

LEAPING FORWARD – PATHS TO ORGANIZATIONAL DEXTERITY

CHANGE MANAGEMENT STUDY 2019



Capgemini  invent



Foreword	04
Executive summary	05
Objectives, approach, and participants	06
I. Being a digitalization winner	12
II. Why dexterity is the <i>number-One</i> key to success	16
III. The study results in detail	24
IV. How to achieve dexterity	42
V. Planning your next steps	48
Footnotes	52
List of figures	53
Authors/Questions on the brochure	55

FOREWORD

It's 9:30 am on a Monday and, in the meeting room of a German medium-sized company, the employees on a project team are gathering on time for their daily stand-up meeting.

30 minutes later, the meeting is over. It took fifteen minutes longer than planned. Unfortunately, only the project manager spoke – but at least everyone now knows what the manager has planned for the next few days. The fact that this daily meeting is now part of the routine – and that the team adopts agile processes in its work – is the most important thing, right?

As a consulting company, we often experience these kinds of situations with our customers. Their goal is to be faster, more flexible, and agile in every situation – without thinking about how and why. Often, the executive board or management team has simply decided that the company needs to become more agile. They then go on to introduce processes that are, indeed, agile – but the mindset needed to make these efforts successful is lacking.

We know that the use of agile methods is a sensible approach. Often, said approach doesn't go far enough. Companies will only be able to keep up with the ever-increasing pace of change in the future by combining structures and processes with attitudes, values, and specific behaviors. The latter must be characterized by a passion for innovation and customer orientation that becomes a true core value rather than a trained action.

Dexterity is a behavior that allows companies to adapt flexibly to any kind of organizational change. In this year's Capgemini Invent Change Management Study, we decided to take a closer look at the topic of dexterity. We investigated the topic from the perspective of an agile transformation process.

Rather than being a destination, dexterity is a continuum with a variety of paths in all directions. We looked at the current dexterity status of businesses and asked ourselves:

What characterizes a dexterous organization? Does an organization really need to be fully flexible to realize its potential, or is there an optimum individual maturity level? Which levers must be used to achieve optimum maturity? And what is the optimum level for organizations today?

This study also focuses on the concrete actions of companies on their journey to becoming a dexterous organization. What steps promise success, and how are challenges best overcome? What experience has been gained, and what can other companies learn from it?

We investigated these key issues in an extensive, global survey and detailed interviews with experts from various sectors and markets. This report contains our interesting findings.

We would like to take this opportunity to thank all of our study participants, especially those who made themselves available for a personal interview. We would also like to extend our thanks to our study team Svenja Berg, Aline Hagemann, Julia Kostyra, Lea Mersch, Pascal Rota, Anna-Maria Runde, and Christopher Wolf, without whom this study would not have been possible.

Laura Wähler

Ursula Bohn

Christin Käßler

EXECUTIVE SUMMARY

All companies want to be fast, flexible, and agile. Methods and tools only help you to work in an agile way. In our opinion, this isn't enough. If you want to get to the top of an increasingly unclear VUCA (Volatile, Uncertain, Complex, and Ambiguous) world and maintain your flexibility at a high level, you need to find out what slows the organization down. Often, company culture and leadership are found to be key factors.

All transformations require change management. Change management is more than just a simple how-to guide; it's more than a toolkit full of tips and tricks. Change management starts at that point where the paralysis originates. Design Thinking, Scrum, and similar methods serve to temporarily override this paralysis. In order to give the company a sustainable level of momentum, a broader approach is required. Based on our extensive experience in change projects, Capgemini Invent has analyzed all key aspects of transformation and has summarized eight effective levers. Each individual lever is an amplifier for success – acting as a boost to target each individual aspect and collectively to maximize results.

The mental adaptability of an organization – the target scenario we refer to as dexterity – is significantly more critical to success than instrumental fitness. This concept formed our starting hypothesis. In this study, we wanted to find out more about the difference between doing agile and being agile. 1135 professionals from 11 countries participated in our study. In the first step, we gathered data on each of the eight levers for success using individually assessed statements. Our participants expressed their views on a scale from 1 (= “use existing”) to 10 (= “agile approach”). In in-depth qualitative interviews, we continued to drill down to experiences and best practices.

Based on the data obtained, we were able to determine the dexterity of the participating companies and classify them in three maturity levels. A quarter of the organizations are at the beginning of their transformation and are still experimenting with the concept and accompanying methods. More than half (54.5 percent) of the companies have gone beyond this point and are currently somewhere between testing and implementation. One in five companies (20.4 percent) are already at their target. They have mastered the dexterity method such that they have already started to move away from the rules and forge their own path.

Our analysis shows that our success levers also have a great effect in transformation. They help companies make the breakthrough to achieve dexterity. More than three-quarters of highly adaptable companies (77 percent) clearly attribute their results to cultural change. Almost two-thirds (64 percent) credit their dexterity gains to the use of the leadership and people lever, which relates to behavior and understanding of roles among managers and employees. In just under one in two organizations (45 percent), changed processes were the deciding factor. To a lesser extent, the levers of data awareness, structures, workplace, governance, and ecosystem also had an impact.

The most important, though not entirely unexpected, result of our study was this: companies with high organizational dexterity are economically more successful and have more satisfied employees. The difference between doing agile and being agile comes down to a single word. It's a word that is crucial to the realization of transformation. This word is success.

Given the market triumphs of Google, Amazon, Apple, Facebook, and other digital leaders, the positive relationship we have identified between dexterity and the company's digital expertise/level of workforce automation is more than plausible. Digitally equipped companies climb to the highest level of maturity faster than others.

The active support of management is critical to how fast an organization advances to the highest level of dexterity – something that many readers are probably keen to find out about. This certainly does not mean simply laying down the line of approach, buying common tools, arranging daily stand-ups, and shortening time frames to sprints. Active support means setting an example in terms of willingness to change, both in words and actions, allowing experimentation, providing employees with the opportunity to take responsibility for their own actions, and seeing setbacks as an opportunity to improve.

OBJECTIVES, APPROACH, AND PARTICIPANTS

Cash cows are an endangered species; In fact, they are about as endangered as African hippos, European bees, and one in every three American Fortune-500 companies in the year 2010. In around four years, these companies will probably have disappeared from the market. This premise is backed by statistics: of the 500 largest US companies in 1970, only two thirds still existed thirteen years later. Since then, the turnover rate has increased. Some of the latest additions to the current top rankings only became the subject of a brand-new set of strategic plans just a decade ago. Who knows- maybe the world's most valuable company will be founded in five years' time when someone comes up with a concept that turns the market on its head. Today, products that are less than three years old are accounting for a growing share of global sales. In a VUCA world, we must expect disruptions. The ripple effects of these disruptions sweep away certainties, beliefs, and territories that were once considered safe – as well as the odd cash cow that was not replaced quickly enough.

Run faster, look around you, be ready to leap

"We must run as fast as we can, just to stay in place. And if you wish to go anywhere you must run twice as fast as that." What Lewis Carroll recommended 150 years ago as a tried-and-tested method of transportation in an imaginary world could have been lifted directly from a cutting-edge handbook for general managers. For managers, crossing unknown terrain is part of everyday life. However, as experienced parkour runners know, speed alone does not guarantee victory. Similar to a computer game, new obstacles will appear on the path to the destination, forcing organizations to brake abruptly, change direction, and accelerate again. Underestimate a trend and the competitor gains the advantage.



An exchange of tweets can spell the death of a strategy. In the modern world, leaders – both of markets and of people – must constantly monitor their internal and external radar for anything unusual. They must also be willing and able to change both the direction and the dimension of their journey in a heartbeat.

Just as climate change is a driving force in politics, the battle cry of "agility!" drives the economy forward. Countless books, studies, essays, and appeals push leaders toward greater mobility, pace, and speed. "Why, of course," say the leaders, nodding obligingly. Being agile means being fast – fast enough to be ahead of the competition. The concept of adaptability causes the mind to conjure up very specific images. Companies that rely on agile methods are the athletes of their industry – powerful, healthy, and very fit. This is something to strive for. After all, who wouldn't want to be at the helm of an agile organization? The term gives a brilliant shine to executive speeches and lends force

to planning meetings. Agile methods, attitudes, and values cascade down to each workplace via the medium of target agreements. People like the idea: flexible people perform better than passive reactionaries, and adaptable organizations are more successful than their more sedate counterparts. Since dexterity is designed to maximize business flexibility while also increasing job satisfaction, it is a clear win-win proposition. The question is therefore not whether agility will be implemented, but how: How and how quickly can an organization manage to reverse a trend of complacency and self-satisfaction? How can it become so agile that its appetite for the challenges presented by the markets is exceeded only by its own ability to overcome them?



Objectives: Record the status and limits of dexterity

From our numerous discussions with managers, we know that when people push for agility, it is often perceived as a reprimand: what do you mean you're not agile yet? This comes coupled with a sense of accusation that many consider to be unjustified. Managers understand and believe in this logic and would rather see the corresponding behaviors in action in the company today rather than tomorrow. For this reason, they feel the pressure to bring their organizations into the state of agility that all stakeholders clearly expect as quickly as possible. Employees want this too. But if they are behind schedule, they start to feel bad. When setbacks occur, doubts begin to surface: does every department really need to be honed to Olympic levels of speed and agility?

We shared these concerns. In this study, we wanted to test our hypothesis that dexterity is not an absolute goal in and of itself, but a point on a continuum of a variety of acceptable optimum paths. Confirming this hypothesis would mean that not every department, not every division, or even every company, should be subject to agile working practices if they are pared back to just the method alone. After all, despite the enthusiasm for the concept, agility is just one of many possible design principles associated with methods such as Scrum and Design Thinking, which are easy to learn and fully compatible with the process of digitalization. It is quite possible that in a few years' time, another paradigm such as self-organizing teams (holocracy), network structures, or communities will be celebrated as the holy grail of organizational achievement.

For this reason, we have opted to expand the perspective to a meta-level of behaviors, attitudes, and values that we refer to as dexterity (more on this in chapter I, p. 12). Dexterity is superior to any short-lived method and, therefore, promises more sustainable success: it's about being agile instead of doing agile. With this in mind, our hypothesis is this: as long as agility – as developed in the world of IT – is limited to the use of agile methods, its effectiveness as an organizational design is limited. Consequently, this means that not every division needs to become one hundred percent methodically agile in order to make its full potential available to the overall organization. Instead, it is necessary to identify, achieve, and maintain the optimum level of dexterity for each area.

There is great power in stillness

The fast market pace means that company managers need to be ready for transformation at all times; this has always been our core belief. As described in all of the studies we have published biennially since 2003, successful transformation requires a willingness and ability to manage change intelligently, comprehensively, and in sufficient detail. We have also examined the development of the current hot topic of agility in the context of change management. From this perspective, agility as a design principle does not go far enough for us. This is because it is mostly applied monothematically in IT environments and its potential for business has not yet been anywhere near fully exploited. We firmly believe that the use of agile methods is a sensible approach – but it does not go far enough. Agility can only sustainably increase an organization's adaptability to change in the future if it is combined with agile behaviors, attitudes, and values, as well as with a passion for innovation and customer orientation that becomes a true core value rather than just a trained action. In order to be successful, it must also go hand-in-hand with an awareness of company culture and change management methods. We conducted this study based on this assumption and with the support of more than a thousand companies.

Key figures: How did we approach the study and were our participants?

We opted for a two-stage approach to data collection: we followed up on our global online questionnaire with personal interviews with selected participants.

From June to August 2019, we asked professionals from various industries and roles to share their experiences with us. We wanted to know: what characterizes a dexterous organization? What level of transformation are organizations currently at? Which levers need to be applied? How agile are the companies (or how agile have they become)? And, in the quest for the ultimate goal of agility, do all the wheels of the organization really need to be set in motion – or are there areas where this dynamic does more harm than good? 1135 participants from all over the world – more than in the 2017 Change Management Study – contributed to our search for answers. Their input produced countless findings and some very valuable information and illuminating insights.

Following the evaluation of the online questionnaires, we conducted an additional 22 qualitative in-depth interviews with business leaders responsible for change management. We drilled deeper into best practices: how do companies handle change in concrete terms? What do they do to engage employees? What is the effect of the levers they have applied? What surprised them, and what can other companies learn from their experiences? To produce a meaningful conclusion with transferable do's and don'ts (Chapter IV, page 42), we also looked at what should be avoided when optimizing the drive toward agility. Under what circumstances can too much agility be a disadvantage? When would we recommend a more hands-off approach?

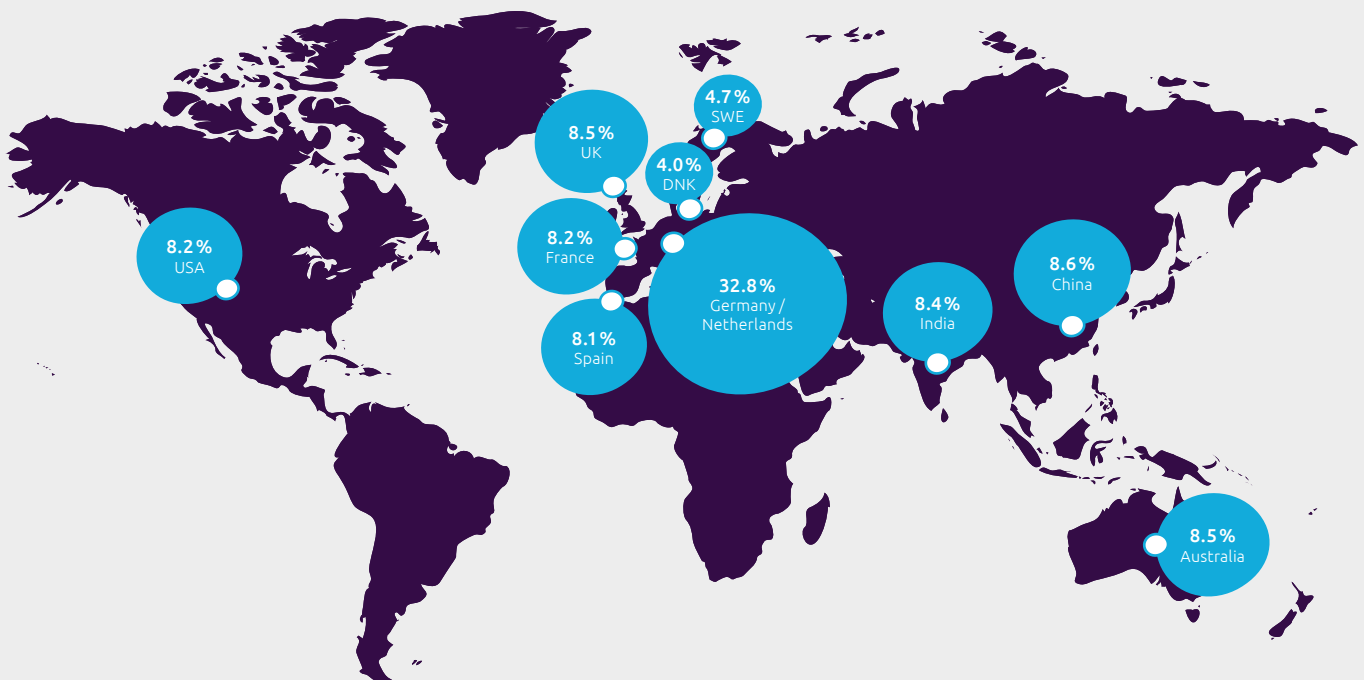
Structure of the companies analyzed

The majority of the companies in our random sample came from Germany and the Netherlands (32.8 percent), followed by roughly equal proportions from the UK, France, Spain, USA, China, India, and Australia (between 8.1 to 8.6 percent each). The Scandinavian participants, who account for 8.7 percent of responses, are divided roughly equally between Sweden and Denmark (fig. 1).

