



BUILDING
RESILIENCE

WHEN DISRUPTION IS THE
NORM, SUCCESS FLOWS
TO ORGANIZATIONS WITH
AGILITY AT THEIR CORE.

BY DONOVAN BURBA

IN THE 21ST CENTURY,

competitive disruption is business as usual. Just look at the airline industry: In less than 15 years, four upstart “super-connector” airlines—Emirates, Qatar, Etihad and Turkish—have surpassed the reach of formerly dominant carriers based in Europe. And they’re beginning to move into the traditional turf of U.S.-based airlines.

How to respond to aggressive competitors and navigate volatile markets quickly and successfully is the crux of organizational agility. No longer a buzzword, agility is a must-have for project success in rapidly evolving sectors—which these days is most.

“To be prepared for the future, you need both a culture and an organizational structure that provide the flexibility needed in a changeable environment,” says Jorge Alberto Pérez Torres, PMP, organization deputy director at insurance firm Allianz, Mexico City, Mexico. “The word ‘resilience’—the ability of a system to cope with change—fits very well in this case.”

PMI’s 2015 *Pulse of the Profession*®: *Capturing the Value of Project Management Through Organizational Agility* in-depth report found that 75 percent of organizations with a highly developed culture of agility are able to quickly respond to market conditions, compared to 12 percent of organizations with an underdeveloped culture of agility.

The contrast was similar with customer satisfaction ratings (85 percent compared to 23 percent).

Yet cultivating organizational agility isn’t easy. Organizations aren’t monoliths; they’re made up of people, and getting people to change their habits of mind and behavior takes time and effort. When organizations create a culture of agility that enables



projects and programs—their most strategic initiatives—to be completed faster and more efficiently than ever before, they are better positioned to thrive in uncertain economic conditions. According to the *Pulse* report, organizations can accomplish this by establishing a five-part, self-reinforcing framework consisting of supportive culture, strategic flexibility, collective leadership, capable people and adaptive process. (See “Rapid Reactions,” page 66.)

But the real challenge for organizations looking to increase their agility is figuring out how to engrain these capabilities so deeply in the project culture that they become second nature. There’s no getting around the time and conscious effort this requires.

PREPARED FOR THE STORM

The difference between managing projects, programs and portfolios now compared to 10 years ago is the speed at which change and risk management capabilities have to be used, says Herb Payan, PMP, senior vice president, digital strategies, Sony Music, Fort Lauderdale, Florida, USA.

“In the past, project management was all about efficiency and optimizing each process,” he says. “Today, it’s more about flexibility and agility, because market trends change during project cycles.” Under such circumstances, change management at the portfolio level is critical. “I can look across the portfolio, and there’s a lot more outside influence on it than there used to be,” Mr. Payan says. “If you don’t have good change management in the portfolio, you’re going to spend a lot of time managing chaos.”

The *Pulse* report bears his point out: Organizations with a highly developed culture of agility are more effective at organizational change. Sixty-seven percent are effective at anticipating changes in the external environment, compared to just 10 percent of organizations with an underdeveloped culture of agility. And 61 percent of them can effectively implement responsive or adaptive strategies to the changing environment, compared to 6 percent of organizations with an underdeveloped culture of agility.

Mastering both change and risk management boils down to three capabilities: the ability to moni-



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tor and respond to the external environment, the ability to standardize change and risk management practices throughout the organization, and the ability to translate knowledge gained through these practices into a better project portfolio.

PREVENTING PERIL

How all this drives increased agility is simple: It prepares project and portfolio managers to make the right decisions in rapidly changing environments. In a tightly regulated industry such as banking, work on a deliverable often has to be done before the exact nature of upcoming regula-



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tions are known, says Marc Burlereaux, PMI-ACP, PMI-RMP, PMP, PgMP, business implementation manager, HSBC Private Bank, Geneva, Switzerland. Complicating matters, the project team often has to take into account regulations by both local and pan-European authorities.

Even when the pressure comes from within—decreasing time to market, for example—the importance of risk management remains. “In all these contexts, risk management is crucial to ensure delivery without putting the company at risk,” says Mr. Burlereaux. “With too much pressure from management, there is a strong tendency to minimize risk impact. We then need a strong operational risk manager who is able to be vocal.”

