



ARE YOU BUILT TO COMPETE?

SECURING YOUR PATH TOWARD COMPETITIVE EXCELLENCE

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Executive Summary

Over the past 15 years, organizations across the globe have made major investments to implement, scale, and expand agile practices to improve product delivery.¹ These companies recognized the importance of extending this agile way of working beyond delivery and into the business to fend off the emergence of digital disruptors. A fully agile business can sense market changes and quickly respond with competitive product offerings. We call this business agility.

Organizations can compete more effectively as an agile business because they can change direction quickly to morph their product offerings and capitalize on market opportunities. With the increasing number of disruptor competitors, it's vital that an organization sense market opportunities and threats, and respond quickly with products that customers value.

In this paper we will share a simple diagnostic tool to measure and illustrate the ability of your company to respond based on what is sensed - we call this the **Built to Compete Quadrant™**. This quadrant provides critical insights into how your company is designed to compete in today's digitally disruptive world. With the comprehensive insight it provides, you will be able to understand the critical areas of exposure which limit your company's ability to pivot (i.e. change direction) and keep up with the pace of change. If companies cannot respond quickly - with greater "agility" - you are self-limiting your ability to compete and win. With this competitive blueprint, you can take the first step toward improving your company's ability to sense and respond, and create a competitive advantage.

Pivot or Get Disrupted

Today, company leaders are beginning to realize that it's vital to become more agile to fend off the emergence of disruptor competitors. To accomplish this, leaders are beginning to recognize the importance of extending agility beyond delivery and into the strategy and tactics of the broader business. A fully agile business can sense market changes and quickly respond with competitive product offerings.

To support the importance of changing the way companies compete, a study by Innosight, "Corporate Longevity: Turbulence Ahead for Large Organizations," illustrates how Fortune 500 companies are being disrupted by more agile companies. The findings warn business executives that about half of the S&P 500 will be replaced by 2026. Companies that were once massive leaders in their market, including notable companies that have been dropped from the S&P 500 over the last six years, such as Kodak, Sprint, Abercrombie & Fitch, JCPenney, RadioShack, Dell, Avon, The New York Times, Safeway, and Blockbuster. Although they had the chance to avoid this, they ignored the disruptors in their market, chose to stay the course and struggled mightily.

¹ Delivery—short for "product or service delivery"—comprises all the groups who contribute to building any product or solution that interacts with customers, including those who build the enabling technologies that ultimately contribute to that goal. Delivery might include a product delivery or product management group, product management office, research and delivery (R&D) or engineering or technology department, information technology (IT), or general information systems (GIS) department.



All Fortune 500 companies (with a few exceptions like Google and Amazon) have to rethink how they compete against fast moving competitors. Companies such as American Express, Visa, and MasterCard—now have to worry about competing with Apple Pay and Google Wallet, vs. competing with one another. Insurance companies like Cigna, Aetna, and UnitedHealth Group understand the new rules of the game for competing with one another. What they need to determine is how to manage the onslaught of apps from disruptors that seek to not just level the playing field, but to change it entirely.

The 12% Reality

How your company drives to success against emerging competitive and customer pressures boils down to its ability to change quickly, or to sense and respond.

Sense and respond has been one of the original selling points of agility, and has appeared in many agile frameworks or ways of working over the years. Yet many feel it has never lived up to its potential. Are companies that adopt scaled agile practices in delivery really able to sense and respond and deliver customer value faster than the competition? Regrettably, the answer is almost always no. According to a recent survey of executives scaling agile only 12%³ of companies are pivot enabled and “on the right path towards building an adaptive operating model across technology and business capabilities.” That’s because agile ways of working are trapped inside delivery, while the vision is trapped inside the business.

As a result, delivery builds products based on a best guess of what customers want and, in turn, pushes out products that have delayed go-to-market plans from the misaligned business. Agile, as we know it, is stifled in delivery and falling short from realizing its full, untapped potential to help organizations sense what customers really want and respond properly to compete more effectively.