The participating companies reflect the full economic spectrum. About one in ten respondents (11.9 percent) comes from a group with more than 30,000 employees. Large to medium-sized companies with 1001 to 30,000 employees are significantly better represented at around 29 percent. Smaller companies with up to 1000 employees (55.8 percent) are particularly prominent. The keen interest in agility and dexterity can be viewed as an indication that companies of all sizes see the race for innovation and success in the market as crucial to their ultimate success (fig. 2).

The broad cross-sector representation reflects the pressure of change in all sectors of the economy and ensures that the study results are representative. Participants from electronics/IT dominate at almost 23 percent. This sector is closely followed by insurance/banking (12.5 percent), trade/consumption/transport/logistics (12.5 percent), and mechanical engineering (11.7 percent). At around 5 percent each, smaller sectors such as media, energy providers/pharmaceuticals/life sciences, and the public administration sector are also adequately represented (fig. 3).

Fig. 1 1135 people from 11 countries participated in our study



In the high-tech sectors and in companies subject to high levels of innovation pressure, the classic line organization has long since given way to matrix, process, network, or project-based organizational structures. This is with good reason: organizing a company along temporary team and activity-based structures enables companies to adapt to the evolving markets without any conversion losses and to translate customer demand into products in a timely manner. We are not alone in our view that project-based structures – at least in customer-oriented areas – are a decisive step on the journey to dexterity. With this in mind, we were encouraged to see that more than three out of five respondents (62.2 percent) are already working in a project team, if not permanently then at least on a temporary basis. For comparison: only nine percent of those surveyed for the 2017 Change Management Study were involved in a project organization. So, progress has been made (fig. 4).

Fig. 2 Number of employees in the company

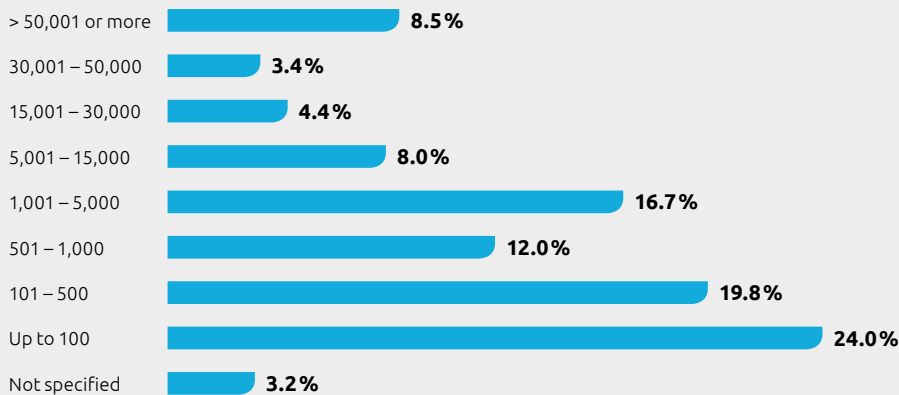


Fig. 3 Sector representation

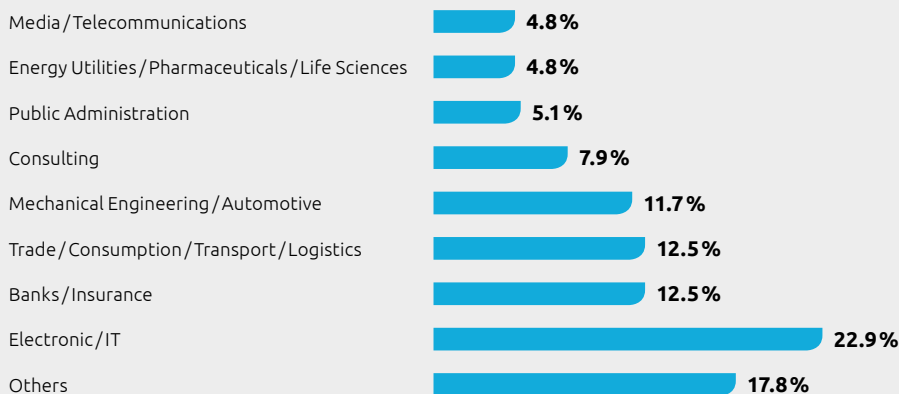
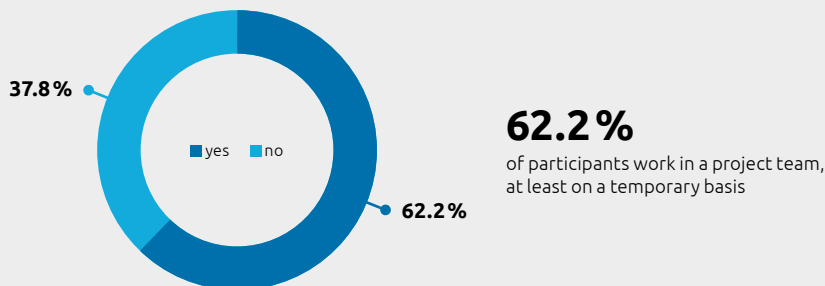


Fig. 4 Percentage of participants who work in a project team, at least on a temporary basis



Structure of the contacts interviewed

In our previous studies, the proportion of female respondents has gradually been nearing that of male respondents; parity seemed within reach. However, this year's respondents were predominantly men (60.7 percent). Almost half of all respondents (both male and female) work as engineers or IT specialists (45.8 percent); just under a third (30.1 percent) work in administration, while 13 percent work in sales. The others hold industry-specific roles such as bankers, architects, media designers, or consultants. The age structure corresponds to that of the interface points within the companies. The largest group (44.7 percent) is the 35- to 54-year-olds. Almost one in five participants is older than 55 and 35.7 percent are younger than 34. One in eight participants have many years of leadership experience (> ten years); almost two-fifths have one to ten years (37.3 percent). One in two respondents have only a short period of or no leadership experience (< one year) in their current company. This structure may be due to the strong impetus that younger employees and specialists are entrusted with the responsibility of getting the ball rolling and keeping the momentum going without direct responsibility for profits (fig. 5).

Fig. 5 Participant gender, age, management responsibility, and role information

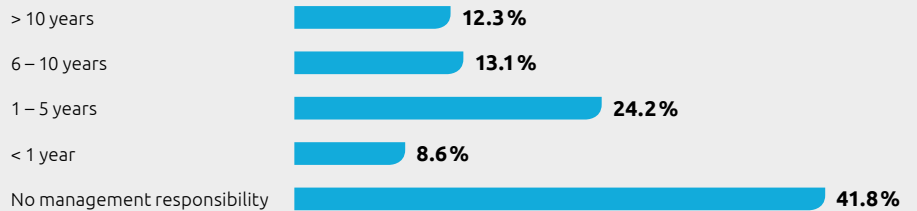
Gender



Age



Management responsibility



Role





I. BEING A DIGITALIZATION WINNER



Watching a 3D printer at work is something of a magic moment. Layer by layer and with the highest levels of precision, objects arise out of nothing; objects that would be beyond the production skills of even the most talented craftsmen. This technology is spreading at a rapid pace, especially in the sector of medicine. Here, it is used to produce anything from custom-fitted tooth crowns to tailor-made implants and individually dosed tablets, which would – until recently – have been far too expensive to bring to market. Surgeons can prepare for upcoming surgeries using 3D-printed models, enabling them to gain a better understanding of the planned operation. Bioprinting, which one day will be used to print organs suitable for human use in different tissues, is still in its infancy. However, things are moving fast. According to a Bitcom study in the aircraft construction sector, more than half of the

aviation experts surveyed expect 3D printing to be widespread in the industry by 2030. More than two thirds believe it is likely that small aircraft spare parts will be produced directly at the airport using 3D printing technology. Manufacturers in the pharmaceutical and aerospace industries are facing major challenges.

The Industrial Internet, the so-called Internet of Things (IoT), has also expanded rapidly. More and more smart consumer goods such as speakers (Alexa), sneakers, and vacuum cleaners are collecting usage and environmental data and are sharing it over the Internet. Sometimes, these devices are controlled online, in many cases even without their owner's intervention. There is virtually no other product that illustrates these developments as clearly as the autonomous car. The concept is already being extensively tested and, like electric mobility, will mark

a radical change in the automotive industry. Of course, there are risks involved in this new technology – but there are also enormous opportunities for new business models. Technology does not only change the form, function, and presentation of goods and services. Because rapid progress is driving up customer expectations, the leading companies offer far more than products and services alone. They shape the trends, attitudes, and lifestyles of their customers, which in turn changes society.

Disruption isn't something to be scared of

Stock market specialist and philosopher Nassim Nicholas Taleb links disruptive events to the appearance of black swans. Up to a certain point in time, they seem to be completely unimaginable beings, things, or events – which nevertheless appear or occur contrary to all expectations. Consider the rise of the Internet, the rapid proliferation of smartphones, and the emergence of streaming services that put some companies out of business, yet opened the doors to huge success for others. No-one could have predicted this shift.

Disruptive events are ambivalent. They are, of course, capable of sweeping traditional business models from the market. But this is a prime example of Schumpeter's creative destruction – because the removal of the old creates space for brand-new products and services. Market shares are shifting in favor of new, more flexible and agile competitors. The passing appearance of a black swan is therefore no reason to panic. But, it's important that you've put your swimming ability to the test before this point.



One such trend is cashless payment by smartphone. In Scandinavia and China, cash payments are now the exception, frowned upon at the point of sale and even impossible in some places. Large social media and IT companies have entered the smart payment transactions business. It's not unrealistic at all to say that tomorrow's banks might be called Facebook, Google, or Apple. The banking business is primarily based on data analysis and access to customers. The traditional institutions are facing difficulties due to their own failings and the long zero-interest period. IT companies, on the other hand, have a lot of capital, even more data, and the trust of their users.

Even a small amount of information is enough to sell website operators a realistic score of the creditworthiness of their visitors. In principle, the device used, its operating system, the e-mail provider, and the composition of the e-mail address are sufficient to generate a score. The creditworthiness of a user can be determined even more precisely if data on their use of search engines and price comparison portals is available. Facebook's announcement of a company-owned virtual currency ("Libra") to be introduced in the spring of 2020 has sent politicians, central banks, and banking regulators spiraling into turmoil. Even if the world's first private currency comes into circulation

later than planned, the retail banking business of banks and savings banks, and the influence of central banks on monetary policy, will change dramatically.



To overtake change, you have to be twice as fast

These examples indicate that change is set to become more diverse in nature; its speed of execution will also increase, and it will be more readily welcomed. Even in sectors where new players have previously had little chance of entering the market because of capital intensity, the top dogs can no longer be sure of their position. The first ten years of the new millennium alone saw more major technological and social changes than the entire 20th century. The pace of change has accelerated further in the second decade and will continue to snowball. This will increase the demands placed on companies and their employees to respond within an appropriate timeframe. In order to pre-empt the market and act before the change, organizations will need – to quote Lewis Carroll – to run twice as fast.

In previous Change Management studies, we pointed out the need to identify the right time to make planned changes – namely at the earliest possible opportunity. Building on a company's innovative strengths and improving its ability to transform and do so at speed are not new topics for us. In 2012, we concluded from the ever-increasing pace of change that flexible organizations will increasingly need flexible change architectures: "change management departments would be well advised to be inspired by new project methods such as 'Scrum', which was created in the software development sector." This quote proves that we were ahead of the game in anticipating the current hype around agility.

Dexterity is primarily about very strict practices for organizing processes and working together to implement changes in a way that delivers results very quickly. Once the entire organization has changed over to this way of working, companies hope to become so flexible that they can react at lightning speed to the demands of customers and markets.

In a way, the approach is paradoxical: The introduction of a very stable, almost rigid organizational design, such as Scrum or Design Thinking, promises to give management significantly more flexibility. However, we believe that it is not enough to limit the concept of agility purely to the application of agility tools. Companies also need an open mind, a positive internal attitude to change, excellent leadership, and a genuine top-down belief in flexible thinking and action. Only when all these components come together can companies become so adaptable that they can move away from these agility tools and apply others as necessary. Working at these levels, organizations will welcome change, if they are not already actively pushing for and driving it. We refer to this target state as dexterity.

Dexterity is more than Agility

Dexterity can be defined as flexibility, skill, or adaptability. It's about much more than just speed alone. Short stops to reflect on the situation, changes of direction before returning to sprint pace, and an ability to change course when facing an obstacle all form part of the overall picture – just like the skilled parkour runners in our example.

Dexterity in the business sense refers to an organization's ability to innovate by continually reflecting on the way it works and using this reflection to promote its development. The aim is always to maximize customer orientation and to be able to respond as quickly as possible to changing customer expectations. This approach results in a business model that is always up to date with the latest change management tools. It enables the workforce to shape the markets through innovation, rather than lagging developments. Therefore, dexterity is the subject of our Change Management Study this year.



Dexterity is Agility in action

These days, agility is the buzzword on everyone's lips. When people talk about agility, they believe that all they need to do is roll out methods such as Scrum or Design Thinking throughout the company. After all, these methods have proven themselves effective in software development. But this is not enough. The use of agile methods is one thing, but to affirm them internally and to anchor them in your thoughts and actions means doing much more. An instrumentally interpreted concept of agility is too one-dimensional to enable companies to keep pace with economic and technical developments, let alone to take the lead. To get ahead, agile methods must be applied far beyond the realms

of IT. Stand-ups and sprints can also produce small miracles in auditing and accounting. However, if these methods are relied upon as standalone tools and no thought is given to the wider framework in which they are applied, the target goal of agility will remain nothing but a faraway dream – whether that's in IT or in auditing. In philosophical terms, the idea could be described as follows: agility requires a psychological superstructure. For sociologists, agility is a subsystem of dexterity. Psychology – and, by extension, the management team – is crucial to giving the concept of agility the value and power it needs to achieve sustainable levels of effectiveness in the company.

II. WHY DEXTERITY IS THE NUMBER-ONE KEY TO SUCCESS



The speed with which new business ideas are developed and brought to market in the age of digitalization has increased enormously. Even long-established industries such as banking and insurance are feeling the effects of this new momentum. In response, innovators are not reinventing the business from the ground up, but changing the rules of the game: they are offering customers such attractive products that they simply cannot refuse.

Lemonade scores with Lemonaid

In June 2019, US insurer Lemonade – an exclusively online provider of household and liability insurance policies – broke into the German market. The insurtech company was founded just four years ago in New York. Since then, Lemonade has sold more than half a million policies to a market that industry experts believe is oversaturated. Primary investors in the start-up include Softbank and Google. The expansion across the oceans to Germany has

been financed in part by Allianz and Axa, two prominent insurers on the German market. The price advantage offered by Lemonade stems from its consistent policy of digitalization using artificial intelligence technology. The company's philosophy states that customers should have to fill out as little paperwork as possible, both when entering into the contract and when settling claims. This is not a bad approach in an industry where customers complain about this exact issue. As the zeitgeisty icing on the cake, Lemonade combines its business model with an ethical approach: part of its profit is donated to charitable organizations. The emotional added value is primarily intended to convince young prospective customers.

These refreshing new strategies – or unwelcome competition, depending on how you look at it – are coming not only from start-ups, but also from established companies. Thanks to digitalization and the swathes of innovative lateral thinkers they employ, these companies are discovering and breaking into new business fields

with their tried-and-tested products, techniques, and methods. Who would have thought that Google would once become a pioneering force in the development of the self-driving car? Another recent example is provided by the Wagner Group, which made a name for itself as a manufacturer of machines for wet and powder coatings. A particularly psychologically agile employee came up with the idea of transferring this protective metal coating to human skin: instead of treating sunburn only after the skin has developed blisters, for example, the damage could be prevented through the application of a protective coating. Corporate incubator Valentin Langen recognized the potential and initiated the spin-off IONIQ. In this new company, spray and coating experts from the Wagner Group are developing a consumer and climate-friendly spray device as well as a series of suitable skin care products. The first cosmetics line to use environmentally friendly ion technology sprayed onto the skin will be launched in 2020.

