THREE CRUCIAL INGREDIENTS FOR SUCCESS: AGILE ALIGNMENT, CUSTOMER-DRIVEN PRIORITIES, AND PEOPLE EQUITY

While there is an overabundance of tools, techniques, and methods for improving business efficiency and effectiveness, many organizations' leaders remain frustrated by the impact of these approaches on sustainable performance.

WILLIAM A. SCHIEMANN AND LESLIE A. GUTH

Why do so many efforts aimed at improved business efficiency and effectiveness fail to deliver promised results? While there is an overabundance of tools, techniques, and methods for improving business efficiency and effectiveness, many organizations' leaders remain frustrated by the impact of these approaches on sustainable performance.

Three crucial ingredients are not fully appreciated, understood, or frequently addressed by most organizations, resulting in suboptimal cost and performance.

- First, *alignment* is needed from top to bottom as well as across the various value-adding and enabling

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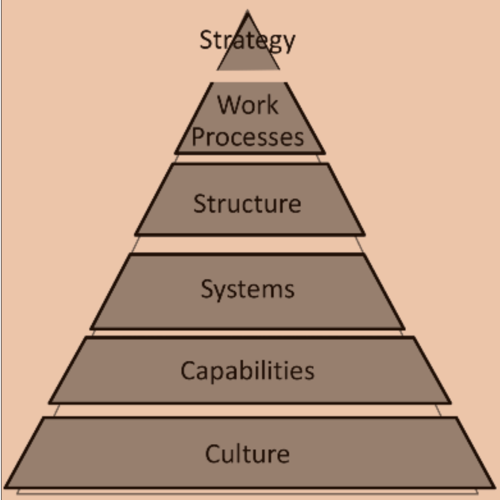
EXHIBIT 1 An Aligned Infrastructure Supporting the Strategy



functions (e.g., HR, IT, finance, sales) in an organization.
- Second, *customer-driven priorities* are needed. Improvements to processes and capabilities must factor in and be aligned with the needs, priorities, and perceived values to both the intermediate stakeholder and the end customer.
- Third, optimizing human capital investments, or *people equity* — alignment of purpose, the right capabilities, and participant engagement in the process — is critical to sustaining improvements.

While the first ingredient is the only one that is explicitly called alignment, alignment is a theme across all three; the first is about internal alignment of an organization's structures, processes, and capabilities with its strategy, the second is about alignment with customers, and the third addresses alignment of people.

Most importantly, in a world of increasing change, all three of the previously mentioned ingredients require an overlay of agility for an organization to be successful and sustainable.

We discuss relevant frameworks, practices, and methodologies to address these issues and cite examples of how a number of organizations have used the previously mentioned ingredients to achieve superior operational and business performance.

Much has been written on improving or transforming a business and how to use a host of methods and tools to do so. Some authors address total organizational change, while others focus on approaches for enhancing a particular process or function. Study after study has concluded that business transformation is difficult, and high levels of success are rarely achieved.[1] Jim Leighton, former president of Perdue Farms Foods and current COO of Boulder Brands, says, "Much of the promised improvement from a variety of quality tools falls short of the mark because of a failure to account for humans, who must implement rapid changes in the business environment today."

Most organizations face the need to continuously adapt and execute their strategies in an environment of continual change. Even internal functions such as finance, HR, risk, and security are facing huge pressures to transform what they do to accommodate changing workers, markets, and industries. Changes in the environment, such as competitors, customers and markets, employees and social norms, and regulatory requirements, are no doubt occurring at a growing pace. Standing still is no longer an option lest you find yourself obsolescent in short order.

In fact, the accelerated pace of change is now making most planning obsolete before it even gets into the playbook. Rosabeth Moss Kanter in her oft-quoted book of the late 1980s suggested that strategy more often fails because of execution than the design of the strategy itself.[2] However, we posit that another likely cause of execution failure is actually executing the original plan inflexibly instead of adapting the plan as the context changes.

After considerable study, we believe there are three ingredients needed for continuous transformation to succeed, independent of whether the transformation is at an enterprise scale or localized within a business unit or function: alignment, customer-driven priorities, and people equity, which reinforces and enables the first two. Moreover, because of the increasing speed of change today, there is not only a need to address all three of these in an integrated fashion; it is essential to do so with agility. Luckily, there are approaches that have helped some organizations to be successful in this journey.

Alignment and agility

Far too many organizations embark on improvements without considering the impact of such changes on organizational alignment. Improvements within functional silos often fail to yield substantive and sustainable organizational benefits. Worse yet, many organizations optimize one function while sub-optimizing another.