² Scott. D. Anthony, S. Patrick Viguierie, Andrew. Waldeck, “Corporate Longevity: Turbulence Ahead for Large Organizations,” Innosight Executive Briefing, Spring 2016.

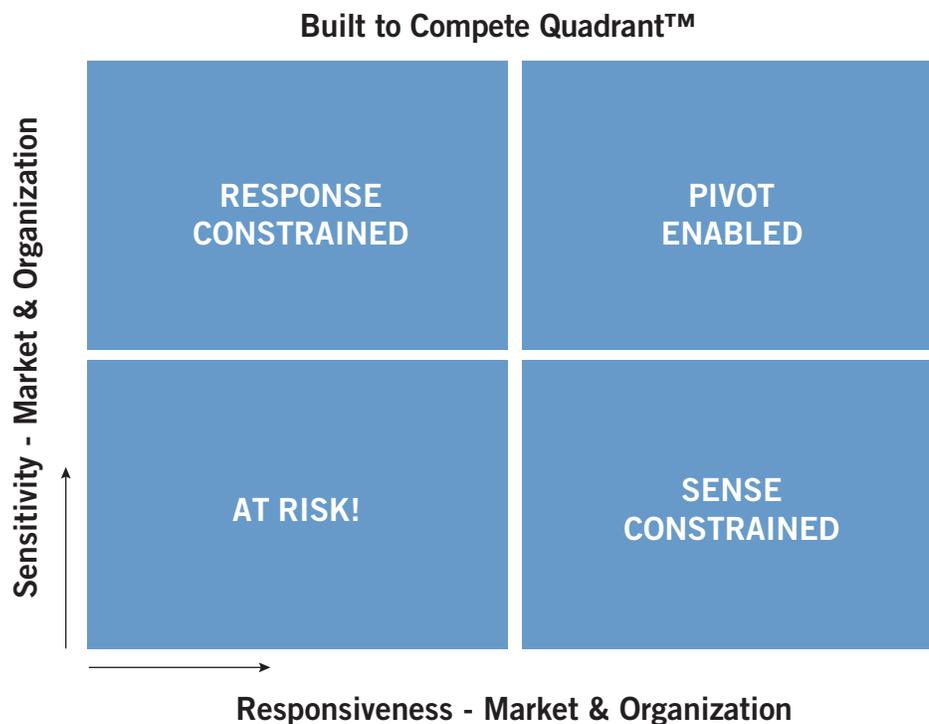
³ CA Technologies survey of 150 executives in 2017, “The State of Business Agility

The Built to Compete Quadrant™- Becoming an Agile Business

Business performance improvement models have been around for years. In the 1960's principles for the modern business were born. These tried and true tenets defined the components of a business go-to-market strategy. These were founded on the realization that a company must strive to produce the best quality product (Product) that meets a customer need, at a market-competitive price (Price). The model also provided for proper marketing (Promotion) messaging and distribution (Place) to bring the offering to life for the customer: the 4P's. The 4P's are a structured way of understanding the means to make a product offering intelligible and visible to a customer base. In other words, the 4P's were essential elements of building a successful brand and product offering. Today, there are many assessments and consulting services that evaluate and improve the 4P's for organizations.

At Agile Bridge Solutions we work with Fortune 500 companies to inject dynamic capabilities or agility, to address today's competitive landscape, and improve upon these tried and true 4Ps. Our intent is to move businesses beyond the traditional way of measuring competitiveness in the 1960s to a more modern approach by adding a fifth "P" that represents a company's ability to "Pivot" to the 4P model. Pivot is the ability for a company to "sense and respond" to today's fast moving market changes. This ability to measure "pivot enablement" is the sole focus of the **Built to Compete Quadrant™**.

The **Built to Compete Quadrant™** measures the two most important factors to competing today: **Sensitivity and Responsiveness**.



