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Is Your Corporation Agile?

By Ed King - Corporate Rejuvenation Specialist, Turning Point Strategies

In a study recently conducted by Booz Allen Hamilton, next to top line revenue growth, corporate CEOs identified "improving corporate agility" as their most important goal. These CEOs understand that they are in a race to keep up with their rapidly changing markets. They realize that those who know their customers best and respond to them fastest have the best chance at sustainable success. Unfortunately, most CEOs and their companies don't know if they're truly agile and don't have a plan to become agile.

Adapting quickly to and anticipating changing market conditions is becoming increasingly important in the race for corporate agility. Technology is driving change in industries every day. Any competitive advantage based on features of a product or service is almost impossible to maintain. Faced with an increasing number of options, customer's expectations are increasing. Shareholders only have two demands; "Pay me more now!" and "Pay me more later!" Faced with these circumstances, how does a company survive, let alone thrive?

The power of corporate agility lies in getting close to customers and staying there.

Corporate agility starts and ends with the customer. If you understand what customers really need, and give it to them before your competition does, everything else will take care of itself. By knowing their customers better, companies will understand the innovations they crave. Companies can get one step ahead and stay there. If companies know their customers really well, they can anticipate their needs and satisfy them before your other choices or competitors find a way to. They can be there first with the most and get better margins and create more loyal and more profitable customers.

But the value of corporate agility goes far deeper than knowing and anticipating customer needs. It's a matter of survival. Chances are, when a business is founded, the owners were intimately familiar with their first customers. The owner would talk with them, get to know them, take them out to lunch, personally follow up with them, make changes for free and do whatever it took to satisfy and even delight these treasured customers. Their passion was apparent. They were working with a real person, someone they could connect with and relate to.

As the company grew, they hired more employees, instituted processes and procedures, increased the breadth of their product and service offerings, tried to squeak out a little more profit anywhere they could. They may have "outsourced" some services or might even have "gone public."

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These tactics were, for the most part, based on their desire to increase profits. There's nothing wrong with profits. Profits are wonderful. But when profits get in the way of customers, it's a problem. The drive for profitability may have helped the company climb the staircase of business success, they may also have left their customers somewhere on a landing.

Nothing is more tragic in business than to see companies lose profits just by not paying attention. Many companies don't "get it." It's first about the customer, and creating value for the customer. If a company can concentrate on that, the profits will take care of themselves.

So, how does a company get close to customers and become more agile? By formulating a *corporate agility plan* to measure and manage its performance. This plan should consist of four main components:

1. A mechanism to sense and define meaningful changes in the market
2. A system for responding to, or even better, anticipating those changes
3. A plan for communicating response to the market
4. A way to rapidly & accurately understand how the market is perceiving the company's response

By nature, smaller companies can make decisions faster than the monolithic big boys. It's a huge advantage, but it's not all they need. The first step is recognizing that a decision needs to be made. Without the ability to sense that change is occurring, a small company may never know a decision is required or understand the question they should consider.

Larger companies might have the sensing mechanism in place, but they can take far too long to decide what to do. The key to corporate agility is running through the cycle from sensing to responding to understanding, faster than competitors.

How long does it take you to sense and define a change, decide what to do about it, make the necessary modifications, communicate with the market and understand their reaction? If CEOs don't know, and don't have a plan to do it faster, that noise they hear behind them is probably someone gaining on them.

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