer. Once Leadership internalizes the value of agility, the transformational process begins.

What is the Value of Agility to Your Organization?

About the Author

Dr. [Scott M. Shemwell](#) has over 30 years technical and executive management experience primarily in the energy sector. He is the author of six books and has written extensively about the field of Operations Excellence. Shemwell is the Managing Director of The Rapid Response Institute, a firm that focuses on providing its customers with solutions enabling operations excellence and regulatory compliance management. He has studied cultural interactions for more than 30 years—his dissertation; *Cross Cultural Negotiations Between Japanese and American Businessmen: A Systems Analysis (Exploratory Study)* is an early peer reviewed manuscript addressing the systemic structure of social relationships.

End Notes

ⁱ <http://www.amazon.com/The-Agile-Enterprise-Reinventing-Organization/dp/0387243739>

ⁱⁱ <http://www-01.ibm.com/software/rational/agile/casestudies/>

ⁱⁱⁱ <http://fortune.com/2016/04/17/toyota-earthquake-disruptions/>

^{iv} <http://www.forbes.com/sites/ciocentral/2012/03/13/japan-one-year-later-the-long-view-on-tech-supply-chains/#1f6d277751a>

^v Shemwell, Scott M. (1996). *Cross Cultural Negotiations between Japanese and American Businessmen: A Systems Analysis, (Exploratory Study)*. Unpublished doctoral dissertation, Nova Southeastern University, Ft. Lauderdale.