BTM Business Agility Index

The Characteristics of an Agile Enterprise and How They Drive Superior Financial Performance by Converging Business and Technology Management

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BTM Corporation (Business Technology Management Corporation) is a management solutions provider that leads the industry in the convergence of business and technology management with unique on-demand products and intellectual property (IP) to innovate new business models, enhance financial performance, and improves operational efficiency. The Company focuses on executing solutions from a Concept to Value Lifecycle with management processes, software applications, and cross-disciplinary domain expertise that allow its customers to build better businesses through the strategic use of technology. Founded in 1999, BTM Corporation is headquartered in Stamford, CT. For more information, please visit www.btmcorporation.com.

About the BTM Institute

Launched by BTM Corporation in 2003, the international, nonprofit BTM Institute is the first organization of its kind to bring together select academics, corporate executives, government officials and industry thought-leaders in a multi-disciplinary research think tank to address the long-standing need to manage business and technology. The BTM Institute's collaborative approach and extensive research agenda is the underpinning that results in actionable publications based on real-world experiences and empirical data. Through various research and educational initiatives, the BTM Institute is committed to the betterment of industry to through the convergence of Business Technology Management (BTM). For more information, please visit www.btminstitute.com.

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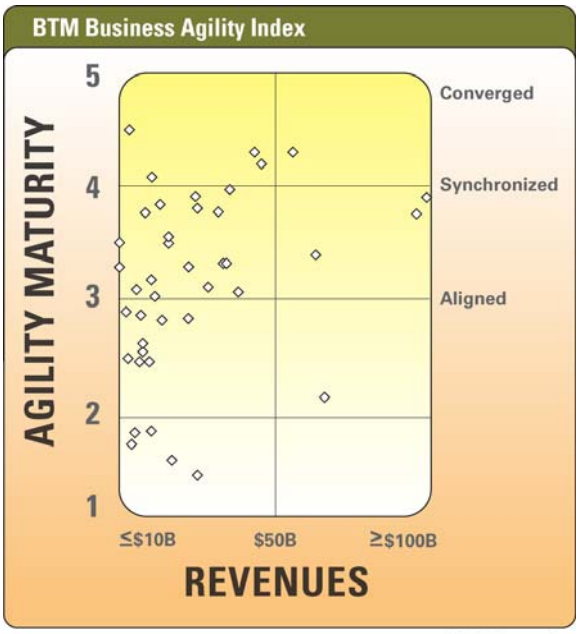
Executive Summary

Business Agility provides managers with a sustainable advantage by giving them the ability to sense changes in the business ecosystem and proactively respond. Agile organizations possess the processes and structures – or what we at BTM call "intangible assets" – that gives them situational awareness into the things happening inside and outside the organizations. They also have the management and technology mechanisms to act on that knowledge rapidly. In other words, Business Agility requires business-technology convergence -- the art of managing business and technology as one.

Convergence is achieved through certain organizational "constructs," such as management behaviors, which have been identified in research and confirmed in practice (to learn more, view all research reports published by the BTM Institute, http://www.btmexchange.com). These constructs establish a foundation on which corporations can build innovative business models. In addition, they ultimately yield superior financial performance for the enterprise as a whole.

The first phase of this study, which was conducted during the first quarter of 2010, examined publicly traded US public companies across multiple industry groups, using a range of financial measures (see Table 4) – including value, performance, growth, margin, capital efficiency and stock price volatility – to measure the financial effect of business agility.

The study is based on Business Technology Management maturity rankings and publicly available financial information for the year ending in December 31, 2009. Individual company data for those with a high level of Business Agility (the agility leaders) was compared to the unweighted average figures for the industry groups for a direct head-to-head comparison. Seven measures of economic performance were then calculated to quantify the financial impact of business agility maturity. These results form the basis for the *BTM Business Agility Index*.



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The overall results show that companies with highly mature business agility characteristics – the Business Agility Leaders – exhibited superior financial performance:

- 13% to 38% performance advantage in capital efficiency and value
- 10% to 15% performance advantage in margin
- Up to 5% performance advantage in revenue and earnings growth
- Up to one-third less stock price volatility compared to non-agile publicly traded organizations

Moreover, the study showed that the agility performance advantage was sustainable; these numbers reflects both the one-year view as well as a 5-year view.

