

PAYING IT FORWARD

Leading With Purpose

Volume 25

August 2024

Chief Randy R. Bruegman, (Ret)



Adapting to Change: The Imperative Need for Organizational Agility

After 40 years in the fire service, Chief Randy Bruegman founded The Leadership Crucible Foundation to reshape future leadership with a focus on fostering courage, empathy, and humility in leadership positions.

Over the past decades, we have witnessed several well-known companies that failed to adapt to changing markets and are no longer in business. *Vine*, a short-lived video app that took over the internet in early 2010, was a platform for creating six-second loop videos. It failed to compete with social media giants, and was discontinued by its parent company, Twitter, in 2016.

3. Why Does This Occur?

4. How Do I Get There?

4. Five Agile Characteristics

5. Leadership Takeaways

©2024 All Rights Reserved.





A beloved toy retailer, *Toys R Us*, facing fierce competition from on-line retailers and big-box stores closed all of its stores. *Pier 1 Imports* a retail giant founded in 1962, struggled to compete with online shopping trends and eventually closed its doors in 2020. *Eastman Kodak*, once a leader in photography, filed for bankruptcy in 2012 due to its failure to adapt to digital photography and changing consumer preferences. *Blockbuster*, a video rental giant, became defunct in 2013 because it didn't adapt to streaming services and digital downloads.

These are just a few examples of many well-established corporate companies that have met their demise over the last decade, and according to *Forbes*, fifty percent of the *Fortune 500* companies that existed 20 years ago have disappeared and the life expectancy of multinational companies is limited and shrinking.

Many other organizations in our society, both public and private, are also struggling to keep up with

the rapidly changing external environment, and increasing customer expectations, and it is a threat to their long-term sustainability. Yet, many continue to do business as they always have. In today's environment and the speed at which change is occurring in society, the inability or resistance to adapt to such changes is the kiss of death for any organization. But it is not just the private sector that is experiencing this disruption. The failure of many governmental agencies, often driven by the bureaucracies and political environments, developed over the past century, are facing a similar crisis.

For example, public education which was once believed to be the center that would bring us all together, has eroded into a political and polarized system, causing many Americans to lose faith in the public school system. As a result, teachers' ratings for being ethical and honest have dropped significantly, (*Gallup, US Census, Ballotpedia*).

Enrollment in public schools is down while enrollment in alternatives continues to gain in popularity, (*National Center For Education*), and test scores for reading and math have declined (*Nations Report Card, NAEP*).

At the federal level, we have witnessed several agencies that have faced noticeable challenges and failures. For instance, the launch of the *Healthcare.gov* website in 2013 was marked by technical glitches and poor planning, highlighting the need for effective project management and robust IT infrastructure. The *Federal Emergency Management Agency* (FEMA) has drawn criticism for its response to natural disasters, such as Hurricane Katrina, due to inadequate coordination and slow relief efforts.

Similarly, the *Transportation Security Administration* (TSA) has been faulted for inconsistent security measures and prolonged airport lines.

The *Veterans Affairs* (VA) has struggled with prolonged wait times and mismanagement, impacting the well-being of veterans. The *Environmental Protection Agency* (EPA) faced backlash for regulatory failures illustrated by the Flint water crisis, underscoring the imperative of prompt and effective oversight. Such organizational inadequacies are the result of systems that were built, more focused on bureaucracy, than on achieving outcomes. Our most recent experience was the Covid-19 crisis. The initial response to the COVID-19 crisis revealed failures such as downplaying the severity of the virus, blaming the spread of the virus

on immigration, partisan attacks, ignored warnings, and the prior disbanding of the *National Security Council* pandemic team significantly affected the initial crisis management. Scientific teams faced challenges and mistakes, including initial uncertainty, communication gaps, data discrepancies, vaccine rollout challenges, and overlooking long-term effects. Despite these shortcomings, they provided valuable guidance throughout the crisis.

At the local government level, several challenges significantly impact its effectiveness. Many jurisdictions have outdated systems, particularly in critical ar-

reas such as technology and data analysis, posing a notable threat to effective governance and innovation. As we have witnessed in many jurisdictions, an unethical organizational culture characterized by corruption, favoritism, or unethical behavior undermines public trust and impacts local operational efficiency.