FAR TOO MANY ORGANIZATIONS EMBARK ON IMPROVEMENTS WITHOUT CONSIDERING THE IMPACT OF SUCH CHANGES ON ORGANIZATIONAL ALIGNMENT.

An organization with an aligned framework is one that supports its strategy with aligned work processes, structure, systems, capabilities, and culture (see Exhibit 1).

Enterprise architecture as an alignment enabler. The Federation of Enterprise Architecture Professional Organizations (FEAPO) has defined enterprise architecture (EA) as "a well-defined practice for conducting enterprise analysis, design, planning, and implementation, using a holistic approach at all times, for the successful development and execution of strategy. Enterprise Architecture applies architecture principles and practices to guide organizations through the business, information, process, and technology changes necessary to execute their strategies."[3] Another way to describe EA is to say that it enables the alignment of an enterprise from where it is to where it wants to be. Alignment includes both vertical and horizontal alignment.

Vertical alignment, or having a clear line of sight from the strategy articulated by the leadership team to every person and process supporting that strategy, is most often what people think about when we use the term alignment. In short, have we optimized the way we are structured to deliver on the strategy? Do we have processes and systems that are in sync with the strategy? Does the organization have the capabilities and culture that are most effective for implementing the strategy? In a well-defined EA, there is a connection between the overall business strategy and the business context that is the foundation for the company's operations.

Horizontal alignment is often referred to as effective integration. Integration conveys that there are clear, planned, and synchronized associations between the underlying parts. In any enterprise, there are many different functions, services, processes, and roles. Connecting these are information elements and data flows, and underlying and supporting them all are information services (IS) and information technologies (IT), also known as IS/IT.

For example, in supporting an enterprise, there are functions like product development, sales, marketing, and customer service, and roles like product managers, sales managers, marketing managers, and customer service managers. Information elements and data flows to support these roles include customer names, product names, product roadmaps, and sales forecasts. Organization-wide or enterprise-spanning IS/IT solutions that support these functions and roles and enable data flow across them provide an important enterprise capability such as one for "customer relationship management" (CRM). Especially in large enterprises, communicating effectively between multi-country sales teams and a vast array of product teams can only be solved with effective IS/IT solutions.

In fact, whether for smaller enterprises or larger ones, making better use of IT solutions such as CRM ensures that these systems are effectively interconnected with seamless data flow between them. To do so, such systems must map to and support the way the business is managed and work is done. All of that integration and connectedness means that the way people work on a daily basis (i.e., their business processes)is best supported by IS/IT with clearly understood linkages between all of the data (e.g., financials, orders, billing) and well-integrated applications.

Any enterprise today, small or large, that does not have the clear understanding of how its underlying pieces are all connected cannot effectively take advantage of today's technology. EA provides an approach to doing that by providing formats and languages to describe how business roles, data, and process flows interconnect, as well as how the underlying IS/IT applications and infrastructure support them.

Balanced scorecard as an alignment management tool. A useful tool for managing alignment is the balanced scorecard approach introduced by Kaplan and Norton and extended by Lingle and Schiemann.[4] A key value is aligning the measures that an organization uses to execute its strategy with the value assumptions embedded in the strategy. For example, strategic measures of customer intimacy may be required for organizations such as Nordstrom or Zappos, whose strategic differentiator is service excellence. This means that different departments or job groups need to align their processes and deliverables such that they are supporting a customer-intimate approach. While retail customers most often have that customer-intimate experience with a sales associate, they can also experience such intimacy in how they are treated by the billing department or the degree of customization they receive by the marketing function. Therefore, it is critical that this core value be embedded in the organization's processes.

A good scorecard also enables the balancing of the key metrics across an enterprise for the purposes of avoiding performance sub-optimization, as well as ensuring that management has information regarding the most important drivers of success. For example, the marketing group should not send messages that are not coordinated with the sales people who are interfacing directly with customers. The right metrics can help. CEO Gordon Bethune chronicles the successful transformation of Continental Airlines in the '90s in his book *From Worst to First*, pointing to a crucial scorecard metric — on-time performance — that enabled his airline to integrate the roles of pilots, baggage handling, logistics, gate agents, and others into a coherent team because achieving on-time performance was impossible without the integrated efforts of all of these groups.[5]

Tying alignment and agility together. In the early part of this article, we stated that agility is critical to sustainable business results. Being agile means that strategic and operational plans and improvement designs need to be regularly reviewed and adapted to internal and external changes. A multi-year, detailed strategic plan based on a snapshot view of the enterprise may become irrelevant after several quarters if there is not a periodic, disciplined way to review and refresh it. While there needs to be a high-level vision, strategy, and roadmap, this needs to be re-tested continuously as the strategy is implemented in a continuously changing environment. Further, revising one function or activity without engaging other functions downstream, upstream, or adjacent to it has the potential to bring the organization into misalignment, as the strategy is no longer fully integrated.