The analyses and conclusions presented in this report represent early results and are intended to provide an initial formulation of the *BTM Business Agility Index* and a general indication of its impact on financial performance – as well as a baseline for further research.

To learn how agile your organization is, take a Business Agility Assessment at http://businessagility.btmcorporation.com.

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1. Introduction

The modern economy—global, domestic and local—is in a state of accelerating change, driven by increasing and changing competition. This is due in part to easier market entry because of advances in technology and communications infrastructure, restructuring of product sourcing arrangements, the growing availability and changing costs of global labor pools, the continuous restructuring of capital markets, and the emergence of new economic powers (Brazil, Russia, India and, most especially, China).

The greatest overarching challenge facing business leaders and, by extension, their enterprises is quickly responding to this constantly accelerating market change and acting as the catalyst of organizational adaptation. Responding to these pressures requires enterprises to adopt one or more of the following strategic postures that drive business transformation:

- **Business Agility:** ability to sense changes in the business ecosystem and proactively respond and reach an advantageous position.

- **Sustained Innovation:** through repeatable processes, develop new products, services and methodologies that advance the enterprise beyond the competition.

- **Operational Excellence:** consistent delivery to internal and external customers of cost-effective services at defined performance levels.

Executives can use these strategic postures individually or in concert, depending on the actions most appropriate for a company's market position, core competencies and strategic imperatives. Making that choice is one of the most important decisions a management team can make. The most advanced businesses focus on hybrid patterns – innovative and agile at once, for example – and allow them to influence and drive business model evolution to reach strategic goals and imperatives.

Strategic postures are developed from convergence patterns, meaning that each posture relies on a select set of management behaviors and constructs. Business agility, sustained innovation and operational excellence, represent a particular convergence pattern.

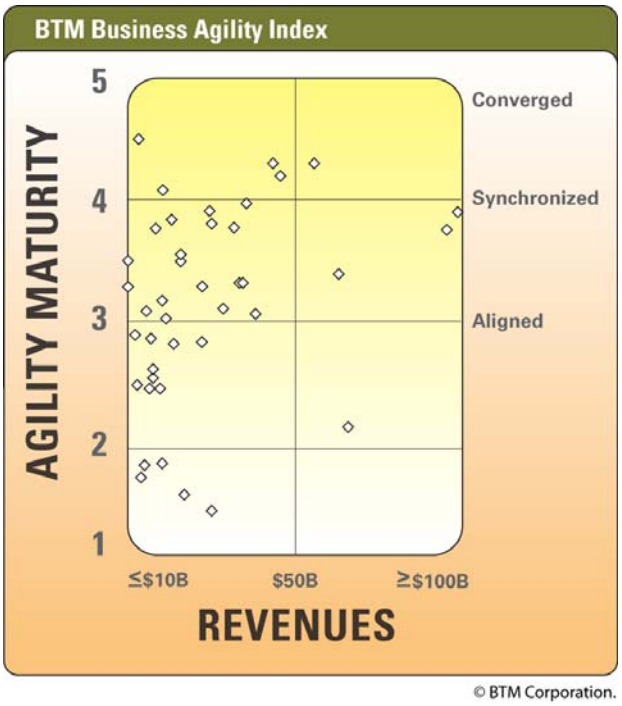
Business agility (the focus of this report) is the ability to "create sustainable advantage by sensing changes in the business ecosystem and proactively capitalizing on those changes." The Index uses the following scale.

Table 1: Agility Index Maturity Levels

Maturity Level	Characteristics	Agility Effect
1	Chaotic, ad-hoc or individual heroics; islands of structure may exist, but are not connected and do not communicate with each other.	Little or no agility.
2	Repeatable and operationally capable, supported by high-level documentation.	Emergent agility. Inconsistent, sporadically effective.
3	Fully defined, supported by detailed documentation, consistently repeatable, with little overlap or conflict.	Threshold of agility. Slow and inconsistent response.
4	Disciplined and consistent management characterized by quantitative performance measurement and analysis.	Agile and responsive.
5	Continuous optimization, characterized by proactive and periodic management or operational improvements.	Fully agile and adaptable. A market influencer and leader.