Eight levers to shift

Lemonade and IONIQ are just two examples of innovators that could create significant disturbance in some markets in the near future. Now is the time for companies not only to arm themselves against the new competition, but also to get ahead by boosting their dexterity. Drawing on our many years of experience in change management, Capgemini Invent has designed an easy-to-follow model comprised of eight levers that bring agility to life and anchor it permanently in the organization (fig. 6). Each lever represents an independent quality; no lever should be neglected. Depending on the status of the implementation process, the levers move into the center one after the other. It goes without saying that the methods and processes of agile transformation support those of classical change management.

The first and most important lever is culture. This lever encompasses the shared values, standards, and attitudes that shape cooperation within the company. In companies with high dexterity, there is a culture of collaboration and co-existence that places people at the center of every decision. This culture promotes a strong sense of community because managers and employees share a common vision and mindset. Collaboration is based on transparency, openness, trust, and regular feedback. This contributes to the personal development of employees and benefits the entire company. New ideas can be taken on board more quickly, evaluated appropriately, and implemented through concrete measures to benefit the company.

The second lever is leadership and people. The attitudes and role perceptions of people in the company are key to whether the culture described above can become established. Leaders in companies with strong dexterity are cooperative and see themselves as coaches, enablers, and catalysts for employees. Their task is to motivate and empower employees to take responsibility in their areas of expertise and to make decisions independently from a business perspective. Men and women in companies with advanced dexterity show entrepreneurial spirit. They independently identify new business opportunities, develop innovations, and acquire the knowledge and skills they need to do so. They do not stick to their originally assigned roles, but continue to learn and transport themselves and their knowledge into various team structures.

Fig. 6 The Capgemini Invent Organizational Dexterity Model



“Not allowing ourselves to be discouraged by the challenges was crucial”

Even for a digital company with a focus on product development and IT, the journey to becoming an agile organization is no walk in the park. However, the experiences of hotel portal HRS demonstrate that the obstacles and dead ends of a process can be a valuable experience in themselves. The impetus for change came from the development teams. “This is typical for this particular topic,” says Stephan Weisser, Commercial Manager of Product Development and IT. “Agility is a bottom-up rather than a top-down approach.” HRS owner and Managing Director Tobias Ragge consolidated the plans into a clear brief: the whole company was to become faster and more flexible – in other words, agile.

With the help of external specialists, a newly formed project team defined what agility meant to HRS and how it could be translated into a new organizational and collaborative model. “In fall 2016, we presented the results to the development department,” explains Stephan Weisser. 300 employees took part in a three-day workshop in which the planned changes to the organization and roles were presented. The attendees were encouraged to actively participate. “The model was very well received,” continues Weisser. Even days later, there was still a tangible sense of enthusiasm and positivity toward the change in the air. However, at some point, everyday life came back into play, and employees once again returned to focusing on costs and returns. The plan was to implement the transformation over the course of the next nine months with the support of external agile coaches. However, since these coaches are in high

demand – a fact reflected in their prices – this plan was abandoned halfway through for cost reasons. Stephan Weisser believes that this decision was a mistake: “the enthusiasm for change disappears if it is not consistently translated into action.”

An important aspect of an agile organization is the independence of the teams. Leaders set the objective and some guiding principles as to how to get there; the rest is left to the employees. “This approach requires leaders to place their trust in the employees,” says Weisser. “Management has to be prepared for the fact that in an agile transformation, some things won’t work, and that sometimes, teams will come up against brick walls.” We all know that businesses can do better with an agile organization. Getting to this point takes patience – something that the management team at HRS now knows all too well. Setbacks and mistakes must be expected, and even welcomed, says Weisser. In this kind of mistake-making culture, it is considered better to encounter obstacles sooner rather than later – so that damage can be minimized and learning can be maximized.

With a change in staffing at management level, the agile transformation picked up momentum again in mid-2017. Managers who were familiar with the topic of agility and who placed great trust in the company – from employees to senior management – were a key factor in the successful resumption of the program, according to Weisser. Another important finding was that adopting agile practices was more difficult for some areas than for others, because they didn’t all strike the right balance between costs and benefits. While there is no way of bypassing agility within IT and software development, Weisser says, it does not have to be implemented in the same

methodical way in all areas of the company. “Often, just requiring the entire organization to show an understanding of what agility actually means can be effective.” This learning eventually helped the organization overcome its hurdles and successfully implement new structures. The decisive shift came when the individual teams were given more freedom and assumed more responsibility, reports Weisser. “This should be a very clear requirement: a team responsible for a software product must also have an understanding of its economics and existing customer requirements. Agility cannot be an excuse for no longer having any deadlines.”

The agile transformation at HRS is far from complete. “This is not a one-off exercise, but a long-term attitude that everyone in the company must acquire,” says Stephan Weisser. That said, three years after the start of the project, the agile attitude is largely anchored in the workforce. “Not allowing ourselves to be discouraged by the challenges was crucial,” says the manager. “And our perseverance paid off.”



Stephan Weisser
Commercial Manager,
Project Development and IT
HRS



Adapt structures and processes faster

The third lever on which dexterity rests is the governance structure. This lever refers to the principles, mechanisms, responsibilities, and rules for the management of decisions and decision-making processes within the company. Governance should be flexible, compact, and communication-oriented; this promotes collaboration in cross-functional and self-directed teams with flat hierarchies. The aim is to structurally equip the company to make decisions quickly. The approach only works if rights, responsibilities, and powers are clearly defined and if individuals and teams are assigned and known in the organization. However, this is not a one-off task. The governance structure in companies with high dexterity is characterized by regular questioning and flexible adaptation to changing conditions and needs.

The fourth lever used to boost dexterity in companies is its processes. The right balance must be struck between a degree of standardization and scope for ad hoc measures and innovation. Business processes should ideally be based on a digital infrastructure. In the best-case scenario, the processes are streamlined and consistent, but can be adapted flexibly based on requirements. This sounds like a difficult balancing act, but with the right internal attitude – being agile – and a little bit of practice, it easily becomes the norm. Another aspect of the winning package is standardized working practices, which promote communication and interaction between the company's agile teams. Companies with high dexterity are characterized by short planning and action cycles and an iterative approach. Business processes are always controlled and continuously optimized with a view to the whole process. This serves to satisfy the customer's needs in the best possible way at all times. This produces a high level of service quality, ensures employee satisfaction, and boosts business performance and success.

The structure of a company is usually described by its positions and functions. However, we place more emphasis on the skills and roles of the members of the organization and the intensity of their cooperation. Companies that have a strong emphasis on dexterity continue to have a stable top-level structure. However, most of the traditional hierarchy is replaced by a flexible, scalable network of project teams. These teams are set up for specific topics and tasks as required. This structure gives the company space to breathe. The composition of these teams is generally interdisciplinary and extends across hierarchy levels. The most important consideration is ensuring that the team has the skills needed to complete the task at hand. The teams work largely autonomously and organize themselves. Responsibilities and powers are clearly defined and communicated transparently, even in temporary teams.

Increase data awareness and network interaction

A high level of data awareness is a hallmark of all companies that have developed from start-ups to major players over the past ten years. Their business models are based on the collection, analysis, and processing of data, enabling them to make fast and effective decisions. Not surprisingly, companies with a high level of dexterity are also characterized by a high level of data awareness. They monitor trends closely and not only have the best possible data management and analysis tools, but also make targeted investments in their employees and their expertise in using these tools. From the flood of data coming into the business, they can filter out the relevant information to solve a specific problem and recognize its significance for the business model as a whole. The more carefully the data is interpreted and processed, the more valid the decisions made using it, producing better results in the long term. A high level of data awareness among employees is becoming increasingly important for companies: data protection regulations and the public are demanding greater sensitivity in the handling of data.



The workplace plays an important role in supporting the organization's structures, processes, and data awareness. Digital workplace design is a particularly important factor in the smooth exchange of data and information and is crucial to interdisciplinary cooperation. Companies with high dexterity promote employee efficiency by providing them with an optimal working environment. This concept extends far beyond the physical workplace to include models for flexible working. A digital infrastructure uses cloud-based solutions to provide anytime, anywhere access to data. Employees can largely decide for themselves when and where they want to work. In turn, this produces high levels of motivation and identification with the company, especially among younger people. These kinds of infrastructures also facilitate collaboration within the company across functions and hierarchical structures, as well as an open and active exchange with partners from the company's expanded ecosystem, and ongoing contact with customers.

The right kind of ecosystem can be described in just one sentence: the whole is more than the sum of its parts. This means that the company does not view itself in isolation and seek solely to maintain its own advantage. Instead, it sees itself as part of a larger whole and cooperates with other companies such as start-ups, incubators, and competitors. The focus on joint value creation within clusters of research and education institutions benefits customers and the companies involved. Companies with strong dexterity form active partnerships with other companies and stakeholders to expand, complement, and enhance their internal network with meaningful external relationships. The added bonus: the pools of talent that can be accessed by the teams grows and brings fresh new impetus to the company. A stable, close-knit network of partners that work together on an equal footing can provide customers with more and better products and services than any company on its own.

Insights and challenges

The eight-lever model by Capgemini Invent (fig. 6, page 17) shows at a glance how dexterity can be created, implemented, and maintained within the framework of a holistic strategy. Agility is all about speed – but dexterity goes further. The principle of “more haste, less speed” is true in change management, too. In principle, there is nothing wrong with the idea of just “getting on with it”. However, there is a big difference between doing something – like Scrum – on a methodological level, or in the context of corporate strategy. If this aspect is not given due consideration, there is a risk of a well-meaning change not being well-executed. As the eight levers cannot be considered individually – because changes to the position of one lever will inevitably affect the others – it is important to think about possible side effects and consequences. This is the only way to resolve conflicts between objectives. As a company progresses on its journey to greater dexterity, the question will arise as to what should happen to the previous management levels and the managers positioned at this level. Undoubtedly, there will be some people who do not want to pursue this path. The pursuit of dexterity is hampered when the brakes are applied. Instead, it needs people to promote and encourage the unstoppable developmental journey toward becoming a hybrid company. Since new structures and roles cannot simply be sledgehammered into place, gradual development and plenty of communication within the company are helpful and, indeed, essential. The Japanese Shu Ha Ri approach can provide companies with food for thought on their path to dexterity.



Shu Ha Ri – three steps to greater dexterity

Japanese philosophy, which has already acted as a model for agile principles such as Kanban, also serves as a good guideline for the journey to greater dexterity. In Japanese martial arts, there are three levels of learning that a student must go through on the way to mastering the art: “Shu Ha Ri”. The syllables stand for follow, branch out, and develop. At the first stage, “Shu”, the student learns by imitation and by following the rules of the teacher. The skills gained here form the basis for the next development stage: “Ha”, which means branching out independently of the teacher. The student experiments with the learned rules and standards and adapts them to suit his or her own situation. Only those who understand the origin and meaning of the rules can be successful at this stage; rules can only be adapted to new situations without any distortion of meaning by people who understand them. “Ri” is the third and highest level of learning and means venturing to new shores. The student separates from the teacher and finds his own way, guided by his knowledge and impulses. The experience and the confident mastery of the rules provide the basis for making oneself independent of the teacher and for freely applying ideas.

In terms of introducing dexterity, this means that anyone who wants to introduce new methods and working practices should first adopt and apply the rules on which they are based. “Shu” is the same as “doing agile”, which means practice, practice, practice. It is only through continuous repetition that the new rules are internalized to such an extent that one no longer needs to consciously refer to them. In the “Ri” phase, the rules are firmly anchored in the collective subconscious of all team members.

Unfortunately, there is no blueprint for the introduction of dexterity. That is why we must learn from mistakes and draw the right conclusions from them. In practical change management settings, it makes sense initially to bring in an external party who already has experience with the new methods. Once an organization or its teams has gained some initial experience with the new methods, they adapt these methods to suit their own needs. The advice provided by a coach, who is on hand to assist but does not enforce any rules, is also useful at this stage. It is only through experience, combined with the understanding of the meaning and purpose of the rules that this experience brings, that companies can move to the third stage or – to stay with the original metaphor – to progress to true mastery.



Shu Ha Ri – Three groups of companies

Based on the three levels of Shu Ha Ri, organizations can be divided into three groups and recommendations for action can be formulated for each group. Those who have so far had little or only superficial involvement with issues such as agility and dexterity inside and outside the company with expert guidance. Following on from this process, the most important fields of action are identified and initial experiments with the new methods are initiated (“Shu”). This approach produces fast results that act as motivating factors (“quick wins”). The second group (“Ha”) includes companies that already use agile working methods in some areas and are in the process of testing these methods. In practice, the structure will be comprised of a number of cross-functional teams working independently on a product

or problem. The working groups are fully aligned with the respective vision or a shared agenda. Companies in the third group (“Ri”) will have reached the stage of consolidating agile working methods and their organizational model. Several business units work on different products and are oriented toward sub-goals but have the common strategic goal in mind. They can now use their expertise to bring the entire organization to a level of dexterity that suits the specific characteristics of their industry and markets. Exchanges with experienced consultants complement their existing knowledge and lead to independent solutions that fully fit the needs of the company and its customers.

We deliberately opted to use the metaphor of a parkour runner to illustrate the concept of dexterity. Without doubt, these runners are fast and agile. But that alone doesn't guarantee victory. In order to assess their current situation from all

perspectives and to plan their next move, a parkour runner needs a lot of practice. Before an athlete starts a competition, he looks closely at the track. Drawing on his experience, he recognizes or anticipates particularly difficult sections. But he also knows which movements he can make to overcome them. And if unexpected obstacles arise in his way, he knows how to get past them independently and without wasting time – and that's what dexterity is all about.

Our dexterity study shows you where you stand

The results of this year's Change Management Study, together with the comments made by many participants, indicate specific ways to not only increase agility in terms of doing agile, but also to achieve longer-term dexterity by being agile. It is relatively easy to identify your current level of dexterity. How do you recognize the need for action, where does work need to begin as soon as possible, and where do you need to create fresh impetus? We also look at issues that we believe have been neglected in other studies including, the extent to which the various divisions need to become agile. Does the HR department deserve to be called "agile" because it holds daily Scrums? Is the sprint retrospective in R&D really a step forward if only a few employees dare to point out risks?

It is often the case that the executive board or the management team have simply decided that the company needs to become more agile. What this means specifically for the organization and individual employees and, above all, how this should be achieved, remain undefined. In addition, the top managers themselves are often unwilling to renounce their long steering meetings and preliminary five-year project plans and give their teams the confidence they need to start thinking differently. All of this places a heavy burden on consistent, targeted action from the start – or even renders it entirely impossible. This finding was also evident in our study (Chapter III, , p. 24). The results shed light on obstacles that may need to be overcome on the journey toward greater dexterity, and on how to succeed in this endeavor.



III. THE STUDY RESULTS IN DETAIL



At the end of a long upswing, it looks like the German economy may be headed into turbulent waters. Continuous improvement – a recipe for success that has endured for decades – no longer works. The concept of “Made in Germany” has been exhausted, and a revival will be essential to breathe new life into the economy. The signs are good: the markets are ripe for disruption. And when the markets finally succumb to the quake beginning beneath the surface and begin the process of rebuilding and restructuring, it is best to be the one who caused the shock. The faster organizations make the changes needed to become externally and internally agile – and therefore to achieve dexterity – the better.

Today’s decision-makers are just as enthusiastic about agile approaches as their 1990s counterparts were about reengineering and lean management. Suddenly, it all seems to be about Scrum – a free-for-all of pushing and shoving on the business fitness track because everyone wants to be faster and more agile. The starting point for our research was to find out how true this is. In our study, we wanted to find out how far the companies have come, where they are making good progress, and what they are struggling with.

The basis of our questionnaire was the Organizational Dexterity Model described above (fig. 6, p. 17). We compiled a series of questions on each of these eight points for success and calculated the mean value for each lever and each questionnaire. We then aggregated the data obtained to produce an overall value, which we refer to as the dexterity score. Using this value, we then performed a cluster analysis that summarizes similar data points and allows us to group companies by their distance from the destination of organizational dexterity.

