Organizational Agility at Scale:

The Key to Driving Digital Growth

At a glance

Digital-first players are now successfully challenging established organizations, disrupting industries from the inside, at speed. Many organizations understand this urgency and are investing in their own digital transformations. The key question is how to translate those investments into the right business outcomes.

Our global survey of 998 executives shows the majority recognize the importance to their long-term success of driving digital growth. And, perhaps more tellingly, we found that there is a strong relationship between digital revenue growth and organizational agility.

QUICK FACT:

998

executives took part in our global survey

More than half of surveyed organizations are confident that, in the next three years, at least 50 percent of their revenue will come from digital streams. But progress in enabling that revenue is slow—less than one-third of respondents report significant progress to date in building revenue streams from digital products and services.

It's worth explaining what we mean by organizational agility. Simply put, it's a set of capabilities that are critical to reacting quickly and effectively to opportunities created by new digital technologies and evolving customer behaviors. These capabilities, supported by a culture committed to continuous innovation—where transformation is ongoing, not something that is "completed"—are central to the idea of organizational agility.

Only a relative few—15 percent of the survey sample, who we call the "leaders"—have, in our opinion, been able to unlock organizational agility fully. Because of this ability to innovate continuously and at scale, they are unlocking digital revenue streams at a faster pace and have well-founded optimism about their ability to generate the bulk of their revenue from digital innovation in three years' time.

Leaders are also 10 times more likely than "laggards"—representing 55 percent of the sample—to react to shifts in the market with agility and speed. Consequently, they are twice as likely as laggards to derive a significant share of their revenues from new digital propositions.

Digital growth is coming, but progress is slow

56%

While 56 percent are confident that more than half of their revenue will come from digital streams in three years' time...

25%

...only 25 percent have made significant progress.

The remaining majority of firms with high digital-growth expectations will be unable to meet them without taking steps to develop such agility. Regardless of industry, every organization needs to act more like a digital native in this regard. The good news is that, once attained, these organizational agility attributes will fuel all kinds of future innovation.

QUICK FACT:

15%

of the survey sample has been able to fully unlock organizational agility

Learning from the leaders

In short, truly agile organizations demonstrate a range of different attributes compared to their less agile counterparts. In the study, we found that there are five best practices that set them apart:

1. Responsive — **Continuous planning**

They plan in a continuous, real-time manner, which gives them the speed, agility, and dynamism they need to innovate successfully. Plans are active and updated to reflect ongoing changes.

2. Adaptable — **Fluid structures and processes**

Leading organizations build fluid organizational structures and processes. Nearly half claim the ability to reallocate people quickly to where their skills are needed.

3. Skilled — **Building the future workforce**

Leaders are much more likely than laggards to have plans to upskill the majority of their workforce and push specific initiatives to increase employee engagement.

4. Empowered — **Informed and delegated decision-making**

At 80 percent of leader organizations, all employees have access to timely and relevant data and are empowered to make appropriate decisions.

5. In control — **Measurement and guidance**

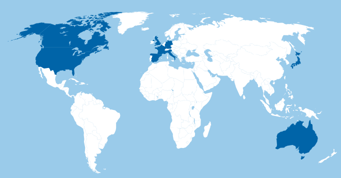
Leaders have made significant progress in developing tools and metrics to measure the performance of digitally driven innovations. This is giving them a "fail fast" mentality: 94 percent say they are able quickly to change course away from unsuccessful projects.

The start-up mentality in action

4 in 5

Four in five organizations that derive a significant share of their revenue from new digital products and services are able to react to market shifts with agility and speed.

About the research



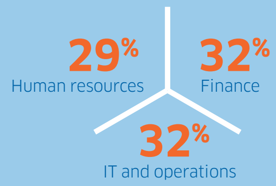
The analysis in this report draws on the results of an online survey of 998 senior business executives conducted in May and June 2019. The survey was carried out on behalf of Workday by Longitude, a *Financial Times* company.

The respondents were based in nine countries: Australia, Canada, France, Germany, Italy, Japan, Spain, the UK, and the U.S. The survey was cross-sector, with the largest representation from the technology (16 percent), financial services (15 percent), professional services (15 percent), and retail (13 percent) sectors.

Medium size 500-3,500 employees

Large size Over 3,500 employees

The respondents work in a mix of medium and large organizations (51 percent and 49 percent, respectively). Medium enterprises were defined as those with between 500 and 3,500 employees globally, while large enterprises were defined as those with annual revenue above $1 billion and more than 3,500 employees globally.



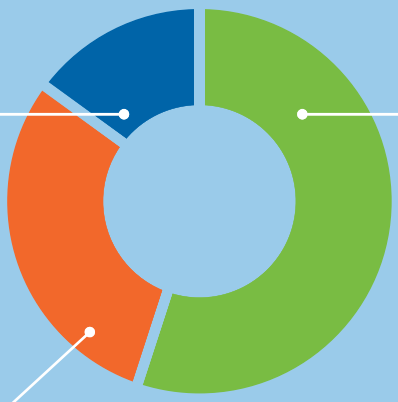
In terms of job function, 32 percent work in finance, another 32 percent in IT and operations, and 29 percent in HR. All respondents are senior business leaders who are either C-suite members (29 percent) or report directly into the C-suite.

How do you become a digital leader?

Agility, according to McKinsey, is “the ability of an organization to renew itself, adapt, change quickly, and succeed in a rapidly changing, ambiguous, turbulent environment.” Such traits are characteristic of many start-ups—certainly the ones that go on to become successful. Established companies, the consultancy says, struggle at this, but developing such agility is not beyond them.

Leader analysis explained

As part of our survey analysis, we identified a group of leaders whose characteristics indicate they have embraced agility as a part of day-to-day operations in order to successfully transform their business models for digital growth.



15%

Leaders

Are defined by their high level of progress across all five characteristics of organizational agility.

55%

Laggards

Achieve high performance across three or fewer of the key traits of organizational agility.

30%

Aspirers

Achieve high performance across at least four traits of organizational agility.

By comparing the capabilities and best practices from these three groups, we can better understand how leaders are achieving organizational agility at scale.

A leading minority in our survey—15 percent of the sample—demonstrate high levels of performance across the five key traits of organizational agility. We call this group the "leaders."

The remaining balance of respondent organizations is divided between "aspirers" (30 percent), who achieve high performance across four of the characteristics, and "laggards" (55 percent)—the largest group in the survey—who demonstrate high performance across three or fewer of the key traits of organizational agility.