ORGANIZATIONS MUST BE ABLE TO CREATE AND MANAGE AN ALIGNED AND INTEGRATED ENVIRONMENT AND AT THE SAME TIME REACT QUICKLY TO DYNAMIC CHANGES.

Organizations must be able to create and manage an aligned and integrated environment and at the same time react quickly to dynamic changes. In essence, this is agile alignment. Two frameworks to support this include EA and balanced scorecard, as already described, and Scrum, a framework for being agile defined in *The Scrum Guide* as "a framework within which people can address complex adaptive problems, while productively and creatively delivering products of the highest possible value."[6] While EA and balanced scorecards create the guidance to design and align organizations, Scrum provides an approach for managing change — for being agile — within these frameworks. Among the various frameworks and process approaches for business improvement, Scrum has been adopted by a growing number of IS/IT and product development teams and shows great promise in other functions, too. The Standish Group's 2013 survey found that the adoption of Scrum is one reason that IS/IT business improvement projects have been increasingly successful in meeting their goals of cost, timeliness, and quality.[7]

Even with Scrum, we still need to manage the complexity of an enterprise or organization and its myriad of functions, services, processes, roles, and information flows. EA, as described earlier, provides the methodology for vertical and horizontal alignment of an enterprise or organization, how it is organized, how its data flow, and, collectively, how all of that aligns to the enterprise's strategy and vision.[8] In addition, an EA taxonomy framework describes relationships between business processes and roles, information or data elements, and the IS/IT applications and infrastructure. Putting this all together in a coherent framework provides the basis for a systematic, organized approach that can be applied in small and large enterprises.

AS IMPORTANT AS IT IS TO ENSURE AN INTERNALLY ALIGNED AND INTEGRATED ORGANIZATION IN A DYNAMIC ENVIRONMENT, IT IS ALSO CRITICALLY IMPORTANT TO IDENTIFY AND PRIORITIZE NEEDED CHANGES BASED ON CUSTOMER PULL.

For example, a large global telecom company that was losing market share and falling behind its competitors had thousands of improvement projects in IT, finance, supply chain, forecasting and sales, and research and development. A vast majority of the company's improvement projects were proceeding slowly, impeded by changes outside the control of the project team or conflicting with adjacent, upstream, or downstream projects. An integrated framework of EA developed the picture of the linkages and interdependencies of business roles, activities, and processes, data objects and information flows, application services, and technology infrastructure (see Exhibit 2).[9]

With the EA defined and managed, the company was able to put in place a coherent enterprise-wide transformation of its business processes and supporting IS/IT systems. For example, its executives used a balanced scorecard approach to map out, define, and measure their strategy, ensuring that balance and alignment were achieved. To ensure that they continued to adjust to business changes, whether external or internal, they used Scrum methods to realign, adapt, and improve. Through all of this, using a balanced scorecard, EA, and Scrum, the company was able to avoid significant IS/IT costs and business inefficiencies.

Customer-driven priorities and agility

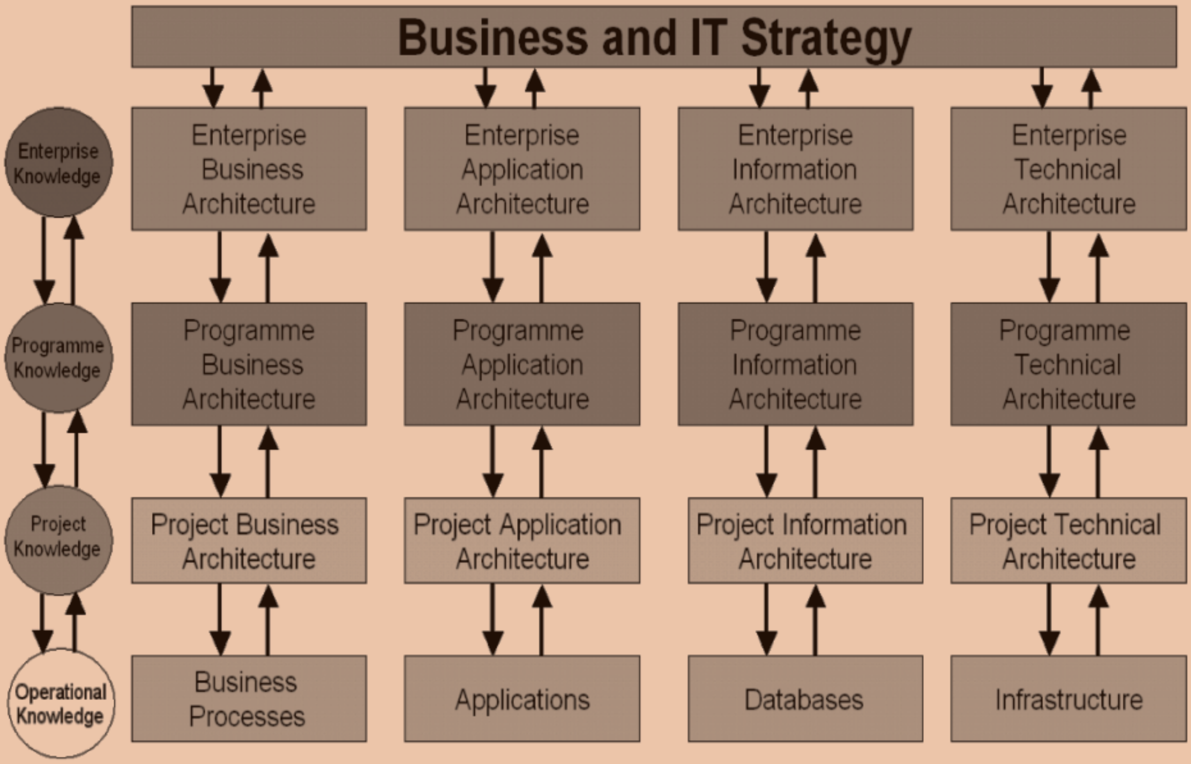
As important as it is to ensure an internally aligned and integrated organization in a dynamic environment, it is also critically important to identify and prioritize needed changes based on customer pull.

