

# Designing sustainably agile and resilient organizations

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## Abstract

This article proposes that so powerful are the various forces for change in the business environment, in particular technological advances, that organizations must develop their adaptive capability—or agility—if they are to survive and thrive. An agile organization is one that can intelligently and proactively seize opportunities and react to threats and make timely, effective, sustainable changes that generate competitive advantage and give them some leverage in the marketplace or in their ecosystem. Yet scaling up for agility remains difficult, not least because the quest for agility calls into question organizational paradigms of various kinds—strategy, change management, the nature of leadership, and organizational design. The author provides a practitioner perspective on both the difficulties and the possibilities of developing organizational agility and proposes an adaptive approach to organization design and development that may offer a way forward for organizations wishing to become more agile.

## KEYWORDS

innovation, leadership, organizational agility, organizational design, strategy

## 1 | INTRODUCTION

Change is not new, but arguably the velocity and scope of change today is very different from in the past. The accelerating pace of global events, along with the flow of goods, information and capital around the world and the explosion of new technologies, are disrupting every industry, making previous formulae for business success largely redundant. “As we move deeper into the 21st century, we can realistically expect that pressures to change the culture, purpose and shape of organizations will intensify as the needs for flexibility, competitiveness, innovation, speed and punctuality improvements become even greater” (Hiltrop, 2005).

For business leaders, the first challenge is to manage at the rapid speed of business the context dictates. Organizations across a broad spectrum must respond to a constant array of change mandates—new business strategy development and deployment, merger and acquisition

integration, work redesign, community organizing, and more. Organizational change is becoming broad-based, system-wide, fast-paced, and with unpredictable outcomes because of constant turbulence.

Not surprisingly, many leaders aspire for their organization to become agile—able to adapt what they do, the strategy they pursue, the structures they put in place, how they work and the tools they use, the products they sell, and the channels they use—just to keep abreast of the way the marketplace is developing. However, various studies suggest that organizations typically struggle to become more agile (CIPD, 2014; Economist Intelligence Unit, 2009).

## 2 | A NEW ERA—CHALLENGING PARADIGMS

The fast-changing context and pursuit of organizational agility are calling into question paradigms of various

kinds. Take strategy, for instance. In a seemingly stable, linear world, companies believed they could predict what might happen in the environment, mobilize resources, and respond to the market. In today's context, we must move from a linear notion of strategy to an exponential one because we can expect more turbulence to come, if Hiltrop's predictions prove correct. Indeed, in her book *The End of Competitive Advantage*, Gunther-McGraw (2012) argues that no firm can maintain competitive advantage; instead, a firm must look to develop transient competitive advantage through customer-based innovation and multiple value propositions that continuously evolve with changing customer needs.

We use words such as “agile,” “adaptive,” and “flexible” almost interchangeably to describe the aspired-for organizational agility. Yet, Agile was a management breakthrough that has enabled software development teams to systematically achieve both disciplined execution and continuous innovation, something that was previously difficult to accomplish in 20th-century hierarchical bureaucracy. Since the Agile Manifesto of 2001, the concept of “agility” has been systematized into a set of management practices and values that involve a radically different kind of management with a different goal (delighting the customer), a different role for managers (enabling self-organizing teams), a different way of coordinating work (dynamic linking), different values (innovation, continuous improvement, and radical transparency) and different communications (lateral conversations).

Widening the concept further, an agile organization is one that can intelligently and proactively seize opportunities and react to threats and make timely, effective, sustainable changes that generate competitive advantage and give them some leverage in the marketplace or in their ecosystem (Holbeche, 2018). This goes beyond simply having an agile R&D department—a whole system capability is required if organizations are to rapidly adapt and interact effectively with the client environment and thrive in such a fast-changing context.

Adaptability implies ability to change; however, as is still commonly reported, around 70% of organizational change initiatives are thought to fail, perhaps because conventional change management tends to work in a linear, planned way, and we have not yet learned how to change at whole system level. Because agility is strategic, operational, behavioural, and dynamic, to create an agile organization, a single fix is not enough. If we attempt to change behaviours within the human system simply by adopting agile tools and techniques and without the underlying philosophy and principles of Agile, we are doomed to disappointment. Change then works only at superficial level—the underlying “informal” human system may continue to operate much as before. So,

companies need systemic change capability to develop an organization that is continuously adaptive, able to change its ways of working in order to deliver optimum value to customers and to do so at a moment's notice.