“Sensitivity - Market & Organization” - Vertical Axis

The first factor is on the vertical axis. Sensitivity measures how your company makes business decisions about the products and services it develops and sells. This axis reveals your company’s ability to identify (sense) external market and internal organization opportunities and focus on delivering what’s most relevant and valuable to customers and employees. Sensitivity takes into account these decisions balanced against various internal interests competing for resources.

Companies that operate with a high level of sensitivity can listen and interpret customer feedback and market trends to decide a path forward. They also fine tune their ideas and measure resulting customer outcomes. The sensitivity axis measures how a company:

- Creates, tests and validates hypotheses to make business strategy and investment decisions, because they know market success requires challenging their assumptions.
- Invests in iterating on market plays and internal improvements, because they are more about maximizing their opportunities than getting things checked off a list.
- Fosters aligned and well balanced business capabilities, because their highest purpose is creating competitive advantages for customers.

Is the customer and employee at the heart of decision making in your company? If not, decisions are focused on pleasing company and department-level management instead of customer and employee satisfaction. The considerations that indicate the placement on this axis are:

- What are the criteria for measuring a successful product or service?
- How are leaders and stakeholders measured and rewarded?
- How well does the company use market relevant intelligence for delivery decision making?

“Responsiveness - Market & Organization” - Horizontal Axis

The second factor is on the horizontal axis. Responsiveness measures how your company conducts work activities. The responsiveness axis reveals a company’s ability to respond to external market and internal organizational changes.

To achieve a high degree of responsiveness, agile practices need to be adopted beyond delivery and practiced in a coordinated manner with the business. The responsiveness axis measures how a company:

- Gathers customer and market data before and after the launch of a product to validate the initial idea and further investment, while also using it as a source for generating new ideas
- Quickly finds ways to support an idea for the growth and improvement of the organization by putting themselves and their ideas second when someone of equal or lower position within the organization has a better idea
- Has meaningful “idea shaping” experiences with the target customer(s) and not just the solution with leadership and the product development team, i.e. everyone who has a hand in strategy and product development.



What is the reach of agility thinking and adoption in your company? If it's low, this typically means agile is adopted within departments to improve speed and increase output instead of a company-wide agile adoption to improve responsiveness and deliver better customer outcomes. The key considerations that indicate the placement on this axis are:

- | Where do agility practices reside as a focused practice within the organization?
- | How frequently do the people who build and operationalize product and services meet to strategize with those who have the idea and make decisions?
- | How well is the input from the customer and market incorporated into the design of the product or service?

The Results

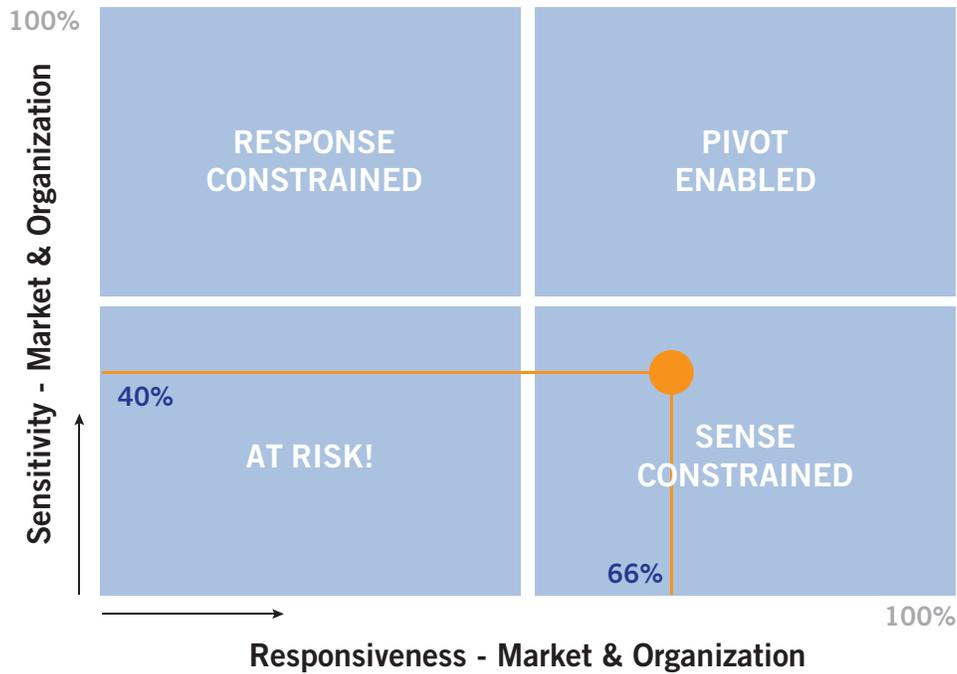
From the **Built to Compete Quadrant™** conclusions can be drawn to categorize your company as one of the following: ***Sense Constrained, Response Constrained, At Risk or Pivot Enabled***. Having a clear diagnosis is key to making changes and moving in the right direction to get your company to compete at the highest level.