Strong: Three-quarters of companies are already on their way to organizational dexterity

Finally, we used our maturity model (Fig. 7) to evaluate the questionnaires in terms of which phase of change the companies are in. We were pleasantly surprised by the progress described by the participants, we have taken this as the starting point for the presentation of our study results.

As expected, about one in four companies (25.1 percent) are only just beginning to learn how to use agile concepts and methods. For most companies, just a few departments – usually software development/IT – are actively advancing. Even if they haven't previously worked with agile methods, which have been standard in IT since the beginning of the new millennium, they are now becoming the pioneers of flexible collaboration in the organization. Like in a laboratory, methods such as Scrum and Design Thinking are tested for effectiveness and employees are trained in how to apply these methods. This all happens under the watchful eye of management, who are hoping to extend the experiment to other business areas, and ideally to the entire organization, if it proves a success. This step-by-step approach is followed by most; only a small minority of respondents reported a widespread dexterity offensive across the company.

Fig. 7 Maturity model with three stages of organizational dexterity



Some critical voices reported a belief that German companies are facing something of a first-world problem in business: they are so successful that the pressure to change is virtually zero. The results of this study strongly contradict this idea. According to our analysis, more than half of the companies surveyed (54.5 percent) have already completed the experimental phase and the introduction of agile methods. They are currently somewhere between practical testing and realization. In the vocabulary of Scrum and other methods, this means that the teams have completed agile coaching and defined their roles, and are consistently applying stand-ups, sprints, personas, and touch points. They reflect on their roles and tasks and have been given more room for maneuver. In return, management expects the teams to assume responsibility for achieving their goals. At this stage, the agile working methods are functioning so well that managers and team members can use the results to assess which methods should be retained, where the wheel should be turned back toward the status quo ante, and where modifications must be made.

The results get even more positive: In about one in five companies (20.4 percent), the agile rules have been completely mastered – if not by the entire organization, then at least by the areas that are intended to act as pacemakers. The agile procedures are established and applied by the teams. This does not mean, of course, that these procedures are not criticized or at least questioned. In fact, the opposite is true: those who have worked extensively with a technique – the “Ha” companies in the Japanese model – tend to change the rules and to create their own, taking a different route if there are good reasons to do so. Indeed, this is exactly what promoters of this method suggest. Just like experienced parkour runners, they deliberately deviate from some of the do’s and don’ts of the regulations because they know they’ll make faster progress by doing so.

Three dexterity maturity levels

In summary, about three out of four companies surveyed have completed a decent amount of their journey toward dexterity. In our questionnaire, we asked our participants about the successes already achieved with the aforementioned eight levers and mapped their responses in figure 8. We then conducted a cluster analysis. Once this was complete, we were able to distinguish between three levels of dexterity maturity (fig. 9).

Significant differences between countries, industries, and departments

The number and heterogeneity of the study participants, as well as the openness of the respondents in the qualitative part of the study, allowed us to take a closer look at the maturity levels of organizations from different countries, industries, and departments (fig. 10). Companies from Sweden and Denmark take the lead in the transformation. This is a plausible result, given that the three levers that have the most powerful impact on dexterity are culture, structure, and data awareness. The Scandinavian countries are at the forefront in both the expansion and use of digital infrastructure and the formation of corporate networks. Their focus on creating human-centric corporate cultures is well known.

Fig. 8 Mean-value comparisons of the maturity levels for organizational dexterity

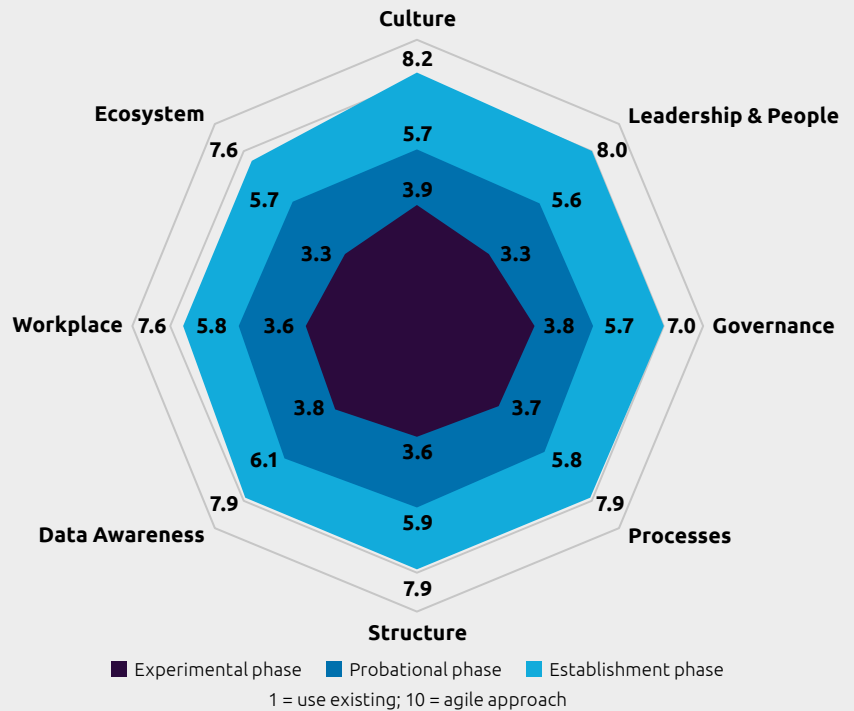
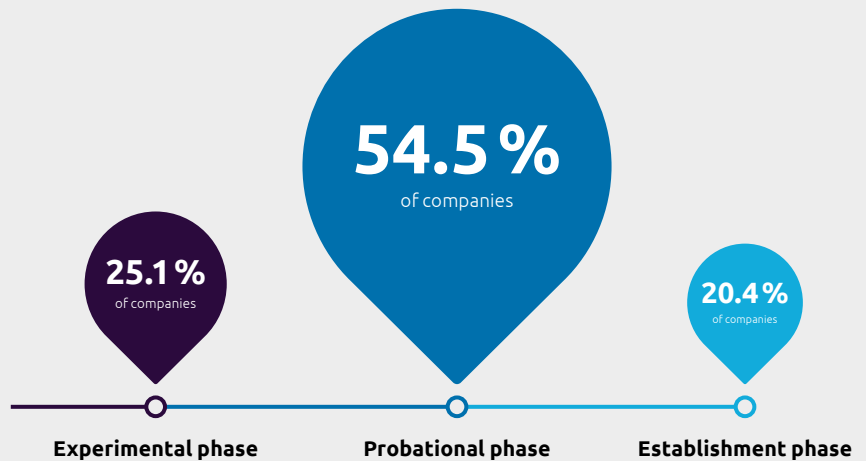


Fig. 9 Distribution of companies across the three organizational dexterity maturity levels



In our dexterity ranking, German companies are leading the mid-field – a position which belies their alleged resistance to change and proves that this attitude – if it ever did exist – is now a thing of the past. France, Australia, and China are at the back of the group. For obvious reasons, state-planned and controlled economies are systemically less flexible than private-sector economies. Australian companies may not be suffering the effects of global competitive pressures as much as other organizations yet, and in many places, France is still fighting to preserve acquired rights.

Fig. 10 Organizational dexterity score: Comparison of country averages

Countries	Org. Dexterity Score
Sweden	6.58
Denmark	6.30
Spain	5.73
Germany	5.71
UK	5.67
India	5.57
US	5.56
China	5.48
Australia	5.46
France	5.36

1 = use existing;
10 = agile approach

There are few surprises at the top of our analysis by industry (fig. 11). However, it does indicate where there is the greatest need to catch up. In the consulting and electronics/IT industries, success is closely linked to two of the three main engines of dexterity: corporate culture and data awareness. Both are comparatively young industries and owe their success to their ability to set and exploit technological trends and respond rapidly to social change. These industries are attractive to young, well-trained, and professionally ambitious people. This is a major part of the reason why agility has been

taken up enthusiastically in these sectors – and why its companies have turned out to be sprinters from the start. With enough breathing space and stamina, they are likely to maintain their position over the next few years. Banks and insurance companies, on the other hand, are a cause for concern, occupying second-to-last place. Even though the public sector is in last place in this overview, the average score of 4.99 shows that it is not as rigid and inflexible as it is often accused of being. Fueled by the increasing extent of private competition, many municipalities and public institutions are seeking agile ways of working. A critical mass may be needed to get the catch-up process going.

Fig. 11 Organizational dexterity score: Comparison of industry averages

Industry	Org. Dexterity Score
Consulting	6.05
Electronics/IT	6.03
Media/Telecommunications	5.98
Others	5.66
Energy Utilities/Pharmaceuticals/ Life Sciences	5.60
Trade/Consumption/Transport/ Logistics	5.45
Mechanical Engineering/Automotive	5.44
Banks/Insurance	5.42
Public Administration	4.99

1 = use existing;
10 = agile approach

In the individual evaluations by department (fig. 12), top management lead the way. This is not surprising, as management is always the first to call for speed and better results. Legal departments and R&D departments also deserve recognition for their speed of transformation. Accounting, materials management, and administration are at the bottom end of the scale. However, this should not give rise to hasty action. In some departments, we found that economic

success remains unchanged upward of a certain level of dexterity. Not all divisions of the company must rush toward the target at the same pace. The primary role of finance, procurement, and fleet management is to provide support for customer-facing departments. They must be adaptable. If the internal service providers can do their job perfectly, they can afford to be a bit less agile themselves – as long as they share the spirit of being agile with their colleagues.

Fig. 12 Organizational dexterity score: Comparison of department averages

Department	Org. Dexterity Score
Management	6.70
Legal	6.49
Research and Development	6.19
Quality Assurance	6.14
Finance and Controlling	5.93
Product Development	5.82
IT	5.75
Human Resources	5.70
Others	5.66
Customer Service	5.60
Marketing/Administration	5.50
Sales	5.50
Production	5.42
Accounting and Controlling	5.39
Materials Management	5.38
Administration	5.05

1 = use existing;
10 = agile approach

A clear case of win-win: Dexterity boosts figures and employee satisfaction

Dexterity works. That is what distinguishes this concept from most others – the fact that it boosts figures as well as people. According to the decisive results of our research, our study indicates that dexterity has a positive influence on both the entrepreneurial success and the job satisfaction of managers and employees. Both parameters also increase as naturally agile ways of thinking and acting become more integrated into everyday work (fig. 13 to 15). “The impact of agility on the business is clear,” confirms one participant from a company with more than 50,000 employees. “It’s slowly creeping in – in a positive way, of course.” It seems that the better the results, the happier the workforce – and this fact could put an end to the shortage of skilled employees. The tangible opportunities for internal and external dexterity should give directors and managers a powerful boost of motivation. This will also trickle down to employees: “the fun aspect of working in an agile way is one of the main things that should be communicated as a benefit,” says a small business participant, “because that will mean something to employees.”

Fig. 13 Companies with high organizational dexterity have more satisfied employees and are more economically successful

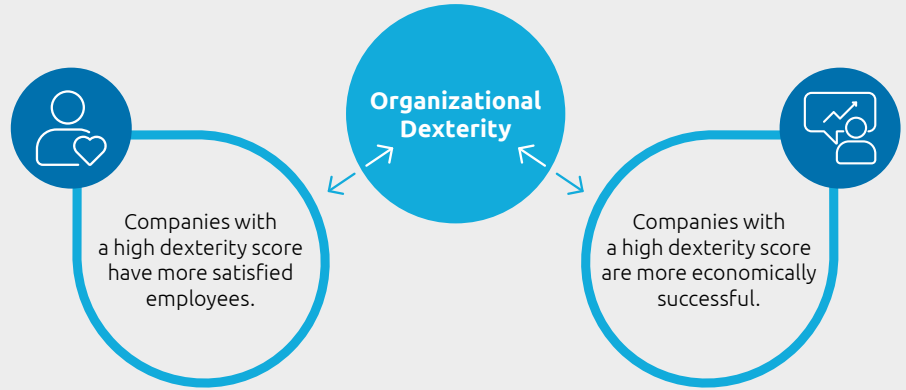


Fig. 14 Percentage of people in each phase who agree with the statement: “my company clearly exceeded its economic goals”



Fig. 15 Percentage of people in each phase who agree with the statement: “all in all, I’m happy with my work”



Digitalization and dexterity: Two sides of the same coin

While the second key finding of this study is evident from the global success of Google, Apple, Amazon, Facebook, and similar companies, it has rarely been scientifically confirmed; there is a significant positive link between dexterity and a company’s digital expertise. Our study shows that companies that are digitally equipped are more likely to reach the establishment phase than others (Fig. 16). This can be attributed not only to the practical benefits of IT, but also to its results-oriented, experimental, even playful culture, which can both irritate and attract employees from other sectors in equal measure. As a (psycho) logical consequence, agile ways of working made their debut in software development. Now that their benefits are obvious, they are being rolled out to other areas and entire companies.

When data awareness and the closely linked pursuit of workforce automation become the norm and the organization shifts into the cultural slipstream of these factors, the goal of dexterity moves ever-closer. Indeed, our study also shows a significant relationship between dexterity and workforce automation (Fig. 17). A participant from one company expressed this as follows: “the transformation means that we also need to change our standard ways of thinking. IT is no longer just the service provider, but the main player.” In fact, IT budgets dominate the planning rounds, which proves that digitalization sets the pace of the desired changes.

Fig. 16 Extent of digital competence per maturity phase

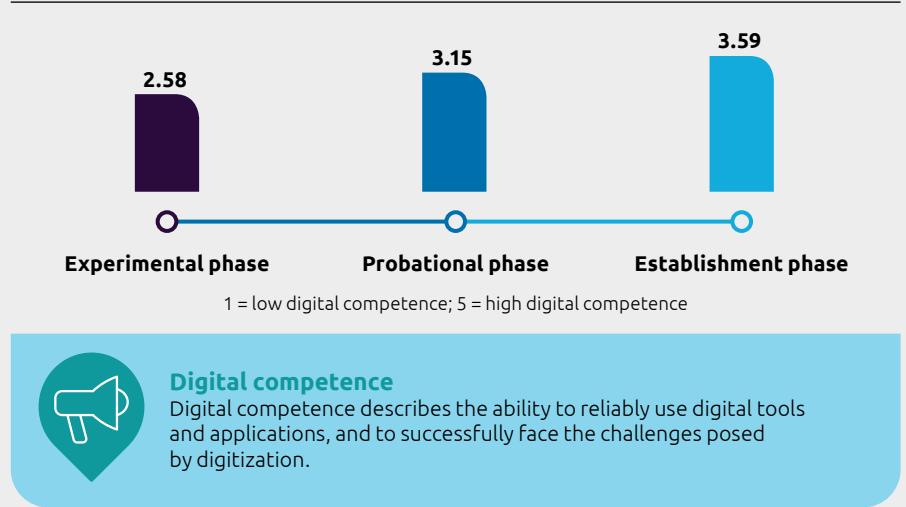


Fig. 17 Extent of workforce automation per maturity phase

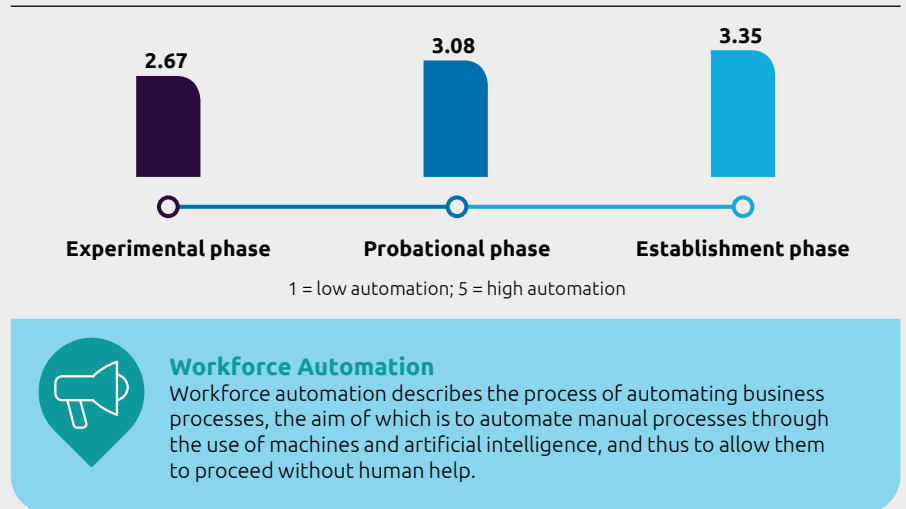
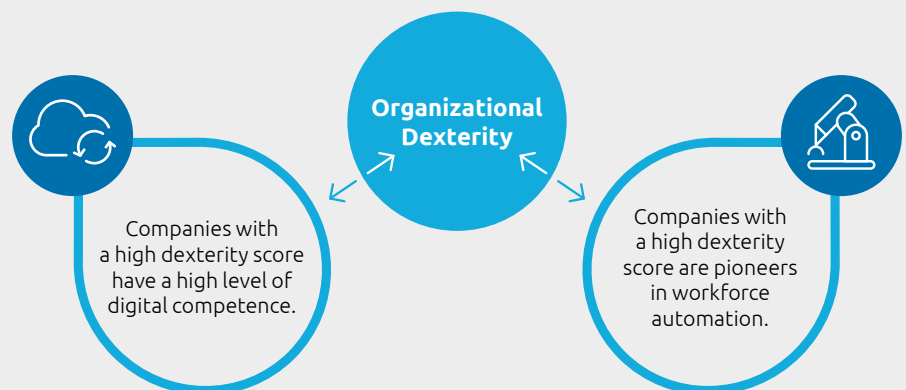