Organizational agility also challenges every accepted paradigm of good organization design. Conventional hierarchical organizations are typically designed as closed systems for stability and efficiency. Systems models such as the Nadler–Tushman Contingency framework (Nadler & Tushman, 1988) suggest a cause–effect linkage between the organization's input—its environment, history, and resources—its strategy and its throughput (work, people, and formal and informal structure)—to deliver relevant output at system, group, and individual levels. However, the escalating nature of demands coming from the business environment suggests that organizations should be viewed through an open and whole systems lens, where context is critical. Agile organizations operate as multifaceted networks with permeable boundaries that can flex to adapt to the situation the firm finds itself in. Within a networked system, these interconnections become ever more complex and lack the clarity often superficially provided by conventional linear or cause–effect approaches to strategic management. And the more complex the environment, the more difficult it can become for traditional hierarchical organizations to adapt and become agile.

### 3 | CUSTOMER VALUE AND ORGANISATIONAL AGILITY

The “glue” holding together an agile organization is a shared purpose (Springett, 2005). Agile organizations are obsessed with the purpose of providing customer value through knowledge and innovation; they are prepared to put in significant effort to establish exactly what their customers want and then put those things first. They are dynamically networked—to enable them to gather knowledge and use expertise as fast and as well as possible to produce customer value. They embrace experimentation and generate new learning, often co-creating new products with customers. They are ruthlessly decisive—and must be prepared to dispose of parts of organization that do not contribute to the goal of providing optimum value.

Adaptive organizations are able to keep pace with, or outpace, their environment through practising routines such as

- Anticipating—rigorous review of changing customer needs and industry forces and an evaluation of likely scenarios.

- Sensing—looking for trends and monitoring the environment to detect changes, especially anomalies in customer behaviour, competitor moves, and supply chain shifts, then rapidly communicating these perceptions to decision makers who formulate responses.
- Responding—experimenting and testing new products or services to respond to market shifts faster than competitors do.
- Adapting—building capacity to implement changes; reworking and testing some business processes and structures to fit the new environment.

Leaders in particular need the ability to sense what is going on, anticipate trends, analyse trends, possible developments, and strategize to synchronize three systems: the market, the organization, and the human. According to Snowden and Boone's (2007) Cynefin framework, when faced with a normal or complicated environment, leaders must first sense, analyse, categorize, and then respond. But when the world moves to complex and chaotic environments, companies must instead first probe or act, then analyse and adjust. Leaders must help their organizations become more comfortable looking out at an uncertain horizon and learning how to sense and act in real time. They must encourage testing, prototyping and then enable the organization to implement in a way that helps it move faster than the system in which it operates.

- Everyone needs to be externally aware and “savvy”—willing to voice views and possible solutions and allowed to act on such knowledge.
- Products and services need to be innovated continuously—to meet the demands of the market place and customers.
- Costs must be kept low on all fronts—tapping into the goodwill of local staff to implement cost-cutting initiatives while also innovating.
- Organizations need to be flexible and adaptable—in structures, roles, and responsibilities.
- Key staff need to be able and willing to continuously develop themselves—flexible sourcing and multi-skilling.
- Organizations should aim for high engagement with staff—to tap into the discretionary effort of all their knowledge workers.
- Organizational culture needs to be highly adaptable, agile, and organic, with everyone, regardless of rank, acting like they are the owner of the business with commitment to invest and contribute to its success.

The question is, can you move from being a conventional organization to an adaptive one? If so, how? Can

you design in agility or is becoming agile a more “organic” process? So strong are the drivers of agility that it is tempting to reach for off-the-shelf solutions. However, your approach should depend on your situation: for instance, whether you are in slower or faster markets, or if you are in an industry where things are relatively stable but complex, your response would be different from if your situation is unstable and complex, what Stacey (1996) refers to as the “zone of complexity.”