Sense Constrained

If your company has been diagnosed as **Sense Constrained**, this means that your company is struggling to connect to what is happening in the market. Companies in this quadrant lack the sensitivity to really understand changes in their market.

These companies may have alignment between delivery and the business to respond and go to market with products and services, yet the company as a whole is not connected to the realities of their customer segments and what their customers value. In other words, these companies “semi-sense” the market based on internal opinions, not the customer voice, and use that to make game changing decisions. In essence, they experience a bubble effect as a company, acting on past ideas and success formulas that no longer may correspond with the evolving realities. This results in building the wrong thing, i.e. creating or growing products that may not be truly valued by customers.

We are fast to market but building the wrong things



Case Study

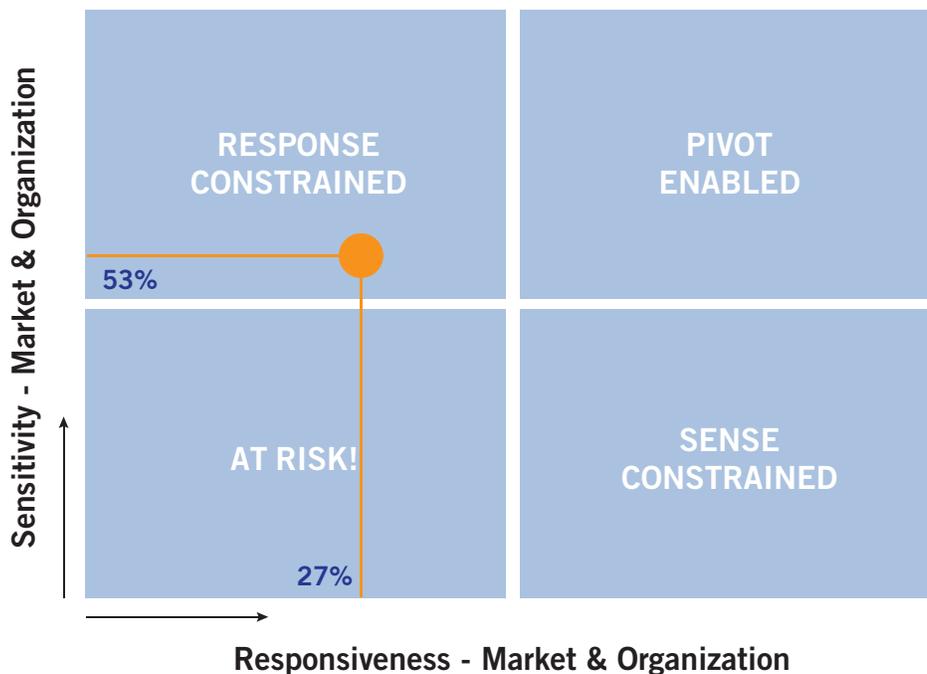
A top US financial services company with over 6,000 delivery employees is successfully practicing enterprise “scaled” agile. As a result, delivery’s high confidence has compelled them to lead the charge on new product innovation with their product owners. The assumption that the customer will naturally love what they build was a risky strategy. Paddling forward in product delivery on a new product without direct collaboration or input from the customer voice, early and often, lead to a disastrous outcome. Since customers that have been making product suggestions did not see their input being heard and implemented, they left and moved on to the competitive offerings.

