Mind the Agility Gap

WHY HR AND LEARNING EXECUTIVES ARE FAILING THEIR ORGANIZATIONS

88% of global HR leaders say building the "organization of the future" is their biggest challenge.

But only 11% say they "understand how to build it."

79% of organizations are talking about the importance of Agility.

Only 19% are doing something about it in the next 12 months.

INTRODUCTION

Travelers on London's underground rail system known as "The Tube" hear frequent loudspeaker announcements to "mind the gap." This warning is meant to alert riders of the potentially dangerous space between the platform and the actual train.

This whitepaper is a warning to HR and learning executives of the potentially dangerous gap between what organizations must do to achieve long-term success and the current lack of HR focus on developing agility across the organization.

LACK OF RESPONSE TO C-SUITE PRIORITY

Many recent research studies, presentations and journal articles show that agility is a top priority for organizations and their executive officers. Unfortunately, there also is evidence that those people with responsibility for this area – primarily learning and development departments – are often not acting on those responsibilities.

In fact, new research of North American HR and L&D executives from The TRACOM Group and global research firm Aranca, exposes a troubling lack of preparedness and effort to develop agility skills, despite the fact that these professionals and their leaders say agility is crucial to long-term success. This research exposes an Agility Gap which is a significant threat to these organizations.

In the study, *Organizational Agility* was defined as "as the capacity to recognize, create and capitalize on opportunities in a world full of disruptive change." Capabilities in these areas are consistently ranked by senior executives as critical for sustainable growth and success.

While 70% of survey participants said their senior executives were talking about the importance of agility and 80% said their Learning and Development organization had been directed to develop this capacity, less than half of their organizations have a program to develop these skills.

This disconnect between executive strategy and training execution is further highlighted by the fact that 57% of respondents said agility training was not among their top training priorities. Participants were specifically asked to reconcile the lack of effort to develop skills they say are crucial and have been prioritized by the C-suite. A lack of funding and uncertainty over how to develop these skills were frequently cited.

One survey participant explained his situation with frustration. "We would like to develop agility skills, but there is no funding in our budget for the next 12 months," said the Human Resources Manager for an aerospace and defense contractor.

So when it comes to agility, everyone is talking about it. Most believe they need it. Yet few organizations know what to do about it. This is because many leaders tasked with driving agility are confused about where to begin.

WHAT AGILITY IS

Agility isn't a new problem. McKinsey has studied the subject at least as early as 2006, and the Economic Intelligence Unit released studies identifying an Agility Gap in 2009. More than a decade later, there still is not a common definition or approach to agility. Perceptions of what agility is, who it's for and why it's essential differ between leaders and across industries. And efforts to implement agile approaches tend to be isolated within only pockets of a business and not organization-wide, where the impact is greatest.

So, first let's clarify what agility is (and what it isn't).

Agility is defined in two variables – Personal Agility and Organizational Agility. Without the former, the latter is improbable, but they share common attributes.

- *Personal Agility is an individual adopting a flexible mindset that promotes the generation and implementation of original and useful ideas.*

- *Organizational Agility is the capacity to recognize, create and exploit opportunities in a changing environment.*

Agile companies foster innovation and evolve more successfully than their competitors by capitalizing on opportunities emerging around them. But becoming an agile company requires having agile people throughout the organization.

WHAT AGILITY ISN'T

Agility is sometimes confused with things such as Design Thinking, Learning Agility, Agile Process Development or even broad Innovation methods. While some of these concepts overlap or support more intentional approaches to solving problems, they are not sufficient to create *Organizational Agility.* Why? Becuase they don't provide specific strategies that are actionable and relevant across an entire company. They also lack the essential brain science to affect behavioral change among employees. Agility is both a mindset (the way we think) and a way of behaving (act/react) that, combined, help people change and adapt to shifting circumstances AND work to implement changes more readily.

42% of companies surveyed don't have an agility program planned due to lack of budget or no clue where to start.