## 4 | THE CHALLENGES OF SCALING UP

If many organizations struggle to become more flexible and process-oriented, what are the main barriers to organizational agility?

Typically, these are reflected in rigid, bureaucratic structures, cultural practices and routines, and inflexible, complicated governance, which offer little scope for experimentation and learning. Such organizations are usually rife with top-down command and control leadership, narrow jobs, worker disempowerment, and politics. Leaders of “siloes” structures often resist notions of cross-boundary collaboration or the sharing of ideas and resources. Other barriers to agility include lack of capacity to act—poor implementation or investment, lack of synchronization that leads to frustration, gaps, and/or duplication. Attempting to develop agility in such contexts is likely to lead to conflicts—over the development process, business process, and between people.

A more significant barrier is fixed mindsets at any level. In particular, executives trained in the linear thinking typical of strategic management and focused mostly on short-term share value may be risk-averse to experiments or investment without “proof” that agility may pay off in the longer term. Some leaders may also lack the skill sets to deal with the inevitable paradoxes and ambiguities of complexity that are often false dichotomies, such as how to balance the long term and short term, whether it is possible to be both business driven and people driven, and how to achieve both innovation/enterprise and compliance.

In particular, agility stalls when the human aspects of change are neglected or misunderstood; when the real motivation for change is cost-cutting rather than innovation; and when the practices of Agile are introduced without the underlying philosophy and principles, such as empowerment, experimentation, and iteration. This is compounded when there is an unbalanced employment relationship in which the employee takes all the risk. When such factors are in play, the informal or “shadow” system will usually seek to actively undermine new

approaches. While emphasizing agility-building interventions such as systems thinking or creative problem solving, at an individual or team level may be helpful, if efforts to build agility across the organization are weak, then individual- and team-level efforts ultimately may fail.

In any case, agility alone is not enough. The corollary to agility from an organizational point of view is resilience, which is about robustness of systems, the capacity for responding, even re-inventing if required, in response to fast and/or disruptive change that cannot be avoided (Holbeche, 2018). After all, if you are experimenting, making decisions, and trying to implement fast, you are bound to make mistakes, so a culture is needed that—up to a point—can bounce back from mistakes and is conducive to learning. In one organization staff are encouraged to “fail fast” and “fix it quick” to create a culture of innovation and finding solutions.

Resilience at organizational level is about those factors that render an organization robust—anticipation, shared purpose, involvement, renewal, learning, leveraging knowledge, networks, employee engagement and well-being, the appropriate level of risk, and risk management. Together, agility and resilience create organizational changeability, the capacity for sustainable future organizational success.

## 5 | ORGANIZATION DESIGN

In the light of context changes, organization design itself also has to be adaptive, because traditional command and control structures and processes no longer enable or mobilize people in organizations. A conventional design process is usually top-down, often almost secretive in nature. Today, rather than working to a fixed, “best practice” design idea, it is more about empowering the organization to evolve its own structures in a timely way.

The traditional success factors of “good” organization design were about size, role clarity, specialization, control, and efficiency, whereas the new success factors are about speed, flexibility, integration, innovation, and cross-boundary working (vertical, horizontal, external, and geographic). One set does not replace the other, but the emphasis, indeed the whole paradigm, is shifting, along with design assumptions:

- From machine metaphor of organization (control, predict, re-engineer) to living system (self-organized, experience-based, a strong life force to be reckoned with);
- From directive to self-responsibility (assumptions: you can never direct a living system—you can only disturb it); and

- From traditional hierarchy to culture-focused organizational change (from focus on structure and system to paradigm and behaviour).

The living system metaphor works well because as humans and as organizations, we are complex. Of course, the usual human reaction to complexity is to try and simplify things in order to be able to understand and change them. However, if you try to fix one thing without understanding how all of the pieces fit together and if you do not work simultaneously on the whole, the bits that you neglect almost always cause failure.

