

THE MICROAGILITY APPROACH A PATHWAY TO SUCCEED^(SM)



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1. Introduction

Today, more than 50% of projects are late and/or over budget. Billions of dollars are wasted on these projects because of disconnection or outright competition between groups that should be working for a common cause, i.e. achieving success, delighting customers, and increasing shareholders' value.

Sometimes resources are wasted on redundant projects that are not even close to Delighting Customers or Increasing Shareholders' Value (DC & ISV). More often, the final output of the various projects does not even meet the minimum requirements, let alone DC & ISV.

Let's explore further and see how projects are initiated today:

Generally speaking, these are the reasons for project initiation:

- New business opportunities which may or may not increase overall DC & ISV
- To address known problems but not the root causes of the problems (firefighting)
- Regulatory mandate
- Someone in the organization just wants to introduce a new product or services without any rationale

Aside from "Regulatory Mandate," projects are driven by department heads who are primarily concerned about their functional areas regardless of the impact of these projects on DC & ISV. Although an organization may have talented people who are experts in their functional areas, the organization may not necessarily have mastered the art of recognizing the importance of DC & ISV. For those few who have recognized it, they have yet to learn the means to achieve these ends. As a result, such organizations are losing the opportunity to DC & ISV.

Often, management thinks that since they understand the importance of delighting customers, everyone else does too. Their immediate interest is in corrective action programs, and they happily fund teams to hop on problems and wipe them out. They assume that prevention is going on. They like the idea of hiring certified professionals, but how does management really know if the corporation's daily operations are working toward and achieving DC & ISV? Equally important, how does management know if new initiatives align with strategy, address greatest need, and increase synergies? Most of them think that everything is moving along just right.

Employees are confused. They see that the work processes are laced with inefficiencies and confusion; they see that management talks about "excellence" and "commitment" but does little about either; they fill out the project plan forms to get projects moving but see little value in the exercise. They wonder why no one is really interested in doing something about delighting customers.

Customers find it hard to obtain reliable products and services. Of course, they have many choices, but it is really nice when they find someone they can trust. Overall, big-ticket products like automobiles have improved but the service industries are chancy at best. Customers see a lack of clear requirements and training for employees.

Employees and customers share a room at the bottom of every organization. They deal with each other while management manages and Program Management Office (PMO) professionals fill out plans.

What is missing is the critical element, Process Portfolio Perfection. Projects should be driven by processes, not functions. In real life, a process crosses many functions of an organization and demands collaboration from these functions. Very few project managers successfully collaborate in cross-functional areas. Thus, ambiguous requirements are passed on to different areas, which do not try to understand, because they are too occupied with either their day-to-day routine or the usual way things are done in their area.

We are not saying that no projects deliver DC & ISV; what we are saying is that due to the way projects are managed today in most organizations, the following outcomes are natural:

- Over run and over budget projects which are initiated by functional areas where project definition is understood well and there is no problem of collaboration or communication because, once the project begins to affect other areas, other issues come to the surface: lack of understanding of the project's definition, lack of collaboration, and lack of communication among functional groups.
- A similar project may already be in progress in a different area.
- The output of the projects may or may not DC & ISV.
- Most projects are poorly managed because the management processes are inadequate. Good managers are handicapped when improper management concepts are applied to a project. Over one third of all system engineering projects are cancelled before completion, with the most commonly cited reason being that the project was not properly assessed and planned. We have found that most projects are reasonably planned but not properly managed. It is not the fault of the planning but rather the lack of relevant Program Management processes.

The MicroAgility Approach is very holistic and flexible for achieving, sustaining, and maximizing business performance, success, leadership, and shareholders' value. This approach is uniquely driven by a close understanding of customers' needs; current market conditions; disciplined use of facts, data, and statistical analysis; and agile attention to managing, improving, and reinventing business processes.

The MicroAgility Approach benefits everyone. For example, if organizations listen to their customers, and delight them prudently, without wasting resources, organizations will gain not only their customers' loyalty but also their repeat business. The repeat business will lead to ISV, which will benefit everyone:

- Employees will benefit in two ways:
 1. If they own company stocks in their retirement fund or 401k plan, the value of those stocks will increase.
 2. They will be rewarded with promotions and generous bonuses. Also, since the organizations will be growing, they will be hiring and not firing employees.
- Suppliers will be able to sell their products and services to the organization.

