Agility training

In uncertain times adopting a flexible, fluid approach to planning can enable more creativity and encourage strategic thinking, says **Tony Grundy**

The concept of 'agile' was born out of software projects and can be traced back to the 1970s. It arose in response to project planning that tried to grasp the whole scope of a project – all of its deliverables, all of its options, all activities to be planned and all timescales, milestones and resources needed for the entire project up front.

Software projects are particularly vulnerable to uncertainty, caused by many variables that are not only volatile individually but when brought together cause havoc. But an agile philosophy can help strategic thinking and planning in coping with uncertainty.

'Agile' has many ingredients. It suggests that:

* all-singing, set-piece planning processes for complex, uncertain and interdependent issues are likely to be too ineffective, too rigid and ultimately fail to deliver much value
* where the end product (strategic decisions, plans and actual implementation) has to be innovative, a highly comprehensive and rational process is at best going to produce banal outputs and ones that aren't resilient in the real world
* once these plans are in their final form, they are likely to be set in stone and not adapted or steered to their destination around emerging obstacles.

Instead, agile prescribes that design planning processes should be:

* iterative, so that teams are willing to revisit and rework ideas
* possible to refine, re-engineer and stress-test against the strategy
* less formal and more fluid so that we are able to unleash greater creativity and explore ideas in unexpected directions
* incremental, so that that a first short phase is planned in detail and the next stage more broadly, rather than doing an end-to-end plan of the entire process in detail.

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These ideas are highly attractive to any strategic planning process where change is very fast and accelerating. A more iterative and fluid process also helps us digest surprising insights and abandon false assumptions. It also allows time emotionally for letting go of commitments to inappropriate strategies, and to switch agendas to support new options. Agile is sometimes associated with very loose brainstorming, freedom from any pre-conceived process.

According to type

But agile actually extends beyond the strategic planning process. It should encompass the strategy itself, regardless of type.

For example, business academic Henry Mintzberg identifies 'deliberate strategy' – one that 'has a clear logic, that is based on the position (internal and external), and opportunity-set of a company and is crystallised in a number of strategic decisions'. He also identifies 'emergent strategy' – 'a pattern in a stream of decisions or actions. It can typically be observed or discerned only after the event.'

Mintzberg's ideal is for these two forms to be in balance; just as someone walking will first move one leg forward and then the other, a company might experiment with some developments, find a combination that seems to work (emergent strategy), then refine it into a plan and formalise it. At that point it becomes a deliberate strategy.

Mintzberg's classic picture of emergent strategies is of little arrows neatly aligned in the same direction, like iron filings on a piece of paper after being stroked underneath by a magnet. That 'magnet' only exists in business through a rare combination of strategic vision, leadership and high-quality strategic thinking. But when that is not all present we see frustration, confusion and wasted resources, which is mostly the case.

Other forms of strategy are:

* 'submergent', where the strategy isn't working but is still committed to
* 'emergency', where the strategy isn't working and commitment is low, but no one knows what to do about it strategically
* 'detergent', where a strategy to sort out a mess is under way.

These strategies often seem to go around in a cycle, from deliberate-emergent-submergent-emergency-detergent and back to deliberate again. This is horrendously inefficient and value destroying.

War footing

So what exactly should an agile strategy be? A good start is to have a mix of mainly 'emergent-deliberate', but more is needed to cope with multilevel uncertainty. So a 'contingent strategy' is needed. As US general Tommy Franks said during the 2003 Iraq War, 'A principle of war is flexibility, flexibility is the key to planning. Plans don't last, plans are just there, plans are something in the future, and once you start you adapt as necessary.' In military strategy a 'contingent approach' is essential, given the interacting effect of many uncertainties. So why can't managers use a similar model?

Strategy is about managing a future that is often uncertain. All of strategy is thus a bet about the future. Any entrepreneurial approach to strategy recognises that all strategies and business plans are bets, but how can we improve the odds of success? And how do we manage strategies that are essentially contingent on aligned future states of the world? This is where the contingent strategy comes in.

Instead of making a single, relatively irrevocable commitment to a course of action, the commitment is held in as fluid a form as is possible, reducing exposure to the bet. Contingent strategy should, other things being equal, increase the strategy's return and reduce its risk.

A contingent strategy is committed to only when certain external and internal conditions are sufficiently aligned, and is then communicated as contingent, too. This fluid approach might heighten anxiety but could give better results, as learning would be optimised.

Having a contingent strategy requires resources earmarked in plans and budgets to be allocated and subsequently managed in a flexible way. Resource availability may be contingent both on achievement of key success indicators within the strategy itself, and on other alignment conditions – ie on the environment being as we assumed it would be. It also requires new processes for communicating, monitoring and adapting specific contingent strategies.

Focus on breakthroughs

It is best to focus on a really small number of strategic breakthroughs alongside more tactical, continuous improvements. Again, one of the weaknesses of conventional strategic and financial planning is that it attempts to sweep up everything that might potentially be on the planning horizon, so there is a lack of prioritisation and concentration of resources. This can be avoided through the Japanese philosophy of strategic breakthroughs: within a particular business you only focus on between one and three really challenging or new strategies. Then you take each one of these relentlessly to its target using agile or flexible strategies and plans.

If conventional planning could be likened to launching a missile from a specific location to a fixed target with a set trajectory, an agile process would be more like a cruise missile that navigates around obstacles as it goes, using a clever and very sensitive guidance system. **AB**

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