Increasing numbers of organizations attempt to scale up agility by embracing innovative organization types (e.g., “ambidextrous” organizations like Microsoft that is set up to both explore new developments and exploit existing products and markets; “collaborative” organizations such as P&G; “self-organized” firms with distributed structures and emergent behaviour such as Wikipedia and Google; and “learning” organizations such as Toyota).

What such organizational archetypes have in common is less structure and hierarchy—those things that inhibit flexibility—than traditional organizations. That does not mean they do not have any, it is just that they are more organic. Flexibility is built in—to structures, systems, processes, roles, and people's mindsets. They are typified by flattish structures, teamwork, lateral integrator roles, and managers who coach and facilitate performance more than “manage” it. There is a whole process focus with clear customer value and the “right” levels of authority, accountability, and empowerment. With strong cross-organizational collaboration, teams can leverage knowledge and resource across units.

Of course, governance too needs to evolve, shifting from Tayloristic notions of authority and decision making. In an agile organization, individuals and teams at all levels have high-stakes work and, clear responsibilities and goals and are held accountable for results. A changeable organization balances innovation and risk management, keeps bureaucracy to the minimum, and has appropriate checks and balances (Adler & Borys, 1996; Saparito & Coombs, 2013). As one commentator put it, “On the one hand it's about the role of rules. There are some rules which enable people to be on the same page—for instance playing a sport. Then there are those rules which inhibit people's ability to be adaptive. Any group of people is inherently adaptive, but the moment that rules replace principles, you inhibit agility. So organizations aiming for agility should operate less by rules and be more principles-based. Then when people understand what's happening in the moment, they know what to do to translate principles into actions” (Verzera, 2018).

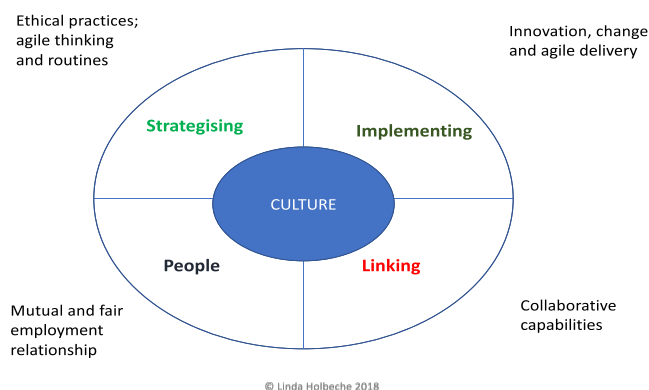


Organization design is, of course, about far more than structures. Galbraith's STAR™ model highlights the dynamic design system interlinkages between the organization's environment, strategy, structure, processes, technology, and people that in turn should produce the culture, behaviour, and performance required. So, a resiliently agile organization has a culture and a structure that are conducive to change in the context the organization is in, so that people come to feel that change is the norm and therefore is stable but dynamic. People are willing and able to give of their best in a sustainable way because they feel that both they and the organization win through their efforts.

There is a learning mindset in the mainstream business and also underlying lean and agile processes and routines that drive innovation. Such a culture is one that is sufficiently respectful of everybody's contribution that intelligence is regarded as a collective asset, and there are mechanisms whereby people can feed in their ideas, and they want to. So by implication, it is important that people feel they have a stake in the organization, that they align to the purpose of the organization, that they genuinely find their work meaningful, and they want to deliver.

## 6 | SCALING UP AGILITY

In my model of resiliently agile ways of working (Figure 1), adaptive organizations are able to manage complexity by developing new routines and ways of thinking and operating that require people to look at what is happening with new eyes, understand that things are not cause and effect with well-defined boundaries and mechanistic behaviours. It is important to see these routines (strategizing, implementing, linking, and providing the context for people to thrive) as ongoing processes rather than one-offs.



**FIGURE 1** Resiliently agile ways of working [Colour figure can be viewed at [wileyonlinelibrary.com](http://wileyonlinelibrary.com)]

## 6.1 | Strategizing

A key agile design principle is that people should understand and be involved in the success of the business. In a resiliently agile organization, the strategy-making process shifts—from being decided by a few and handed down to those who must implement to *strategizing*—which involves people from across the organization who are going to implement and who are in tune with what is happening on the ground so that they understand and own the direction of travel. This involves continuously looking outside, anticipating changes, and feeding customer intelligence into decision making. Staff may not necessarily be involved in *why* we are doing what we are doing nor in the *what*—it is more likely about the *how*. The task of senior leaders is to establish an aspirational purpose, develop a widely shared strategy, and manage the climate and commitment to execution (Worley, Williams, & Lawler, 2016).