Optimizing value. As the old adage goes, "value is in the eyes of the beholder." In the 1990s, Brad Gale demonstrated the impact of increasing perceived value on market share as well as operating and financial performance.[10] The Metrus Institute has demonstrated a similar impact of perceived value on employee retention, quality, customer loyalty, and financial performance.[11] Value is always an internal mental comparison — sometimes but not always backed by facts, as Nobel Prize winner Daniel Kahneman has demonstrated — of perceived benefits against perceived costs.[12] These benefits and costs may be tangible — such as the speed of computer processing against the cost of obtaining it — or intangible, such as a "cool" brand or service that is hassle free.

Despite this, we have seen many process improvement efforts devoid of customer input at three stages: process selection, process improvement, and evaluation of impact.

At the process selection stage, a key gap is failing to involve customers in judgments about the overall value of product and services before digging into underlying processes to improve them. This is the integration argument we introduced earlier. There is often a risk of sub-optimization — improving one or more components of the product or service and, in doing so, losing the Gestalt that brings value or meaning to customers. For example, in the quick-serve burger market, the customer has a viewpoint about the overall experience — menu, service, facility, and the burger itself. Supporting that are many elements, such as menu development processes, order-taking and packing processes, facility-cleaning processes, and the cook-

EXHIBIT 2 Aspects and Layers of Enterprise Architecture



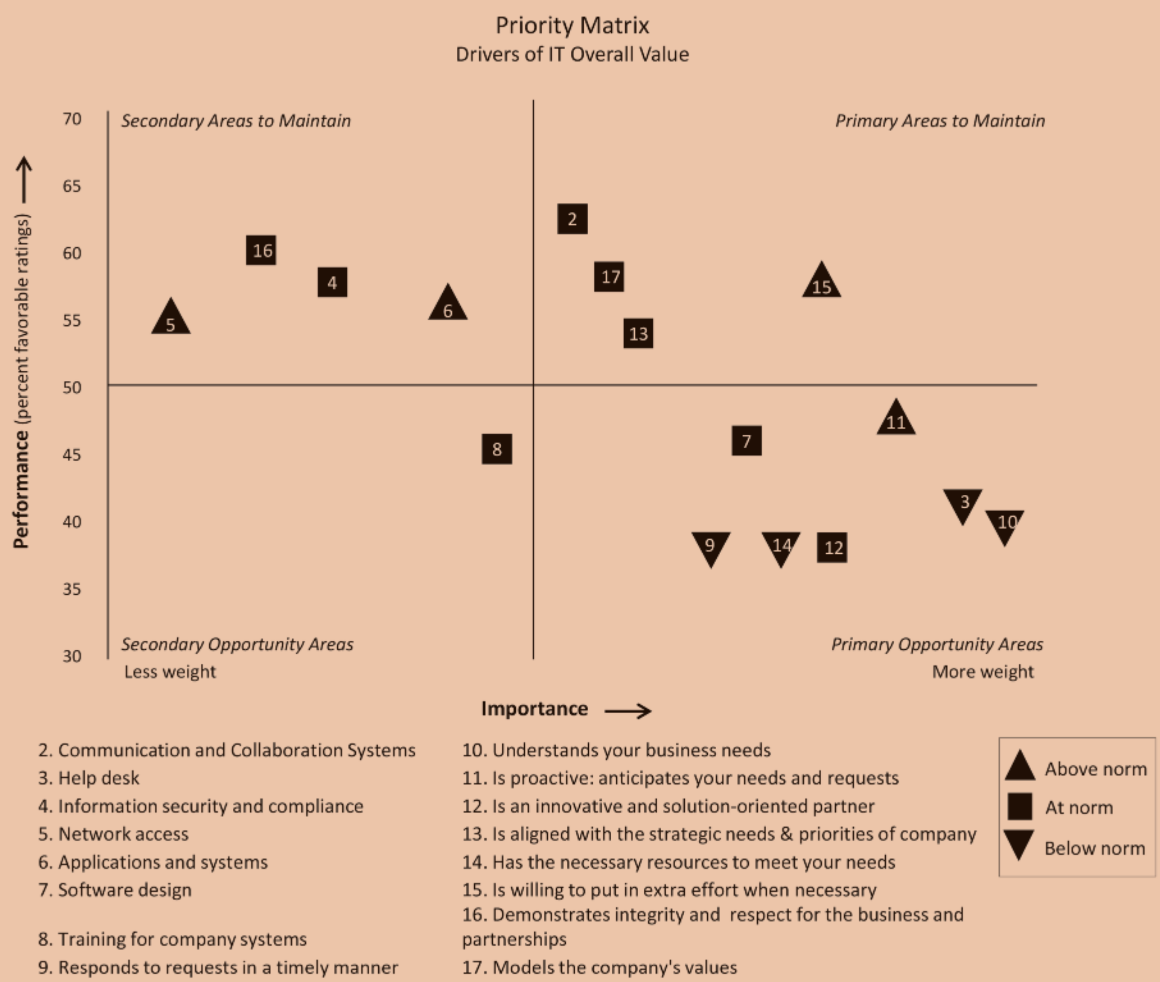
Source: "Enterprise Architecture," Enterprise Architecture: From Strategy to Execution. Available at: http://iea.wikidot.com/.

ing of the burger with the intended accoutrements. From the standpoint of a customer who values the overall combination of space, speed, and taste, changing individual elements could be an experience killer.

Starbucks went through this challenge.[13] When CEO Howard Schultz came out of retirement to retake the helm, he said Starbucks had been losing its way, focusing more on margins of product lines — speeding up barista production, for example — than the overall customer experience. As avid coffee drinkers and customers, we would agree. Too many baristas didn't have the time or inclination to be personable, many locations were managed by third parties (e.g., airports, train stations, and rest stops on highways), and prices were going up without equivalent increases in perceived value. Schultz took a bold step and closed stores for retraining during prime business hours — not only retraining on processes, but also retraining on living corporate values.

