



PMI®
**THOUGHT
LEADERSHIP** Series

Achieving Greater Agility

THE ESSENTIAL INFLUENCE OF THE C-SUITE

Forbes insights



ABOUT THIS REPORT

The data collected for this Forbes Insights/PMI report are based on a survey of 506 senior executives from across the globe. Thirty-one percent are from North America, 30 percent are from Asia-Pacific, 30 percent are from Western Europe, and the remaining 9 percent are from the Middle East, Eastern Europe, and Latin America. The study spans numerous industries with significant representation from technology (23%), manufacturing (16%), banking (13%), consumer products and retail (12%), energy (7%), and investment/asset management (6%).

Nearly three-quarters of survey respondents are from the C-suite, with 41 percent being CEOs and 20 percent being COOs. Seventy-five percent of the survey responses came from companies with revenues of US\$1 billion or more. The survey was conducted during June and July of 2017.

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Barry Draskovich, Head of Program Management, *Parker Aerospace*

Hanna Fager, Senior Vice President of Human Resources, *Volvo Car Group*

Felix Hieronymi, Corporate Project Leader, Agile Transformation, *Bosch*

Lawrence Lee, Vice President of Incubation and Strategy, *Xerox*

Bob Rowe, President and CEO, *NorthWestern Energy*

Chris Stone-Stecklein, Senior Director of International Strategy, *Walmart*

Duncan Tait, Corporate Executive Officer, SEVP and Head of Americas and EMEIA, *Fujitsu*

Executive Summary

Welcome to the age of digital disruption. Airbnb, Netflix, Uber, Amazon, and Expedia are upending long established industries with innovative technologies and breakthrough ways of offering products and services. No sector is safe. Millennials are turning to bots—not brokers—for solid financial advice. Factory workers are assembling widgets alongside collaborative robots. And artificial intelligence services are finding job candidates faster and more efficiently than veteran HR managers.

For many C-level executives, these dramatic shifts are a clarion call for action. “The CEO of every established company, anywhere in the world, wakes up in the morning worrying about who’s going to disrupt his or her whole business,” says Duncan Tait, Corporate Executive Officer, SEVP, and Head of Americas and EMEA at Fujitsu. “They’re getting pressure from shareholders to rapidly transform their businesses and operate at digital speed. It’s for this reason that we’ve had to ask, ‘How do we change our company to satisfy our customers?’”

The answer: achieve greater agility. More than simply a single process or methodology, organizational agility is the ability to:

- Adjust strategies on a continuous basis
- Empower employees to make key decisions on challenging projects
- Respond to ambiguity and uncertainty with flexibility and speed
- View unanticipated change as an opportunity for transformation

By introducing flexibility and adaptability enterprise-wide, organizations can respond faster to fluctuating market conditions, improve overall organizational efficiency, and enhance customer satisfaction. Utilizing approaches that support greater agility can result in bottom-line benefits such as new revenue streams and first-to-market positioning.

But as the pace of business continues to accelerate, and organizations like Fujitsu embrace agility as a way to maintain a competitive edge, questions arise: How aware is the C-suite of agility’s importance? What role should the C-suite play in driving greater organizational agility? How can companies create a culture that encourages dynamism and innovation? What capabilities are required to adapt rapidly?

To answer these questions, Forbes Insights, on behalf of the Project Management Institute, surveyed senior executives from across the globe on agility and its ability to drive strategic initiatives to successful realization. We also conducted interviews with some of today’s foremost executives. Based on our findings, this report illustrates the steps the C-suite is taking to be the driving force behind a culture that supports organizational agility, the challenges encountered along the way, and the solutions that have helped overcome these obstacles.

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DUNCAN TAIT | Corporate Executive Officer, SEVP, and Head of Americas and EMEA, Fujitsu

KEY FINDINGS

- Most C-level executives agree organizational agility is critical to successful digital transformation. Yet many organizations are ill-prepared to quickly adopt and implement new strategies.
- The advantages of agility are far-reaching—from driving revenue and accelerating speed-to-market to attracting talent and meeting customer expectations.
- In addition to key capabilities, culture is one of the biggest enablers of organizational agility.
- People management, procedural overhaul, and a new mindset are the three pillars of cultural change.
- A CEO must act as a key catalyst for cultural change and an evangelist for greater agility. However, CEOs come in many flavors and bring about transformational change in more ways than one.
- Savvy organizations fully utilize the PMO to shape and influence a responsive culture.

Only the Agile Survive

Today's C-level executives are clearly sold on agility. A staggering 92 percent of executives believe that organizational agility, or the ability to rapidly respond to market conditions and external factors, is critical to business success. Eighty-two percent of respondents report that proficiency in agile approaches is important for the implementation of strategic initiatives. And 84 percent agree that organizational agility is necessary to succeed in digital transformation.