Leadership and accountability should be exercised at all levels, with empowered decision-making and continuous feedback. A strong focus on customers, gives employees parameters within which their actions and ideas can produce dividends so they become proactive and committed to delivering results. Tolchinsky (Dannemiller, James, and Tolchinsky 1999) illustrates empowerment using the jazz band analogy. Different individual jazz players, skilled in their own right, willingly use their skills to the best effect to create wonderful music together, often extemporizing, often featuring solo slots, and spontaneously going with where the energy is to produce wonderful music for, and with, their audience.

On the other hand, Kelly (1995), in his “informed approach to complexity,” argues that context should determine the approach taken. He uses the machine metaphor of “clockware” to describe the conventional management processes involved in operating the core production processes of the organization in a manner that is rational, planned, standardized, repeatable, controlled, and measured. The living system metaphor of “swarmware” refers to the management processes that explore new possibilities through experimentation, trials, autonomy, freedom, intuition, and working at the edge of knowledge and experience. Sometimes, the mechanical approaches are most appropriate—for instance, where there are high levels of certainty and agreement among agents. Conversely, when the world is far from certain and there is little agreement (“edge of chaos”), swarmware is needed with its adaptability and openness to new learning. So, balancing data and intuition, planning and acting should vary according to the situation.

Viewing changing organizational systems through the lens of complexity emerging principles include

building a “good enough” vision; tuning your place to the “edge of chaos”. When life is far from certain, it’s important to lead from the edge with clockware and swarmware in tandem; uncovering and working with paradox and tension. Direction arises from listening to the shadow system and going for multiple actions at the fringes. It is about creating strategy and new sources of value through generative relations; growing complex systems through “chunking”; and building a space and a community to concentrate, co-create, and learn together.

## 6.2 | Implementing

Involving people who will implement strategy in developing it should prevent the usual “strategic implementation gap.” Agile implementation is often (wrongly) thought of as being simply about the use of Agile manufacturing techniques such as Lean and Just-in-Time, working on projects in iterative and team-based agile ways such as SCRUM. Without the underpinning Agile values—such as valuing individuals and interactions over processes and tools, working software over comprehensive documentation, customer collaboration over contract negotiation, and responding to change over following a plan—the practices quickly become discredited and ineffective.

Agile implementation is essentially about innovation as well as production. This requires a knowledge-rich context for innovation where there is some slack for creativity, information is shared, learning and diversity are encouraged, and creativity and knowledge sharing are rewarded. Disciplined innovation is a key feature, as described by Collins and Mortenson (2011) when considering the breakthroughs achieved by Apple, such as the iPod: “... the great task, rarely achieved, is to blend creative intensity with relentless discipline so as to amplify the creativity rather than destroy it. When you marry operating excellence with innovation, you multiply the value of your creativity.” These authors also observe that, rather than the development of the iPod being a single step breakthrough story, it was instead “a multistep iterative process based more upon empirical validation than visionary genius.”

## 6.3 | Linking

The convergence of computer networking and telecommunications technologies is making it possible for groups of companies to achieve powerful competitive advantages by coordinating geographically and institutionally distributed capabilities into a single virtual company or process. Hagel et al., (2010) argue that, whereas the 20th century had been about scalable efficiency, the new economy is

is about scalable collaboration. Although lean manufacturing typically works between a narrow set of businesspartners who are tightly aligned, scalable collaboration can embrace many thousands of participants. Thus, linking capability—the ability to build and maintain collaborative and productive working relationships—across boundaries of time, geography, and organization is an essential element of agile working. At the same time, human strengths should be emphasized in the collaborative relationship between people and between people and machines.