Food Chain Uses Agility Training to Overcome Change Resistance

Like many of its competitors, a global casual-dining restaurant chain began losing market share in 2016. Worldwide sales were flat or falling and the CEO of the Australia division wanted a change. He asked his leadership team to come up with new ideas to grow revenues and regain market share. But every time the group came up with new ideas, they crumbled when time came to discuss how they could be implemented in hundreds of dispersed locations.

In other words, the ideas sounded good but never made it from ideation to execution. The CEO probably heard every way possible that someone could tell him, "This won't work." He recognized that he had more of a change resistance problem than an operational problem. Human biases were at work, undermining the progress he wanted to see. In this case it was the "status quo bias," where we have a tendency to stick with what currently works, even if it doesn't, and to make conservative decisions. We anchor ourselves in the past instead of considering what's needed for the future. We become resistant to change even when it's clearly needed.

The CEO set out to change how his senior leadership team thinks. He asked the leaders to start adopting the best thinking by simply implementing an idea in one or two restaurants to see how it goes. After they determined what works and what doesn't, the best ideas would be handed off to operations specialists and supply chain managers to figure out how to make the idea work in all locations.

The company provided leaders and individual contributors with TRACOM's "Unlocking Personal Agility" training. This helped them recognize, create and exploit opportunities in their changing environment. Participants learned about the cognitive biases that hold them back and developed specific strategies to overcome them. It included multi-rater feedback, so participants get a full understanding of their current agility-related strengths and weaknesses as well as direction to develop those skills.

> *"Agility can help us reevaluate processes. It is important especially in a market where we have global competitors and need to act quickly."*
>
> **- HR DIRECTOR, FORTUNE 2000 PACKAGED FOOD COMPANY**

The training helped by removing that "anchored mindset," and the team began operating more like a lean start-up. Many new ideas were implemented successfully using this new process. Today this division leads the world in many of the corporation's key performance indicators.

WE ARE ALL BIASED!

To achieve agility, it's necessary to educate people about the profound influences that cognitive biases have on their thinking and behavior, and how changes to daily habits can mitigate those effects. All people are affected by cognitive biases – errors in thinking that lead to mistakes and bad decisions. We develop these biases over time because our brains become lazy; we create habits so we don't have to expend too much energy thinking about what we're doing.

The side effect is that we often make mistakes and bad decisions without realizing it. An example of how a cognitive bias operates is when people drive home from work. They've driven the same route so many times that their brains switch to autopilot mode. This "autopilot" brain function works fine until distraction leads to a collision because their brains aren't paying attention to what's going on around them.

Cognitive biases have a strong effect on people's ability to be agile. For example, most people stay with their routines; they buy the same products, eat the same foods, and visit the same places. They make conservative decisions and stick with what is familiar and comfortable, even if it isn't working. This is called the status quo bias and it is one of the primary reasons why people, and organizations, are not agile. People anchor themselves on the past instead of considering what is needed for the future, and they focus too much on narrow goals, often missing opportunities that are right in front of them but unseen. These biases prevent organizations from developing the new ideas and insights that are necessary to compete. The good news is that these biases can be overcome by simple changes to processes.

THE ROLE OF L&D PROFESSIONALS

One of the reasons L&D professionals have such difficulty finding good solutions is that agility seems like a murky concept. In TRACOM's Agility Study, only four of the 75 respondents (5.3%) could name a vendor-provided agility training program or assessment. Just four others said they had developed their own training materials.

According to research by Forrester, one of the biggest barriers to creating an agile culture is a lack of structured processes or procedures. A survey of CEOs by PWC found that the most important ingredient for successful innovation is a culture that fosters and supports agile thinking. This is where L&D can "close the gap" and influence their organizations. Agility training provides the processes that teams need to become agile. By learning about the cognitive biases that hold them back and practicing new strategies to circumvent old thinking, teams learn to become more innovative. They learn how to collaborate on idea creation and implementation, using specific processes to ensure that the best and most feasible ideas are put forward. This is a "bottom-up" approach, where increasing the agility of individuals and teams influences organizational agility.