Yet only 27 percent of the executives we surveyed consider themselves highly agile. Ill-prepared to pivot quickly and adopt new strategies, these organizations run the risk of being sidelined by faster and more nimble competitors. Travel agencies, taxi services, brick-and-mortar bookstores, major newspapers—they've all fallen victim to industry disruption by failing to prepare for changes in consumer demands and market fluctuations. The world's largest taxi company, Uber, owns no taxis. Airbnb is now valued at around \$31 billion. And Amazon continues its 20-year streak of double-digit revenue growth while expanding into industries such as auto parts and fashion.

As industries morph, the role of agility in supporting digital transformation cannot be understated. Consider, for example, Fujitsu. At the ripe old age of 82, the Japanese juggernaut is transforming itself from a telecommunications hardware manufacturer into an innovative connective services provider. Initiatives include investing more than \$2 billion a year in technologies such as artificial intelligence, the Internet of Things (IoT), cyber security, and cloud computing. But while capital expenditures can spur change, Mr. Tait says the driving force behind Fujitsu's transformation is organizational agility.

"Look at the changes in the world brought on by the digital revolution," he says. "Every customer I speak to, regardless of industry, knows that their market is changing rapidly. They're being disrupted by new entrants. Companies they thought were in a very different segment from them are suddenly appearing in their own market. Therefore agility—the ability to change fast, to transform fast—is now a critical business success factor."

"For us, agility is adaptability, being flexible, reacting to what is happening, learning, and then adjusting."

FELIX HIERONYMI | Corporate Project Leader
for Agile Transformation, *Bosch*

Felix Hieronymi agrees. Corporate project leader for agile transformation at Bosch, an engineering solutions company, Mr. Hieronymi says: "For us, agility is adaptability, being flexible, reacting to what is happening, learning, and then adjusting." Mr. Hieronymi points to the company's work with U.S. automaker Tesla as a perfect example. Enlisted to supply chassis and safety systems for electric vehicles, Mr. Hieronymi says, unlike its more traditional customers, Tesla insisted on "much more iteration, much more interaction" in the collaborative design and development process—a request that "put a lot of pressure on the organization."

However, by adopting agile development and engineering methods, Bosch was able to build hardware and software components that precisely matched the unique requirements of Tesla's vehicles. Components could be adjusted to desired handling characteristics. And only half the usual development time was needed for calibration work with Tesla.

In fact, Lawrence Lee, Vice President of Incubation and Strategy for Xerox, says that all methodologies in an organization's toolkit can lead to successful outcomes. "In mature markets, where margins are tight and uncertainty is low, linear processes are efficient" and can generate profit that can be reinvested in new growth options that require greater agility.

Regardless of project management approach, agility plays a significant role in accelerating production cycles, enhancing product development, spurring collaboration, and supporting fail-fast strategies for digital transformation and innovation. But as our research indicates, and executives corroborate, these gains are more than anecdotal.

The Business Case for Agile Transformation

If executed correctly, our survey findings indicate that agility is a game-changing approach to business, with significant bottom-line implications and a key competitive differentiator.

The bottom-line benefits of agility

Organizations that consider themselves highly agile are seeing several business benefits.

- 41% of respondents say profits and/or revenue have improved because of agility
- 50% credit agility with their ability to be faster to market
- 47% credit agility with helping them make faster decisions
- 47% say agility has helped with responding to and meeting customer/consumer expectations

In financial terms, 31 percent of organizations that characterize themselves as highly agile have increased EBITDA by 20 percent or more as opposed to 1 percent of organizations that characterize themselves as having average agility.

These insights from the C-suite are echoed in the results of *Achieving Greater Agility: The critical need for cross-functional collaboration*, part of PMI's 2017 Thought Leadership Series that surveyed business-line leaders. Reduced costs (51%), increased revenue (46%), and improved control over major projects (41%) rank as the most common business benefits of agility. In fact, a strong correlation exists between an organization's agile maturity and its financial performance, strategy execution, and customer orientation.