Organizational agility also requires all project teams to work from the same playbook. The 2015 *Pulse* report found that organizations with highly developed cultures of agility focus on project management training and development far more than those with low agility (66 percent compared to 13 percent of organizations with underdeveloped cultures of agility). The new 2015 study notes that organizations with highly developed cultures of agility succeed by embedding foundational practices across the business, including aligning business capabilities to strategy and integrating the voice of the customer into projects.

For Mr. Burlereaux, having standardized practices such as fully documenting projects has proven the key to managing initiatives in an industry—banking—that hasn’t exactly lacked volatility and uncertainty in recent years.

“The main advantage of having a well-documented portfolio of projects was to be able to keep, shorten or stop initiatives, depending on simple criteria like cost to complete, benefits awaited versus benefits realized, or ‘do or die’ projects,” he says. “An updated projects portfolio database is essential to make on-

the-spot decisions to either maximize the benefits or make sure we keep the bare minimum in the portfolio in case of a stormy environment.”

STRUCTURAL EVOLUTION

Whether there’s a market meltdown or surging competitor, the ability to sail through the storm successfully requires everyone from the executive suite on down to be on board. If only a few superstars at an organization excel in change or risk management, for example, opportunities will be missed.

For example, Mr. Torres notes that organizations that rigorously follow a yearly budget struggle with agility, because they are shackled to a fixed amount of money that doesn’t change as the project advances.

“Having the intention to be agile is not enough if the way we are organized is not profoundly changed in terms of policies, procedures, team structures, empowerment and trust,” he says.

At Sony Music, that has meant flattening the organization so that everyone’s voice is equal. That allows ideas, rather than titles, to drive the organization’s culture.

“The people with the everyday workload, they know where the problems are. We have to listen to them,” says Mr. Payan. “We have to go from, ‘If my title is X, then I should have the answers,’ to ‘My job is to make sure the right solutions are implemented.’”

The organization also has embraced an ethos of “fail and fail fast.” Rather than investing a great deal of time and effort in developing a prototype, they put out an imperfect model, get feedback and adjust. Identifying mistakes, he says, should be both accepted and rewarded, an attitude that he acknowledges requires a shift in mindset by typically risk-averse senior managers. The idea is that by giving teams the freedom to take more agile project approaches, the organization is growing its



overall agility: It can get products to market faster and adjust them on the fly, avoiding long, costly development cycles. In a dynamic market, this can make the difference between beating a competitor and being left behind.

But the road to agility can be bumpy. “Many managers don’t want to deal with agility because [they think] it is less governable and implies more freedom, and thus risk, for their teams,” Mr. Torres says. Only by trusting team members to deliver using essential checks and balances can project and program managers make their organizations more agile, he says.

But the onus is also on project managers to create an environment that fosters the ability to quickly make changes while taking the big picture into account. To implement organizational agility, “the number one most important thing is communication,” says Becky Walker, PMP, government analyst at the Florida Department of Revenue, Tampa, Florida, USA. “In order for us to be our most efficient, we have to be aligned with the organizational strategy and have the resources to quickly respond to external changes.”

That means project managers have to work hard to build their knowledge—both of their own organization’s goals and capabilities, and also of industry trends and market dynamics. And when the time

comes, they need to be able to blend strategy, goals and reality to make the right decision quickly.

The ability to adjust on a day-to-day basis to new market challenges while keeping an organization’s strategic goals in mind is crucial, says Ms. Walker. “When challenges emerge, you have to ask yourself, ‘What’s the problem, and how can I solve it while still meeting my own performance measures and strategic goals?’”

Finally, she notes that assessing and calibrating strategic goals quarterly or annually isn’t frequent enough in the current business environment. Organizations must have the ability make changes whenever challenges emerge. That requires everyone in the organization, particularly at the top, to acknowledge that hewing to the status quo in a dynamic environment won’t work.

When they do, they’ll see the benefits where they matter most—on the bottom line. The *Pulse* study found that increased organizational agility resulted in faster responses to changing market conditions, better organizational efficiency, improved customer satisfaction and greater business results. At a time when many organizations are treading water, those are powerful reasons to start thinking—and acting—differently. **PM**

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