BPM and Lean Peter Matthijssen

The 7 Key Capabilities of the Adaptive Enterprise

In my previous Column I discussed the challenges that many organizations are facing today. My main message was that organizations need to become more adaptive. However, it is not easy to transform into an adaptive enterprise, where change is the norm. One of the issues is the complexity that many organizations carry with them. Complex products, applications, processes, rules, culture and behavior make it very hard to plan and execute change. Furthermore, complexity leads to uncertainty, and uncertainty is a very poor basis for change. To develop an adaptive enterprise, the people involved need to change the way they look at, and manage, change.

Of course I need to be modest: I don't have all the wisdom to draw your roadmap to creating an adaptive enterprise. Organizations have different cultures, different products and services, and operate in different markets. There is no one way to success. That being said, we can distinguish specific capabilities that are key for organizations to become better at changing. I compiled a list of seven key capabilities, which I think are crucial for your organization to become an adaptive enterprise.

Capability 1: Ability to *See* what is happening in the outside world

Being adaptive requires being aware of what is happening in the world. I believe organizations should utilize all available sources to collect, combine and exploit information. And the good news is that in many cases a lot of information is already available within and outside of your organization. In the adaptive enterprise you continuously gather and combine information from all levels and corners of the organization and its environment. If you want to know what's on the mind of your customer, your best bet is to talk to the customer, or someone from customer care.

Capability 2: Ability to *Know* how your organization works

If you want to move forward, you need to know where you are coming from. Insight into the current state of your organization is essential in order to define the impact of change and to plan necessary actions. This insight encompasses a wide range of topics, including strategy, architecture, organizational structures, processes and

applications. Values, culture and behavior are equally important (maybe even more important) elements that make up your organization. Your main challenge is to understand the different elements and their relationship to drive, guide and support change (instead of battling with an organization that doesn't want to change).

Capability 3: Ability to *Control* your current and future operations

When daily operations are under control, you don't have to fix issues from yesterday and today; you can focus on tomorrow. So control is important, but striving for too much control could also slow down or even block change. In the adaptive enterprise there is space for experimenting and making ad-hoc decisions. The challenge is to provide enough control to ensure success today, but also enough freedom of movement to create tomorrow's business.

Capability 4: Ability to *Guide* your organization in the chosen direction

Vision and strategy are management instruments that guide organizations in the right direction. Traditionally, many organizations strive for highly controlled change, using step-by-step and multi-year change plans. In the adaptive enterprise, this no longer applies. If you set a strict direction (and block alternatives), you could end up on a dead-end road, while the rest of the world has changed direction. Therefore, strategy processes need to become less rigid. Instead of having top-down control, strategy development and execution should become a collaborative effort, allowing and promoting out of the box thinking. You want to exploit the "wisdom of many, instead of the knowledge of one".

Capability 5: Ability to *Analyze* information and understand options

Organizations deal with enormous amounts of data. This raises many challenges: How to create insight? How to combine information? How to define courses of action? How to define the impact of change? How to select the best course of action? And how to do this all at speed in a constantly changing environment? The analysis capability is key for the adaptive enterprise. Acting only on gut-feeling will eventually make your organization fall behind. You need to be able to continuously process, combine and analyze information across different topics, disciplines and people.

Capability 6: Ability to *Decide*

In order to change successfully, decisions need to be made. Of course management has a central role in this. However, top-down, multi-layer management structures can also slow down change. In the adaptive enterprise, management makes the decisions that need to be made by them (e.g. on disruptive change), but also defines playing fields for local decision-making. Decision-making needs to be a *balanced* process, in which all relevant information is considered. Decisions that can be made at a lower level should not unnecessarily be sent up the chain of command. Many decisions are best made by the people on the shop floor, based on first-hand

experience, expertise and eye for real time developments. And of course, high impact, strategic and complex decisions should still be made by management.

Capability 7: Ability to *Act*: make change happen!

You may have the right idea about things, but if you don't act, change won't happen. You could argue that the 'ability to act' is a bit too obvious when we talk about change. However, in my opinion it is exactly this capability that makes the adaptive enterprise. In the face of all the complexity and uncertainty, it is a very normal reflex for organizations to stall. They do their projects and everybody is busy, but they fail to face the real challenges and act on these. By developing the aforementioned capabilities, you will improve insight, better utilize knowledge and create a sound basis for change. This seventh capability aims at developing a corporate mindset and culture to really make change happen. Change is expected; change is important; change is part of everybody's work; change is normal. Change is the new normal.

The good news about these *7 key capabilities of the adaptive enterprise* is: your organization is already working on them! I wouldn't dare to suggest that your organization doesn't control its business or can't make decisions. However, today's and tomorrow's volatile business environment requires organizations to operate these capabilities at an increasingly high level. The adaptive enterprise continuously improves its change capabilities.

But how do you build and develop these capabilities? IT is obviously a big cause and driver for all challenges that organizations face. Isn't it very logical to also use the power of IT to support change capability? I believe digital business design platforms will become more and more inevitable for organizations to maintain their pace of change. In my next Column I will share good practices on how to make your organization more adaptive.

I hope you will share your reactions to and comments on thus Column.

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