Response Constrained

If your company has been diagnosed as **Response Constrained**, this means that your company can sense the market opportunities, but are slow to respond to capitalize on them. Companies in this quadrant experience the dilemma of “knowing what to build, but not being able to act on this knowledge fast enough to satisfy the customer or market.” Although agility practices may have success within departments or functional areas, there is not a strong connection between product and service delivery, operations and the strategy components of an organization. As a result, your company is only able to “semi-respond” to opportunities by “building the right thing” that is deployable, but market entrance is too late. For example, delivery builds something fantastic on an accelerated time frame, but relies on the business to make it work in the market. The business entities such as finance, marketing, and channels need to take this product to market and achieve rapid customer adoption. However, they are not aligned and in synch with delivery, and as a result, these products fail to be priced, marketed, and sold effectively.

Given that a delivery and business gap exists, response constrained companies distribute products and services that do not necessarily “move the needle” and go to market on time to support the company strategy. In these cases, employees crank out great work fast, but fall short of realizing business value and anticipated customer outcomes. Consequently, the full cycle from concept to cash is too slow and value trickles through the various business and delivery functions.

Thinking we’re building the right things, but too slow to market



Case Study

In 2017, a Fortune 500 business services company “sensed” an opportunity for a mobile innovation that would be a game changer in the space. When the mobile app was ready for release, their business misalignment became painfully clear: the go-to market plan was not ready. Marketing did not know how to promote it and Sales did not know how to sell it. As a result, the actual launch was delayed, allowing for the competition to catch up. Unfortunately, this delay cost them the market share. A direct competitor swept in and introduced a similar mobile innovation and captured the market.

At Risk

If your company has been diagnosed as **At Risk**, you may have limited agility in delivery but lack a translatable set of strategic goals that are realized. Instead you are likely relying on making compartmentalized decisions, which ultimately warp the reason and realization of market goals. Typically when you are in this state, much more energy is spent on wrestling with politics than being in tune with your customers, the market, and your organization’s internal alignment. It’s a culture of “take your best guess what the customer wants, then build it and launch it on time to claim success.” All the while you hyper-focus on the time of delivery and micro-manage those aspects.

Pivot-Enabled

If your company has been diagnosed as **Pivot Enabled**, this is exactly where you want to be. It is where your company needs to be in order to compete at its best.

The companies operating in the pivot-enabled quadrant achieve alignment throughout their entire business, including delivery, finance, marketing, technology and channels as they are able to sense and respond to changes as they emerge. As a result, these companies (at times) are able to respond to disruption and even shape it themselves.

A fully pivot-enabled organization (or business with a high degree of agility) can sense market opportunities and quickly respond by delivering products the customer values. As a result, it will compete more effectively because it can change direction on a dime to morph its product offerings and capitalize on market opportunities or thwart potential threats. They shape disruption and are very tough to beat.