Fig. 18 Companies with high organizational dexterity have a high level of digital competence and are pioneers in workforce automation



Individual agility is one thing – but dexterity empowers the entire team

Dexterous organizations do not have any rigid structures; employees work in largely autonomous, cross-functional teams. This doesn't mean everyone can do and will do everything. Diversity and complementarity are desirable characteristics; cross-functional teams are geared toward the overall competence of the team. Competence increases when employees feel like they want to look beyond the boundaries of their desks and learn from their colleagues. The aim is to enable all team members to work together, exchange expertise, and develop professionally and personally. For example: if there is a task that is so specific that only Beate can do it, then Beate should do it. Ideally, Lennart should join her and learn from his colleague. Next time, he will then be one of two employees competent to complete the task. For those of you who like to express things in figures: This is a 100 percent return on time investment!

Our study confirms that companies become faster and more agile when employees work in teams that contain a mix of specialist knowledge and personal characteristics, and when these teams exist only for the duration of a project (fig. 19). The rule of thumb is this: the larger the proportion of employees working on projects, the more likely the company is to find itself in the final phase of expanding dexterity. The business logic behind this principle is simple: project organizations are highly mobile. This gives them space to breathe, which is more important today than ever before. "Frequent changes in the framework conditions require a certain degree of flexibility from the organization," confirms the manager of a large company. "The requirements placed on us apply for shorter periods of time. Systems are no longer built for eternity."

Fig. 19 Proportion of people per phase who spend at least part of their time working in a project team

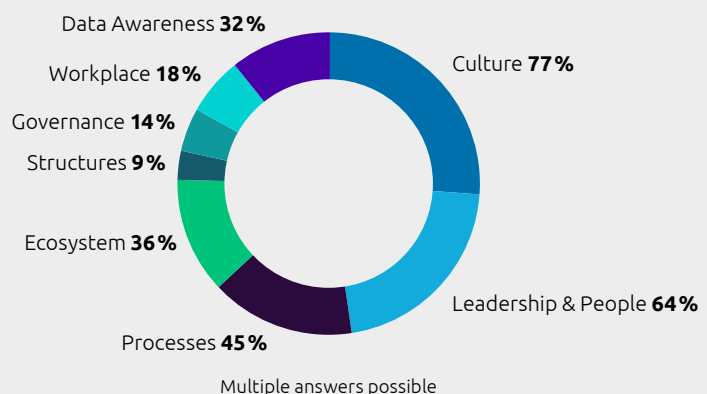


The Success factors of dexterity in detail

Let's look at the change successes of the organizations we analyzed in detail. The basis for this evaluation is the qualitative part of the study: the personal interviews with the study participants. Figure 20 shows the distribution of the success factors mentioned by the interviewees across the eight levers we identified (fig. 6, p. 17). The most important lever for changes made to enhance dexterity is culture (77 percent), followed by the levers of leadership and people (64 percent), and processes (45 percent). In other words:

- In more than three-quarters of highly flexible companies (77 percent), success can be clearly attributed to a **change in culture**.
- Nearly two-thirds of companies ascribe their achieved degree of dexterity to **changes in the behavior and role definition** of managers and employees (64 percent).
- In just under one in every two organizations (45 percent), changed **processes** were the decisive factor for success.

Fig. 20 Distribution of success factors for agile transformation to the levers of organizational dexterity in percent





This result corresponds to the narrative currently accepted by business, which states that corporate culture is absolutely critical to motivation, performance, and economic success. It also confirms the statements we made in our previous change management studies. As we wrote in 2015: “the specific corporate culture is the framework within which change management is implemented to a greater or lesser degree of success. It is more successful if the contours are flexible and if they consider the concrete requirements of the transformation. It is less successful if they lack resilience and stifle the will to change.” We formulated this same idea with a little more force in 2017: “experienced business transformers have learned from change management that the shortest route to implementing a change is rarely a straight path. (...) A crucial part of change management is harnessing the imagination of the people involved and, in cooperation with others, steering them toward a common goal in such a way that the enthusiasm and willingness of the group is stronger than that of the individuals involved. This added value can only be revealed through the cultural dimension of change.”

We’re familiar with the tortured sigh that is let out when we reach a point that is particularly painful for an organization – and the common complaint that “consultants always say the same thing.” This year, we’re letting our interviewees speak for us. “Creating a safe environment in the company, in which employees can test new behaviors without risk, is a key requirement if a business is striving for dexterity,” says the manager of a large company with more than 50,000 employees. The head of human resources in a medium-sized company calls for more courage from management: “working in an agile way means that managers need to place some trust in their teams. They are responsible, but they have to let the individual teams do their job without intervention. This is very challenging, but an understanding management team that places trust in the company’s most valuable asset – its employees – is indispensable.” A program manager made a direct link between internal attitude and performance: “the idea that simply controlling a number of employees leads to more power and responsibility must no longer be the driving force. Performance management needs to change to the point where the biggest driver is the value proposition of a product.”

From all of these viewpoints, we can conclude that it is the overall result that counts – not the path to it and neither the pace nor the stride length of the individual. The team is greater than the sum of all its parts. This also applies to the eight success levers: an organization does not gain momentum if only one or a few levers are shifted. The whole concept works like a team: it can only achieve its maximum potential by working together.

Culture success lever

There's no other way: Employees want to be heard and shape decisions

Agile methods are most effective in strong, self-organized teams with highly qualified and intrinsically motivated, knowledgeable employees. These employees think in a customer-oriented way and take responsibility for their organization and their goals. The only suitable breeding ground for this kind of employee is a corporate culture in which the classic hierarchy is replaced by a **flexible network structure with largely self-determined work**. The young generation no longer wants to work in any other way. For the human resources manager of a large SME who we interviewed for the study, the agile way is the most compelling argument in employer branding: "it's important to implement this concept to continue attracting talent as a company. This has now climbed all the way to the very top."

Freedom and participation are at the top of the prospective employee's wish list. They don't just want to follow instructions issued by management; they want to talk, think, and shape decisions. They want to make a positive difference and set an example – whether that is as employees, as freelancers, or both, or whether for a customer, for society, or for the environment. They are open to sharing, but in return they also want influence. We think that's fair enough.

However, this new demand presents a challenge for companies – should they give freedom of choice to someone who may overestimate their knowledge or skills? It also carries the risk of being blinded and disappointed. However, a **culture of co-existence**, based on trust rather than command and control, is the only way to do things. The new generation of talent will no longer allow itself to be pigeon-holed and will go great lengths to avoid old-fashioned and outdated employers. "The competition for talent in the marketplace is increasing," confirms the manager of a medium-sized business, "and good employees

will always look for agile structures." The new culture also opens a huge opportunity: the very highest performers draw their energy, motivation, and success from these kinds of corporate cultures. In other words, they bring an agile mindset with them.

Employees want to share and get involved

Our study confirms that both sides – companies and employees – are winners. We have discovered a **clear link between dexterity and a positive attitude toward knowledge sharing**. Employees in companies with a high degree of dexterity are much more positive about knowledge sharing than employees in companies with a low value. Companies that encourage knowledge-holders to share their knowledge have made more progress than others.

We found a further correlation between dexterity and the company's mistake culture: employees from companies in which errors are frowned upon and, as a result, concealed, show a low degree of orientation toward dexterity. This makes sense, because dexterity means speed, and if mistakes are swept under the carpet, the

damage occurs at a later point and is usually more severe than if the issue had been pointed out and rectified immediately. This cannot be blamed on the individual if everyone is on a learning curve. According to one of the interviewees, the introduction of flexible concepts helps companies to **revisit their error culture**: "the mindset for the entire transformation process is clear and it reduces the feeling of uncertainty: it doesn't have to be perfect and nobody is an expert – it's new to everyone."

Unfortunately, the presence of an error culture alone isn't the key to achieving good results. Our study shows that simply permitting errors is not enough to achieve dexterity. Further action is required.





Leadership & people success lever

Leading teams: anything but easy

Whether and how quickly a corporate culture can adapt to the flexible world is heavily dependent on **how managers and employees define their roles**. Do managers see themselves as coaches of their employees or as dictators? Do employees view their managers simply as “The Boss”, or as helpful colleagues who have a different set of responsibilities?

Managers must be willing and able to lead teams. Not all managers can cope with the loss of control and power associated with agile working practices. This was confirmed by one of our interviewees from a large company: “some of our leaders will struggle with the agile leadership style. But it would be great if they tried it and were successful.” Managers of teams are committed to developing each team member in the best possible way. They constantly work to develop the attitude that makes a team truly flexible, while understanding

and conveying to other non-agile departments that the path to dexterity must be paved with a great deal of energy and resilience.

Circular reasoning replaced by flexible thinking: put the leader in the lead

In companies with high levels of dexterity, leadership positions are neither inherited nor given as a reward for doing well. **Flexible teams are always led by the most suitable person**. There are two good reasons for this approach. First, if the sole criterion for deciding who should lead is who is best qualified for the role, there is virtually no reason for competitive power struggles. Next time, you could be the best person for the job. Secondly, people intrinsically want to live up to the expectations people have of them. The price to be paid for these dual benefits is a double challenge for human resources. Another mechanism must be devised to replace the classic, long-standing career path. Managers need an incentive to invest in developing employees who might be leading a team in another department after

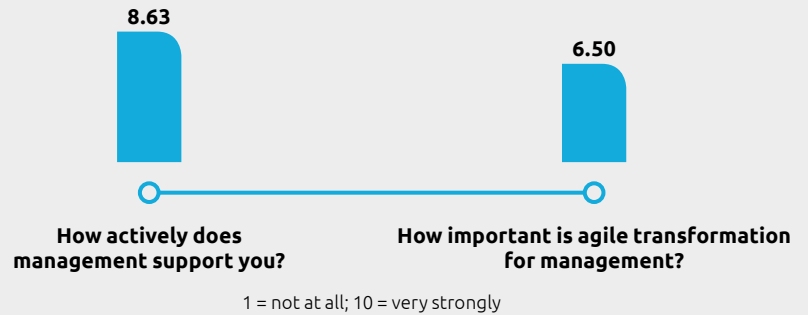
qualifying. It may be enough to make it clear to them that they are still at the helm even in a world of dexterity. “Leadership is, of course, changing to some extent,” says one manager of a very large company. “It just seems like you have less control. Although you no longer have the opportunity to intervene directly in the process, you regularly sit down with the team and discuss the current situation and the next steps. This is also a kind of control.”

Doing agile is an instruction: being agile is a mindset

While many methods have bottom-up effects, this culture-determining mindset can only be injected into the organization from the top down. This part of the process is the duty of the leaders. In our interviews with study participants, interviewees repeatedly expressed the value of **the active support of management** to the success of the change project. This goes far beyond simply announcing the proposed change. Often, after the initial euphoria has subsided, leaders lose some of their momentum. Day-to-day business is pressing on, new challenges are changing the focus, and here and there disappointment is beginning to take hold: “why is this taking so long? The employees should know what we’re aiming for by now.”

However, without **constant affirmation of the desire to change** by means of active doing and modeling of behavior at the top of the hierarchy, employees only know what management decided at some point in time. Any perceived weakening of the efforts raises doubts about the seriousness of the project, which in turn puts its success at risk. While managers perceive the transformation as important, they do not always act accordingly, as figure 21 shows. Our recommended course of action comes from a manager of a company with fewer than 500 employees: “the manager’s role in this process is to maintain a balance between trust in the employees’ ability to self-organize and recognizing the point at which to intervene and steer.”

Fig. 21 Average value for perceived management involvement with respect to dexterity transformation



Companies with a high degree of dexterity do not take a scattergun approach when it comes to their employees. They encourage employees as individuals and in a situation-dependent manner. As several hundred companies confirmed to us, this strategy translates motivation into enthusiasm. On the flip side: Even with just a few dozen leadership roles, **tailored personnel development** is a mammoth HR task that cannot be accomplished without the support of business leaders.

These people are fully engaged with the market and they know what qualities, knowledge, and skills will be needed to cope with the present and future challenges that will shape the workforce. They should, in somewhat of a revolutionary reversal of the current standard practice, support HR as a business partner in filling management roles. This too is a step toward dexterity.

Governance success lever

Rules also require margins

The largest taxi company in the world does not own any vehicles, the largest provider of overnight stays does not have its own hotels, and one of the world's largest retailers does not have sales outlets. What Uber, Airbnb, and Alibaba have in common is that their digital operating model is disrupting the market. In these organizations, IT is not a peripheral service provider, but is positioned at the heart of the company as a driver of operational success. Because IT is agile, Uber, Airbnb, and Alibaba are particularly flexible. Nevertheless, these companies also require governance, which means that they implement **rules, principles, and guidelines** in relation to management and decision-making. In organizations with high dexterity, these rules are flexibly adapted to suit new conditions and needs.

Elon Musk's company SpaceX emphasizes its governance approach using collaborative software. The exchange of information between IT managers and business managers takes place on an equal footing on the platform throughout the decision-making process. This not only facilitates and accelerates decision-making, but also reveals potential risks. For example, you can learn how an action could affect other operational metrics before affecting the digital space. Another example of an agile governance model comes from Zappos, an online retailer that has distributed authority among autonomous teams, increasing its responsiveness to market changes. Instead of having to coordinate decisions up and down the internal hierarchies in IT and in the affected business division, Zappos makes decisions in small cross-functional circles. Clearly, **rules still exist**. In organizations with high dexterity, these rules are flexibly adapted to suit new conditions and needs.



You have to be brave to let go

Why is it so important to look at the way decision-making is tackled if you want to become more flexible? Because, the way in which decisions are made tells you whether the organization is listening to its “star players” or those with the most stripes on their shoulders. The latter does not have to be reversed per se. The act of **moving decision-making to teams** has an invaluable advantage: as they get to grips with an issue, working groups begin to reveal their standard, often unconscious patterns of decision-making. The team relies on the following quid pro quo exchange: you get the ultimate say in decisions – but you're responsible for making your decisions work.

This deal demands **courage, sovereignty, and a strong backbone** from management. A person in charge of a large SME company explains why: “a typical challenge for mid-level managers is the pressure coming at them from different directions. They need to empower the teams without controlling them. But at the same time, they are being asked from above to control the finances that influence the decisions. This is a difficult task; under financial pressure, the hierarchy still comes through.”

