Enterprise Agility: the paradox of true agility with Michael Bazigos

TALKING AGILITY PODCAST TRANSCRIPT

Welcome to Talking Agility, a podcast from Accenture. Your host is Elitsa Nacheva.

Elitsa: My guest today is Michael Bazigos. Michael is the Global Managing Director of Accenture's Organization and People Analytics business. His work focuses on performance through data-driven insight-led consulting. Michael joins us today from my favorite city in the world, New York. Welcome, Michael. It is a real pleasure meeting you.

Michael: Thanks Ellie. I appreciated the opportunity to talk.

Elitsa: To start with, I wonder if you might describe to us the kind of work that you do with our clients –and more specifically focusing on making the connection between analytics and agility.

Michael: Sure. That comes in a couple of different ways.

One way that we work with clients is to help them navigate through transformation, any kind of transformation. It might be a good to great transformation. It might be a transformation to move to digital culture. It might be actual digitization or automation of work processes, but whatever it is, it turns out that there are certain commonalities about how change gets done, and at Accenture we've developed the capability. We call it "Transformation GPS" and it's an analytic system that's based on an analytic layer of advanced analytics that has been put on top of, sort of like a mushroom cap, on top of an archive of over a million and a half employee responses, covering 600,

almost 700 change efforts, across a couple of decades, with over two hundred and fifty companies.

And we have a model for change that includes 10 different drivers and a couple of situational variables that we measure. We can tell with a high level of scientific certainty which levers of the ten and how many and in what sequence a client needs to pull in order to get to a higher performing end state.

The philosophy behind it? To manage by the evidence because everybody, it turns out, thinks that they can do change until change actually happens, and there's a wide variety of outcomes that we've seen among our clients and out there among non-client companies also. Some of those make the news.

Most change efforts actually don't have a high rate of success. We believe that by taking an evidence-based point of view and playing the odds, aligns a probability-based decision support system that helps them make better decisions. Sort of like the movie *Moneyball*, where a pretty mediocre team ended up winning the World Series simply by making thousands and thousands of small decisions that played the odds, like putting the same-handed pitcher against a power batter. Turns out that's the best thing you can do – doesn't guarantee that the batter won't get a hit, but it actually does a lot better than having the opposite-handed pitcher in there. We do the same thing organizationally.

So that's one context, giving clients evidence-based support navigating their change journeys. We became interested in the topic of agility and that is because we noticed that some companies just seemed to be more naturally responsive in the face of needing to change than others. And it wasn't many companies, so we used internal organizational survey data that we had on almost 300 different companies over one period of time. And we looked across these companies, and by the way there were something like 180,000 responses subsumed under this, and we really, really mined, we tortured the data you could say, and we came out with two factors that were really important in explaining which organizations were truly agile and separating them from the ones that weren't. We were actually able to put scientific validity behind our instincts.

One of the factors was something that we call velocity and adaptiveness which everybody assumes is synonymous with agility. And it's important and it's necessary but it's insufficient, because the other thing that these companies needed was a certain foundational base of stabilizing processes, people, and structure. And the idea, the very idea that velocity and adaptiveness, or speed if you will, and stability were something that companies could maximize at the same time, was counterintuitive. People think speed or stability: pick one, you can't have both. Well actually a small percentage of our companies, the companies we studied, about 12 percent did have both. Those were the ones we call truly agile because they had ability to maintain their balance, if you will, even as they were pushing the throttle and moving at ever greater speed. They were the ones who were first to market new products and services, it turns out. They were the ones with, over the long term, had better financial results. We looked at the truly agile companies in our database and compared them on a financial metric called EBITDA. It's typically stands for earnings before interest, taxes, depreciation and amortization, and when we looked at the 9-to 10-year history of truly agile companies and compared them with all the other companies in our database, they far, far outperformed all of the other companies. And we think there's something to that.

It was the same companies that had high levels of speed, velocity, and adaptiveness, and high levels of what we call a “foundational base of stability” that gave them the edge.

Elitsa: And for the benefit of our listeners, was there a specific industry that these companies were coming from, or was it a spread representation?

Michael: It was statistically a spread representation but although there were no outright statistically significant differences, there were some broad patterns that we saw. And it turned out that organizations that came from regulated environments, like financial services for example, had an overrepresentation of organizations that fell into a category we called “at risk.” What that meant was, you had low levels of velocity and adaptiveness and relatively low levels of stability.

There were other industry sectors that fell into that. Energy companies and pharmaceuticals and two other regulated industries were in there.

It was interesting to us though that some companies within that, even within that, there were some companies that still made it into truly agile and it was always interesting to understand what made those companies different. And against the same the very same backdrop of regulation and scrutiny, they were able to still move at speed, maintain velocity and adaptiveness, and as far as we know to this day stay "clean," if you will, with regulatory agencies around the world.

Elitsa: It does make sense that financial services firms may score lower on the velocity and adaptive ness when compared with other industries, given how all these organizations are from the perspective of they have been founded many, many years ago, and they are naturally trained to mitigate risk and uncertainty. And to me, working with my clients, I do see that from a behavioral standpoint on a regular basis.

But the financial services companies also scored low on having a strong stabilizing backbone or foundational base. Did that finding surprise you? And how would you and your team account for that result?