Examples of Pivot-Enabled Behaviors

1. Channels sense, all departments respond together

Channels receive information from salespeople in the field, reporting recent sales that were not closed. In addition, consultants report that customers were not happy with some aspects of a particular product. The channel shares this voice of the customer data with delivery, finance, and marketing. Together they decide to “pivot” and come up with an innovation, such as a new app, to resolve this issue and give customers what they are asking for, plus something new that the competition does not have. Channels goes back to sales and consultants in the field to validate if this app idea will satisfy their issue. Both sales and channels come back with reports that customers would find this app idea valuable. In working together, here is what each department did to succeed:

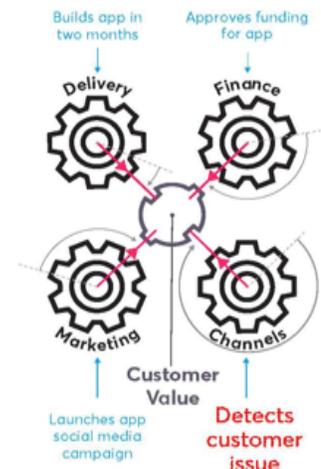
- Marketing tests this new app concept with social media and receives positive comments. Upon confirmation that delivery can build the app, marketing prepares to launch a new social media campaign.
- Delivery confirms it can build the new app idea from channels and deliver it in two months.
- Finance has already approved additional funds required to create the innovation add-on to retain customers.

2. Marketing senses, all departments respond together

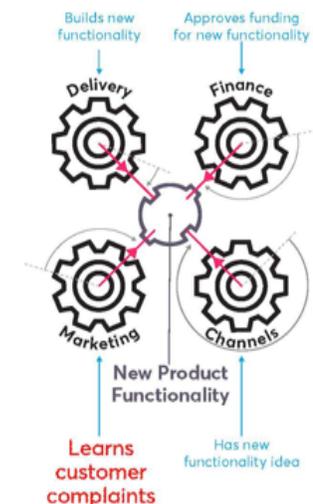
Marketing begins noticing negative comments and customer complaints on social media about a particular product. They track this as a potential problem that is beginning to form a negative reputation and share this with delivery, finance, and channels. Upon collaboration with the others, marketing prepares a social media offensive to answer the negative comments with a solution. In working together, here is what each department did to succeed:

- Channels has customer service validate that the reason for the recent complaints is customer frustration from a desired functionality that is missing. Together, they decide to stay on course and persevere since a pivot was not required in this case. That was because delivery was already on track to create and launch a new functionality add-on with additional capabilities that would solve those complaints. Upon delivery confirmation, channels prepares the customer service representatives to share this information with customers to give them confidence that the problem will be resolved.
- Delivery confirms that it will continue to build the new innovation add-on for and deliver it in one month.
- Finance has already approved additional funds required to create the innovation add-on to retain customers.

Channels Sense, Everyone Responds



Marketing Sense, Everyone Responds



How Do I Get Into Competitive Shape?

There are two factors that will enable your company to get into competitive shape to better sense and respond and become pivot enabled. These factors are how your company makes decisions and how your company defines work activities:

1. Change your company decision making to be based on valuing...

Customer Outcomes more than Company Outputs

- | The majority of what we do as individuals and teams within our line of business or service area is anchored exclusively in market and customer focused outcomes, which are measured and addressed with urgency as if the customer were standing in front of us.
- | Competing internal improvements and product ideas are defined, tested and prioritized in an understandable and transparent way against each other, which helps the whole organization focus and grow through customer outcomes.
- | While revenue and cost savings are essential, the broader set of developing market plays really hinge on understanding and acting upon a series of smaller behavioral focused measures.

Market-Minded Collaboration more than Top-Down Communication

- | We relentlessly gather customer and market data and collaborate across business functions and scientifically comb through results, so that we are able to generate and test the best investment ideas with our customers.
- | When we form ideas for internal improvements, products or services our first impulse is to collaborate with customers or internal partners to determine the idea's purpose, fit and value to make focused decisions on what needs to be done vs. what can be done.
- | Leaders and others are often willing to abandon their ideas when customer testing or the results from an unsuccessful market launch prove otherwise.