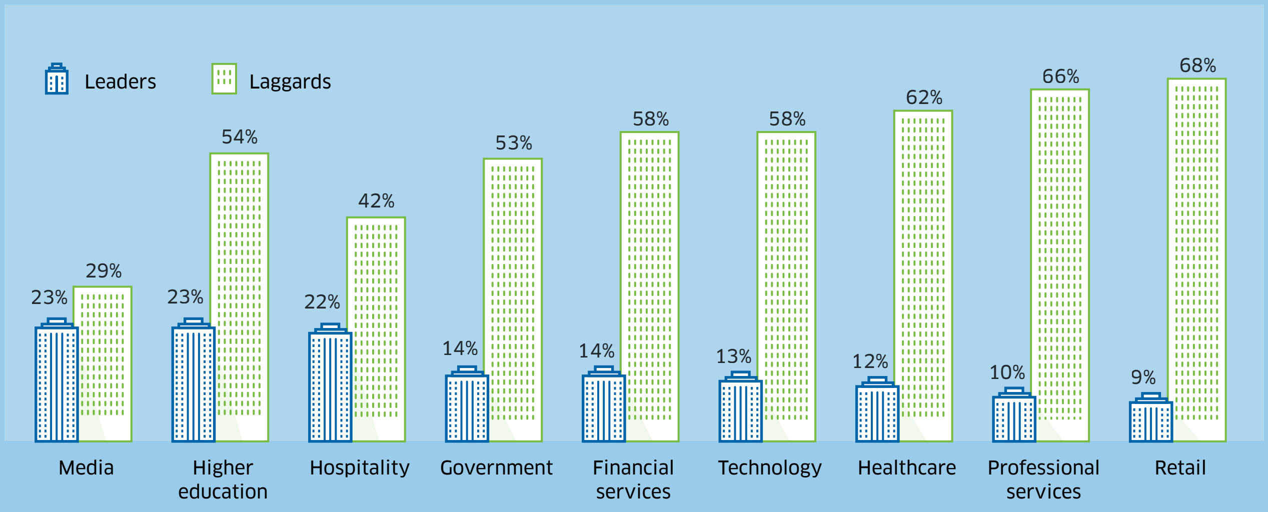
Which industries are ahead?

As well as being the most optimistic about the future growth of their digital revenue streams, media organizations (alongside higher education institutions) have the highest number of leaders (23 percent) of all the sectors included in our survey.

The leader shares are smallest—and laggard shares simultaneously largest—in the retail and professional services samples. It might ordinarily be assumed that the public sector trails the private sector in applying agile practices, but the leader share in the government sector and the high laggard shares in retail and professional services suggest that a commercial orientation is no assurance of organizational agility.

Agile leaders

Media and higher education have the highest concentration of leaders in our survey*



*Note: These figures represent the share of each group (leaders and laggards) as a percentage of the respective sector samples. As the "aspirer" group has not been included here, individual sector figures do not add up to 100 percent.

Superior performance, bigger returns

For leaders, demonstrating the characteristics of organizational agility is complemented by a clear digital vision. Leaders are three times more likely than laggards to say they have achieved significant progress toward creating a strong digital growth strategy (55 percent versus 17 percent).

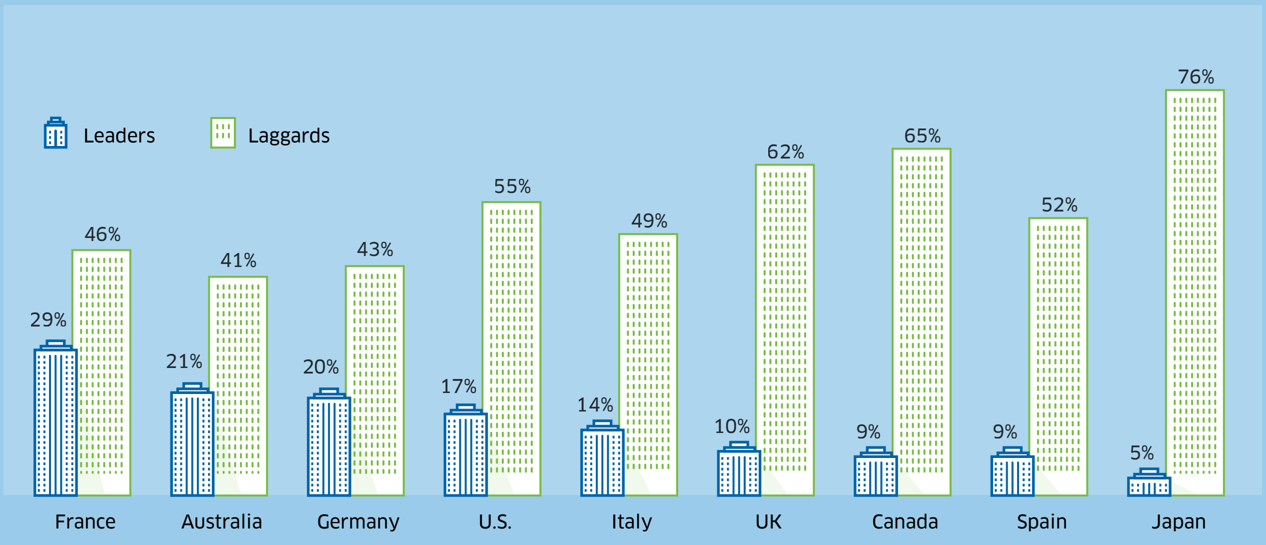
Where in the world are the leaders?

When it comes to geography, leaders are especially prominent in France, as well as in Australia, Germany, and the U.S. The share of leaders is smallest, by contrast, in Japan, Spain, and Canada.

The share of laggards is also especially large in Japan, which suggests that Japanese companies have been slower than those elsewhere to foster enterprise-wide agility. Nonetheless, the large laggard percentages evident in the U.S., UK, and Canada are evidence that developing organizational agility is a significant challenge everywhere.

Ahead of the pack

Leaders and laggards by country*



*Note: These figures represent the share of each group (leaders and laggards) as a percentage of the respective sector samples. As the "aspirer" group has not been included here, individual sector figures do not add up to 100 percent.

Efficiencies of scale

Size appears to be a predictor of performance when it comes to organizational agility. The greater the revenue that the surveyed businesses earn, the higher the share of leaders in that revenue category. One in five (20 percent) firms with annual revenue of more than $1 billion are classed as leaders, compared with only 7 percent of firms earning between $100 million and $999 million.

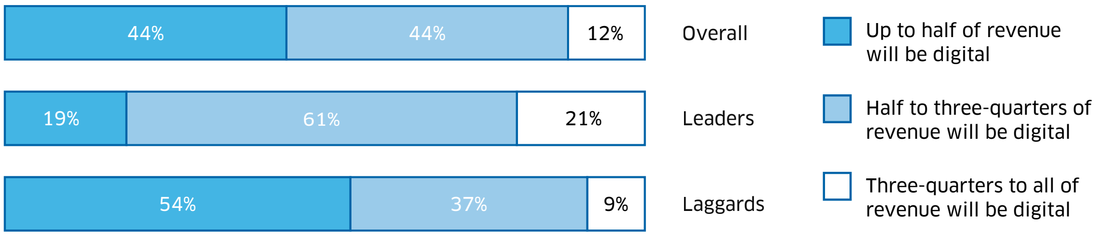
Leaders are also three times more likely than laggards to report significant progress in gaining internal acceptance of digital revenue streams as critical to the business (58 percent versus 19 percent), and four times as likely to be driving business model innovation with new digital products and services (58 percent versus 14 percent).

For the leaders, the result of all this is much greater progress than the rest in building revenue from new digital propositions relative to income from traditional revenue streams. Their high levels of agility also breed greater optimism about the future of their digital businesses. In three years' time, 82 percent of leaders believe they will be deriving at least half of their revenue from digital products and services. Less than half of the laggards in our survey (46 percent) express the same optimism.

Digital direction:

Eight in 10 leaders predict more than half their revenue will come from digital in three years' time*

What proportion of your revenue mix do you expect to be digital three years from now?



*Due to rounding, data points may not add up to 100 percent.

Leaders' agility also allows them to set the terms of competition in their industry to a greater extent than can others in their market. Nearly half (49 percent) of leaders firmly believe that they identify new digital opportunities more quickly than their competitors do. Only 12 percent of laggards make the same claim. Perhaps as a result, 43 percent of leaders believe strongly that they are disruptors and innovators in their industry, compared with just 9 percent of laggards. In the majority of cases, these leaders will take market share from the laggards.