## 6.4 | People practices

In knowledge- and service-intensive types of work, people are the means of production. With the “right” people, focused on the right things and engaged in the collective effort, agility requires using the diverse qualities of people to deliver outstanding customer value. Agile workers are multi-skilled, flexible people with “change-able” mindsets, skills, and behaviours. Useful attributes include adaptability, resilience, tolerance for complexity, resourcefulness, and entrepreneurial mindset, but more important is learning agility and continuous learning, including a willingness to unlearn unhelpful old habits. People need to be aware of their strengths and weaknesses, and dynamic feedback loops for the individual, groups, and the organization as a whole are essential.

Of course, people’s willingness to adapt is not just about what they think or know; it is also about how they feel. Their knowledge of their organizations, their aspirations, fears, and views about how they are treated all influence how well they can perform in new ways. So, change leaders must maintain disciplined attention and attempt to regulate employee distress. Protecting leadership voices from below (Heifetz & Laurie, 2001) may require conflict to be surfaced. To build employee resilience, it is also important to focus on energy—a key component of “work engagement” (Salanova et al., 2005; Scott, 2019). Energy practices relate to beliefs, meaning and purpose, commitment, self-confidence, and visions and are highly correlated to job satisfaction.

Research suggests that people tend to be engaged and perform at their best when they experience a positive psychological contract (or “deal”) (Guest, 2007; Holbeche & Matthews, 2012). Human resource practices should emphasize the genuine mutuality and fairness of that deal—a win-win for employee and organization—such as opportunities for growth, empowerment, supportive management, fair treatment for individuals and teams, and shared purpose around which communities can align. These are key aspects of a positive working environment. Thus,

policies to enhance work-life balance and staff well-being, ensuring that “front-line” staff have the relevant professional and skills development to prepare them for a digital future, providing career opportunities, advancing the equality and diversity agendas, and developing engaging leaders and managers all go a long way towards creating high engagement cultures (Figure 2).

## 7 | LEADERSHIP

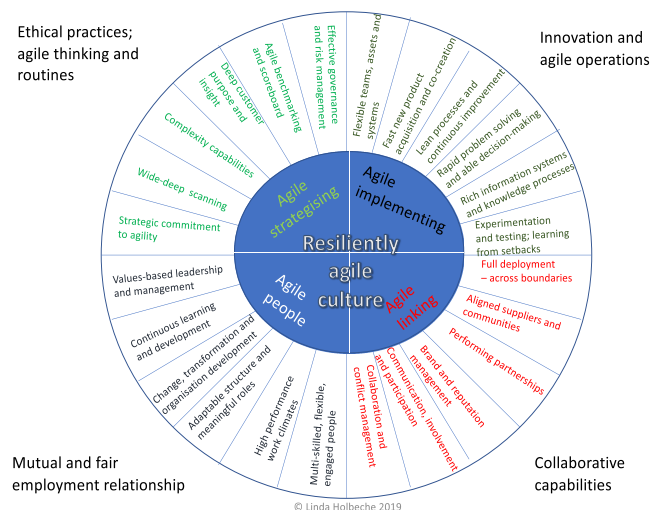
The role of leaders—in setting the tone and providing sponsorship, moving from command and control to direction setting and capability building—is crucial to agility. Leaders need to learn to embrace disruption, build shared value, and dare to be open, especially towards risk (IBM Institute for Business Value, 2013). But to be trusted, leaders must be values based.

As stated earlier, an agile design principle is that everybody should understand and be involved in the success of the business and also know clearly what their part in it is. One CEO of an international civil engineering company became concerned that, despite the turbulent business context, intelligence was reaching engineers working on projects too slowly via the conventional top-down cascades of information. Consequently, the engineers saw no reason to change what they were doing. So the CEO took inspiration from General Stanley McCrystal (2015) who took the risk of making HQ information available to troops wherever they were behind enemy lines via mass phone conversations (“cadence calls”) on a weekly basis, and people were able to feed back field intelligence live to the centre as well. At the time there was a fear that having these weekly calls could lead to the enemy getting access to this intelligence.

General McCrystal took the view that “hey, the enemy has the information anyway. We might as well let our troops have the information too.”