- Federal, state and local governments will earn more tax revenue and spend that money on social programs, which will make the organizations grow and hire more people to manage their growth.

So, almost everyone in the community in which the organization is operating will directly or indirectly benefit.

Please note, however, if you superficially focus only on increasing your shareholders' value without delighting your customers, you might be successful in the short term, but eventually your competitors will take away your customers by delighting them. As a result, your organization will lose business, and shareholders' value will decrease, followed by adverse domino effects, i.e. fewer and smaller bonuses, layoffs, less tax revenue for social spending, suppliers will not be able to supply their services, and so on.

We are excited and take pride in forming partnerships with organizations to fix this root cause problem. We work with senior management to customize the MicroAgility Approach to best suit organizational needs. This approach will help organizations to become more agile in delighting customers and increasing shareholders' value.

2. Definition of the MicroAgility Approach

A holistic and flexible approach for achieving, maximizing and sustaining business performance, success, and shareholders' value. The Approach is uniquely driven by a close understanding of customers needs; current market conditions; disciplined use of facts, data, and statistical analysis; and agile attention to managing, improving, and reinventing business processes.

This definition is the cornerstone of the MicroAgility Approach. The types of "business success" you may achieve are broad because the potential benefits are diverse, including:

- Organizational Agility
- Cost reduction
- Productivity improvement
- Market share growth
- Customer retention
- Cycle time reduction
- Defect reduction
- Culture change
- Product/service development

3. Is the MicroAgility Approach really different?

If you have been through TQM, Six Sigma, and other Project Management methodologies, you will probably find familiar material in the MicroAgility Approach. However, we can assure you that you will also find a lot that is new and that familiar tools are applied with greater impact on the business and bottom line results, which will lead to delighted customers and, eventually, increased shareholders' value. Please note that "Delighting Customers and Increasing Shareholders' Value" is the nucleus of the MicroAgility Approach, which is about changing behaviors and attitudes and transforming organizations into Agile Organizations.

4. Our Philosophy

Gone are the days when organizations were able to choose one improvement over the other (EITHER we can do this OR we can do that). In today's competitive and belt-tightening environment, organizations must strive for both, and that is where MicroAgility can help.

BOTH	
EITHER we can...	Get things done faster
Improve quality	Maintain control of how work gets done
Empower and engage people in understanding and improving their processes and procedures	Apply creative solutions to "push the envelope"
Delight customers	Increase shareholders' value
Work hard	Work smart

A Powerful Strategy for Sustained Success:

The MicroAgility Approach is not a business fad tied to a single method or strategy, or merely conventional project or program management, but rather a flexible approach for improved organizational leadership and performance. It leverages many of the most important management ideas and best practices of the past century, creating a new formula for 21st century business success. Although it explains many theories for educational purposes, it is really about actions: changing behaviors and attitudes to transform organizations into Agile Organizations.

5. MicroAgility Approach

The MicroAgility Approach is a unique framework which contains the following nine steps. By following these steps, organizations can delight their customers and increase shareholders' value:

5.1. Emphasize Customer Needs

Organizations often write mission statements and promise to “meet or exceed customer expectations and requirements” without understanding their customers' requirements or expectations.

In the MicroAgility Approach, DC & ISV are the top priorities. DC & ISV cannot be achieved without understanding customers' needs, meeting their requirements, and exceeding their expectations. Measuring performance begins with the customer, and improvements are defined by the impact on customer delight and eventually increasing the shareholders' value.

5.2. Seek Management Commitment

Organizations rely on management; without their support no program can be executed to improve an organization. Therefore, management must establish a unity of purpose and set the direction to DC & ISV. Management must create an environment that encourages people to achieve this objective.

Management must also energize employees by transmitting their commitment throughout all levels of the organization, and give those employees state-of-the-art tools, training, and radically improved business processes.