Finance: The digital growth champions

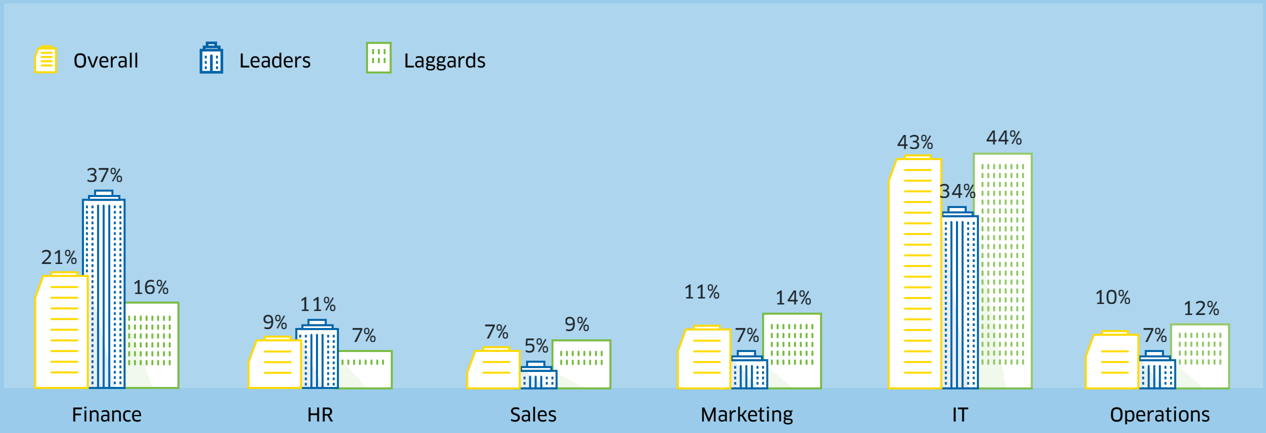
Conventional wisdom suggests that the IT department, with its mastery of technology, is the business function most likely to influence an organization's ability to accelerate digital growth. This holds true among the survey group as a whole, where 43 percent confirm IT's substantial impact. Notably, 44 percent of laggards agree with this.

Leaders have recognized that, regardless of industry, the operational backbone they require to drive innovation at scale revolves around the management of two critical resources: people and money. Leaders are the most likely to point to the finance department as the key contributor to digital growth.

Compared to aspirers or laggards, leaders also place more importance on the HR function. Having had insight into many of our customers' transformation efforts, we know that the HR function's impact on digital growth shouldn't be underestimated. We expect HR's role in fostering innovation to grow.

Champions of change

Could finance be the missing link to accelerated digital growth?



Functions such as finance, it appears, are at least as instrumental in driving digital growth as IT—and more so than customer-facing functions, such as sales and marketing.

With a vast array of performance and other data at its disposal, people that are comfortable working with and developing new metrics, and a finger on the pulse of every department in the enterprise, finance is in a unique position to support digital initiatives across the business.

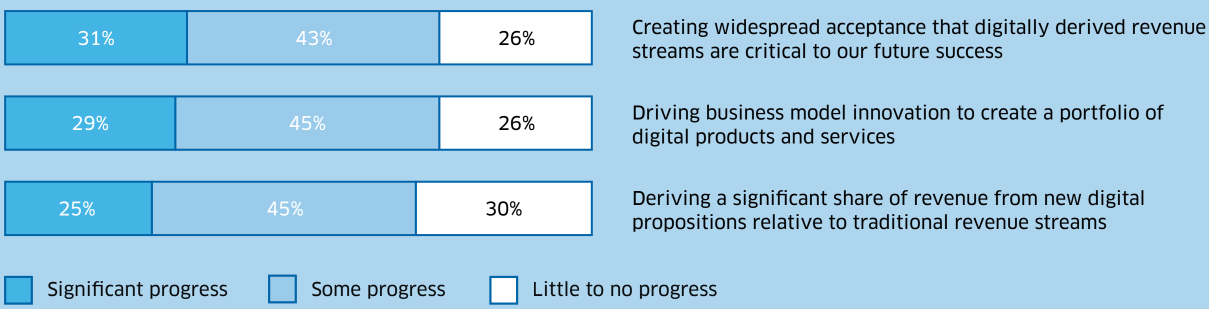
Delivering digitally driven growth

Shifting to a digitally driven growth model is difficult for established businesses. Only one-quarter of respondents to our survey report significant progress to date in growing the share of revenue they earn from digital compared to traditional revenue streams. Only a few more (still less than one-third) say their organization has created a clear digital growth strategy. On the bright side, almost three-quarters recognize that this is the future.

Slow and steady

The majority of businesses have a way to go to drive digital growth

How much progress has your organization made in the following areas?



Leaders believe digital revenue will grow

82% of leaders believe that in three years' time, they will be deriving at least half of their revenue from digital products and services.

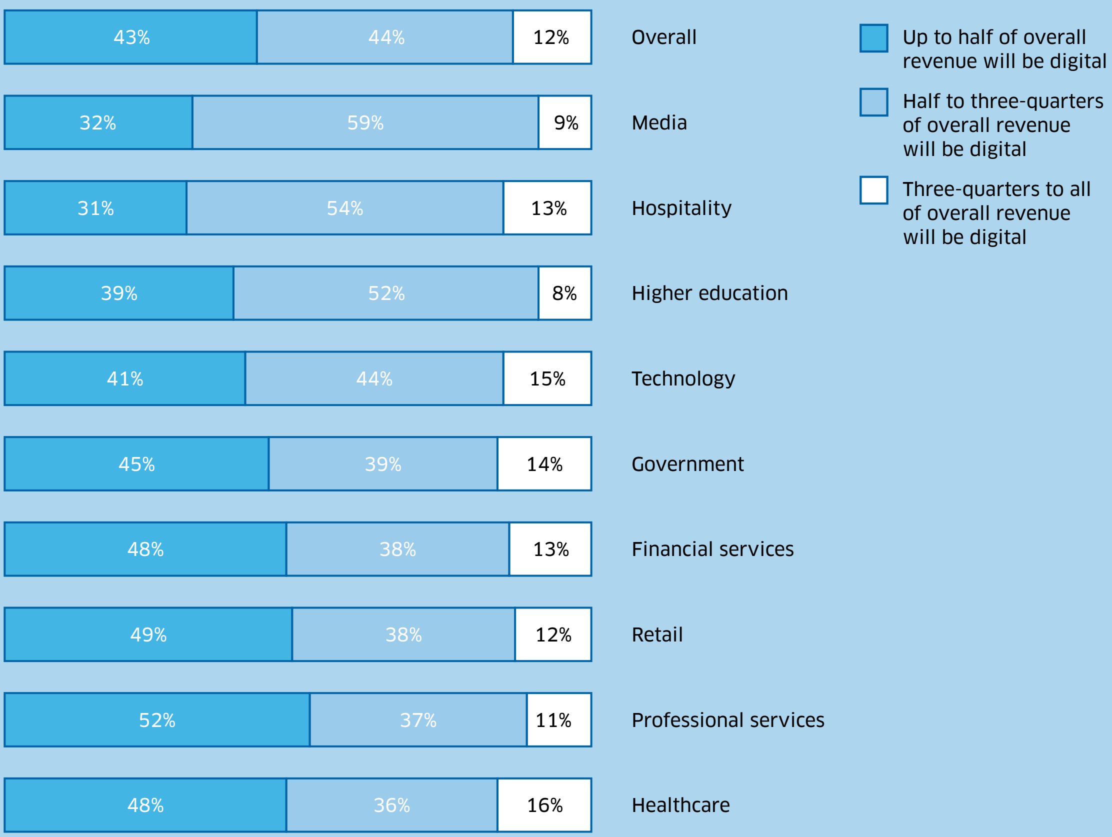
Digital revenue expectations

However, most businesses understand the potential risks of falling behind and are challenging their companies to embrace new ways of working. Over half of respondents (56 percent) expect that their firms will overcome their existing difficulties to earn half or more of their revenue from digital sources in three years' time. Around 12 percent of the sample is aiming higher—to derive three-quarters or more of their total revenue from digital by 2022.