The *BTM Business Agility Index*[1] shows a sample plotting of organizational maturity levels in the Index. BTM assessed companies of varying sizes by revenue across dozens of market segments; Figure 1 shows agility maturity versus top-line revenue. Most companies are clustered between level 3 and 4, indicating that most companies have started to exhibit agile behavior. The Index shows that there is no direct correlation between agility and company size. Only a few enterprises were fully agile or approaching a level 5 rating.

Figure 1: BTM Business Agility Index



The *BTM Business Agility Index* confirms the economic value and financial performance advantages of companies that practice business agility. In Table 2 is a summary of the financial performance advantages in four categories of Business Agility Leaders.

Table 2: Financial Outperformance Summary

Performance Category	1 Year	5 Year
Capital Efficiency and Value	28%	15%
Margin	15%	10%
Revenue and Earnings Growth	0.2%	2.5%
Volatility	23%	29%

Business leaders often use the term "agility" to describe their business plans and strategic initiatives, but it is often little more than just a vision. Thriving under constant market pressure requires business leaders to identify, understand and respond in real time to change and disruption. Companies must find new ways to compete by streamlining business processes to eliminate redundancy or costly exceptions, while creating higher value. Despite the fact that the cost of doing business continues to rise, agile companies are mastering cost containment, by increasing their ability to respond and adapt to frequently changing market conditions.

2. The Financial Effect of Business Agility

The *BTM Business Agility Index* reveals advantages in all four performance categories, though the level of industry peer outperformance is most striking in the Capital Efficiency and Value, Margin, and Volatility measures (see Table 3). Long-term impact was relatively less (33% to 46%, respectively) for Capital Efficiency and Value, and Margin, while Revenue and Earnings Growth and Volatility showed a superior long-term performance advantage.

A comprehensive understanding of the financial effect of business agility requires a broad set of financial performance measures (see Table 3). Capital efficiency and value measures were chosen to highlight management capabilities on the efficient use of resources; margin to highlight cost control and pricing power, especially in a changing (*and challenging)* market, revenue and earnings growth to demonstrate consistent performance over time, and finally, stock price beta to examine the effect of business agility on stock price volatility.

Table 3: Financial Performance Measures

Performance Category	Average
Capital Efficiency and Value	▪ EVA/Capital ▪ ROC ▪ ROE
Margin	▪ EBITDA/Sales
Revenue and Earnings Growth	▪ Revenue Growth ▪ EPS Growth
Volatility	▪ Beta

The *BTM Business Agility Index* used publicly available financial information for the companies in the Index as of December 2009, except for the long-term financial performance measures, which used data from 2005 – 2009, inclusively. Data sources included Bloomberg, Value Line and Capital IQ.

For each company in the Index, financial measures were calculated and compared with the performance achieved by their industry group; then, outperformance was calculated as the unweighted difference (industry performance less individual company performance)[2]. The industry comparison serves to normalize the results and to reduce the number of factors that could otherwise account for performance differences. *(The organizations included in these financial measures are only those publicly traded in the United States, and therefore have audited financial results available. While there are private companies and public sector entities in the database, their results were not reflected in this paper.)*

The companies in the Index were then grouped into quadrants according to their agility scores as follows:

Table 4: Agility Quadrants

Quadrant	Score Range
Q1	4 – 5
Q2	3 – 4
Q3	2 – 3
Q4	1 - 2

Scores for each quadrant were calculated by averaging the financial performance measures for the companies within each quadrant. This approach identifies the level of outperformance within each quadrant as well as from quadrant to quadrant. Not only did quadrant 1 firms – the leaders

– enjoy significant performance over their industry peers, they also outperformed less agile forms by a margin that ranged from 12% to 20%:

Table 5: Average Outperformance over Quadrant 4 Firms

Quadrant	1 Year	5 Year
Q1	20.5%	11.9%
Q2	12.4%	7.4%
Q3	5.7%	2.7%
Q4	NA	NA

Financial outperformance for the Business Agility Index leaders – Quadrant 1 firms – is shown in detail for each financial measure in the four measurement categories: Capital Efficiency and Value, Margin, Revenue and Earnings Growth, and Volatility.