In this context, the **transparency of the decisions made** becomes more important. Decisions made in the back room are a clear no-go. Another aspect of agile organizations is the “test-operate-test” approach. Companies are slowed down by the mantra of having to think through decisions and plan ahead. Admittedly, the engineering solution may be perfect. Until it comes to fruition, the competition remains three steps ahead. Instead of analyzing every aspect in detail in advance, a decision must be made – safe in the knowledge that it can be revised or changed at any time if new insights come to light during testing.

In organizations with high dexterity, decisions are largely left to the teams. More advanced companies not only give free rein to this idea, but also call on the teams to make courageous and rapid decisions. The manager of an agile project describes the ideal situation as follows: “**mutual trust** must be built up over time. The team must be confident that the right goals are being pursued. The product owner must be confident that the team is working in the right direction – even if he or she is not involved or able to contribute.”

Processes success lever

The customer sets the route

Process specifications provide security; a great advantage in a world of increased uncertainty. The Scrum concept is not opposed to fixed processes. The duration of the daily stand-ups and the length of the sprints, for example, are strictly defined. However, unlike the cascade model, the concept places the HOW above the WHAT. This ensures that value is generated for the customer before the market changes. The best way to achieve this is **to engage in dialog with customers**, by asking them: what do you want from us? The answer doesn't always have to be something big, even small improvements can trigger waves of positive feedback online and at the point of sale.

With customer benefit as the first priority, we can turn to the result. If you want to gain knowledge now, rather than just at the end of a process, you need **a network of key figures** that enables you to compare the current situation with the target. How close are we to the target? How much budget is still available? Can we, should we, or do we have to redirect resources or capacities? The burn down chart shows the current status of each sprint. The advantage for the team? With verifiable performance indicators, ad hoc reviews and shorter-term budget planning become much easier. For the company, the advantage lies in the fact that the actual results are tracked in real time and long before controlling. When you're traveling at high speeds, the view in the rear-view mirror can be deceptive.

How are future successes actually measured?

According to Hoverstadt and Beer, the success characteristics that are particularly valuable to agile companies are those that measure the vitality and efficiency of the company, its development potential, its innovative strength, and the effectiveness of management. There is nothing wrong with KPIs – as long as they are not being used to cover for a lack of internalized openness ("being agile"). "We use methods that



make sense on the surface," says one interview partner from a globally active medium-sized company. "But we avoid tackling anything that goes deeper, for example to look at cultural change. We don't want to dig so deep." Without a doubt, this second part of the exercise is much harder to master than acquiring a kit of commercially available tools and trusting that cultural change will manifest entirely by itself in the course of its use. Yet, this is the decisive step (p. 32, culture success lever). "An even greater shift in mindset is required to bring about change in **performance management**," says one of our interviewees from a large company. "The goals are not yet clearly defined, which makes it difficult for middle management to lead in an agile way. But if a company of this size still wants to exist in the future, this is an important step that must be taken soon." Another manager (from a company of >50,000 employees) is also looking ahead: "in order to move to the next level of agility, framework processes need to be adapted more effectively and we need to consider how success will be measured in the future."

It would be counter-productive to overwhelm teams with tools and expect them to maintain their fresh enthusiasm for agility. If you have too many tools in your toolkit, your work becomes neither faster nor better. "Tools are hijacking the purpose," warns one executive from a large company. "Time and time again, the methods and tools stand in the way of achieving their actual purpose," says another interviewee, who is in a senior position in a smaller business. Our analysis highlights the **issue of placing blind faith in tools**: only half of the success factors mentioned by the study participants can be ascribed to the processes lever. In companies with a high degree of dexterity, the focus of the key figures is shifted to customer benefits – with the same goal of making the degree of achievement measurable and transparent.

“Agility must be introduced in an agile way”

Bayer AG, headquartered in Leverkusen, Germany, wants to become more agile. “Given the rapid changes in markets around the world, this is an absolute necessity,” Bertram Kaup quoted the board as saying. As a strategy manager for business agility at the global group, which employs around 110,000 people, he and his colleague Anja Tilinski are very close to the action. “Many teams, for example in IT, have been using agile methods and tools for years,” says the project and program manager for business intelligence accounting. “And because IT plays a central role in the entire value chain, we can provide important momentum for change.” The goal is to become more agile across the group. “So far, we’ve got a setup of project- and team-based islands,” says Bertram Kaup, “but at some point, we’ll become an agile continent.”

The agile islands within the organization are getting bigger and are slowly moving toward the units that are still operating in a more traditional way. About nine months ago, the marketing and sales IT department, along with others, started its agile transformation. “Our colleagues in this department have stepped into the customer’s shoes and have started to question their previous priorities from the customer’s perspective,” said Bertram Kaup. What are the main customer groups? Are we really doing the things that these target groups need most and that create the most value? What can we do to make more digital products – and the right digital products – available to end customers? The department came up with answers to these and a whole host of other questions. “And now cross-functional product teams are working consistently and enthusiastically on the implementation,” says the

strategy manager. “Like others, they primarily use Scrum. They are also using sophisticated Kanban boards that visualize the work and goals of the overall organization at different ‘altitudes’ for cross-team coordination.” The procedure can also be a model for other units. “Tools are popular when colleagues know why they should be used,” explains Anja Tilinski, “when you know what value they bring to the customer, the company, and the employee personally. You have to explain this time and again – until everyone really gets it.”

Methods and tools are one thing – but applying them successfully in the overall context of the company is another thing altogether. “Cross-functional workflows and processes also need to change to promote an agile culture and agile thinking within the company,” says Bertram Kaup. But how do you start? Do you make the culture agile first, and then introduce agile methods, or the other way around? “The two have to go hand in hand,” says Kaup. “Adopting agile methods without having a clear idea of what business or organizational goals you want to achieve faster, more effectively, or simply better, will not lead to more agility in the real sense of the word. The other way around, culture and ways of thinking do not change simply by preaching agility, but then doing or changing nothing.” Tilinski confirms: “agility must be introduced in an agile way. This does not mean introducing agile methods everywhere. But we need an agile way of thinking and an agile culture. That might look different in every department; that’s something that you have to find out. But you have to start doing something. You can’t ask people to be agile without being agile yourself.”

The US company Monsanto, which Bayer acquired in 2018, is also providing additional impetus for change. “Monsanto works with various agile methods in IT product development,” says Anja Tilinski. “Development and operations

form teams, which are known as Dev-Ops teams. This interaction has greatly shortened development cycles while also increasing our ability to meet requirements.” Kaup adds: “at the operational level, we are seeing a great deal of engagement and some initial successes.” Decision-makers and many colleagues at the operational level are convinced that agility is enormously important for the future of the company. Where possible, the appropriate tools are used and the results derived from them are shared across the company. “We are using these successes,” continues Bertram Kaup, “to convince colleagues throughout the group to become an active part of this transformation.”



Bertram Kaup
Strategy Manager, Business Agility
Bayer Business Services GmbH



Anja Tilinski
Project and Program Manager,
Business Intelligence Accounting
and Controlling
Bayer Business Services GmbH

Structure success lever

In a network, everyone learns

The structure of a company is essentially determined by the roles and competencies of the organizational members and their ability to interact. In many companies, the traditional staff/line organization has now become a project or network organization. These organizations focus on the skills of the employees and offer the companies more flexibility to cope with changing tasks and ad hoc challenges in a timely manner. The findings from our quantitative analysis support these facts: companies with **cross-functional teams are economically more successful** than others. Their success also increases in correlation with the achieved level of dexterity of the company. The reverse is also true: the more homogeneous the teams are, and the less they can decide for themselves, the farther they will find themselves from the goal.

At Capgemini Invent, we are committed advocates of interdisciplinary cooperation. To make our case once again, we studied the connection between project activity and dexterity in a variance analysis. We were not at all surprised to see that project-based working has a positive effect on organizational dexterity. However, we did not find a significant correlation between the degree of dexterity of the participating companies and the leadership experience of the respondents. We interpret this to mean that agility is not a matter of experience, but of internal attitude.

In dexterous organizations, all thoughts and actions revolve around the needs of the customer and how these needs can be met with products and services: both current and future, fast-moving and enduring, and – at the very forefront – those where there is a competitive advantage to defend. The change is from a project-oriented to a product-oriented organization. The agile teams press ahead until the company reaches this point. Interdisciplinary teams are set up based on the structure of the products and/or services.

Fig. 22 The transition from a project-oriented to a product-oriented dexterous organization affects both organizational structures and governance



Product owners are responsible not only for customer satisfaction, but also for the contribution of the product's added value to the organization's overall success. The advantages are obvious: with dedicated team-to-product or service mapping, business focus increases. Autonomous responsibility strengthens the entrepreneurial spirit. Interdisciplinarity increases productivity.

Do not create new silos when lowering department boundaries

Not all areas, if any, will be able to work using agile methods from the start. The coexistence of agile and non-agile areas raises a new problem in practice: how can **collaboration between agile and non-agile teams** be structured? "If you work using agile methods, there are things that simply cannot be set in stone," says one interviewee from a very large company (>50,000 employees). "For example, this is true of collaborative interfaces with teams that are not agile." His advice points toward corporate culture:

"communication helps a lot." In more specific terms, this communication is achieved through joint meetings with employees from agile and non-agile departments. It is even better if stakeholders and key decision-makers can be present at the sprint reviews. With this approach, the non-agile units will learn what their agile colleagues are working on and how they work. At the same time, it prevents the agile teams from starting to see themselves as an elite – thinking "we're already working in an agile way, while you're not" – and unhelpfully reminding their colleagues of that fact. All employees must clearly understand that using new methods is not some kind of honor or differentiating factor, but a necessary response to ever-evolving markets.

Data awareness success lever

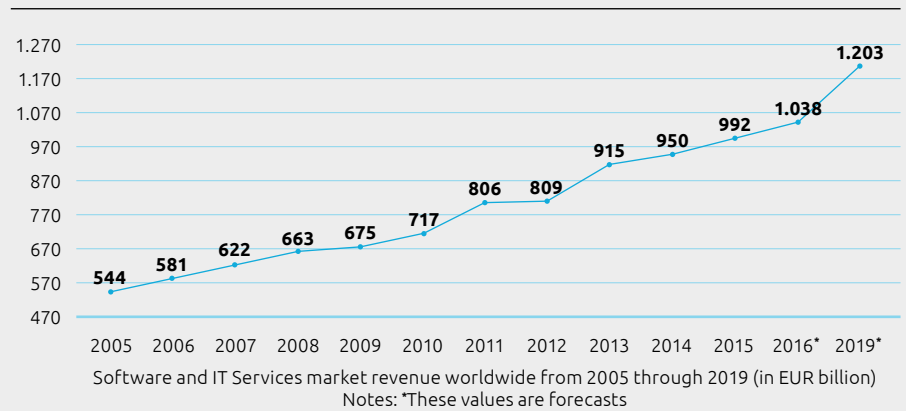
Digitalization and workforce fuel dexterity

Digitalization was the technological trigger and backbone of the fifth Kondratieff wave. This cycle came to an end at the turn of the millennium, at a time when digital information technology had become the world's largest industry. Today, **digital networking** permeates all levels of society (fig. 23). This technology will undoubtedly continue to evolve and expand its application areas. The key buzzwords of our world today – including artificial intelligence, IT security, big data, people & predictive analytics, Industry 4.0, smart home, and augmented and virtual reality – prove that IT will remain key to business competitiveness. The need for the digital economy to develop high-quality applications at a pace that matches that of the business world will accelerate the transition to highly modular and hyperagile applications. This, in turn, enables companies to rapidly implement digital innovations and dramatically improve their processes – “at a speed between 50 and 100 times faster than traditional approaches.”

Digital technology is an important success lever

There are no two ways about it: digital technology drives organizational dexterity. However, in order to fully exploit the effectiveness of this lever, the levers of culture (p. 32) and workplace (p. 40) must also be applied. Data awareness extends to topics such as employee qualification, data protection, and the rejection of concepts that are technically feasible on ethical grounds. Data awareness can only be achieved by working with people and not against their will.

Fig. 23 Revenue from software and IT services worldwide up to 2019 (source: IDATE DigiWorld, ID 159325; © Statista 2019)



In the 21st century, a high level of data awareness is a prerequisite for almost all companies that wish to remain competitive in their established and new markets. The intellectual, procedural, organizational, and technical capacity to record, collect, analyze, prepare, and distribute data is an important lever for economic success in the digital age. However, it is not the most important factor. Companies with an advanced digital culture place even greater focus on their people.

Paperless interfaces between IT and business

Our study also provides several recommended actions for how IT should be integrated into the organization: its interface should be open to the rest of the business and permit interaction with the other divisions of the company. A participant from a large company (30,001 to 50,000 employees) describes the benefit of this as follows: “when culture changes, we no longer fall into the trap of talking about the business vs. IT – we see it as a single team, a single goal, a single vision. This is the cultural change I want to achieve.”

In our study, we asked participants about the status of digitalization (fig. 16, p. 29) and workforce automation (fig. 17, p. 29). In workforce automation, manual tasks are handled by intelligent automation technologies. Instead of monotonous, unchallenging roles, the employees take up new tasks that require training and ongoing development and which require them to work independently – a further example of **the opportunities that dexterity creates**. An Avanade study (2017) found that “intelligent automation connects the human workforce to machines rather than replacing it.” In a survey of 800 executives and 1,200 employees, the Capgemini Research Institute found that employee upskilling is the central success factor for automation.

This positive relationship between dexterity and workforce automation is highlighted in our study. Advanced “dexterians” all report high levels of both. Levels are lower for companies still on their way to dexterity (probational phase). Those who are only just starting to familiarize themselves with the new methods are technologically lagging.

Workplace success lever

Guidelines for creating a home from home in the workplace

Many people are fascinated by the idea of being able to do something today that was not possible yesterday. For them, progress is a promise, not a threat. When a new smartphone is launched, their first question is not “do I need that?”, but “what can it do?”. These people also measure their own value by their ability. They want to be measured by this benchmark alone, and they can choose the employer they want to work for. The labor market has changed significantly; the days of a reserved parking space being accepted as a sign of professional success are well over. One participant from a well-known large company – whose response was representative of many others – confirms this: “something that was a privilege in the past is no longer of significance today – the corner office occupied by the division manager, for example. For a long time, this was a sign of status.” As a result, organizations need to relearn the established system. This new culture will be music to the ears of people who have adopted a minimalist, zero-waste lifestyle and have relinquished excess possessions.

What’s more, **old-school status symbols and dexterous organizations are entirely incompatible concepts.**

No company can reach the required degree of flexibility if the new mindset is locked away due to a fear of loss of status or material assets. “People have been toiling away for years to become department managers, and now suddenly this job no longer exists in the agile organization,” reports one manager from a large company. “This understandably leads to frustration and resistance among some managers.” This anecdote proves that it is not only the companies themselves that are facing challenges. There’s only one solution to this kind of problem: to keep explaining why things cannot carry on as before, and communicating the opportunities the new approach holds for employees and managers.



The workplace, structure, processes, and digital technology must fit together

The workplace lever can be used to great effect – and not only to strengthen employee engagement. The right work environment not only determines job satisfaction, but is also a massive pillar of operational structures, processes, and data awareness. Introducing self-managing teams is important and is the right action to take. But if employees are not allowed to work from home or have only slow access to the Internet when not on site, they will start to wonder how self-managing they really are. Within the company, management wants the teams to exchange ideas – and the leaders are right to strive for this. But if the colleagues’ offices feel miles away from one another and the technical infrastructure forces employees to be physically present in the workplace, this will not happen. And even if the workplace is equipped to support dexterity – with workspaces, glass-paneled project walls, and a coffee machine – and management expects employees to work in a different way in return, pressure can build up. In short, **it is not enough to invest in hardware alone.** Instead, employees must be motivated and empowered to perform in such an environment.