Optimistic outlook

A majority of organizations anticipate more than half their revenue will soon be derived from digital

Expected digital share of overall revenue in three years' time



Future expectations are highest in the media and hospitality industries, where 68 percent and 67 percent of executives respectively anticipate that digital will account for half or more of their revenue in three years.

Interestingly, fewer technology industry executives expect a major shift to digital revenue streams. Adobe and Microsoft are examples of established tech companies founded in the pre-internet era that have made a successful shift to a digital model. But many others are weighed down by legacy technologies and cultural impediments. The difficulties they face are common to organizations across all sectors.

What is impeding digital growth?

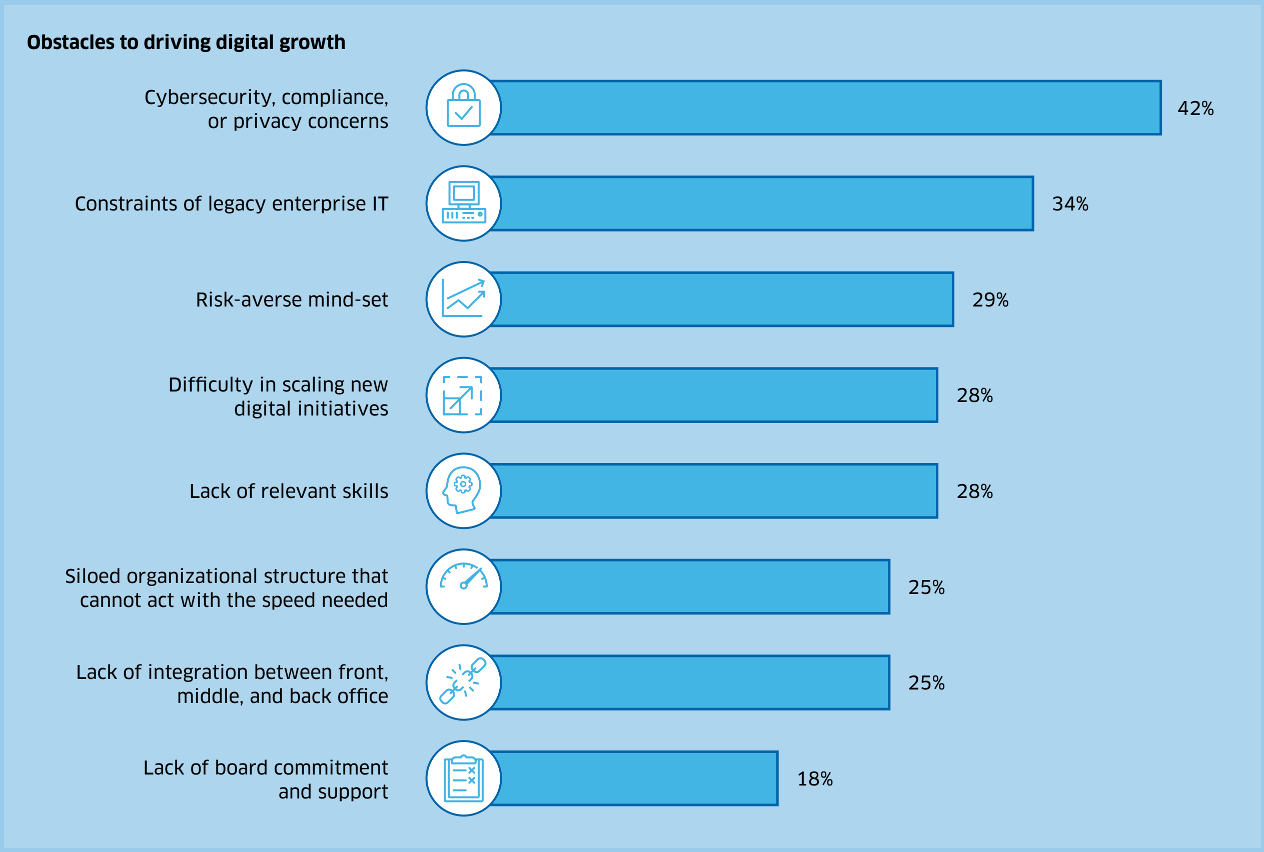
Are such expectations of digital growth realistic, given the challenges facing organizations? Our research found a host of factors that stand in the way. Many of the factors are interrelated and underscore the need for organizational agility—and a new approach to technologies, people, and processes.

It's not surprising that cybersecurity, regulatory compliance, and data privacy concerns topped the list of factors impeding digital growth. Yet, perhaps more interesting was the cocktail of constraints imposed by legacy IT infrastructures, a lack of relevant digital skills, and, from a cultural perspective, the impact of a risk-averse mind-set within the business.

For example, legacy IT—older-generation software and hardware that are not readily compatible with a modern, cloud-based environment—holds back more than one-third (34 percent) of organizations. Add to the mix the 29 percent of respondents who cited a risk-averse culture and the 28 percent who pointed to a lack of skills as the major obstacles to driving digital growth, and it becomes clear that there is significant work to do both from a technology and cultural perspective.

Overcoming the obstacles

The barriers to digital growth



Five characteristics of organizational agility

With these research findings in mind, here are the capabilities that define organizational agility and a clear path to digital growth.

1 | Responsive: Continuous planning

In the digital world, change is the only constant, and organizations must keep up. Outdated planning processes—defined by long planning cycles, siloed efforts, and too little time for strategic analysis—are no longer fit for today's dynamic world. To thrive, businesses need to respond to changes in real time, giving them the speed and agility they need to compete.

A high level of responsiveness is one of the attributes that defines our leaders, but even they struggle with legacy technology. Older and inflexible technologies are the most frequently cited barrier to real-time planning being integrated across the enterprise. Leaders place particular emphasis on this factor (34 percent), while laggards are more burdened by a bureaucratic culture (28 percent).

Nevertheless, more than 6 in 10 leaders (61 percent) strongly believe that they can react with agility and speed to market shifts. Only 6 percent of laggards display such conviction. Proactive planning that facilitates the discovery and development of new innovation opportunities is one of the keys to organizational agility at scale.