Figure 2: Agility Leader Capital Efficiency and Value Outperformance

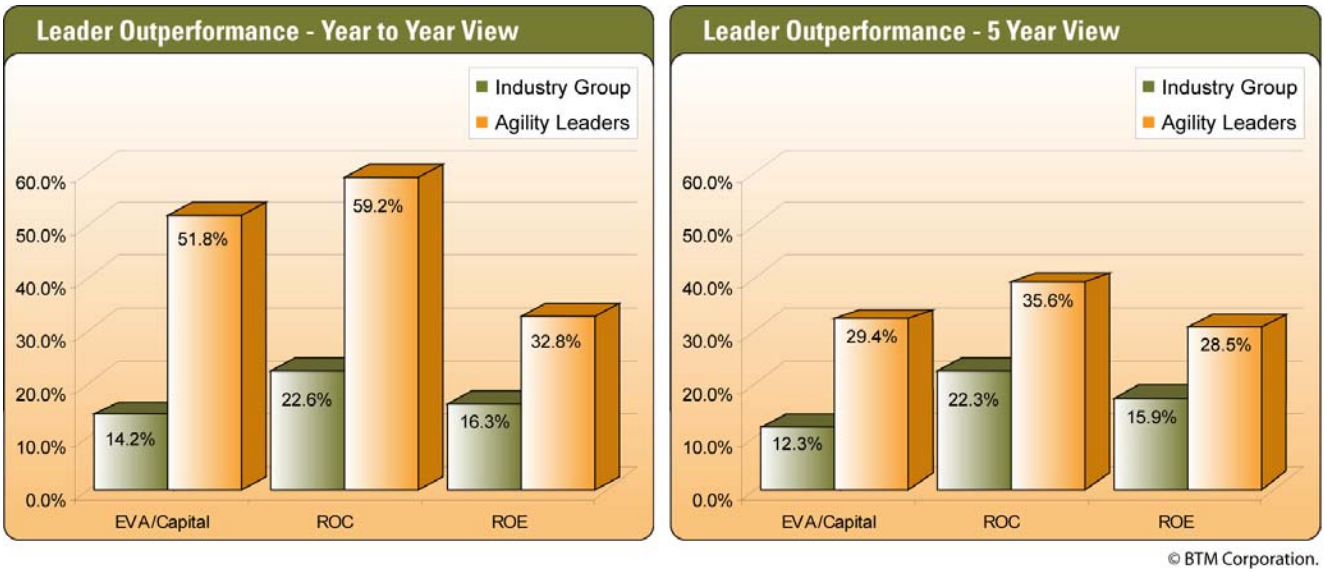


Figure 3: Agility Leader Margin Outperformance

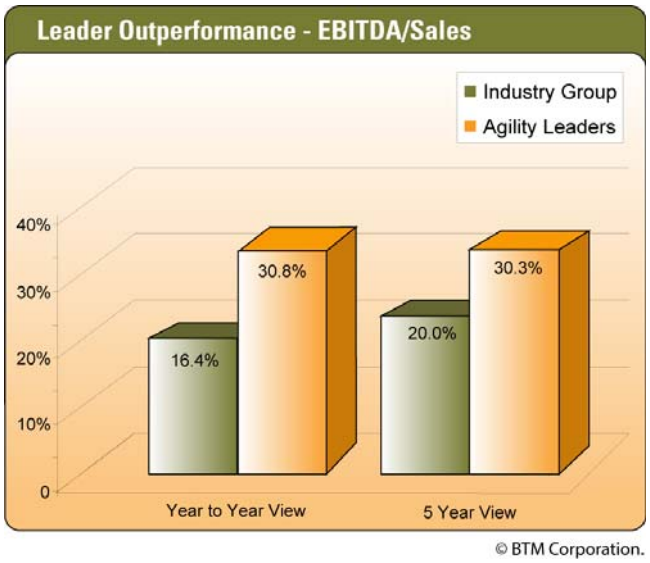


Figure 4: Leader Outperformance – 5-Year Revenue & EPS Growth Trend

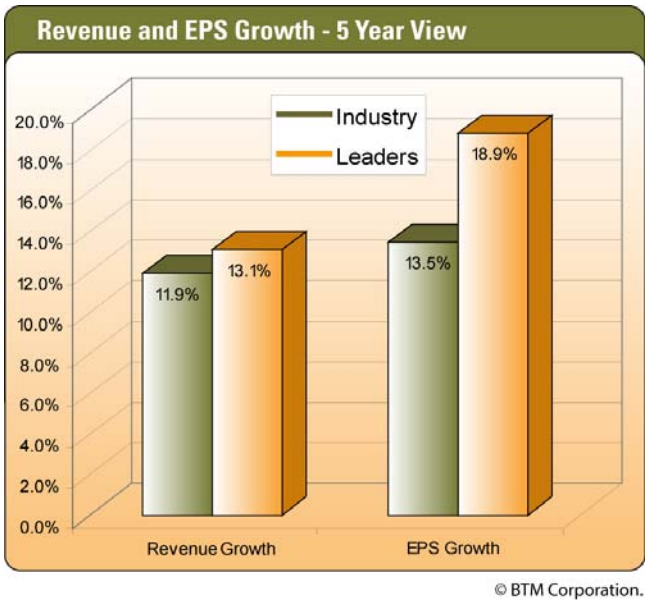


Figure 5: Leader Volatility Outperformance

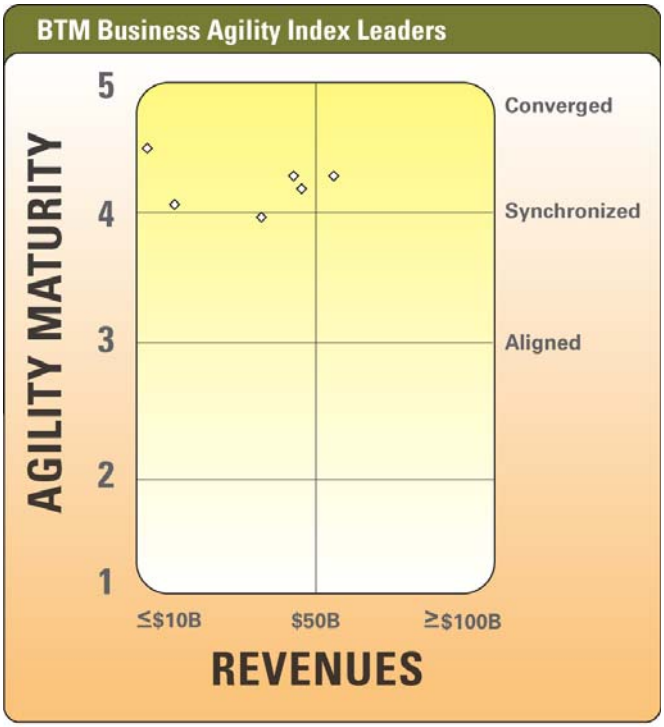
NOTE: Beta is a measure of stock price volatility; Beta of 1 means the price moves with the market, Beta less than 1 means the price swings are less then the market (less volatile), and a Beta greater than 1 means the price swings are greater than the market.

These figures are not limited to any one area within the enterprise, they reflect enterprise-wide returns, and therefore reflect the performance of the entire enterprise. Taken together, these figures tell the story that these leaders have discovered and implemented a business approach that allows them to sense and respond to the marketplace – and create higher levels of economic value than their industry peers.

3. The Anatomy of Business Agility

The sample companies in the *BTM Business Agility Index* that fall in Quadrant 1 – the Business Agility Leaders – have an agility score between 4 and 5. The following chart shows the distribution of maturity scores versus revenues.