Another stage of improvement is working with customers during the process improvement phase, involving customers to help design changes and improvements in a way that meets growth and margin needs while maintaining or enhancing value to the customer. Lean methods have been particularly powerful because they include customer involvement during the process, engaging customers in how they use processes, services, and outputs. One goal is to involve customers in making product or service trade-offs. This type of input enables a supply team to select, and even prioritize, processes for improvement that will be aligned with the customer — processes that lead to outcomes that are more valued and

EXHIBIT 3 Importance and Performance Ratings for an IT Organization



avoid diminishing the overall experience.

Lastly, many of the earlier methodologies fail to engage customers in reviewing and evaluating improvements that have been made. Do customers see an increase in value? Is it measured and tracked over time? Would customers provide high marks for the end results that they see? If change is occurring in the context of a forced reduction in product or service, perhaps due to an economic crisis, downsizing, or restructuring, do customers view the change as the least damaging to value?

While these examples focus on external customers, the same kind of thinking and approach can be applied to internal customers or stakeholders. For example, Jack in the Box, a quick-serve restaurant group, recently examined four internal functions that deliver value to numerous internal stakeholders. The first step of improvement was conducting an Internal Value Assessment (IVA). In such an assessment, stakeholders were asked to evaluate a function (e.g., legal or IT) on both its core deliverables (e.g., help desk, software design) as well as on a set of service dimensions (e.g., proactivity, responsiveness). In addition, these internal customers were also asked the importance of each of these elements. There are a variety of ways to obtain importance scores, ranging from asking the stakeholder directly to imputing importance based on the pattern of responses. With this information, a matrix such as the one in Exhibit 3 was created (not actual Jack in the Box data). This information was then used to prioritize overall products, as well as service dimensions for improvement.