QUICK FACT:

61%

of leaders strongly believe that they can react with agility and speed to market shifts

More responsive by an order of magnitude

10x

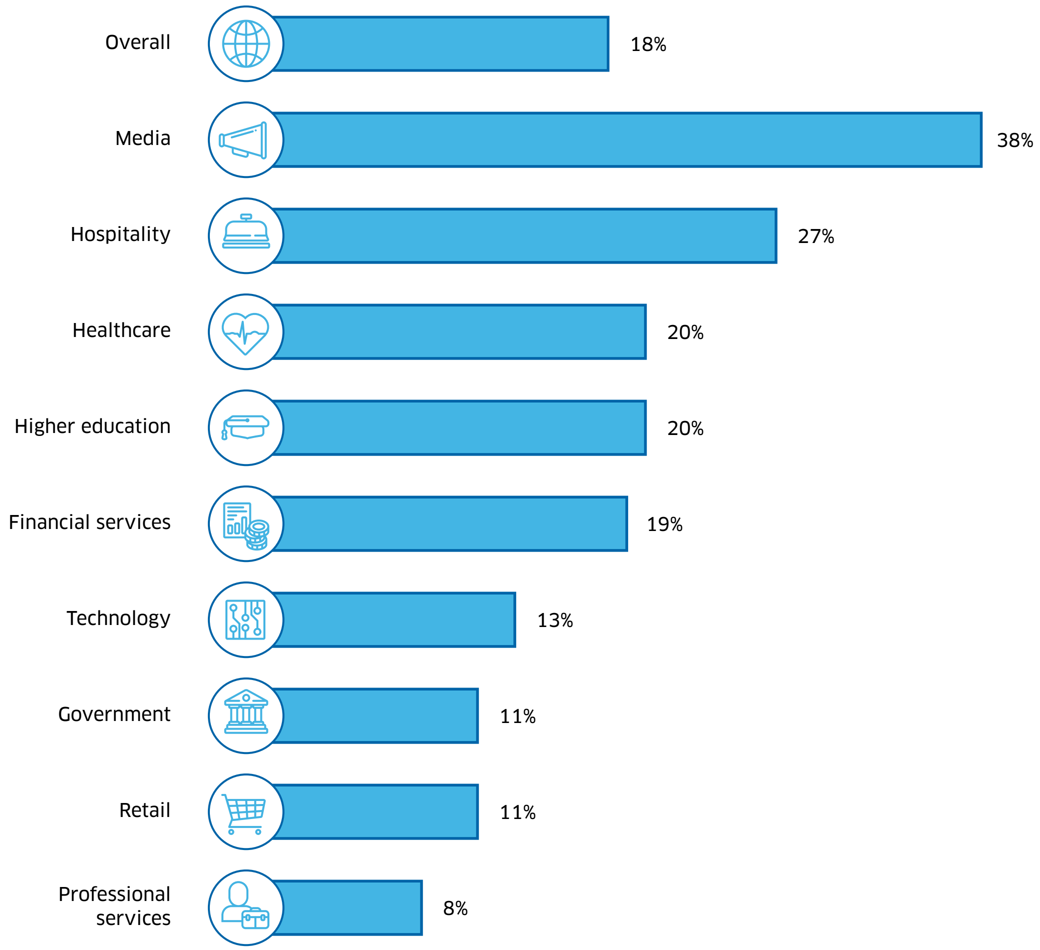
Leaders are 10 times more likely than laggards to react to shifts in the market with agility and speed.

As one example, finance departments in many businesses are replacing the static revenue forecasts they used to generate every quarter or six months with rolling forecasts, updated in real time as circumstances change. This is possible owing to the rapid-fire generation of insights from customer and market data that today's analytics tools deliver.

Real-time responders

Fewer than one in five organizations say they are able to react with agility

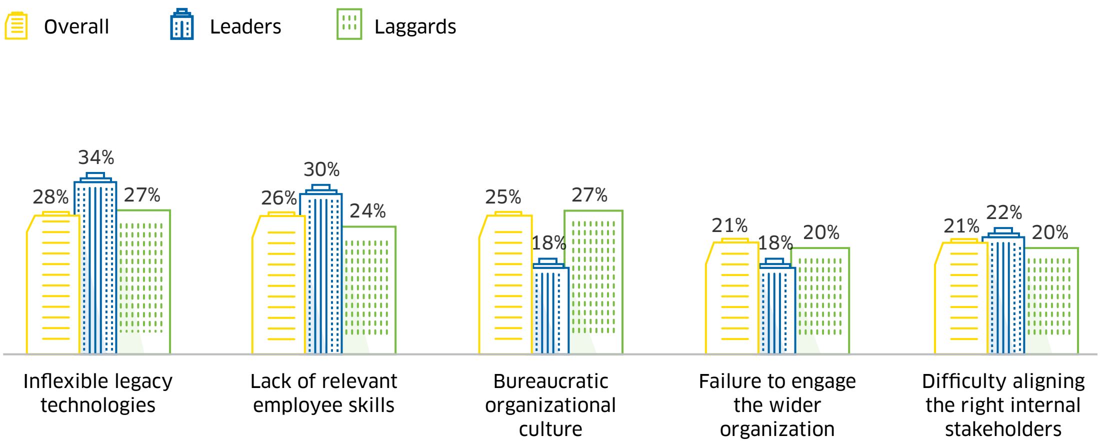
My organization is able to react with agility and speed to market shifts



Outdated tech tops the list

Inflexible legacy technology is the number one obstacle to real-time planning

Top five obstacles in moving to real-time planning



In industries such as media, companies are only as good as their most recent product or service. Considerably more media organizations claim the ability to react quickly to market shifts (38 percent versus 18 percent overall). Such levels of agility allow broadcasters and movie studios, for example, to make real-time decisions about programming based on anticipated changes in audience preferences. Here and in other industries, active planning, supported by advanced analytics, enables companies to reassign R&D funding quickly to new products for which demand signals are strengthening.

2 | Adaptable: Fluid structure and processes

In order to be able to deliver a continuous planning process, organizations must have flexible structures and fluid processes in place. The need for dynamic processes was clear in the study, which revealed that leaders are more than twice as likely as the overall sample—and about five times more likely than laggards—to say they are capable of quickly reallocating people when and where needed.

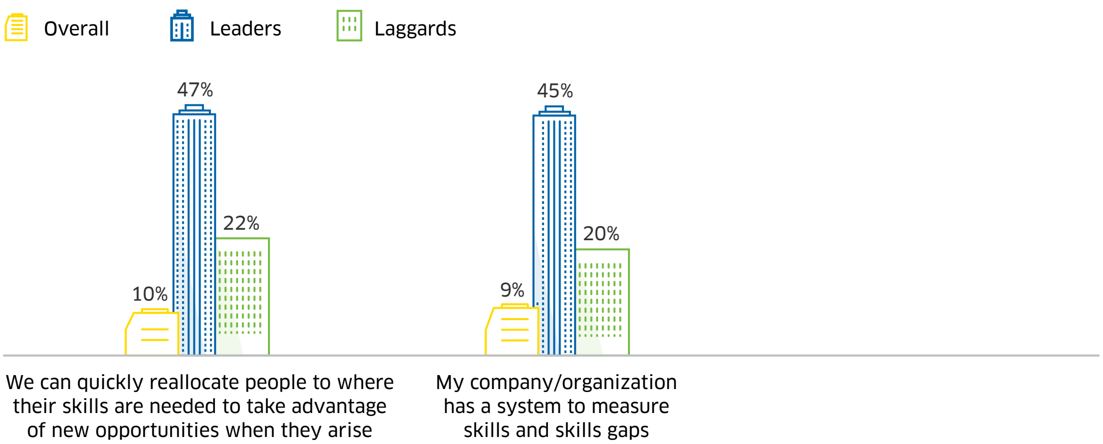
One recent study has found that companies that are ahead in their digital transformation efforts relocate digital talent five times faster than do their peers. It points to the example of Dutch bank ING, which has reportedly moved from reviewing project staffing on a quarterly basis to doing so monthly or even bi-monthly.*

*https://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/the-drumbeat-of-digital-how-winning-teams-play

Making moves

One-fifth of organizations strongly agree that they can reallocate people quickly when needed

Percentage of respondents who strongly agree with the following statements



QUICK FACT:

1 in 5 organizations are able to reallocate people quickly when their skills are needed to embrace new opportunities

Flexible structures and fluid processes, however, require a supporting culture. According to the overall survey, a bureaucratic organizational culture is the number one obstacle to greater adaptability, followed by legacy technologies (32 percent and 29 percent respectively). Only one-fifth of respondents are confident in their ability to quickly reallocate people to where their skills are needed in order to take advantage of new opportunities.