Figure 6: Business Agility Leaders



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As a group, Business Agility Leaders cover a wide range of sizes, with 2009 revenues that range from approximately $3 billion to $55 billion. They are in different industry groups, except for two companies from the same industry. This diversity of size by revenue and industry indicates that agility does not constrain itself. In other words, all organizations can achieve business agility benefits.

The following table provides an overview of the industry sectors covered in the *BTM Business Agility Index*:

Table 6: Industry Groups Included in Agility Index

Industry Groups	
Aerospace/Defense	Medical Services
Auto & Truck	Medical Supplies
Auto Parts	Metal Fabricating
Computer Software/Services	Metals & Mining (Division)
Computers/Peripherals	Natural Gas (Division)
Diversified Co.	Newspaper
Electric Util. (Central)	Office Equip/Supplies
Electric Utility (East)	Pharmaceuticals
Electronics	Precious Metals
Financial Services (Division)	Retail Building Supply
Food Processing	Semiconductor
Industrial Services	Telecommunications Equipment
Internet	Telecommunications Services
Machinery	

Business Agility Leaders focus on three core practices:

- **Strategic Experiments:** small-scale strategic initiatives to gain experience with emerging technologies, work practices, product or service concepts, and customer segments or product-markets.

- **Adaptive Business Architectures:** structures that can quickly realign competitive assets (discontinuing activities, starting new activities, or shifting resources) to meet changing conditions and competitive threats.

- **Radical Renewal:** continuous and disruptive learning centered on the competencies that characterize their competitive nature.

Business Agility Leader Profile

Qualcomm

Industry Group: Telecommunications Equipment

Overview: Qualcomm is a wireless telecommunications research and development company, as well as the largest fabless chip supplier in the world; it designs, manufactures and markets digital wireless telecommunications products and services in all major global markets.

History: Founded in 1985, Qualcomm started out providing contract research and development services, with limited product manufacturing, for the wireless telecommunications market. In 1988, the company released its first commercial product, OmniTRACS, which grew into the largest satellite-based commercial mobile system for the transportation industry. One year later, it introduced Code Division Multiple Access (CDMA); today, it plays a central role in the rapid adoption and growth of 3G and next-generation wireless around the world. Qualcomm's current intellectual property portfolio includes more than 11,000 United States patents for wireless technologies, with more than 175 telecommunications equipment manufacturers licensing them worldwide.

Agility Stance:

- Business model focus on R&D, services, licensing and partnerships
- Fabless manufacturing - without a fabrication (fab) plant
- Global reach, operating in advanced and emerging markets
- Tight operational focus on partnership operations and service delivery
- Leverages intangible assets, including core intellectual property
- Adopted SOA in 2001 to integrate technology silos

Regardless of where a company begins the agility journey, a converged management of business and technology often plays a critical role in establishing the strategic position that can adjust -- or change -- based on dynamic market conditions.

Agile companies establish formal relationships outside of their walls with customers, partners, suppliers and the marketplace. These relationships are their sensors on the world that warn against threats or predict opportunities. Being agile requires translating that information into intelligence that enables decision making to respond accordingly. Designing and managing business processes and technology enablers together shape these capabilities. Through this type of structured process, immediate action is possible. Such actions incorporate agility as part of an organization's DNA, which organizes itself around the three following core characteristics of business agility:

Sense and Respond. Companies must facilitate learning from various processes to respond to changes in their environment. This learning must operate at different levels and within different areas of the enterprise and should be based on recurrent sense-and-respond cycles. Business Technology Management can facilitate these learning processes by supporting the collection,

distribution, analysis and interpretation of data associated with business processes; and generating response alternatives, decisions on appropriate courses of action, and orchestrating selected responses.

Improvement and Innovation. Business agility combines improvement and innovation responses. Opportunistic enterprises emphasize improvements, but often fail to foster innovations. They follow best practices, listen to customers, and improve capabilities. Innovative firms, by contrast, focus on innovating processes through new technologies, services and strategies; they generate "next" practices, but have a limited focus on fine-tuning existing operations. When market pressures are high and the environment is turbulent, the ideal agile firm combines self-improvement and innovation to constantly reposition itself. Agile firms are able to improve existing and innovate new practices because they have an enterprise architecture in place that forms a construct in support of the overall strategy.