We asked the study participants about the impact of the work environment on the company’s dexterity. Does the office offer enough space for cross-functional cooperation, agile stand-ups, project work, and team meetings? The majority of the company representatives who have already come close to achieving dexterity responded with “yes”. Even those who have made some progress toward dexterity answered affirmatively. However, respondents who were keen to help their companies achieve economic success – but felt unable to do so – saw this very differently. The enormous impact of the workplace on satisfaction and by extension on dexterity is evident in figure 15 (see p. 28).

Ecosystem success lever

Me, you, her, and him – the ingredients for dexterity

Tectonic changes are currently taking place in the corporate landscape; we can all observe how the boundaries between companies and industries are disappearing. Tesla founder Elon Musk is aspiring to travel to space with SpaceX. The world’s largest bookseller, Amazon, is delivering steaks and gooseberries to your home. Google is building wind and solar power parks and selling the excess energy to other companies. Technology design pioneer Apple is toying with the idea of developing a car. What is driving these cross-industry entrepreneurial endeavors is **data power**. Data opens up an infinitely large space for new business models.

At the same time, the development of virtual enterprise networks is accelerating in a way that was never thought possible. Like globalization, which allows companies to look to the global market instead of their own region or country, companies are expanding their reach into the ecosystem of customers, suppliers, cooperation partners, universities, and public institutions surrounding them. “We have already achieved a certain degree of agility in our dealings with our customers,” says one of our interviewees from a midsize company, who was pleased with the benefits of the new agility the company had gained. “Instead of just introducing our products, we’re working with customers to create new ideas that we’ll take to the next stage.” Cloud technology, big data, and artificial intelligence are already showing so much potential; these strategies should not be the exclusive preserve of the front-runners. Yet, it seems like that is what is happening. In one study, 83 percent of respondents said they did not know the term ecosystem in the context of digitalization. Only eight percent already had a digital platform to act as the foundation for this kind of entrepreneurial ecosystem.

Fig. 24 Changes in organizational forms

*It is **not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change.***

(Charles Darwin)



How things used to be...



How things are...



How things actually work...

Involve external partners

The idea of **recognizing and exploiting the benefits of cross-company networks** is only gradually gaining strategic shape. Nevertheless, we wondered whether and to what extent our investigation would reveal a link between dexterity and the exploitation of the ecosystem. If it is true that there is a certain amount of magic in every beginning, then these magical first roots should be reflected in our results. We did find an indication of this emerging trend: companies that can integrate external partners into their IT infrastructure/architecture without friction are economically more successful than others and are high on the dexterity scale.

Dexterity itself is a moving target; there is no set finish line which the companies can cross to earn a place on the winner’s podium, with champagne corks popping all around them. Congratulations to those who have made it to the top. But a word of warning: the field is extremely volatile. Companies who are far behind today could be part of the leading team as early as next year. The pursuit of dexterity is a never-ending journey; the journey itself is the goal.

Conclusion: do what you need to do

Our study shows that each of the eight success levers we identified (fig. 6, p. 17) all contribute to dexterity. What should you do with that information? Determining your destination, devising the route, gathering your tools, and preparing the team is a start. However, simply marching in with the battle cry of “dexterity!” will not work. Participants in companies struggling with mishaps and setbacks often said that management called for dexterity, but in doing so, it forgets to ask a critical question: Why? What do we want to achieve? So set clear goals and develop a well-thought-out strategy. We explain how in chapter IV.

IV. HOW TO ACHIEVE DEXTERITY

The pace of change has increased significantly. VUCA – which stands for Volatility, Uncertainty, Complexity, and Ambiguity – requires companies to achieve the agility of a parkour runner navigating the urban jungle. However, one of the most important resources available is slipping right through the fingers of companies. As one representative from a large company told us: “we don’t have the time we had yesterday. Reality is changing so quickly that we need to get faster.”

However, speed and adaptability are useless if the strategy is lacking. That’s why dexterous companies never lose sight of their goal: meet their customers’ core needs better and faster than other companies. Conversely, there are also companies that are highly attractive to both their customers and their employees because they are driven by a big vision. Henry Ford III is credited with saying: “if I had asked people what they wanted, they would have said, ‘faster horses.’” He believed in the automobile and created a mass market. In addition to focusing on customer needs, the second characteristic of dexterous organizations is creating brand-new markets for products and services.

There are a number of reasons why companies are shifting their strategies toward greater dexterity. The reasons quoted by our study participants are shown in figure 25. The spectrum ranges from desiring to better adapt to the requirements of a VUCA world, to overcoming stagnation in business, to securing a competitive position, to countering shareholder pressure, and to acting on internal or external input, to dealing with issues such as rigidity or wastefulness in the organization.



Fig. 25 Reasons for agile transformation in the surveyed companies



Good advice is not expensive; it prevents expensive mistakes

Any strategy can only be as good as the facts on which it is based. That's why an honest assessment of the company's current level of dexterity is at the beginning of the process. The organization must then look at the objectives to be achieved and the measures that need to be implemented in order to do so. Making all the mistakes yourself is expensive, time-consuming, and generally inadvisable, so business leaders should study best-practice examples and obtain specific advice from a knowledgeable party.

The change journey starts with five simple principles

As a management consultancy, Capgemini Invent is affected by change to the same extent as its customers. With the New Change Deal, we made our change management processes even more agile. Each customer is unique and requires an individual approach to their change journey. However, this journey will only be a success if motivation, knowledge, and expertise are combined and the route is planned collaboratively. Once it is clear from our initial discussions where the greatest need for action is within the company, we can work together to determine which of the eight levers should be moved first.

In addition to the eight levers, we work with five principles that are designed as practical rules for the entire organization and are proposed to our customers on their journey to dexterity. The first principle is a **shared vision**. This helps orientate employees at all levels and inspires them to contribute to the design of the new culture. Employees will only be equipped to do so if there is a clear vision of the task at hand, the future of the company, and the vision is also communicated and exemplified. A second, closely related principle is **empowerment**. If you want to become more innovative as a company and rely on your employees to help you achieve this, you need to give them time and space to develop, bring in, and try out new ideas. Recognition for good

ideas that lead to better products and services is an important incentive for employees to become more engaged. Empowerment also means equipping employees to take on more responsibility. This can be done through mentoring programs or assessments, where the support need is identified and the employee receives appropriate training. The third principle is **swarming**, which relies on the energy and experience of the company's employees, customers, and other stakeholders. They can be integrated into focus groups for specific tasks or invited to BarCamps for open exchange, discussion, and program development. Facebook-like platforms for employees to connect and share ideas are a practical way to implement swarming. The fourth principle, **prototyping**, is directly connected to this concept.

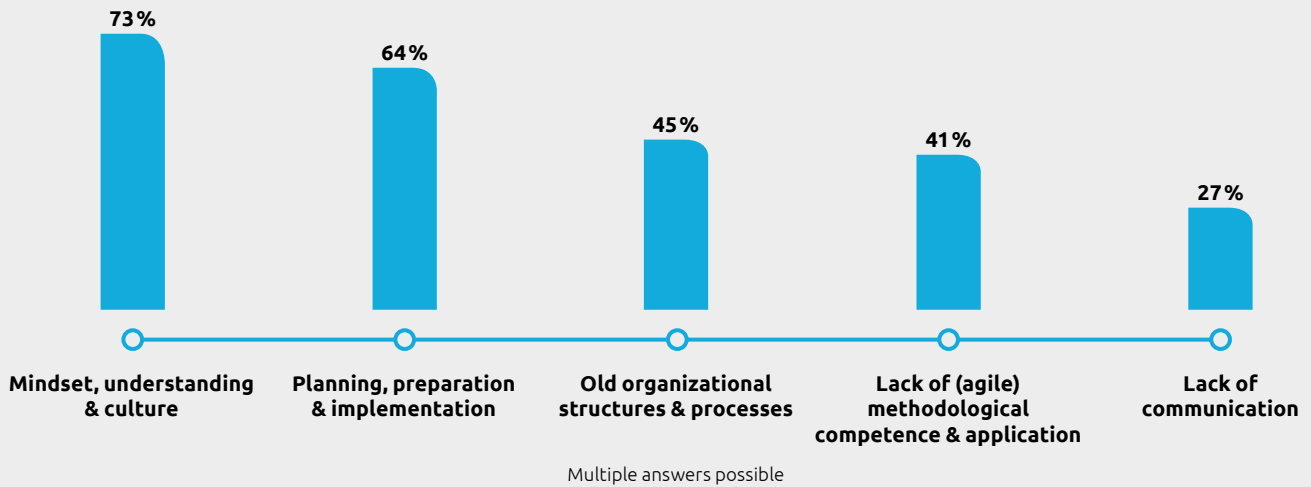
Prototyping involves employees working in small groups, for example in Design Thinking labs, to quickly come up with tangible solutions and then improve on their concepts in repeated idea generation and implementation cycles. As established companies need to coordinate existing processes and new ways of working, it can be helpful to set up acceleration zones. In these zones, new ideas can be implemented at an accelerated pace and the results can be compared with the previous methods. This is how dexterity is practiced and multiplied in the company. The fifth principle

is **co-design**. External and internal customers are brought on board to assist with the development processes for new products and services, as well as for internal company tasks. The work processes should be structured to enable employees to try out the new behaviors directly. The resulting successes are the best catalyst for generating interest and spreading dexterity throughout the company.

In order to maintain an overview of the entire change management process, consideration should be given to the use of new measurement criteria for the process, such as pulse checks, sentiment evaluations, or other modern analytics processes.



Fig. 26 Classification of the mentioned challenges for the transformation to dexterity



Hurdles are there to be overcome

When the call for dexterity sounds across the corridors, some employees immediately feel energized and awakened; others respond with unwillingness or discernible frustration. "There are countless reasons why each individual can feel that they're losing out at the beginning of the process. Gradually, the benefits and effects of the transformation are recognized," said the manager of a large company. Therefore, it is important to anchor an agile mindset among all managers in the company (fig. 26). For the transformation to progress toward dexterity, the workforce is the single aspect that demands the greatest attention. Motivated employees and teams have a major impact on the success of the process. One group manager held the belief that the process would almost undoubtedly involve some reshuffling of staff: "if someone has the wrong mentality, you can't train it into them."

Even if the employees are bubbling with enthusiasm and sprinting ahead, organizations should proceed with caution. If you strive to achieve too much too quickly, you overstretch your employees and endanger your success. Employee motivation is strained when there is not enough time to do everything properly. For this reason, it is essential to regularly evaluate whether the individual steps of the transformation process are sensible for the teams and their tasks, or whether they lead to a loss of efficiency. However, take care not to create the impression in the (as yet) non-dexterous departments that the change does not affect them. "There is a risk involved in saying that dexterity is or is not suitable for a particular department. Employees in these departments could use this as a pretext to isolate themselves from the transformation," warns a person in charge of a larger company.

“The leadership mindset must be able to cope with the complexity of the market”

For large and global businesses like Intel, the digital shift is undoubtedly a unique challenge. The products that made these businesses into global players in the past may have disappeared from the market by tomorrow. While Intel Corporation, as one of the world’s leading semiconductor manufacturers, is not at risk, the company has embarked on the journey of change. “Today’s PC market is saturated, so further growth is only possible through a strategy of diversification,” says Torsten Schuster, Organizational & Leadership Development Manager for Germany and Austria at Intel. For several years, the company has been developing new, data-centric business areas. “Our new business areas encompass the Internet of Things, the development of autonomous vehicles, and network expansion for the 5G mobile phone standard. In these areas, there is a huge need to store and process data on a large scale,” explains Torsten Schuster.

The challenge for Intel is to gain a foothold in these highly competitive business areas – because competition is not something that this IT giant is used to. In addition, the market is characterized by an ever-increasing pressure for innovation, so Torsten Schuster’s main task is to equip managers to cope with the high complexity of the market. “The logic behind this approach is this: when a company’s strategy changes, the organization’s skills also need to adapt. This is true of management behavior above all else,” explains the development manager. To achieve this, Schuster designs programs, develops training courses, and organizes regular executive conferences.

“Our work aims to help managers think beyond their departmental boundaries. The starting point is a joint reflection on the Intel strategy, which executives are responsible for communicating and implementing. They must maintain an overview of the challenges in their volatile environment in order to successfully guide the change and lead the way,” says Schuster.

However, acting as a new leadership role model is not an easy task. “Executives usually define themselves through the successes they have achieved to get to where they are today. Agile leadership, however, requires continuous, sometimes intensive development. In this respect, it is quite natural that they initially react cautiously,” explains Schuster. However, he considers specific one-off training to acquire this skillset to be of limited use. Instead, success relies on a holistic approach that enables managers to develop a fundamental attitude to agility. Schuster refers to this as an “agile mindset.” The so-called Leadership Mindset Development Program is designed to open the door to comprehensive development for Intel executives.

The starting point for the program is a 360-degree assessment of the manager. “This helps us determine which mindset level the manager is currently at and what steps are necessary to reach the next level,” explains Schuster. There are three different levels: “Experts” lead their teams using their own expertise, while “achievers” skillfully use their teams to achieve goals. In a highly complex environment, however, the challenge for agile organizations is to enable their leaders to reach the highest level and become “catalysts”. Catalysts are managers who have a systemic view of the business and have long-term goals rather than being focused on quarterly results. “They understand how to have a lasting influence on the company’s strategy, how to have all relevant stakeholders work

together on solutions, and how to exploit the strengths of their employees to their full potential,” explains Schuster.

This type of leadership is essential to the company’s shift toward agility and dexterity, because it creates what people refer to as a “psychologically safe environment” for employees: a workplace where new ideas can be tried out, and where mistakes are not only allowed, but encouraged as part of the learning process. This is the only way that companies can consistently produce groundbreaking new developments.



Torsten Schuster
Organizational & Leadership
Development Manager for
Germany and Austria
Intel

Identify and promote pioneers within the company

Every journey starts with a first step, and this is also true of the transformation toward dexterity. The route should begin not with a big bang, but in small teams characterized by one specific feature: their proximity to the customer or the problem to be solved. Stakeholders and new laws are increasingly demanding that products and services be adapted to trends and regulations. The journey begins with product ownership agreements in which the teams take responsibility for a specific task, product, or service. The objectives and the scope for action of these working groups must be anchored internally so that success can be attributed to the appropriate parties and the right conclusions drawn. In-house best practices will motivate other teams. “By leading our project well and highlighting the benefits of this kind of leadership, perhaps even boasting a little bit, we want to spread our confidence in the new ways of working. Of course, we do this with great care, and not in a dogmatic way,” said the representative of a large company.

Manage interfaces properly

In order to avoid confusion and skills shortages within the company, the interfaces at which agile and non-agile teams and departments cooperate within the company must be coordinated. In larger companies, it is not feasible or possible for all departments to change their way of working at the same time. Nevertheless, a fundamental understanding of the meaning and purpose of the transformation and the way in which agile teams work should be built up throughout the organization through effective communication.

This approach prevents unnecessary friction at the interfaces between teams working in different ways. “There are some hurdles to overcome at the interfaces between agile and non-agile departments, but these hurdles could act as a catalyst for the entire process, because they encourage everyone to be adaptable and flexible,” said a senior executive from a large company.

Copy and paste doesn't work. Do it yourself!

Because each company is unique, there is no standard set of instructions for the journey to organizational dexterity. There's not even an off-the-shelf, one-size-fits-most approach. Each organization must lay its own path to success, gathering experience and constantly steering progress as it goes. “Don't think you can copy another's success story,” one manager from a medium-sized business recommends. “Look at your own business and define agility in your business context. Start small and be aware of the change it brings to your culture.”

An external consultant can help you to avoid dead ends and move toward dexterity at a faster pace. Thanks to our know-how and experience gained from working with many companies from different industries and of varying sizes, we know where the traps lie and can considerably shorten your learning curves. However, all parties involved must understand that the pursuit of dexterity is about the journey, rather than the destination – because there is neither a fixed nor a universal target. When change is made, it is made to stay. “When you transform a company, there are always two sides to the coin,” says a top manager from global company, “on the one hand, we aim to make the right choices when we introduce new elements. On the other hand, leading means evaluating things again and again. It's important to not be afraid of changing things – that's what dexterity is all about!”