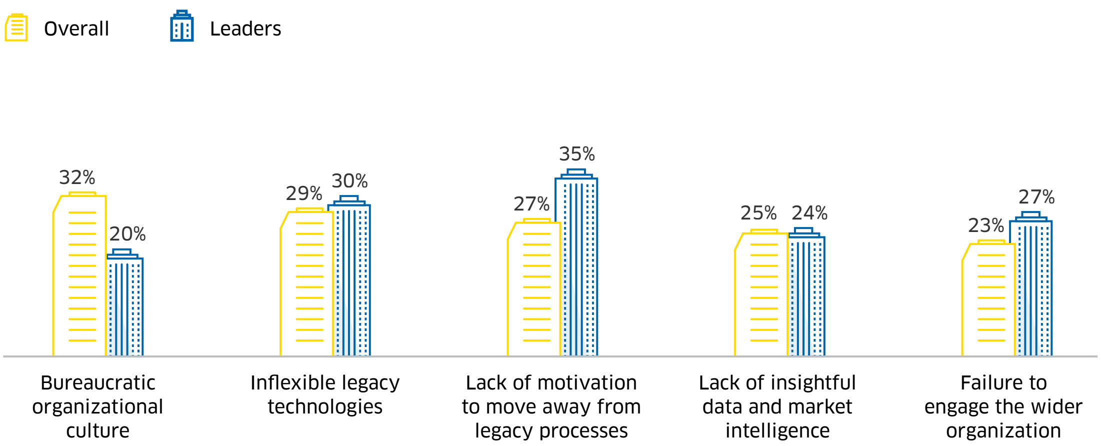
The research found that legacy IT and bureaucracy also hamper leaders' adaptability, but cultural obstacles, such as a lack of motivation to move away from legacy processes, are even more of a burden. More than one-third (35 percent) of leaders ranked a lack of motivation to move away from legacy processes as the top barrier to process change, followed by inflexible legacy technology (30 percent).

Tellingly, more than one-quarter of leaders (27 percent) say they are not always able to engage the entire organization in efforts to become more adaptable.

Legacy lingers

Leaders name lack of motivation to move away from legacy as the top barrier to process change

The top five barriers to updating processes in response to changing business needs



A lack of integration remains a huge threat to businesses as they shift toward digital innovation. How can organizations operate with agility and flexibility when technology, people, and processes live in different systems with little or no integration?

The research shows a mixed bag where integration is concerned, as some organizations have made a degree of progress toward integrating technology, people, and processes. While just over 20 percent of organizations are completely integrated across front, middle, and back offices when it comes to these three areas, nearly three-quarters have made at least some progress.

Unsurprisingly, the leaders maintain an integration advantage. As agile methodologies shift from the domain of IT/software development into the broader business world, the growth of smaller, empowered, cross-functional agile teams is arguably the modern method of being “integrated.” In the study, 86 percent of leaders said they are completely or nearly completely integrated when it comes to people, and more than 90 percent integrated when it comes to technology and processes. The confidence in these numbers did surprise us, as it seems contrary to what many business leaders are saying. But it’s important to remember that leaders compose only 15 percent of the survey respondents—quite literally, an exclusive group.

3 | Skilled: Building the future workforce

Many organizations are finding that a growing share of their revenue is directly linked to digital skills areas that did not exist 10 years ago. Take today's emerging occupations, such as data scientist, user experience designer, and algorithm trainer. Skills requirements will continue to change as businesses adapt to take advantage of new technologies, and soft skills, such as dealing with constant change, are also becoming more important.

Organizations must strive to create a workforce for the future, encouraging employees to grow by learning new skills. Most respondents in the survey are taking a hands-on approach to upskilling. The majority of respondent organizations (52 percent) plan to upskill more than half their workforce to adapt to changes in the working environment.

The survey leaders remain the most proactive in this area. Here again, the leaders are ahead with more than three-quarters planning to upskill most of their employees in the next five years. They are also four times more likely than laggards to aim at upskilling at least 75 percent of their workforce.

If we examine specific business functions, there are contrasting approaches to upskilling across the C-suite. Sixty-eight percent of CEOs have designs on upskilling more than half their workforce in the next five years, whereas just over half (51 percent) of other business function leaders had the same intention for reskilling.

With the emergence of machine learning and other data-driven technologies, getting to grips with the skills that businesses will need tomorrow is a huge challenge.

Top of the leaders' list is developing the ability to identify, anticipate, and manage risk. Highly important to leaders (less so to respondents overall) is the ability to work effectively with machine-learning algorithms—part of the challenge of adopting and integrating AI increasingly faced by many organizations. For example, in areas such as finance, does this raise questions about a shift away from traditional accounting backgrounds to more data science-focused paths into the CFO function? Interestingly, CFOs say cognitive flexibility—the ability to thrive through constant change—is the most important skill to succeed in their function over the next five years.

QUICK FACT:

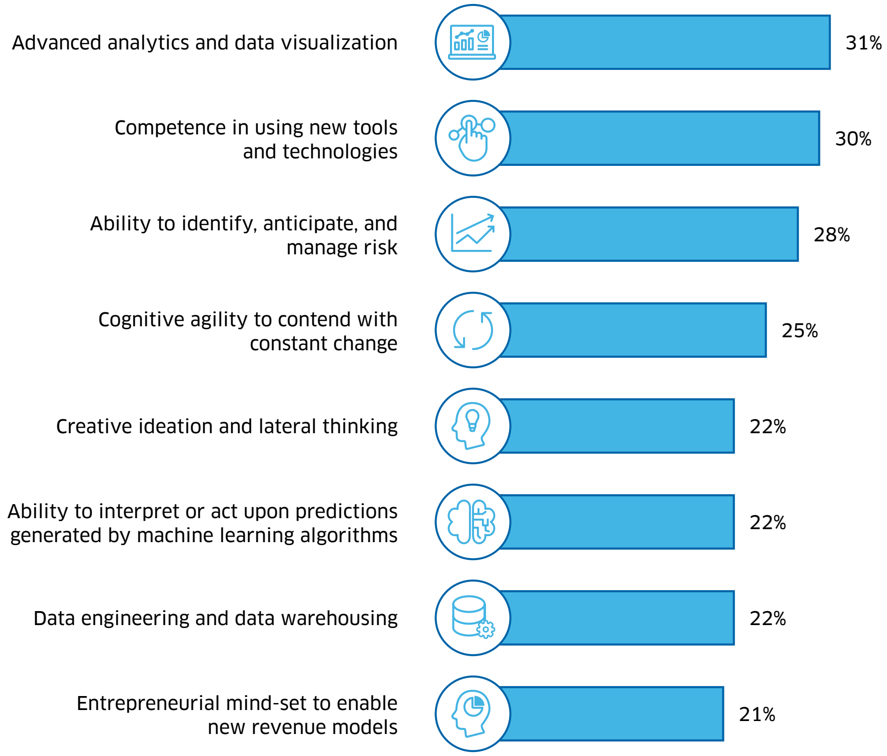
50%

of organizations plan to upskill at least half of their workforce by 2024 to adapt to changes in the working environment

Mixed bag

Both hard and soft skills will be sought after in the next five years

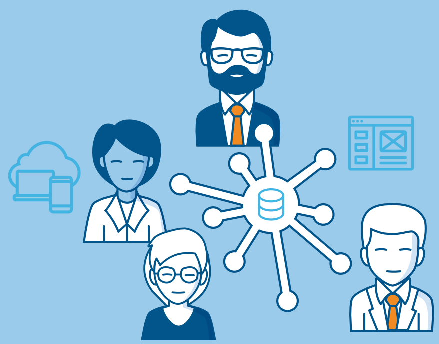
Skills that will add the most value in the next five years



From a general skills perspective, survey respondents overall emphasize the importance of a mix of soft and hard skills, with a particular focus on advanced analytics and data-visualization capabilities (31 percent).