Several insights can be garnered from this exhibit. First, take a look at the upper right quadrant. This quadrant represents products and services that are of high value. They are the most important dimensions and are also rated the most favorably on performance. Second, the bottom left quadrant is also aligned, with lower performance being coupled with areas the customer assigned a low importance.

The two misaligned quadrants — bottom right and top left — provide fruitful opportunities for improvement and resource shifts. For example, the bottom right quadrant lists several products and services (e.g., help desk, software design) that are quite important to the internal stakeholder but are rated lower in performance. These are value detractors. The internal stakeholders find these areas more important than others, but the performance is not up to their expectations.

The top left quadrant is another example of misalignment. These are services for which performance is rated higher and importance is rated lower by the stakeholders (e.g., information security and compliance). These represent areas of opportunity for resource shifts. These areas may not need the level of performance currently rated by the stakeholder, as they are less important to the user. It may be possible to reduce resources in this quadrant without noticeably reducing the overall perceived value to the stakeholder. In fact, if resources are effectively shifted from the top left to the bottom right quadrant, it is likely that overall value will go up.

This type of methodology can help to determine which products or processes will yield the highest return per improvement effort needed. However, as we have highlighted earlier, it is important to involve the customers or internal stakeholders before, during, and after process re-engineering. Further, it is important to recognize that internal or external changes may shift priorities, so adopting an agile framework for the improvement effort is important.

For example, one might think that help desk hours could be reduced without impact, but what might be ascertained from conducting an IVA is that the real issue with stakeholders is not hours of operation, but having a problem fixed the first time. Making assumptions about what drives value beneath products and processes can be dangerous. Analyses, such as the one described previously, are a start in making more strategic choices about what to improve. Involvement of stakeholders during change is important to ensure that you don't invest extensive resources in fixing the wrong gap or in removing a vital sub-process or capability from a product or process.

One pharmaceutical company that we worked with found that its customers wanted more evidence of product efficacy and the capabilities of the firm to support those products — service responsiveness or knowledge, for example. With that gap identified, new brochures and information sheets were prepared at a relatively low cost. Problem fixed? Not quite. At the same time, the company reduced sales force availability and training, so that sales people were less available to discuss the capabilities described in the new brochures and also less knowledgeable to do so. Double whammy! While they picked up value points for the new insightful information, they lost far more value points with the depleted information and lack of availability of someone to answer key questions.

Tying customer-driven priorities and agility together. The customer-driven processes we describe are not taking place in a static world. Competitors may be entering the space with killer apps, new processes, lower costs, or cooler products. Also, customers may be undergoing a shift. Whether the changes are external or internal, they can happen suddenly. So a customer-driven approach is more sustainable when married to an agile approach. Concepts, such as Functional Lean, IVA, and agile, married together, provide the needed alignment with customers, both internal and end, as well as the needed adaptability and collaboration.[14]

IT IS IMPORTANT TO INVOLVE THE CUSTOMERS OR INTERNAL STAKEHOLDERS BEFORE, DURING, AND AFTER PROCESS RE-ENGINEERING.

ONE OF THE MOST FUNDAMENTAL CHALLENGES WE HAVE SEEN OVER THE PAST THREE DECADES IS GETTING VALUE-ENHANCING CHANGES EXECUTED EFFECTIVELY.

Being agile in aligning with customer-driven priorities requires sufficient evaluation mechanisms, and not solely at the end of process improvement. For example, in the Functional Lean approach that the authors have used, there are evaluation points after processes are mapped from the supply side (what processes are delivering what outcomes at what cost?), after processes are vetted from the demand side (what processes have higher and lower value?), after first-stage reengineering, and after final modifications are made. These multiple points of evaluation allow for adjustments along the way.

In addition, in the agile methodology of Scrum, regularly occurring retrospectives immediately following customer demos and feedback sessions provide a way for groups to reflect, inspect, and adapt. An IS/IT development group realized it was not routinely delivering features that its customer wanted and, in a Scrum retrospective session, the team identified a potential cause. They were not getting the clarity about their customer needs, so they asked their customers to define acceptance criteria in addition to requirements. That specificity greatly improved the development team's understanding, providing the improved direction they needed. Consequently, their delivery success rate increased.