The CEO adapted this cadence call method as part of a suite of two-way methods of communication. The calls (and Yammer feed) helped everybody to be involved, hearing and sharing ideas, problem solving in real time. He also took the whole top team offsite for a “lock down” to address some of the issues they needed to face, followed by “sprints” of 100 days involving teams drawn from across the organization to address the problems identified, come up with feasible solutions, try them out, and start to implement them. The CEO set clear priorities and deadlines and held people responsible for meeting them. To avoid paralysis in decision making, work was carried out on streamlining and clarifying roles/responsibilities in the decision-making process. This helped create an action bias throughout the organization, together with the ability to quickly deploy and then redeploy resources, talents, and skills.

Leaders must learn to judge and strike the right balance between loose and tight control (Weick, 1976). They may need help in doing this, so HR, among others, can work with leaders to help them transition from traditional to agile management. They can ensure top team sign-up and clarity about purpose and ambition and increase leaders' sense-making skills and ability to deal with complexity by exposing them to new thinking and practice, for instance, through scenario planning or visits to other organizations that are trying new approaches. They can emphasize the importance of leaders acting as role models of values, provide feedback, and use storytelling to reach leaders at a deeper emotional level to persuade them to stop acting like a traditional boss and embrace agile leadership. They can help shape a leadership culture by recruiting and developing future leaders who already demonstrate agility and accountability. They can build shared leadership by getting people involved in redesigning values, cultural practices, and HR policies.



**FIGURE 2** Summary of organizational agility elements [Colour figure can be viewed at [wileyonlinelibrary.com](http://wileyonlinelibrary.com)]

## 8 | CHANGE APPROACHES

Similarly, if a formal redesign is necessary, agility requires that change is not done “to” but “with” people. To build more “ownership” for change, change approaches should shift from “push,” that is, top-down, to “pull.” Rather than change projects being rigidly controlled and information held by a few on a “need to know” basis, change projects should instead be managed as much as possible on the basis of transparency and

openness; there should be dialogue, active involvement, and stakeholder participation.

More recent (dialogic) approaches to organizational development place an emphasis on change occurring through conversations (Wheatley, 2017). Methods are dialogue and whole-system based, engaging multiple perspectives, and encouraging the various parts of the system to connect with itself. These bring people together from across organizational boundaries to address issues and build meaningful communication, creativity, and engagement. Galbraith's 4Ds framework—dialogue, decisions, design, and development—offers a useful sequence to apply.

Whole-scale change provides one way of engaging people through dialogue that builds critical mass, ownership, and commitment for what the organization needs to do. It combines systems theory and practical methodology and involves bringing the complexity of the whole system into the same room, whether the scale is large or small, working on multiple things at the same time. It is about embracing all the various elements—strategies, processes, technologies, and staff—in a way that allows for simultaneity and so that people can work out how all these things fit together. When people are engaged in an exploration and discovery process, they can better shift their paradigm. As with action research and action learning, the assumption is that “if I know what you know, and you know what I know, together we are smarter, and together we can find a common solution.” It is about connecting people, creating communities for action, and forming fast-response teams around issues. Thus, whole-system change is one means to rapidly engage the whole system in meeting organizational agility and flexibility demands and shatters the old paradigm about how long it takes organizations to change.

Such approaches can coexist alongside formal, structured approaches to organization design. For instance, various parts of the workforce can be involved in establishing criteria for what a new design must achieve, process mapping to establish the strengths and weaknesses of the current set-up, and building an informal lateral foundation. Lateral linking mechanisms (such as disciplines collaborating with each other to act as knowledge hubs) can also be informed by staff stakeholders, not only top management. Staff can identify mechanisms to learn and improve performance over time, for instance, how to standardize the core elements of work process to free up space for needed innovation. Decisions about management positions, formal overlay teams, and whether the organization is going to operate as a matrix or a line organization are usually made by senior management.

## 9 | CULTURE CHANGE

Culture change takes time and is not linear or “programmable”; there needs to be acceptance of uncertainty, ambiguity, risk, and setback. General principles of culture change suggest that although leaders set the climate and model the behaviours for individuals, teams, and business units to follow, real change is rooted in performance and the job to be done. Culture change involves intellect and emotions, so opportunities should be found for people to try out new things and behave in new ways. It is about practising new behaviours and building confidence, not changing attitudes.