V. PLANING YOUR NEXT STEPS



Disruption is the new normality – and yet it’s a term that is still far too abstract to describe what is happening right before our eyes. High-performance computers, the Internet, and smart devices are revolutionizing our economy and society – as evidenced by the increased prevalence of the 3D printing technology that we mentioned earlier. Already, with the help of big area additive manufacturing technology, Local Motors, an American Company, is able to print driverless minibuses that are already being used on several university, factory, and hospital sites in the USA. The shuttle has a range of 160 kilometers* and can transport a dozen people and communicate with them via touch screens. According to the manufacturer, the printing process for all components takes ten hours.

* 99.42mi

What’s next on the agenda?

There is no doubt that the interplay of Industry 4.0, big data, and crypto technologies will open up a whole host of new, fascinating opportunities – but it is up to entrepreneurs and executives to recognize these opportunities and take bold action. Rigid organizational structures get in the way. In our modern world, businesses need elastic structures and agile managers, who are capable and willing to act and react in a flash. We need to be dexterous and agile – in our minds and in our actions.



A bright future – but only for companies that understand dexterity

The first industrial revolution created the consumer society. Today, nano-dimensioned computer chips installed in multi-functional, mobile, and globally networked devices allow us to acquire, store, and transfer data on a gigantic scale. While private users dive head-first into a world of tweets, filter bubbles, and fake news, companies are left swirling in the wake of the information economy and are looking for guidance.

As the development of the quantum computer progresses, computing power will advance into unimagined dimensions. A great deal of added value is already being created by businesses generating, collecting, evaluating, and intelligently using the smallest units of information. The future belongs to business models that are based primarily on the use of facts and figures. Information is the starting point of any strategy and is indispensable as guidance en route to dexterity. With the right data at its fingertips, companies can effectively steer themselves toward the goal of customer satisfaction. Organizations that identify changing customer needs based on weak market signals (and respond to these needs in the shortest possible time with appropriate offers and solutions) will find themselves in pole position in the parkour race through the digital labyrinth of the world economy.

Without a doubt, the next big driver on the start line of the digitalization race is artificial intelligence, with brain-machine interfaces being a particularly promising technology. Facebook and other companies, such as Elon Musk's Neuralink, are developing control systems for devices controlled solely by brain activity. Patients with reduced mobility will one day soon be able to regain control of their bodies, and people who cannot (or can no longer) speak will be able to express themselves again. A research group at MIT Media Lab is working on an interface called "Alter Ego", which redirects neuromuscular impulses to the non-functional voice box to output devices. The technology could be used, for example, by stroke patients, who will be able to make their thoughts heard in the form of short messages or in a chat. We make no attempt to conceal that these kinds of technologies may also bring socially disadvantageous consequences. In fact, there is a great deal of evidence that companies and their managers will be tasked with making decisions of enormous economic and moral significance. Not everything that will be technically possible will be ethically justifiable – even if it is a financially attractive prospect.

Manage complexity with leadership

Leaders in the digital age face a number of challenges: they need to understand the complexity and potential of digitalization, drive the transformation of the company and its employees forward, and play a leading role in the transformation. To achieve these goals, the organization and its offering and services, structures, processes, and resources must be regularly questioned. The only question that will produce helpful results is this: how do we generate the greatest possible customer benefit? The strategy and the corresponding requirements for R&D, product development, and operations all depend on the answer to this question. You might think that this has always been the case – if we didn't have the human factor to take into consideration.

We want managers and employees to be willing and able to perform their roles and to be excellently trained for their work. Other companies want the same thing, which means, firstly, that we are forced to compete for our employees' goodwill and, secondly, that we must empower them to complete their tasks and responsibilities. To summarize it in a few short words, the formula for successful leadership is to make people want to perform and equip them to do so. In a world of free people, neither of these things can be done on command. Managers must justify, argue, and convince – including by setting an example themselves.

Talk first, then work together

The formula for success in initiating and maintaining change comes down to one simple thing: talking to each other. Why does the change you are trying to implement make sense for the company, why is it helpful for the team, and why is it good for the person on the other side of the table? What prospects might it open-up, what concerns can be overcome, and what tools will be provided? It is only when all parties understand the reasons behind digitalization and when the goal is clear that the path to it can be planned. Beware: it is impossible to plan for every twist and turn. Winds can change on a dime, and obstacles could be waiting to disrupt your journey around any corner. "Be strong on vision, but flexible on detail," advises Amazon founder Jeff Bezos. Fluid markets do not tolerate compartmentalized thinking or long braking distances. Modern companies must be agile in order to be able to utilize momentum in the short term. But if we want to be faster and more agile, we must first work out where our weaknesses lie. Where are we too awkward and inflexible? What makes us slow and ungainly? How do we regain our elasticity? And how do we preserve our newly won dexterity?

Impressive tools and elaborate technical systems are certainly beneficial, but they are not a substitute for an in-depth analysis of whether and where an organization is standing in the way of its own progress. The process of examining a company's "clinical history" can be agonizing and requires a sincere dialog between managers and employees at all levels. This painful process is a necessary one. Up to now, no-one has invented a machine to teleport us to more prosperous economic times or a pill that makes change easy to swallow.

For now, all we can do is join forces and work together. If we make mistakes, that's okay; it's not nice, and it may even be expensive. But, we learn our lessons and do things right next time. Those who consistently demonstrate this attitude hold the key to their ability to change in their hands. We applaud all the companies that have such managers in their ranks.

Managers need new coordinates for their value system

We are also witnessing a renaissance of values. Today's decision-makers are expected to consider the articulated and hidden interests of all stakeholders, as well as profitability targets. To do this, they must draw on four areas of competence and identify their roles: (1) making sense of corporate visions and being able to translate them into tangible goals, (2) coaching skills to develop teams, (3) data awareness and a feel for how to handle data to make ethical decisions, and (4) assuming the role of intrapreneur to consciously take risks to drive innovation. Promoting creativity, building relationships, developing people, creating space for innovation, and demonstrating a willingness to take risks: all of this requires a high degree of authenticity from managers, which can only be achieved through self-reflection and an awareness of their own impact as a leader.

Dexterity now!

Computers and machines will never be able to fully replace humans and their unique skillsets, even in the distant future. As a result, employees are at the heart of the strategy. People want to work in successful companies that set them goals, but don't tell them how to get there; companies whose leaders support and encourage them, and who recognize their commitment and performance. Employee satisfaction and company success are inextricably linked, and our research proves that dexterity has a positive effect on both.

It is great to see that many study participants are on a good path to dexterity. We all know that the more dynamic the development of digitalization and the faster global competition catches up, the more important it will become to be able to rely on managers and employees with agile mindsets. The more agile a company is and the more options it opens up and preserves for itself, the brighter its future prospects are. Data awareness, a culture of trust, and employee orientation form a symbiotic triangle that we have discussed in previous studies. We all know what the success levers are – so let's get them moving.

“Generation Y colleagues want to work online”

Those who start out small and agile as drivers of the digital shift will certainly have an advantage on their side when it comes to developing into a more dexterous organization. This is also true of xbAV AG. Twelve years ago, the company launched with the idea of making it easier for employers to administer company pension schemes for their employees via a digital information platform. The business also set out to provide digital support to insurance brokers advising workers. Reinhard Janning has been Chief Platform Officer of xbAV AG since 2019 and has the exciting task of integrating the products resulting from these two main focus areas into a single platform. In addition, insurance customers should be able to find information themselves and view their contracts on the platform. “As a company, we are aiming not only for an increase in efficiency, but also for the further development of the business model,” says Reinhard Janning.

Agile working methods have been used successfully at xbAV AG for a number of years. It’s no wonder because its digital business idea meant that the development and programming of the appropriate software was necessary right from the start. What’s more, the IT world was instrumental in creating agile working methods to enable it to bring software to market faster. “Modern software is far too complex to develop in a cascade-like manner in pre-planned steps,” explains Janning. However, for him, methods and tools such as Scrum and Confluence are not an end in themselves. “These tools primarily help us to enter the market with a so-called minimal viable product. We then use customer feedback and our own ideas to continually develop and improve these

products.” These days, software and many other products are rarely considered “final”; the version we have is just the best that is currently available.

xbAV AG now has locations in Munich, Berlin, and Saarbrücken, where it acquired a company a few years ago. There are three development teams working from Munich and one each in Berlin and Saarbrücken. Because of this structure, the company is managed using a “management by objectives” approach. Each team has the freedom to vary the methods and tools it uses to achieve its goals. Objective Key Results (OKR) are defined, and these must be achieved as important interim targets at certain times. Agile methods allow the teams to operate independently, with members collaborating or working individually as needed – and they also produce fast results. “Both of these factors contribute significantly to employee satisfaction and therefore to motivation,” says Janning. For this to work, it is important to empower employees to perform their tasks and take responsibility. At the same time, the managers must learn to pay more attention to processes and to coach their employees, rather than leading them through control as before.

The task of a manager is like that of a surgeon: all changes affect a living, breathing thing and have a direct influence on its further development. “For both executives and employees, it’s quite a learning curve to agree on realistic OKRs,” says Janning, explaining one of the hurdles that must be overcome. Janning firmly believes that workplaces today need agile methods to function. They also help xbAV AG win the war for talent that is ongoing in the IT industry. “Our most important customers are our employees. If they are satisfied, their work will also ensure that our customers

are satisfied,” emphasizes the platform manager. In his view, rigid structures and processes are causing companies to grind to a halt. Management has a crucial role to play in avoiding this situation. “Values such as cohesion and trust must be communicated, but we must also lead by example,” says Janning. Management must be seen to be working together in pursuit of a common strategy and set of objectives, without strict control. Leaders must also learn to let go and allow middle management and the teams to get on with the task at hand.



Reinhard Janning
Chief Platform Officer
xbAV AG

ENDNOTES

1

Carroll, Lewis (1871)
Through the Looking-Glass
and What Alice Found There

2

Taleb, Nassim Nicholas (2007)
The Black Swan: The Impact of Highly
Improbable

3

Capgemini Consulting (2003)
Veränderung erfolgreich gestalten.
Change Management Studie 2003,
p. 19f.

Capgemini Consulting (2005)
Designing Change Successfully.
Change Management Study 2005,
p. 8

Capgemini Consulting (2008)
Business Transformation –
Creating Successful Change.
Change Management Study 2008,
p. 47f.

Capgemini Consulting (2010)
Business Transformation –
Successfully Shaping Changes.
Change Management Study 2010,
p. 27f.

4

Capgemini Consulting (2012)
Digital Revolution:
Is Change Management Bold
Enough to Face the Future?
Change Management Study 2012,
p. 13

5

Capgemini Consulting (2015)
Superleaders or Superteam?
How managers can really
change their world.
Change Management Study 2015,
p. 59

6

Capgemini Consulting (2017)
Culture First! Learning From
the Pioneers of the Digital Revolution.
Change Management Study 2017,
p. 15

7

Hoverstadt, Patrick (2008)
The Fractal Organisation

8

Beer, Stafford (1995)
Diagnosing the System
for Organizations

9

The Future of the IT Sector.
[https://www.it-business.de/
die-zukunft-der-it-branche-a-771522/](https://www.it-business.de/die-zukunft-der-it-branche-a-771522/)

10

IDATE DigiWorld, ID 159325;
© Statista 2019

11

Avanade (2017)
Productivity Plateau:
What's holding you back?
[https://www.avanade.com/de-de/
media-center/press-releases/
intelligent-automation](https://www.avanade.com/de-de/media-center/press-releases/intelligent-automation)

12

Capgemini Research Institute (2019)
Upskilling your people for the age
of the machine. Why a workforce
upskilling strategy is key to unleashing
automation's productivity potential.
[https://www.capgemini.com/
wp-content/uploads/2018/11/
Report---Upskilling-your-people-
for-the-age-of-the-machine1.pdf](https://www.capgemini.com/wp-content/uploads/2018/11/Report---Upskilling-your-people-for-the-age-of-the-machine1.pdf)

13

Arthur D. Little (2019)
Digitale Strategien im Mittelstand –
Ökosysteme, neue Geschäftsmodell
und digitale Plattformen

LIST OF FIGURES

- Fig. 1**
1135 people from 11 countries participated in our study
page 8
- Fig. 2**
Number of employees in the company
page 9
- Fig. 3**
Sector representation
page 9
- Fig. 4**
Percentage of participants who work in a project team, at least on a temporary basis
page 9
- Fig. 5**
Participant gender, age, management responsibility, and role information
page 10
- Fig. 6**
The Capgemini Invent Organizational Dexterity Model
page 17
- Fig. 7**
Maturity model with three stages of organizational dexterity
page 25
- Fig. 8**
Mean-value comparisons of the maturity levels for organizational dexterity
page 26
- Fig. 9**
Distribution of companies across the three organizational dexterity maturity levels
page 26
- Fig. 10**
Organizational dexterity score: Comparison of country averages
page 27
- Fig. 11**
Organizational dexterity score: Comparison of industry averages
page 27
- Fig. 12**
Organizational dexterity score: Comparison of department averages
page 27
- Fig. 13**
Companies with high organizational dexterity have more satisfied employees and are more economically successful
page 28
- Fig. 14**
Percentage of people in each phase who agree with the statement: "my company clearly exceeded its economic goals"
page 28
- Fig. 15**
Percentage of people in each phase who agree with the statement: "all in all, I'm happy with my work"
page 28
- Fig. 16**
Extent of digital competence per maturity phase
page 29
- Fig. 17**
Extent of workforce automation per maturity phase
page 29
- Fig. 18**
Companies with high organizational dexterity have a high level of digital competence and are pioneers in workforce automation
page 29
- Fig. 19**
Proportion of people per phase who spend at least part of their time working in a project team
page 30
- Fig. 20**
Distribution of success factors for agile transformation to the levers of organizational dexterity in percent
page 30
- Fig. 21**
Average value for perceived management involvement with respect to dexterity transformation
page 34
- Fig. 22**
The transition from a project-oriented to a product-oriented dexterous organization affects both organizational structures and governance
page 38
- Fig. 23**
Revenue from software and IT services worldwide up to 2019
page 39
- Fig. 24**
Changes in organizational forms
page 41
- Fig. 25**
Reasons for agile transformation in the surveyed companies
page 42
- Fig. 26**
Classification of the mentioned challenges for the transformation to dexterity
page 44

THE AUTHORS



Laura Wähler

Study lead

laura.waehler@capgemini.com



Dr. Ursula Bohn

Head of Organizational Dexterity DACH

ursula.bohn@capgemini.com



Christin Käßler

Head of Agile Organization
& Enablement DACH

christin.kaepler@capgemini.com



Claudia Crummenerl

Managing Director
People & Organization Practice

claudia.crummenerl@capgemini.com

Our thanks to the
entire study team:

- **Svenja Berg**
- **Aline Hagemann**
- **Julia Kostyra**
- **Lea Mersch**
- **Pascal Rota**
- **Anna-Maria Runde**
- **Christopher Wolf**

About Capgemini Invent

As the digital innovation, consulting and transformation brand of the Capgemini Group, Capgemini Invent helps CxOs envision and build what's next for their organizations. Located in more than 30 offices and 22 creative studios around the world, its 6,000+ strong team combines strategy, technology, data science and creative design with deep industry expertise and insights, to develop new digital solutions and business models of the future.

Capgemini Invent is an integral part of Capgemini, a global leader in consulting, technology services and digital transformation. The Group is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. It is a multicultural company of over 200,000 team members in more than 40 countries. The Group reported 2018 global revenues of EUR 13.2 billion.

Visit us at

www.capgemini.com/invent

The information contained in this document is proprietary.
©2019 Capgemini Invent. All rights reserved.