Customer-Empathy more than Self-Actualization

- | When we discuss addressing vital customer or market challenges we often get in debates and healthy arguments about what is best for the customer, and actively put aside our own internal bias.
- | It's typical that a product or service development team, i.e. everyone who has a hand in developing a product or service, has meaningful ongoing experience with the customer and not just the solution.
- | We believe and live as if our growth, as individuals and teams, is dependent on freeing customer's from the problems.

2. Change your company work activities to be based on valuing...

Hypothesis Generated Value more than Assumption Constrained Results

- | Politically motivated or self-interested internal points of view must be put aside in favor of creating and testing hypothesis, because you care about the customer enough to focus on your response and get it right.
- | As a line of business or service you believe and practice growing relationships with your customers and partners by responding to needs, and do so by targeting value over simply reacting to get work done.
- | The people in your company must become far more interested in focusing on what the customer has to say, when it comes to the development and refinement of products and services, than simply assuming inherited ideas are correct.

Calibrated Business Capabilities more than Integrated Business Functions

- | You must become far less interested in preserving your business function's authority than you are in creating aligned and well balanced business capabilities.
- | When you realign across business functions you do so to enable better calibrated business capabilities, because you drive and measure the customer outcomes.
- | A vast majority of people in your line of business or service must become personally invested in the design of our organization, for the growth of customer minded collaboration and calibration, and are willing to personally lead change from their seat when the time comes.

Human-Centric Organization more than Self-Preserving Organization

- | You must become focused on using customer and market opportunities to intentionally seed experiences that grow your people and their understanding of the market, because through growing people you grow our ability to innovate and make a deeper market impact.
- | When you promote individuals you do so because they were top performers who were able to anchor their success in bringing people together through the reduction of departmental self-interest.
- | People must become willing to put themselves and their ideas second when someone of equal or lower position in the organization has a better idea.

Conclusion

Companies are recognizing the importance of growing agility beyond product and service delivery and into the whole of the business. This is essential to companies who desire to reach their competitive potential and throw off the self-limitations of being able to either sense or respond.

That's like going out to compete and win with one hand tied behind your back, there is no way you are at your most effective.

Agility in business is the alignment and calibration of market, customer and internal needs; so that the products and services created optimize market fit and ultimately margin. There are many ways to align and calibrate, each can be quite distinctive and is based on the company and it's exact needs. True business agility can only be achieved through pivot enablement.

In this paper we shared a diagnostic model we call the **Built to Compete Quadrant™**. This model modernizes the way people and companies look at themselves in order to fine tune their ability to sense and respond and build your company's competitive advantage. Using the **Built to Compete Quadrant™**, your company will now be able to determine if your organization is truly pivot enabled and ready to compete in today's fast changing world.

If you would like to learn the strategies to accomplish the recommendations outlined in this white paper please contact us.

Contact



John Orvos brings techniques from over 20 years' experience as a business consultant, agile practice leader, and award-winning agile strategist. John has led transformations along-side hundreds of agile consultants dealing with adopting and scaling agile in Fortune 500 organizations. Over the past two years, John has been challenged by these customers to accomplish even more ambitious goals—an agile business—in order for them to better compete against digital disruptor competitors. John provides a fresh business-oriented perspective on how to enable an entire organization to achieve business agility.

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Bill Walton is a keynote speaker and worldwide authority on value creation. As a Wharton facilitator and amazon best-selling author, Bill has been helping sales organizations and the teams that support them operate in an agile environment. Bill works supports clients as they seek to create cultural change around the execution of their company's value proposition. Heads of Sales, Marketing, IT and Finance rely on Bill for helping their teams achieve business agility.

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About Agile Bridge Solutions

Agile Bridge Solutions is a business alignment consulting firm that helps businesses merge IT and business missions along one common agile journey. Different from agile training and consulting firms, we work to merge business and IT around a common mission of business growth and process improvement that accelerates market and customer focus. As business agility “alignment consultants”, we provide the tools and protocols to unlock the true potential of agility, which is to sense and respond.

Special thanks to Deema Dajani for past contributions.