The impact of agile maturity on business performance

Percentage of respondents who ranked their organizations as well-above average in the following areas:

	High Agility	Above-Average Agility	Average Agility	Low Agility
Financial performance	49%	18%	6%	2%
Strategy implementation	45%	18%	4%	4%
Project success	53%	19%	3%	0%
Customer satisfaction	53%	18%	7%	6%
Employee engagement	45%	16%	6%	2%

Note: Respondents compared their organizations of similar size and industry

Beyond cutting operational costs, agility can generate new revenue streams and launch a company into innovative markets. Take, Fujitsu, for example. The company recently teamed up with a leading windmill turbine manufacturer to help improve quality control of its wind turbine blades, many of which are nearly 75 meters in length. By working collaboratively to combine the company's intellectual property with Fujitsu's artificial intelligence and image analysis technology, Mr. Tait says Fujitsu created a win-win situation in which the partner company produces "higher quality blades at significantly reduced costs, while Fujitsu has a solution that we can then take to other wind power manufacturers around the world."

Thanks to an agile approach, Fujitsu completed the collaborative work at record speed. "In the old world, it would have probably taken 18 months or two years to develop all the technology," says Mr. Tait. "Now we're talking weeks rather than quarters or years."

That's a considerable coup given that wind supplied over 5.5 percent of electricity in the United States in 2016, up from 4.7 percent in 2015. And according to the American Wind Energy Association (AWEA), the electricity industry invested over US\$13.8 billion in new turbines last year, in addition to operating a fleet of now more than 52,000 turbines. By increasing its agile capabilities, Fujitsu is tapping into a lucrative market.

Agility is also enabling Fujitsu to grab a slice of today's burgeoning IoT market. Intel reports that IoT-enabled devices in factories and businesses currently represent a significant part of the market, and by 2025, 37 percent (US\$2.3 trillion) of the US\$6.2-trillion IoT market is expected to consist of devices used in manufacturing applications.

In response, Fujitsu has developed technology that converts old machinery into connected devices—smart sensors that increase efficiencies and enhance manufacturing in industries such as farming.

By becoming more agile, companies like Fujitsu achieve better financial results and a sharper focus not just on transformation, but on being market disruptors. Indeed, our survey findings reveal that highly agile organizations are generally more focused on

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digital transformation (50% vs. 28% for organizations with average agility) and innovation (39% vs. 25%). And being a disruptor is a core component of strategy for 45 percent of these highly agile organizations compared to 26 percent of organizations that are more agile than average, and 12 percent for those that are just average.

SETTING LIMITS ON AGILITY

Agility comes in "many different flavors," according to Bob Rowe, President and CEO of NorthWestern Energy.

And for good reason.

Unlike scrappy start-ups, many organizations must take a more cautious approach to agility, especially if their products and services can impact public health. "You have to be pretty disciplined about how you think about agility," says Mr. Rowe.

Third-party governance can also contribute to a more considered approach to experimenting with untested ideas and fail-fast strategies. "We have a lot of regulators," says Mr. Rowe. "We are regulated on the natural gas side and we're regulated in terms of the cyber security of our networks. There's a lot of accountability there—we're audited regularly, so we have to act within those regulatory constraints."

Barry Draskovich is no stranger to strict regulations and their effect on agility. Head of program management at Parker Aerospace, Mr. Draskovich says: "Aerospace is a very risk-adverse industry. We're not a dot com; we're not a Google. We tend to be very conservative because of the mission-critical nature of our products."

But while Mr. Draskovich believes "heavily regulated environments just can't operate in truly agile environments," the company has carved out a window of opportunity for greater flexibility. "Processes used to develop either hardware or software are very linear, controlled, and in many instances dictated by industry standards," he says.

However, during the period prior to a plane's first revenue service, Mr. Draskovich says the opportunity arises for Parker Aerospace to use agile-like methods to "allow the addition of maintenance functions into our software." That's proof that there's room for agility—however modest—in even the most heavily regulated industries.

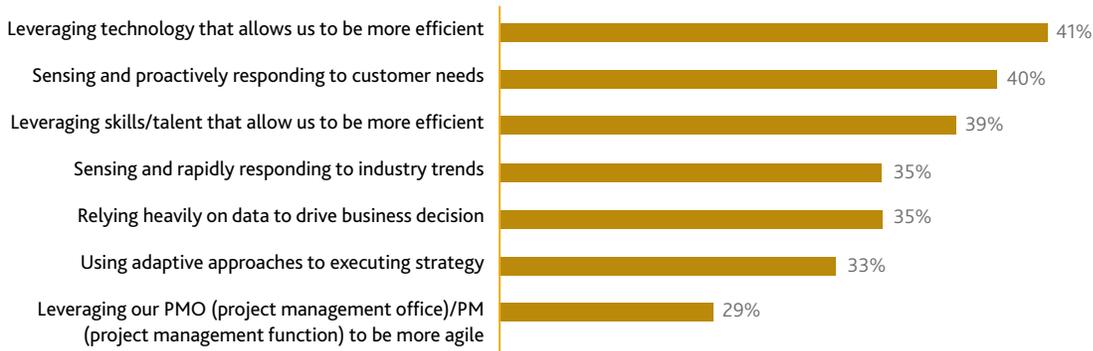
Culture Is the Key That Unlocks Agility’s Value

Despite opportunities to penetrate new markets and generate revenue, this fact remains: Only 27 percent of respondents consider their companies highly agile.