Finally, ineffective performance management systems, often a result of the pushback of the bureaucratic system itself, hinder local governments from meeting their mission and stifle innovation. If not for being publicly funded, each would likely be out of business today.

Why Does This Occur?

While it may feel comforting to stick to the familiar, the current organizational environment is changing rapidly, no matter what profession you are in. But organizational change is hard. Organizational roadblocks can significantly impact the vision and progress of any organization. In many organizations, hierarchical dynamics can limit information sharing and confine critical insights on what is occurring, in and outside of their organization, to a select few decision-makers. This creates a myopic view of what is occurring and creates a perspective akin to watching a beautiful beach scene while being unaware of an approaching storm from behind. Being unprepared when the storm hits can have catastrophic results.

Organizational silos hinder effectiveness by creating barriers to communication and collaboration between different departments or teams within an

organization. This lack of communication and collaboration can lead to duplication of efforts, inefficiencies, and a lack of alignment with the organizational mission. Silos can also restrict the flow of information and knowledge sharing, which can stifle innovation, problem-solving, and the decision-making processes. Organizational silos also lead to a fragmented organizational culture, where individuals or teams prioritize their objectives over the collective goals of the organization. This often results in missed opportunities, decreased productivity, and a lack of adaptability in a rapidly changing business environment.

Organizational bureaucracy can act as a significant barrier to change due to the complex approval processes, rigid decision-making hierarchies, and inflexible policies that slow the pace of innovation and adaptation

within an organization. The federal government serves as a prime example of this. The multiple layers of approval and strict adherence to established protocols often result in delays in implementing new ideas or initiatives.

The hierarchical decision-making approach in bureaucratic structures restricts employees' ability to drive change from within, leading to a lack of agility and responsiveness in addressing evolving business needs. This results in antiquated systems that can't keep up with the needs of the customers being served. Finding the balance between bureaucracy and innovation involves creating a structured environment that allows for creativity, agility, and forward-thinking while ensuring accountability. Finding that balance will be critical for organizations in the 21st century if they hope to survive.



Labor groups can also impact the speed of the organizational change process by resisting new policies, procedures, or organizational changes that may impact their members. They may be concerned about the potential effects of change on job security, working conditions, or contractual agreements.

Labor groups may advocate for maintaining the status quo to protect their members' interests and resist changes that could lead to job displacement or alterations in employment terms. This resistance can create significant challenges for organizational leaders seeking to implement changes that may be necessary for the organization's growth, efficiency, or competitiveness.

The importance of leaders' painting a picture of why these changes are necessary for the long-term sustainability and viability of organizations, and their potential impacts on the employees, is critical. So often, if these changes in organizations are not made, they have a far greater impact on the workforce, such as plant or business closure.

Neither side wants that to happen. While the labor groups' opposition may require negotiation, compromise, and communication to navigate and implement change effectively, it is imperative to engage them as soon as possible on the front-end of a change process.

How Do I Get There?

Developing a culture with a **growth mindset** that is focused on being agile is essential for the success and sustainability of any organization. A growth mindset encourages individuals to embrace challenges, persist in the face of setbacks, and see failure as a learning opportunity. When this mindset is woven into the fabric of an organization, it fosters innovation, resilience, and a willingness to fail, but see those failures as learning opportunities.

Organizational agility plays a crucial role as it enables organizations to quickly adapt to changes and to capitalize on emerging opportunities. Developing organizational agility equips organizations to position to maintain a competitive edge, be innovative, and help to ensure the long-term viability of the organization; *Agility provides stability*. I believe something that is often overlooked is the impact an agile organization has on its workforce.

Organizational agility promotes

a healthy workplace by fostering adaptability, collaboration, innovation, and transparency among employees and encourages a culture of transparency and continuous improvement. When your DNA is to create an organizational culture and environment where employees feel supported, engaged, and challenged, it will lead to higher job satisfaction, overall well-being, and a positive and healthy workplace. When that happens, your ability to attract top talent into your organization goes up exponentially.