Research shows that agility can be learned. But, it's not as simple as telling people to "think outside the box." In fact, such clichés are useless and often backfire since they lead people to believe that there is some magical ability that they don't possess. Instead, to become agile, people need to recognize that everyone has the ability to be creative and to see good ideas through to fruition. It is simply a matter of having the right tools and processes in place, which allows people to change their behavior and mindsets. Shifting people's thinking about innovation and how to achieve it is crucial for creating an agile culture.

"We want employees to be part of our change and to act like an owner. Agility will allow us to best serve customers."

- SENIOR L&D OFFICER, PACKAGED FOOD COMPANY

> *"Our project types are changing. Our stakeholders and decision-makers are changing. Agility training is necessary for company-wide, global success."*
>
> **– NATIONAL HUMAN RESOURCES MANAGER, RETAIL STORE OPERATOR**

The Impact of Agility Training

The TRACOM Agility Model measures aspects of agility including openness to new ideas, focus on important things, confidence, proactivity and collaboration. Participants in TRACOM training receive a detailed Agility Profile based on multi-rater feedback from others. This identifies areas of strength and helps the Learner target the agility skills that will most enhance their work efforts.

TRACOM has conducted agility training on all five continents and has agility data from thousands of people. This allows an analysis of how agility skills connect to important workplace results. A review of employees from a major consulting firm who received TRACOM's Agility training found significant differences between those with low agility skills and those with high agility skills.

High-Agility employees were:

- *Rated 35% higher as "an initiators of change"*

- *39% more likely to be described as "a go-to person for innovation"*

- *Rated 34% higher in "entrepreneurial skills"*

- *21% better at "anticipating future challenges and opportunities"*

There is a strong connection between agility skills and performance in the workplace. TRACOM's Unlocking Personal Agility course develops these agility skills and turns your employees into a force for long-term organizational success.

THE AUTHOR

CASEY MULQUEEN, Ph.D.

In his role as Senior Director of Learning and Development for TRACOM Group, Dr. Mulqueen is responsible for leading the company and clients in developing and implementing learning solutions that reflect the latest science within the field of organizational psychology.

Dr. Mulqueen has worked with companies across the world to develop more effective teams, sales processes and large-scale change models including organizations such as EY, PepsiCo, the Environmental Defense Fund, Reed Elsevier, and ExxonMobil.

IMPLICATIONS & NEXT STEPS

L&D executives recognize the importance of agility skills but too often aren't doing enough (or anything) to develop them. Regardless of the funding barriers and lack of internal expertise, they are failing their organizations.

CLOs and Chief HR Officers have moved into the executive suite to combine strategic vision and solid execution. While research shows a significant disconnect between those two responsibilities, it's possible to close the gap with training. Learning executives must lead the way in delivering the agility capabilities that they already recognize as crucial to their futures. The good news is that there are practical techniques that individuals and teams can readily learn and apply to jumpstart an agility movement. Organizations that develop agility will create and maintain a competitive advantage in today's fast-changing environment.

ABOUT THE SURVEY

Phone interviews with HR, training and learning executives from multinational companies employing at least 2,500 full-time employees were conducted from November 2017 through January 2018. Half of survey respondents worked for organizations with 2,500 – 10,000 employees and half with more than 10,000. All phone respondents were based in the United States or Canada, though their companies may be headquartered elsewhere. All respondents had the title of manager or higher and were involved in "selecting or authorizing training programs" for employees in their organization.

ADAPTIVE MINDSET®

FOR AGILITY

ABOUT THE
TRACOM® GROUP

THE SOCIAL INTELLIGENCE COMPANY®

[WHY we do it] We believe that improving peoples' understanding of themselves and others makes the world a better place.

[WHAT we do] We synthesize our discoveries into actionable learning and resources that improve an individual's performance in all parts of their lives. We call this Social Intelligence.

[HOW we do it] Through research and experience we uncover the hidden barriers to individuals achieving their maximum potential and identify how to help overcome them.

WWW.TRACOMCORP.COM
INFO@TRACOM.COM
303-470-4900