What’s standing in the way of success? The C-level executives we surveyed indicate that companies are lacking many of the capabilities needed to form a cultural basis for agility. Less than half of respondents treat these capabilities as a core component of their strategy. Just over a quarter of executives consider themselves capable at leveraging their PMOs to be more agile. And while the levels of proficiency are higher for different approaches to project management, less than two-thirds of companies overall consider themselves proficient.

The capabilities needed to be agile

The following capabilities are a core component of strategy for less than half of companies (the remaining companies do not have these capabilities or are working toward them):



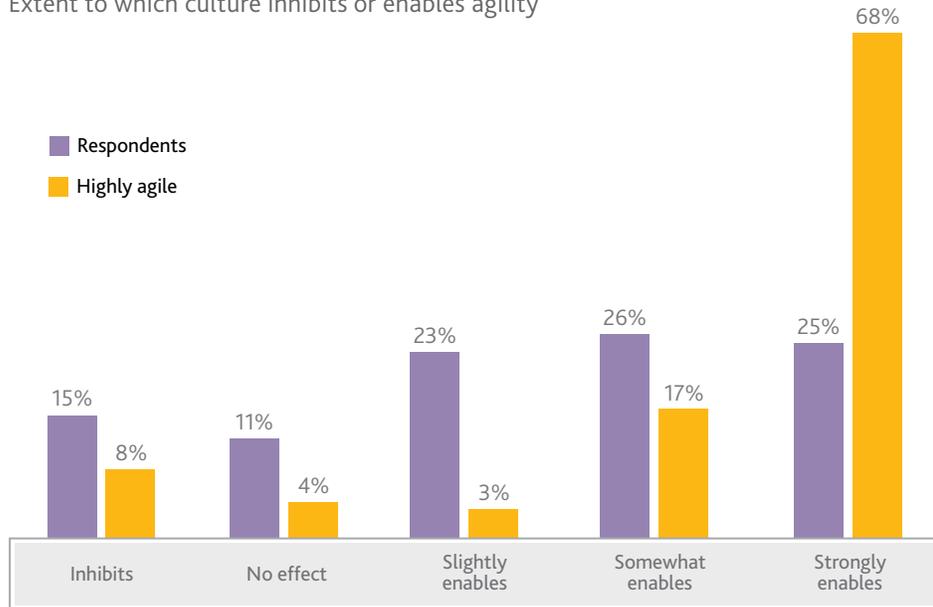
But while an agile approach is built on capabilities, many executives continue to overlook the significance of culture in succeeding with agility. Deeply entrenched corporate practices and processes can discourage employees from offering new ideas and challenging the status quo. Reticent CIOs can cling to legacy systems that hamper data collection and analysis of agile performance. And lack of support for agile initiatives among employees can create pockets of cultural resistance across an organization.

In fact, culture emerges as one of the biggest hurdles to adapting to higher levels of agility, with 50 percent of respondents calling it challenging. In this light, it is troubling that only a quarter of all executives find their cultures to be strong enablers of agility. It should be noted this figure is much higher (68%) for highly agile companies, whose cultures are much more enabling.

50% of respondents consider culture to be one of the biggest hurdles to adapting to higher levels of agility

Is Your Organization an Inhibitor or Enabler?

Extent to which culture inhibits or enables agility



Cultural issues are pervasive, impacting all levels of an organization. Findings from *Achieving Greater Agility: The people and process drivers that accelerate agility* reveal that 41 percent of organizations cite a shift from “command and control” culture as one of the most significant challenges in the implementation of the agile or hybrid approach. That compares with only 34 percent of those implementing a predictive approach. Other obstacles include adapting the governance model for agile implementation (36%), and using accepted project management practices (35%).

“There is a cultural change behind agility,” says Mr. Hieronymi of Bosch. “You cannot become agile without changing your behavior and your mindset. It’s not about transforming the company and then claiming success or victory. It’s about bringing the company to a state in which it’s regularly learning and adapting.”

“Cultural change begins with just thinking differently. It’s really about having an options-based mindset of combining the right questions to ask, sequencing them to resolve key uncertainties, and gaining a deeper understanding of what customers want.”