Is the C-suite speaking with one voice?

While there is broad agreement in most areas among the C-suite executives we surveyed, there are also a few pronounced differences that could weaken transformation efforts. With organizational agility firmly on the agenda, it is imperative that CEOs and their executive teams see eye-to-eye to lead successful transformation efforts.



The optimistic CEO

Our research finds CEOs are more optimistic than their direct reports about their organization's ability to change. For example:

- Nearly 8 in 10 CEOs think the organization can quickly reallocate staff to where their skills are needed. Just 6 in 10 CFOs believe this to be the case.
- 7 in 10 express the belief that the back, middle, and front offices are "completely integrated." Fewer CIOs, COOs, and CFOs are as confident of this.

Differences in the data

Such divergences may be considered marginal, but when it comes to access to data—the lifeblood of agile organizations—they are much more pronounced:

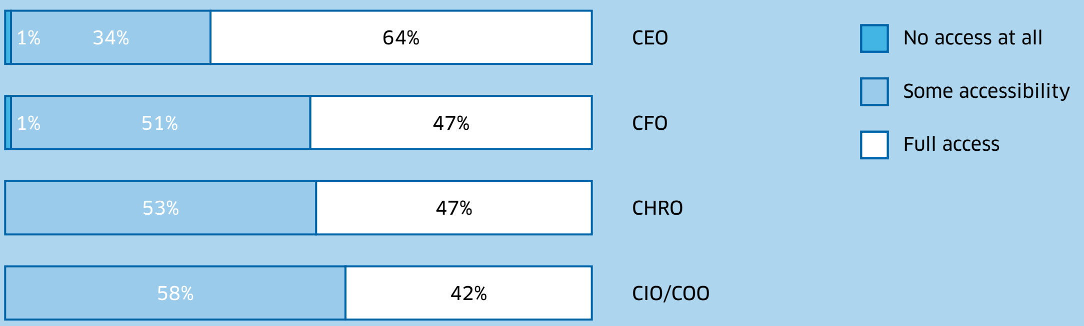
- Nearly two-thirds (64 percent) of CEOs believe that employees have full access to the data they need to do their jobs. The broader C-suite is not so certain—fewer than half of CIOs, COOs, CHROs, and CFOs agree with this.
- 4 in five CEOs think that free data flows are effective at facilitating democratized decision-making in their organizations, a view to which only half of CIOs and COOs ascribe.

Continued...

Data disparities

Nearly two-thirds of CEOs say employees have full access to the data they need

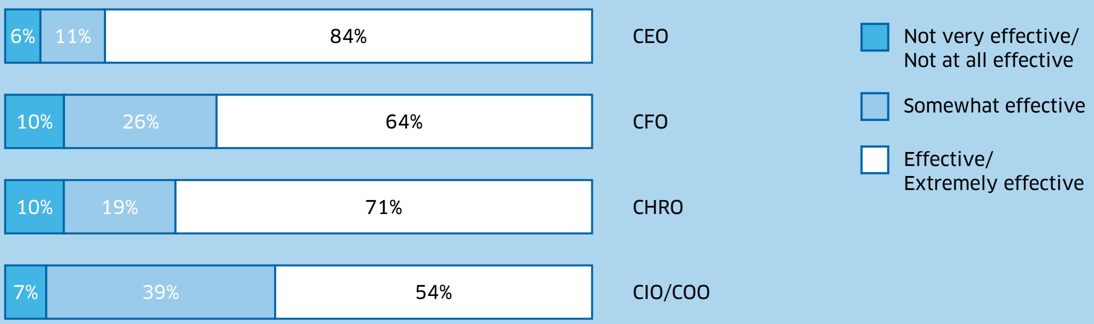
Level of access people have to the data they need



Incongruous information

The C-suite is divided over how effective data accessibility is at facilitating democratized decisions

Effectiveness of the free flow of information and data in facilitating democratized decision-making



CEOs and their CFOs also diverge sharply on the suitability of their existing KPIs for a digital business. Nearly 70 percent of the former think they are fit for purpose, while only 40 percent of CFOs believe it to be the case.

What accounts for such differences? In some organizations, CFOs, CIOs, and their peers may have a more accurate picture of enterprise reality. Or perhaps the divergences reflect the can-do optimism that CEOs often need to demonstrate as the change-leaders-in-chief. Whatever the explanation, we know from experience that getting complete buy-in across the C-suite—and the way that change is communicated across the business—serves to strengthen the move to organizational agility.

4 | Empowered: Informed and delegated decision-making

People need to be given the right information, at the right time, to make the best possible decisions for the business.

Access to data generates benefits when, for example, leaders at professional services companies can compare their organizational attainment versus forecasted and targeted hours so they can plan appropriately. Or, from an FP&A perspective, investment firms can combine external data from their fund accounting and investor relationship systems with their HCM and financial management systems to analyze profitability by fund, by fund manager, or by investment class. IT teams—and the wider business—gain when data can be accessed quickly without the intervention of the IT department.

Data democracy isn't a free-for-all and requires control, but in general, people closest to a decision should have access to the data and be empowered to make it. This helps speed up decision-making and ensure decisions are aligned with customer needs.

Today, far from all organizations are capable of such empowerment through data: fewer than half of survey respondents overall (43 percent) say that all employees have access to timely and relevant data. The exception, once again, is the leaders: 80 percent say that this is the case, and that there are no unnecessary gatekeepers that create bottlenecks in accessing such data. Leaders have clearly found ways to break down the data silos—existing for example, in the separate domains of finance, HR, marketing, and IT—that constrain many established organizations.

There are business benefits to be gained from liberalizing access to data. Half of organizations that report significant progress to date in building digital revenue streams ensure full access to data across functions. Among firms where digital growth progress is more limited, less than one-quarter (22 percent) can ensure full data access. The story is much the same among the leaders and laggards in our survey.