Michael: That was a little surprising to us because we thought that many of the same institutions that we looked at were the same institutions that actually had a fairly long history as corporations, and we know that financial services firms rely, perhaps sometimes arguably over-rely, on prudent risk management and large capital reserves. We did see some of that. Some of the findings of being a little bit lower on stabilizing base may have come from the disruption that some of these companies are beginning to face from fintechs (you know, young nimble financial services firms), and undoing established processes in order to move faster and do things differently. So, it may be we surveyed them at a time when they were at a pivot point going through change.

We also think that the importance of leadership and culture reigns supreme, and that is one thing that can give an organization higher scores on stabilizing foundational base as we call it. It may be that because we are seeing a business era, probably business decade, where CEO tenures are getting shorter and shorter, organizational culture is being sometimes turned on its head. With the advent of large shocks to the system, large exogenic shocks to the system – think of 2008 or 2007 through 2009, a great global recession, the hit the financial services industry took, that may have caused a certain amount of destabilization which reflected in the survey scores.

Elitsa: We've always said that true agility requires both speed and stability. And we often talk about learning to ride the bike but I understand you prefer to use another metaphor. Would you tell us which one it is?

Michael: It's a motorcycle. We have to show a picture when we present on this of a gigantic and I might say, you know, fat, squat motorcycle called the Dodge Tomahawk which can reach top speeds of 350 miles an hour, or for the non-US part of the world, 560 kilometers per hour.

Elitsa: Wow.

Michael: Exactly. And so how does it go so fast without tipping over? And you know, personal disclosure, I own a motorcycle license, but I did not feel like I could be on that bicycle even at a low speed when I saw how solid and thick it was. What it did have was a massive stable wheelbase. Doesn't look like a classical motorcycle wheel of the kind that we all know. It's got to be at least 18 inches, about a foot and a half in width, and it has a double front tire and a double back tire. Well, that to me symbolizes, metaphorically, organizational stability, because this is a motorcycle that's going to go at top speed and there is no chance, it seems on visual inspection, that this motorcycle will tilt, spill over, because of a small dent in the front or back wheel or a wobbly wheel. These are really solid wheels. And so we thought that the faster an organization moves, the more stability it needs in order to prevent it from, you know, losing balance. And that's the motorcycle image we use.

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Elitsa: Do you think people are surprised by an analytics-based approach to transformation? And in in your experience having encountered examples of accepted sort of common wisdom about change with the data that actually does not support?

Michael: Yeah, I think so. So, one piece of accepted wisdom or received wisdom is that all big change comes from the top. There are enough examples of where change did not come from the top, but actually the top either had created the conditions that allowed bottom-up innovation to occur, or it happened and management was smart enough to see what was going on and amplify it.

And an example of the latter comes from the Chief Talent Development Officer, Chief Talent Officer I believe, of General Motors, Michael Arena, who documented in a book that was recently released, the path that General Motors traveled to move from what most people had perceived as an old stodgy, organization that couldn't do much that was new, just by dint of size, to an organization that actually made a few really nimble and, in some people's eyes, unexpected moves, especially after their second version or rebirth following the bankruptcy of the late 2000s.

So, what happened was there had been an organization within GM that was charged with innovation. That was broken up and distributed across a number of different parts of the enterprise, but these people had worked together for a while and they had "social glue." That's an unofficial phrase but what it means is they had a good amount of trust between each other. They sort of had a feeling of interdependence and a feeling of community. And although they were officially broken up and dispersed into so many business units, they stayed in touch. They began innovating and holding what today we would call design thinking sessions. And they began to focus on one particular one of these groups on figuring out new ways to capture the hearts and minds of a new generation of buyers that was hitting the consumer market, whose first choice of vehicle may not have been a Cadillac and they were focused on the Cadillac brand.

There came a point where they asked a number of people in their own design thinking session, who were millennials, early millennials, what they thought of Cadillac. They said, well it's a pretty good car. But, you know I'm not into owning anything. A lot of people, a lot of my friends, people my generation, we're into experiences, but I'll tell you what, if you let me have, say, a Cadillac Escalade one week and a sport coupe the next week and some other car the following week, you know, kind of like Zipcar style, and you formed some kind of a lease-ish financial arrangement, I might be interested in that. And that's how a program called Book by Cadillac was born. And that became a winner.

Michael Arena captured that and, at some peril, perhaps, to his career, because he received initial pushback, he began sponsoring more and more of these sessions. And the results continue to be good. They found some executive sponsors really quickly. But here's an example of where success came bottom up. It was not a top-down program in fact if it were that way one could argue it may have been killed before it started. It was adopted and now becomes part of the lifeblood of some of the more innovative and genius design processes of that organization.

Elitsa: Yes and we, at least in my work, we borrow the principles of design thinking very often to co-create with our clients and really work together. And that was a really great example Michael and it sort of brings the point that agility is more than just doing Agile or moving agile beyond IT. It's about employees stepping up to embrace ambiguity, embrace a different mindset, a way of working, but also leadership working in order to sustain that type of mindset.

So that was a very powerful example. And on that note also I would like to very much thank you for your time, for spending some time of your busy morning to speak to us about enterprise agility, about the transformation GPS. I'm sure we're going to share a link to our research findings on our website.

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