LAWRENCE LEE | Vice President of Incubation and Strategy, Xerox

Mr. Lee of Xerox agrees. “Cultural change begins with just thinking differently,” he says. “It’s really about having an options-based mindset of combining the right questions to ask, sequencing them to resolve key uncertainties, and gaining a deeper understanding of what customers want.”

Based on survey results and in-depth interviews with C-level executives, we've identified three facets of culture that must adapt to accommodate greater agility.

1 PEOPLE MANAGEMENT

Agility asks a lot of employees, from working in small, iterative teams to being accountable for project successes—and failures. “Employees have to change, and that’s not always very comfortable,” says Mr. Hieronymi of Bosch. To ease this process and drive adoption of agility, he recommends, “pull[ing] people from their comfort zone—and that’s hard. There’s no pattern you can copy. The only way it works is by having a dialogue, a lot of patience, a lot of interaction, and addressing the fears that people have. Working with people, that’s the most important part.”

2 PROCEDURAL OVERHAUL

When Fujitsu rolled out its IoT division, it modeled the unit after a fast-moving Silicon Valley start-up, where “people can get things done in hours, rather than weeks or months,” according to Mr. Tait. However, he soon discovered that operating at “consumer pace” not only impacts people but standard procedures. “We had to change our legal and commercial processes,” he recalls. “We’re used to negotiating very big deals, where the contract might be several inches thick, and it might take us six months to write. However, now we have to provide employees in our agile, faster businesses the ability to contract on their smartphones in hours.”

3 A NEW MINDSET

According to Hanna Fager, Senior Vice President of Human Resources for Volvo Car Group, the key to an agile culture is establishing “a leadership that is not driven by hierarchy, but by contributing and achieving something together as a team.” In the case of Volvo, this required employees to abandon their “very traditional, dot-the-solid-line, who-do-I-report-to, who-is-my-manager” mentality for one in which team members “take common ownership” of smaller and more nimble projects, says Ms. Fager.

To achieve this goal, Volvo adopted an educational approach, training workers on the competencies they need to work in new ways and driving awareness of agility’s business benefits. Says Ms. Fager: “Right now, we are informing people about what the best practices are for agility, what agility actually looks like, and why we should become more agile.”

Together, these three pillars can jumpstart the cultural shift required to support an agile organization. But these are preliminary steps. As our research indicates, success hinges on cultural leadership.

“Right now we are informing people about what the best practices are for agility, what agility actually looks like, and why we should become more agile.”

HANNA FAGER | Senior Vice President of Human Resources, Volvo Car Company

HOW WALMART

AGILITY

LEARNED TO LOVE AGILITY

Transitioning to a culture that supports agility is never easy. But it can be particularly challenging for large corporations. Employees are often resistant to change. Processes tend to be steeped in tradition. And managers rarely want to share power with small, independent teams.

However, as competition mounts and markets evolve, organizational agility is increasingly becoming a must-have for multinationals. Walmart is no exception. Fortunately, the retail behemoth discovered a number of steps to ease the transition to agile for its formidable workforce.

■ START SMALL

“Culture is definitely the biggest aspect of making an environment more agile or flexible,” says Chris Stone-Stecklein, Senior Director of International Strategy for Walmart. However, rather than overhaul decades of traditional methodologies and structures, Ms. Stone-Stecklein says the company adopted a gradual and piecemeal approach to introducing flexibility. “People are resistant to any kind of major change when you start but once you create pockets of that culture, and people see the difference in what you’re able to deliver in a very small period of time, they start to want to be a part of that change.”

■ TEACH YOUR LEADERS

The learning curve for agility can be just as steep for leaders as it is for middle management and frontline employees. For this reason, Walmart focused on “helping [its] leaders change the way that they work and really enable teams, as opposed to managing teams.” For some, Ms. Stone-Stecklein says this meant “letting go” of the reins and focusing instead on “helping teams learn how to self-organize and adapt to different types of agile approaches.” A pivot in mindset is critical to success.

■ SET EXPECTATIONS

Training or education may not fully prepare employees for the organizational complexities of an agile environment. But that shouldn’t stop leaders from setting expectations and anticipating some attrition. “We’re always really clear about the expectations for people to move into this new way of working,” says Ms. Stone-Stecklein. “Some people decide to opt out—that’s fine. And that’s always good because they need to go where they feel that they can bring the most value.”

■ INVEST IN TRAINING

Agility requires investing in training and development to teach employees how to work differently. But it also entails preparing employees for the increased responsibility and project ownership that comes with an agile culture. “We had a lot of teams calling themselves agile but hadn’t really made the full journey,” says Ms. Stone-Stecklein. “So we really worked on re-skilling people, helping them make their way, and accept empowerment. Because with empowerment comes a great deal of responsibility—people need to feel safe in that environment.”