5.3. Make Decisions Based on Facts

While many business decisions are based on intuition and assumptions, organizations perform better when their decisions are based on facts. Therefore, organizations must base decisions on the analysis of factual information and data. The MicroAgility Approach makes it clear what measures are keys to gauging business performance; then, it applies data and analysis to build an understanding of key variables and to optimize results.

5.4. Process is the Engine of Success

Mastering processes is essential to DC & ISV. Processes should not be confined to a specific functional area. Rather, processes should be analyzed and designed based on overall corporate business objectives (i.e. process within functional silos versus cross functional boundaries). Process can be the engine of success in designing products and services, measuring performance, improving efficiency and customer satisfaction, or even operating the business with its new business model. Once we define the process, the next step is to identify interrelated processes and treat them as a system.

5.5. Strive for Open Communication and Collaboration

We cannot over-emphasize the importance of open communication and collaboration. The opportunities available through open communication and improved collaboration within organizations and with their vendors and customers are huge.

People are more willing to collaborate once they learn how their roles fit into the “big picture” and can recognize and measure the interdependence of activities in all parts of a process. To encourage this behavior, people should also be recognized and compensated not only for their successes in their roles and activities but also for understanding the big picture and collaborating with others for the organization’s overall success.

5.6. Strive for Proactive Management

“Proactive” is opposite of being “reactive,” in other words, focusing on problem prevention versus firefighting. Organizations must make a permanent commitment to proactively improving their overall performance. We present tools and practices that will replace reactive habits with a dynamic, responsive, and proactive style of management.

5.7. Strive for Perfection

No organization will ever get closer to perfection without initiating new ideas and approaches – which always involves some risks. If people see possible ways (improved service, lower cost, new capabilities) to get closer to perfect but are too afraid of the consequences of mistakes, they will never try. The managers should be educated in risk management and encouraged to take calculated risks in order to strive for being closer to perfect. This is a never-ending cycle for agile organizations that are committed to ISV.

5.8. Manage Risks

Organizations must use a structured approach to managing uncertainty through risk assessment, developing strategies to manage it, and mitigating risk using managerial resources.

The objective of risk management is to reduce different risks related to a pre-selected domain to the level accepted by the organization. It may refer to numerous types of threats caused by environment, technology, humans, organizations, and politics. On the other hand, it involves all means available for a risk management entity (person, staff, and organization).

Strategies include transferring the risk to another party, avoiding the risk, reducing the negative effects of the risk, and accepting some or all of the consequences of a particular risk.

5.9. Strive for Agility

Business Agility can be the trump card for successfully executing a business initiative, especially when it involves huge investments, organizations and their brand values, and the survival of the entire business. It’s critical to foresee market and environmental changes, and to adapt to these changes rapidly, efficiently, and effectively. Often organizations can neither limit change nor deny the need for change. Rather, it is more productive to direct those changes from within as well as to master the art of responding to changes forced by external factors.

Similarly, agile enterprises do not adhere to the concept of sustained competitive advantage that typifies bureaucratic organizations. Operating in hypercompetitive, continuously changing markets,

agile enterprises pursue a series of temporary competitive advantages - capitalizing for a time on the strength of an idea, product, or service and then readily discarding it when it is no longer tenable. ¹

6. Conclusion

Some of the points mentioned above are already guiding stars for many organizations. As a result, those organizations are making progress. However, MicroAgility can add value with its ability to act as a navigator of your organization, and we can connect all these dots into a coherent path, which will lead your organization to DC & ISV.

Utilizing the MicroAgility Approach can produce faster results when senior management is committed and the organization is willing to admit its shortcomings, learn from them, and start setting priorities to correct them.

Please contact us via email at ASmith@MicroAgility.com to learn how we can help your organization to Delight Customers or Increase Shareholders' Value.

7. About MicroAgility

MicroAgility, Inc. is an award-winning boutique management consultancy. To learn more about MicroAgility, please visit us at www.MicroAgility.com. Based on the principles discussed above, we have also developed a framework for executing business initiatives. Our framework includes easy-to-follow steps, templates, and checklists.



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8. References

¹ Stacey, R. (2006), The Science of Complexity: An Alternative Perspective for Strategic Change Processes. In R. MacIntosh et al. (eds.). Complexity and Organization: Readings and Conversations. London: Routledge: pp 74–100.