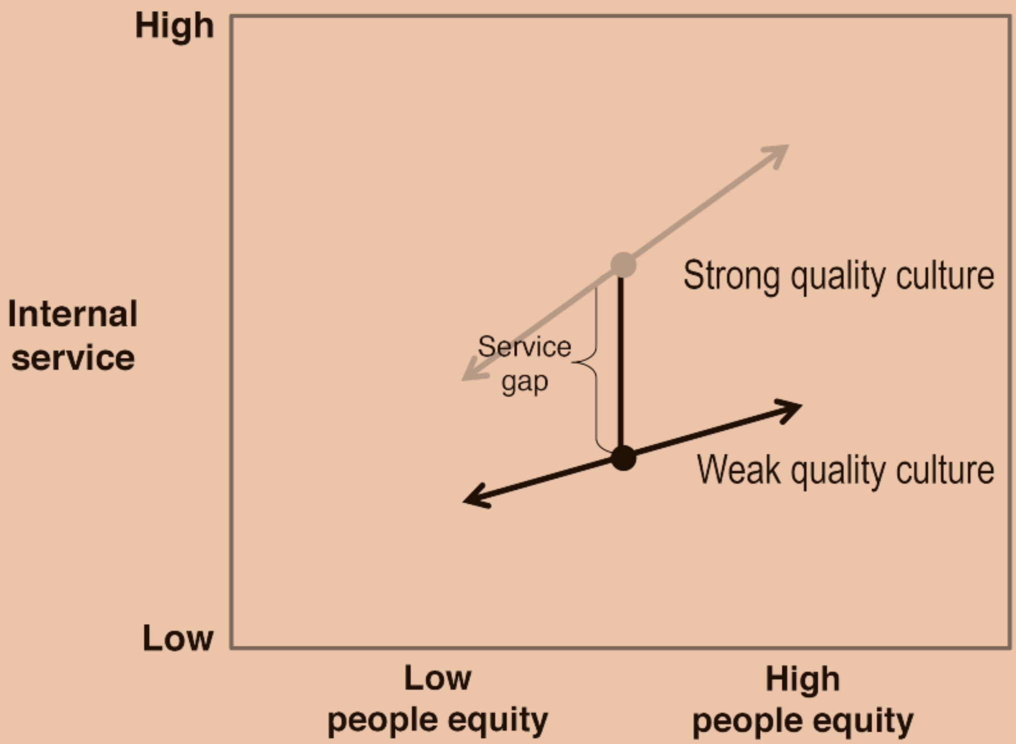
People equity and agility. One of the most fundamental challenges we have seen over the past three decades is getting value-enhancing changes executed effectively. As we discussed at the beginning of the article, there has been an evolution in a variety of approaches to enhancing value, from early and narrow quality circles, to more scientifically sophisticated approaches like Six Sigma, to new models such as Lean-agile or EA that have integrated some of the earlier models while attempting to overcome some of their shortcomings. However, while several of these frameworks acknowledge the importance of the human element, they have not addressed it head-on. In some cases, humans seem an afterthought.

In interviews we have conducted with numerous leaders and in case studies that we have completed, many leaders report that they have not hit their desired return on investment (ROI) or other goals of process redesign. Often, they lamented that culture was the culprit or that they couldn't get people to implement quickly or effectively enough. One global health care company attempted to drive HR transformation for over five years, using a variety of approaches, consultants, and huge IT investments, only to scrap the effort and start anew. The underlying culprit: People didn't want to change!

So what isn't working from a human capital standpoint? To achieve the goals of the many promising methods for value enhancement, it is necessary to capture the hearts and minds of those who will implement them. The Metrus Institute introduced the concept of people equity, arguing that it is a good surrogate for human capital optimization. The concept is fairly simple and was gleaned from hundreds of studies across a wide variety of populations and situations. Three factors defining people equity — alignment, capabilities, and engagement — often account for more than 80 percent of the variances in many important business outcomes: customer loyalty, quality, operational excellence, employee retention, and financial performance, among others.

- Alignment is the degree to which the entire organization — from customers to employees to suppliers — is lined up in a synchronous way. Also, interdependent departments must be synched in a way that optimizes resources and drives results.
- Capabilities are defined through the customers' eyes; the provider must have the competencies, information, and resources to meet customer expectations.
- Engagement is the level of discretionary effort that employees are willing to put forth, and their willingness to serve as advocates for the organization, product, and customers.

EXHIBIT 4 Influence of Quality and People Equity on Internal Service Value



How does people equity relate to our execution challenge? If we can achieve high ACE (alignment, capabilities, and engagement) in our organizations, then our ability to implement value-enhancing strategies and methods should be greatly enhanced. This very question was put to a challenge in a joint study that the Metrus Institute conducted with the American Society of Quality (ASQ). Seibert and Schiemann were exploring why so many quality-enhancing tools were limited in their organizational impact.[15] They suspected it had to do with people and leadership. So they set out to test what happens in high versus low ACE organizations as they deploy quality initiatives. They collected information on both the use and impact of a variety of quality approaches and the level of people optimization (ACE). The findings were surprising. Using quality tools alone added value and enhancing ACE alone also added value to outcomes such as customer value, quality, and financial position in the industry. However, doing both increased the outcomes by a larger multiplier (see Exhibit 4). This research suggested that while one may make improvements to business outcomes by investing in either, doing both is a performance breakthrough.