“Culture is definitely the biggest aspect of making an environment more agile or flexible.”

CHRIS STONE-STECKLEIN | Senior Director of International Strategy, Walmart

The Five C-Suite Champions of Cultural Change

Personal interaction, new procedures, and educational initiatives are the building blocks for organizational agility. But CEO commitment is a required foundation, according to the C-suite executives we surveyed. In fact, 86 percent of respondents cite the CEO as responsible for agility.

"I live and breathe agility every day," says Mr. Tait of Fujitsu. "When I was in Japan last week, the president of Fujitsu and I talked about how we're speeding up the company and what else we need to do on a global basis to become more agile. But you can't do that unless you have the C-suite of the company involved."

It's a sentiment echoed by many of the senior executives we interviewed. "Agility starts higher up," says Ms. Fager of Volvo. "Our CEO has said that we need to be a company that takes a stronger cultural focus [on agility]."

Despite agreement on a CEO's impact on agility, opinion is split as to how leaders should build and nurture a culture that supports agility. We've identified five types of C-suite leaders. The following describes how each of these leaders can bring about transformational change.

■ THE EVANGELIST

Boardroom discussions around agility aren't likely to trickle down to middle management. For this reason, leaders "have to become evangelists," says Ms. Stone-Stecklein of Walmart. "It starts with the top leaders in the organization embracing a new way of working and really thinking about the customer in a different way from a leadership perspective." From there, Ms. Stone-Stecklein says evangelists must publicly champion the advantages of agility through awareness initiatives, training and education, as well as provide employees with the "tools and abilities" to perform tasks in an agile manner.

Ms. Stone-Stecklein holds up Doug McMillion, Walmart's CEO, as a perfect example: "Doug has been a proponent of agility from the start and he's done a very nice job of evangelizing agile and the mindset change required for digital transformation."

■ THE AUDITOR

Agility comes with risks, among them ideas that don't pan out, products that never make it to market, and campaigns that flop. But part of being a leader is accepting these risks, and managing them on behalf of your workforce. For instance, Mr. Tait of Fujitsu says, "With our defense projects, we need to be careful about adopting a 'fail-fast' approach." However, with the "appropriate levels of governance and oversight" from senior leaders, he says it's possible to innovate quickly while minimizing risks.

"[Embracing agility] is about trying to convince people to move to a very different world, accept role change, and accept the challenges and opportunities of a new digital world."

DUNCAN TAIT | Corporate Executive Officer, SEVP, and Head of Americas and EMEA, *Fujitsu*

■ THE CHANGE MANAGEMENT CHIEF

For all its perks, agility can still be a hard sell. "If you are used to a prior process where you're successful for years, it's really hard to accept a new approach, even if it's much more beneficial," says Mr. Hieronymi of Bosch. Fortunately, leaders with strong change management capabilities can encourage employees to embrace agility as an opportunity for innovation rather than risk.

"It's about trying to convince people to move to a very different world, accept role change, and accept the challenges and opportunities of a new digital world," says Mr. Tait.

This is a tricky prospect for many employees—Mr. Tait says Fujitsu has rolled out employee-driven programs to help ease the transition. “During these programs, you find some absolute rock stars who get it and some of these people are promoted. At the same time, you’ll find some people who frankly can’t cope with the new world and won’t accept the help. As I say to my team, ‘If you can’t change the people, then you have to change the people.’”

Change management chiefs must also know how to communicate clearly with employees, particularly if they’re struggling to accept new responsibilities. “As a leader, you have a special role to engage in dialogue with this person and act as a coach or mentor,” adds Mr. Hieronymi. That may include coaching an individual on agile software development methodologies or finding a less iterative business unit for them to work in.