Schein (2016) and Stokes and Harrison (1992) argue that culture change is difficult to achieve. The latter propose that it is better to think in terms of “strengthening” what works and “balancing” out what does not work rather than “changing” organizational culture, which tends to provoke defensiveness. A balancing approach allows a culture's benefits to be preserved while adding countervailing elements. It is only serious blockages to progress that should become targets for “change”. The focus should be on the change process, not just the desired change outcomes. In particular, attention should be paid to the emotional and covert aspects of change (Marshak, 2006).

Therefore, all conscious efforts to change culture should celebrate what is good about the past and present but reinforce the new ways of working. For instance, to create and sustain an openness to change, people should be encouraged to read broadly and explore new ideas together. Shifting behaviours should be reinforced by formal messaging. So, create a knowledge management process but also communicate clearly and consistently from the top about the big issues. Use financial rewards and career incentives to reinforce innovation and continuous improvement (McCann et al., 2009). Train managers in the new management approaches. Revise performance management systems to reinforce learning and collaboration with real accountability.

Bringing about a “controlled” approach to “emergent” culture change requires top-level commitment and visibility, with shared values as the basis of change. Senior leaders in particular must be hopeful and inspire hope in others. (Norman et al., 2005). They can reinforce the new cultural direction through primary and secondary embedding mechanisms (Schein, 2016). Secondary mechanisms include organizational design and structure, systems and procedures, and design of physical space. Primary mechanisms include what leaders pay attention to, measure, and control; their reactions to critical incidents and organizational crises; and criteria for allocation of rewards and status, recruitment, selection, promotion,



and excommunication. Deliberate role modelling and teaching of values by leaders and communication—as two-way and continuous as possible—are the essential ingredients. “Requirement to share” replaces “need to know” as the default setting. It is about communicating often and sincerely about the organization's vision and values, making certain these are understood and truly hold meaning and value and genuinely provide the rationale for action.

## 10 | CONCLUSION

So can you move from being a conventional organization to an adaptive one? If you put together strategizing, decision making, culture, and people understanding and committing to the direction you are heading towards, you start to build agility. If you engage people in the formal process of organizational redesign, you are more likely to create structures and processes that work, with people who are willing to be flexible as they learn new approaches. If you work assiduously to unblock barriers to agility, such as simplifying previously overly complicated policies, more flexibility will be possible. If you use every opportunity to reinforce the new and the reason why this is needed and you learn from experiments, you can start to flexibly “institutionalize” the new, which itself should be seen as a provisional prototype to be reviewed for effectiveness.

Purpose around the customer provides the glue that holds the organization together as it transforms itself and is the core of an agile organizational culture. Once you start to spread this understanding about who you are as an organization, why you exist, and how you want to be, that spreads far beyond the boundaries of an organization. You start improving things, not blindly following rules but asking deeper and more important questions. Indeed, lessons from system-wide change suggest that the organization itself is the best laboratory for learning; that structural and interpersonal changes must complement and reinforce each other; and that adult learning starts with behavioural change rather than cognitive change (Beer & Huse, 1972).

Arguably the next stage is that proposed by The Center for Creative Organizations, which suggests that the most effective organizations are enterprises that are sustained by solid financial performance while improving the lives of people, the health of communities in which they live, and the condition of the planet. These have the greatest capability of all to flexibly reconfigure both their organization and work system designs.

It is perhaps leaders and managers who have the most to fear and most to gain from pursuing agility because their roles are transformed. As Bill Gates has learned,

“Success today requires the agility and drive to constantly rethink, reinvigorate, react, and reinvent.” If leaders have the learning agility and support needed to make that journey, they will influence others to do the same and will reap the rewards of an energized, agile, and sustainably effective organization.

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**How to cite this article:** Holbeche L. Designing sustainably agile and resilient organizations. *Syst Res Behav Sci*. 2019;36:668–677. <https://doi.org/10.1002/sres.2624>