Why might this be the case? For one thing, alignment creates focus on the most value-producing tasks, processes, or capabilities — those that add the most benefit to customers (or internal customers in the supply chain). An organization that is synched externally with its customers, and internally to deliver products and services to those customers, is likely to create the most value to customers at the least cost — suggesting high effectiveness and efficiency. Couple this with our earlier discussion of agility and EA, and we begin to move beyond static models of alignment to dynamic ones, or the ability of the organization to continuously realign itself in response to its environment. How to bring about this continuous realignment is the new frontier.

This thinking, similar to the benefits of Scrum customer demos, leads to a more dynamic way to make alignment changes and to stay relevant in a changing environment.

For example, Factex (not its real name), a financial services company headquartered in the northeastern United States, was trying to become more nimble in a rather stodgy financial marketplace. They used a balanced scorecard framework to help the leadership team become more focused. They identified 16 or so measures that captured their value proposition, including financial, customer, operational, people, and supplier concepts and measures.[16] They then cascaded those measures to every corner of the organization in order to increase alignment.

Realizing that people were key to execution, they also embarked on a tracking system to identify how aligned, capable, and engaged their people were. They found considerable gaps; this was not a group ready for change. Aligning with the new direction required behavior changes, new skills, and a different outlook. Factex worked hard to improve on these factors. They began by focusing on the roughly 15 percent of the workforce who were the "movers and shakers." The middle of the pack soon followed, and the laggards, who resisted or refused to change, were eliminated over the next couple of years. The organization successfully made its first realignment over a period of 18 months or so.

But the real excitement came when they began to make acquisitions that required them to change processes and rethink structure and capabilities. They used the balanced scorecard as an anchor for aligning and integrating the combined capabilities of the two firms. The increased engagement developed over the prior years enabled them to do this quickly and with high ownership. The president told us that a most recent acquisition was integrated within 90 days. What this group had learned was "how to fish." That is, once they learned what it took to continuously realign, it became a way of life, supported by the capabilities of the organization and the engagement of the people and their suppliers.

While the prior example focused most heavily on alignment, capabilities also play a crucial role. People going through a value-enhancing process need to have the knowledge and skills to feel capable and comfortable in the process. Because the capabilities dimension of people equity is defined and measured relative to customer expectations, it is a good indicator of which capabilities an organization needs to enhance — skills, teamwork, ideas, information, or various resources.

Putting this into our process discussion, a major capability is the organization's processes. In the earlier IT example, the ratings of value by its internal stakeholders provided the needed information about both process areas of improvement (core deliverables) and a host of supporting relationship or service factors, such as the business acumen or innovation of the providers of the core deliverables. These softer relationship or service elements are the glue by which the harder core deliverables are executed.

Engagement is also part of that equation. In the same example, proactivity, or responding quickly to resolve problems, and a willingness to put in extra effort were examples of how engaged the providing team was perceived to be to the internal customer.

ALIGNMENT, CUSTOMER-DRIVEN PRIORITIES, AND PEOPLE EQUITY, WHEN DESIGNED AND EXECUTED IN AN AGILE FASHION, CREATE THE BEST CHANCES FOR SUSTAINABLE SUCCESS.

Conclusion and summary

Many organizations attempt to make small changes with continuous improvement or embark on large transformation efforts. Often, they fail to achieve what is needed to be successful in a sustainable way. We maintain that alignment, customer-driven priorities, and people equity, when designed and executed in an agile fashion, create the best chances for sustainable success.

There are several key points.

1. Alignment and agility

- A business strategy and its underlying processes and structure must be continuously reviewed and adapted in an ever-changing environment. The days of plans that are refreshed every three to five years are over.

- Vertical and horizontal alignment needs to be addressed in an integrated fashion with methodologies such as EA and balanced scorecard.
- Scrum methods can minimize excessive upfront and detailed planning, important in today's fast-paced world, provide help to be agile, and continuously adapt existing processes, structures, and capabilities.

2. Customer-driven priorities and agility

- Internal alignment means little if it is not aligned with the marketplace.
- Methods for tapping ongoing customer feedback from both internal and external customers, such as IVA, are essential to realigning the organization continuously for optimal performance.
- Methods such as Functional Lean provide a way to incorporate customers at the design, testing, and evaluation stages of improvement efforts.

3. People equity and agility

- Transformation happens with people and they need to be comfortable with continual change, which requires frequent realignment of purpose, ongoing learning, and high engagement in the process.[17] ■

NOTES

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