Deliver value faster: Enterprise agility and the future of strategic portfolio management
Introduction

Business today moves fast. We all know it. And the pace will only get faster. Within this frenetic pace, disruption isn’t just a possibility; it’s a fact of life. As we shift from “the new normal” to no normal at all, you are either a disruptor or being disrupted. Which do you want to be?

Job one is clear: Control that disruption. Better yet, embrace strategic portfolio management (SPM) to proactively incorporate disruption in a way that works for your business.

To gain efficiencies, optimize capacity, and reduce time to market, many organizations have adopted Agile methodologies. These adoptions, however, often remain stuck in the realm of tactical delivery, rather than expanding up to more strategic levels, where they can help power digital transformation.

More than ever before, companies must respond rapidly to opportunities and threats to achieve and maintain success. They need to adopt a fully integrated approach that changes how the organization thinks and works, using digital, social, mobile, and emerging technologies that lead them toward the goal of enterprise agility.

First, let’s define what enterprise agility means. It refers to a connected and aligned organization’s ability to rapidly sense and respond appropriately to change and to remain relevant. This ability allows the organization to achieve its goals through adaptive management practices that consistently deliver value faster.

By achieving—and sustaining—enterprise agility, your organization can reach new levels of performance.

So how do you move from pockets of agile to enterprise agility? Let’s start by figuring out where you stand right now.

“50%”

More than 50% of global GDP will be driven by digitally transformed organizations by 2023.1

As the pandemic blows apart traditional value chains, companies around the world need a digital strategy to help them retain customers and unlock new growth.

— Chris Bedi, CIO, ServiceNow

To take the first steps toward digital transformation, you have to determine where your company truly stands. Organizations that haven’t achieved agility share common traits—ones that limit their ability to succeed. See if they sound familiar.

**Assess your need for change**

**Rigid annual planning and allocation**

In traditional plan–driven models, organizations are not very good at dealing with uncertainty. They rely on complex business models with rigid annual planning and allocation structures protected by ironclad governance. This approach undermines innovation, morale, and entrepreneurialism.

**“Plan the work and work the plan”**

This business platitude, while easy to remember and packed with can-do bluster, is simply no longer relevant. In companies still following this approach, urgency is driven by deadlines rather than by delivering value to customers. These companies usually use traditional, waterfall methods with stage-gate processes that don’t easily adapt to change. Using this approach, they can’t respond quickly enough to disruption and are unable to seize opportunities.

**Output rather than outcome**

Siloed hierarchies and inflexible work methods create insular structure that impedes communication and collaboration. Information travels slowly within the organization and breaks down quickly, causing delays. Productivity is measured on output (being on time and on budget) rather than on outcomes—the meaningful business outcomes necessary to achieve growth.

If your organization is using any of these outdated business models, it’s time to make some changes. And here’s how.
Three pillars of success

To help companies drive change and achieve enterprise agility, we focus on three guiding principles.

1. **Manage outcomes to create value**
   - Start thinking about how your organization can deliver the most customer value. Align your portfolio strategy, investments, and team structures to creating that value and to achieving the best business outcomes for your company. When you focus on creating value rather than on adhering to milestones—on actionable rather than vanity metrics—you make smarter decisions that benefit your business.
   - **Case study:** Jabil, a leading global manufacturer, uses ServiceNow® to unify and strengthen its PPM processes, increasing operational efficiency by 25% and on-time project delivery by 40%. PPM is a core focus for Jabil’s IT team. It needs to effectively manage its project lifecycle from initial demand to resourcing and program management. It is constantly looking to strengthen its PPM processes, driving better outcomes for Jabil’s business and customers.

2. **Adapt planning to embrace uncertainty**
   - Move away from annual cycles and processes toward more adaptive approaches. Continuous review and adjustment of current and proposed projects, by all stakeholders, can ensure that the work planned and underway has the best chance of achieving the organization’s goals and objectives. When disruptions occur and opportunities arise, adapt your plans and refocus your teams to reach the outcome you need.
   - **Case study:** Using the ServiceNow platform, Health Partners, a non-profit healthcare organization, can now manage Agile and waterfall projects in one place, including the dependencies between them. By modernizing the way projects are planned and managed, the organization is much more adaptable, ready to handle disruptions while maintaining its goals.

3. **Scale work to deliver faster**
   - Start thinking about how your organization can move from traditional to Agile and hybrid workflows across the entire enterprise, at all levels, transcending silos by uniting teams of teams to deliver the most value—quickly. Define, measure, and manage outcomes, rather than just output. Look for ways to create team-driven partnerships between the business and IT, and organize teams and resources based on key objectives and outcomes.
   - **Case study:** By adopting Agile development and running it on the Now Platform® using ServiceNow PPM, ServiceNow increased speed to market by 22%, lowered defects by 78%, and increased employee satisfaction by 25%. Project planning is much easier with all the data on the Now Platform. Improvements in velocity and defect reduction are easy to track.
Let's say your goal is to get in better physical shape. Maybe you have a target weight you want to reach or some other fitness achievement you want to attain. You need to make a plan for how you’re going to reach your goal. The first step in that plan must be to honestly evaluate your current physical condition. Next, set a course for incremental improvement within the context of your larger goal.

Achieving enterprise agility involves a similar process. You have to ask how far your company has gone on its journey to SPM fitness. It’s not an easy question to answer, because in all likelihood, you’ve made some progress in certain areas and none in other areas. Depending on the size and complexity of your organization, reaching a clear conclusion of where to start can be daunting.

The following fitness journey map can help. It breaks the journey into five key categories. Companies that are just beginning their journey will be at level one. Those that have achieved SPM fitness and enterprise agility will be at level five. Within the categories, most companies will be scattered across levels of achievement. For example, your organization might be at level three in scaling work, but still at level one in adapting plans. Simply figuring out where you stand is a win. To help you start your assessment, let’s take a quick look at each category.

**Aligning strategy**
Shift from IT-centric technology management through business-centric to fully integrated, where IT is part of the business. Use the right technology in the right way to deliver innovative performance.

**Managing outcomes**
Eliminate separate technology management through total business integration for optimal performance.

**Adapting plans**
Evolve planning to at least quarterly cycles, engaging all project delivery stakeholders. Effective planning is adaptive and agile.

**Scaling work**
Shift from traditional to Agile work methods at all organization levels to improve business performance.

**Managing applications**
Create a single, optimized application portfolio, helping achieve business success and driving technology decision-making.
Enterprise agility is about more than just speed and productivity. Companies that achieve it can react and pivot when opportunities arise or disruptions occur. To reach and sustain this level of performance, they need to be in top shape.

At the moment, your organization probably isn’t there yet. But making the commitment to improve is the first step toward that goal. Step two: Find partners that support you—people and systems capable of (and committed to) helping you go forward. Achieving and sustaining digital fitness and enterprise agility requires a technology infrastructure, a platform, capable of growing with you as your fitness levels improve. Investment in the right software tools can accelerate your fitness journey.

Companies that adopt SPM practices and achieve enterprise agility through digital fitness aren’t just concerned with speeding up production. They get into optimum shape to become adaptive to opportunities and avoid disruptions. That’s how, even in times of significant disruption, they win.

Conclusion