QUICK FACT:

43%

of organizations say that all employees have access to timely and relevant data

Digital revenue leaders break down data silos

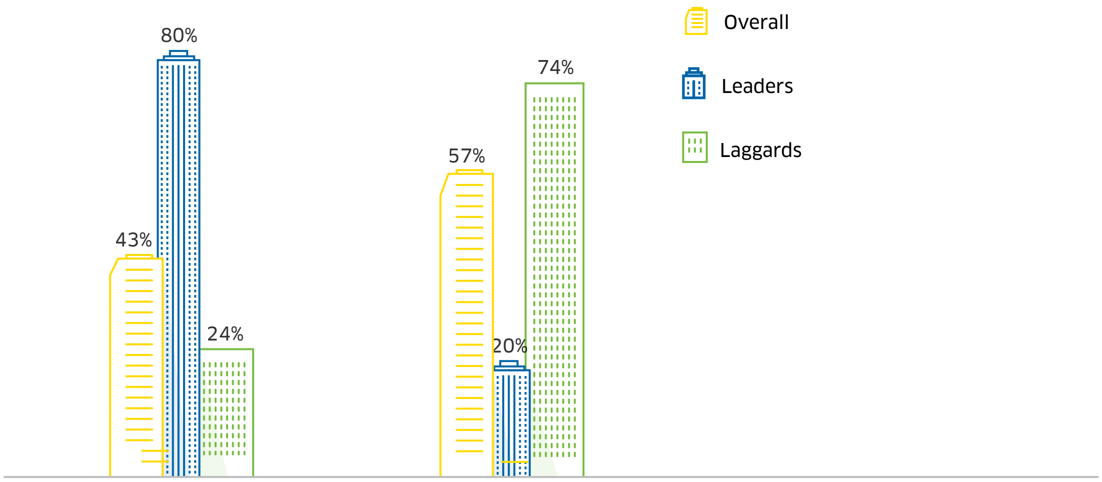
50%

Half of organizations that report significant progress in building digital revenue streams ensure full access to data across functions.

Leading advantage

Four in five leader organizations have full access to data across the enterprise

Perceived level of access to data within organizations



Achieving the holy grail of democratized decision-making is not only about giving functional leaders access to timely, relevant, and non-siloed data. It's also about ensuring that teams have full access to such data, without bottlenecks within the business, and empowering them to make decisions.

5 | In control: Measurement and guidance

To ensure that innovation delivers the financial performance that they need, organizations must unite agility and speed with the close monitoring and control of the performance of their digital initiatives. For example, the challenge for the CFO is to be able to assess each individual digital product or service with metrics that are relevant to specific stages of development across each innovation project. The business must be able to understand how various small investments contribute to overall performance, so that they can manage the risk across the whole portfolio and prioritize investments—both of people and of money—accordingly.

Development teams at innovative tech companies often build portfolios of dozens of prototype products, many of which are not ultimately successful. The plug is pulled on failing projects on a regular basis. This is not only acceptable, but often seen as a learning opportunity, provided that projects are ended before too much investment is sunk into them. This is tougher for older organizations in other industries, but some, such as U.S. pizza chain Domino's, have been recognized for their track record in "fail-fast" innovation*.

QUICK FACT:

94%

of leaders say they are able to shift course quickly away from unsuccessful projects

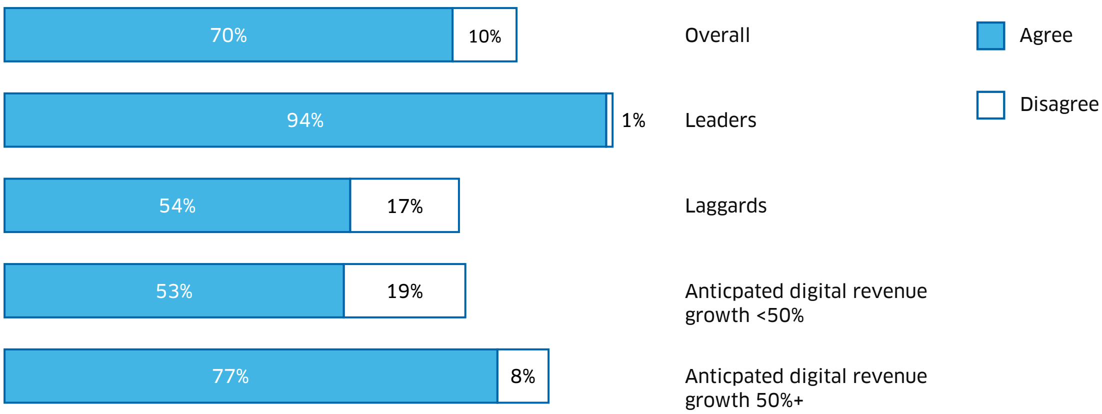
*https://www.fastcompany.com/90299011/dominos-most-innovative-companies-2019

The fail-fast mentality is pervasive among the leaders. More than 9 in 10 (94 percent) say they are able to shift course quickly away from unsuccessful projects. Virtually the same number (95 percent) say they have a culture in which learning from failure is encouraged. On both of these questions, the leaders' confidence in their ability to fail fast far surpasses that of the rest of the survey sample–especially the laggards.

Rapid response rate

An overall majority–and almost all leaders–are fast to act on failing tech investments

My organization is fast to act on failing investment in new technologies



Far from all organizations have developed key performance indicators (KPIs) that are fit for purpose in the digital era. Just one-quarter of respondents overall claim to have made significant progress in establishing performance metrics to measure digital revenue growth. More worryingly still, over half (55 percent) of organizations do not have KPIs that are reflective of the digital era in which they now operate.

Moving fast and making things

95%

The fail-fast mentality is pervasive among leaders–95 percent say they have a culture in which learning from failure is encouraged.

In closing

Businesses today face enormous pressure to deliver on digital transformation and exploit digital growth opportunities if they are to keep pace with competitors. The evidence from our research is clear: those leading the race to continuous digital innovation are those who have successfully embraced some or most of the characteristics of organizational agility. For those playing catch-up, the clock is ticking, and the time has come to rethink how their business approaches technology and innovation before they fall too far behind.

Informed by the research and our experience helping customers of all sizes transform their organizations, what is the first step for business leaders looking to embrace organizational agility?

To start, ensure you take the whole business with you. For too long, transformation efforts have been conducted in isolation across disparate business areas. The emergence of digital opens up the opportunity for an organization-wide shift in the way businesses think about technology, culture, and the processes that underpin them.

The CEO must lead and ensure that other leaders from across the C-suite are on the same page. C-suite collaboration remains a challenge, but the shift to digital provides even the most traditional business with the opportunity to use technology to better align these functions and improve structural collaboration.

Since the year 2000, 52 percent of companies in the *Fortune* 500 have either gone bankrupt, been acquired, or ceased to exist as a result of digital disruption. But leaders that have adopted the five key capabilities of organizational agility are significantly better placed for digital innovation success.

Those who plan continuously; build adaptable and fluid organizations; upskill, inform, and empower their workforces; and put in place the right measurement and controls, will be best positioned to harness continuous innovation and grow their digital revenue. The time is now, and businesses must embrace organizational agility if they are to survive the digital storm and thrive in the age of continuous innovation.

QUICK FACT:

52%

of companies in the *Fortune* 500 have either gone bankrupt, been acquired, or ceased to exist as a result of digital disruption since 2000

Unshackle your innovators and planners

Planning, execution, and evaluation must become quicker and more flexible to ensure that resources are used in the most effective way.

Take the whole business with you

Embedding and scaling the key organization-wide capabilities—our five pillars of organizational agility—requires buy-in at every level. This is most critical across the C-suite.

Measure everything

Neglecting to track initiatives in detail can undermine good products and keep failing ones alive. If it's digital, it can be measured.

Collaboration is crucial

All aspects of the business must work hand-in-glove to build organizational agility across the enterprise. Underpinned by fluid processes, flexible structures, and robust technology capabilities, collaboration sharpens an organization's ability to create fabulous customer outcomes.

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