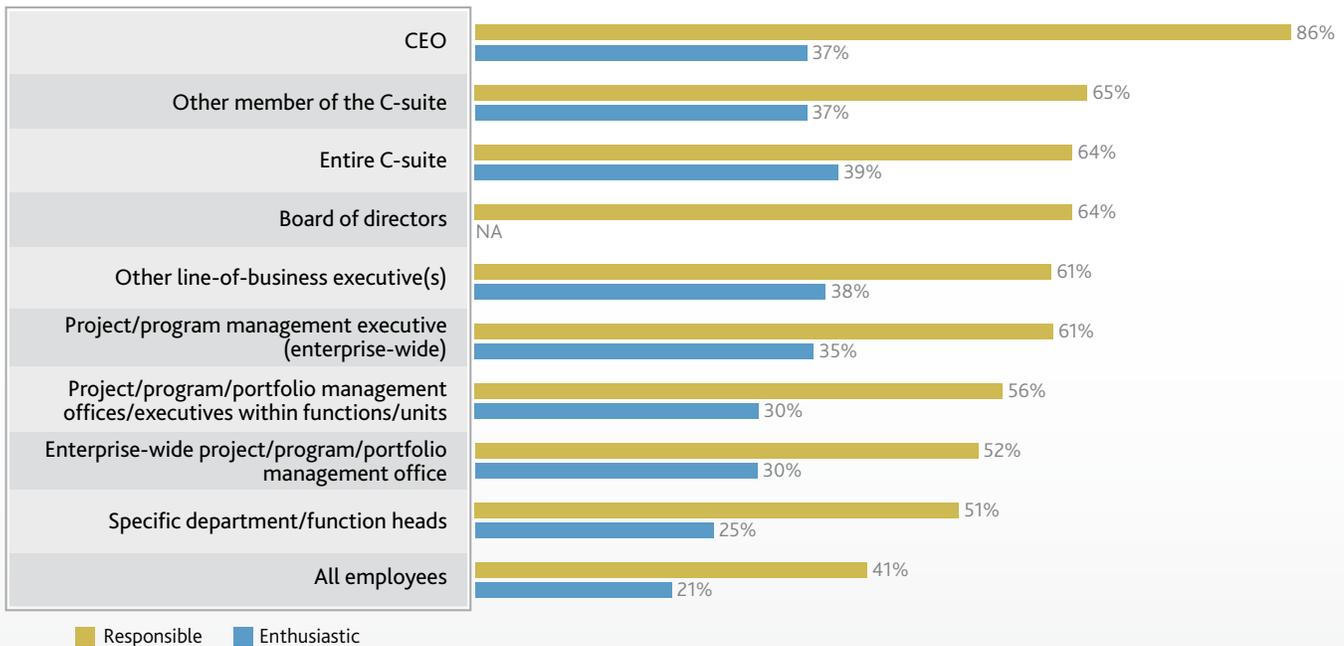
■ THE ROLE MODEL

Agility by example is the rally cry of leaders that drive greater adoption of agility by demonstrating their own ability to be flexible, learn from their mistakes, and tackle risk head on. Bosch, for example, hosts “leadership programs, training workshops, and town hall meetings where we encourage leaders to be a role model,” says Mr. Hieronymi. “We not only talk about what should be changed in the organization, but how leaders can start that change by themselves.”

■ THE PMO PROMOTER

While culture comes from the top, a vast majority of executives we interviewed say it is only their CEO who is responsible for keeping their company agile and is the most enthusiastic about agility. In fact, the level of responsibility and enthusiasm falls with the level of seniority—a troubling phenomenon considering that it’s the mid-level and the rank and file who are responsible for the execution of strategies.

Responsible for and enthusiastic about agility



At the same time, more than half—54 percent of respondents, and 82 percent of highly agile organizations—strongly believe that the PMO is a leading factor of organizational success. Yet, our survey shows that the PMO is fully utilized by less than half of companies. Just over a quarter of executives consider themselves capable at leveraging their PMOs to be more agile (29%). And 46 percent of respondents highly agree that the PMO needs to improve its competency at agile approaches to project management.

Breaking Down Support

Departments or entities an organization utilizes to support project management for the implementation of strategic initiatives:



By overlooking the PMO’s power to shape and influence an agile-friendly culture, organizations are missing a huge opportunity. Cultural change must begin at the top—in the C-suite and PMO—and then permeate the rank and file. In other words, the PMO must get on board for cultural change to occur. Uniquely positioned to rally employees, drive greater adoption of fast-fail strategies, build small and nimble teams, and assign accountability, the PMO is perfectly suited to be the driving force behind an organization that thrives in digital disruption.

“When you first start down that agile journey, a lot of companies think, ‘Oh, you don’t need a PMO anymore,’” says Ms. Stone-Stecklein. “But you really do. You can only ask your C-suite to do so much.”

But it takes a PMO promoter to recognize the strategic role and untapped potential of the PMO. This type of leader must provide the PMO with the time, resources, and attention needed to support efforts to bring about agile transformation. Once empowered by such an executive, the PMO can act with greater agility, encourage a more flexible culture of project management, reinvent project management teams and methodologies, and strive for better business outcomes.

In many cases, this involves introducing greater flexibility into all functions of an organization and changing how teams deliver on strategic initiatives. Consider, Walmart, for example, which decentralized its PMO and reskilled its project managers as scrum masters—leaders who now work within particular service areas as an integral part of a team.

The PMO is uniquely positioned to foster agility by rallying employees, driving greater adoption of fast-fail strategies, building small and nimble teams, and assigning accountability.