Leadership plays a crucial role in shaping and developing both a growth mindset and organizational agility. Building this type of organizational culture is an on-going journey that requires dedication from leaders at all levels and the active involvement of the people who work in the organization. The question is: how to get there? According to a 2018 report by McKinsey & Company, successful agile organizations exhibit five characteristics, which include the following approaches and practices.

Strategy:

Agile organizations know their *true north*, and that is embodied throughout all levels of their organization.

Practices to create organizational agility

- A shared purpose and vision
- The ability to see and take advantage of opportunities
- The use of flexible resource allocation
- Their actions strategic guidance

Organizational Structure:

Agile organizations maintain a stable top-level structure, but replace much of the remaining traditional hierarchy with a flexible, scalable network of teams.

- The creation of a network of empowered teams
- A clear flat organizational structure
- Clear accountable roles and responsibilities
- Push decision processes as close to your teams as possible
- Creating robust communities of knowledge, creates expertise in your organization

Technology:

Technology is integrated and core to every aspect of the organization as a means to unlock value and enable quick reactions to business and stakeholder needs..

- Integration of the next generation of technology
- Leveraging of real-time communication and work time management tools
- Use of various technology means to capture and understand customer needs
- Operating cycles will have to continually and rapidly evolve

Process:

Agile organizations work in a rapid decision and learning environment

- Thinking and doing are closely aligned to their processes of creativity and getting things done.
- Rapid repetition and experimentation of different approaches and ideas
- A performance base orientation
- Action-based decision making
- Continuous learning
- Transparency of information between your teams
- Reframe the word 'failure' as experiential learning

People:

Agile organizations work in a rapid decision and learning environment. Practices to create organizational agility

- Create a community with a common culture
- The culture is built on a *servant leadership* model
- Processes help to sustain the culture
- Talent development promotes role mobility

In today's rapidly changing world, the need for organizational agility is more imperative than ever. Organizations must foster a culture of adaptability, innovation, and transparency to thrive in the face of evolving markets, consumer needs and demands, and pressures placed

upon them by the external environments in which they operate. Leadership plays a vital role in shaping this culture, and successful agile organizations exhibit specific characteristics and practices, such as having a shared purpose and vision, empowering teams, and integrating

technology into every aspect of the organization. By embracing these principles and practices, organizations can position themselves to adapt to changes, capitalize on emerging opportunities, and ultimately ensure their long-term viability and success.

Chief B's Key Leadership Takeaways



Having the honor of speaking to great leaders in their profession in The Leadership Crucible Podcast, we make notes on the key leadership takeaways that we discussed. We share these personal and leadership takeaways—these insights—with you in hopes it will help you reflect on them personally or from a professional perspective. These may also provide potential talking points that you can discuss with your team or colleagues, which often create great dialogue insights.

- Agility combined with stability leads to long-term viability.

- Agility involves shaping change, not just reacting to it.
- The traditional view: Organizations are bureaucratic—The modern view: Organizations function as end-to-end accountable teams.
- Both public and private sector entities struggle to keep up with external changes due to bureaucratic issues, technological obsolescence, and evolving societal values.
- Hierarchical dynamics and bureaucratic obstacles hinder organizations from embracing change, underscoring the

importance of agility and flexibility in today's business environment.

- Rapid changes in societal dynamics demand organizational agility and proactive decision-making.
- A growth mindset, fostered by leadership and embraced by all, is integral to success, promoting continual learning, innovation, technology investment, and building a diverse and engaged workforce, with a focus on employee well-being.

Leaders Are Readers

I believe that to be a good leader, one must be on a continuous quest to gain more knowledge. The leadership benefits of reading are wide-ranging. Evidence suggests that reading can improve intelligence and lead to innovation and insight. To that end, we provide a few suggested titles below for you to consider:

Corporate Agility: Insights on Agile Practices for Adaptive, Collaborative, Rapid, and Transparent Enterprises 1st Edition

Michael Wong

The Agility Advantage: How to Identify and Act on Opportunities in a Fast-Changing World

Amanda Setili

The Agile Culture Code: A guide to organizational agility

Dr. Stefanie Puckett

Become A Transformational Organization: Galvanize Agility Without Losing Stability To Survive And Thrive In The Digital, Disrupted, And Damaged World

Nick Seneca