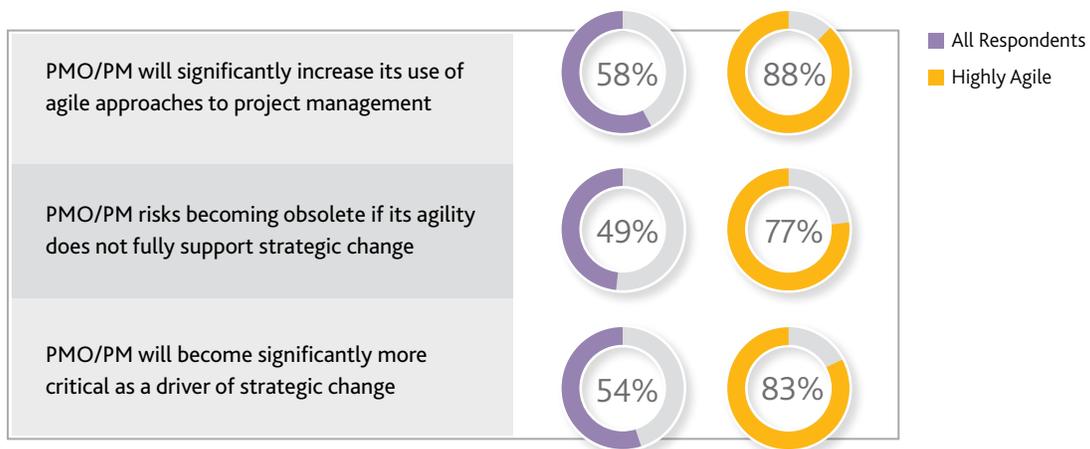
If it weren’t for its PMO, “we would still be evangelizing [agility],” admits Ms. Stone-Stecklein. “I don’t know that we would have as many people actually adopting methodologies.” However, by encouraging leaders to place the PMO front and center, and view this role as a catalyst for cultural change, organizations like Walmart are achieving organizational agility.

Looking Ahead

When asked how the role, impact, and capabilities of the PMO will change over the next three to five years, about half of respondents say they envision the PMO increasing its use of agile approaches and becoming more critical as a driver of strategic change. Companies that are already highly agile are also much keener on boosting their PMO’s power—a measure all companies should exact if they want to successfully implement strategies.

The PMO impact

How the role/practice of the PMO/project manager (PM) as a driver of strategic change over the next three to five years is evolving:



But the time for change is now—not in three to five years. “This is a digital world that we’re in,” says Ms. Stone-Stecklein. “It’s a very disruptive time and if you don’t move with agility, you’ll have difficulty meeting customer needs. We need to be able to respond with flexibility and speed to our customers.”

Case in point: last year, Walmart rolled out its in-house mobile payment service, Walmart Pay, across 4,600 stores in just two months—a feat of both agile software development and deployment. Within months of its launch, Walmart Pay ranked as the third-most-used mobile wallet after Samsung Pay and Apple Pay, according to Pymnts.com.

To achieve these gains in an era of disruption, the C-suite must lead the charge, communicating the need to pivot quickly to capitalize on emerging trends, meet evolving customer needs, and respond to market fluctuations. From the top, leaders must promote agility through educational initiatives, training, interpersonal relationships, and by personal example. But most importantly, they must champion the role of the PMO as a catalyst for agile transformation.

After all, says Mr. Tait, “In the future, there will be no such thing as slow and fast. All of these businesses will just operate at digital speed.” For those with agility built into their organizational DNA, “the next few years will be fascinating,” he says.

Conclusion and Implications:

How to achieve greater agility

The agenda is clear: Organizations must continue to encourage and support the cultural shift—and C-level commitment—required to achieve greater agility. There will be roadblocks along the way as employees slowly embrace new workplace procedures, organizational hierarchies, and operational strategies. For this reason, Forbes Insights recommends these five steps for a successful transformation:

1

Encourage C-level executives

to play a key role in evangelizing agility and communicating its business value throughout the organization. Focus on deliverables such as revenue growth, speed-to-market, and customer satisfaction.

2

Recognize that all project management methodologies—

predictive, agile, hybrid—can support agility and an organization's need to produce better results faster.

3

Equip employees

with the capabilities to quickly adopt and implement new strategies through training, education, and technology tools.

4

Fully utilize the PMO

to shape and influence an agile-friendly culture. Hold up the PMO as a beacon for other operational and functional areas that would be impacted by new approaches to managing projects.

5

Address the cultural factors

that enable greater agility and help drive strategic initiatives to successful realization. Key pillars include people management, procedural overhaul, and a new mindset.



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