Distributed and Coordinated Authority. Agile firms must adopt radically different forms of governance and translate their mission and objectives into information that can easily be interpreted by constituents. These firms must replace traditional command and control approaches with mechanisms that facilitate coordination within and across locales. These mechanisms must provide individuals, groups and units with the autonomy to improvise and act on local knowledge, while orchestrating coherent behavior across the firm. Processes—the assignment of task and responsibilities—must be supplemented with personal accountability.

Business Agility Leader Profile

Unilever

Industry Group: Food Processing

Overview: Unilever is an Anglo-Dutch multinational corporation that owns more than 400 of the world's consumer product brands in foods, beverages, cleaning agents and personal care products. It operates in every continent except Antarctica.

History: Unilever was created in 1930 by British soap maker Lever Brothers and Dutch margarine producer Margarine Unie; they both used palm oil as a key product ingredient. In 1987 Unilever acquired Chesebrough-Ponds, in 1989 Calvin Klein Cosmetics, and Fabergé. It purchased Helene Curtis in 1996 and in 2000, Best Foods, Ben & Jerry's and Slim Fast.

Agility Stance:

- Acquisition and integration focus on brand management
- Brand architecture (Brand Imprint and Vitality Framework) integrates social and environmental sustainability into the corporate business strategy
- Leverage scale economics of manufacturing and R&D
- Global reach, operating in advanced and emerging markets
- Operational control through integrated and centralized enterprise architecture

4. Framework for the Business Agility Index

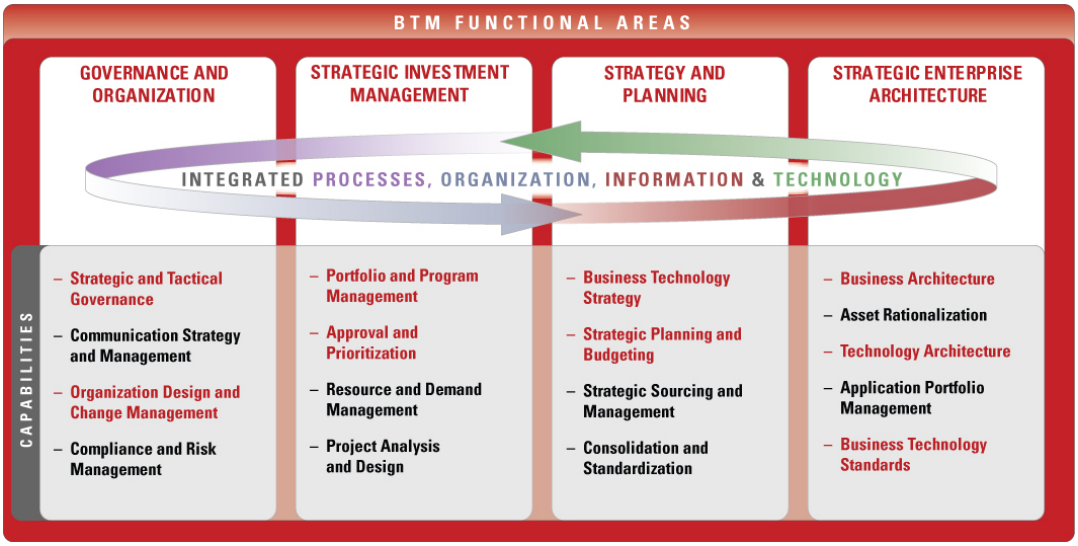
The *BTM Business Agility Index* is built on a framework that describes the processes, structures and behaviors that together comprise business agility:

- Management Behaviors
- Business Technology Architecture
- Operational Practices

Management Behaviors: The BTM Framework describes 17 management capabilities that describe the behaviors necessary for converged business and technology management. A capability is a specific management competency defined by four critical dimensions. Each is ordered by repeatable processes; executed through appropriate organizational structures; and enabled by correct information and technology.

Figure 7: Business Technology Management (BTM) Framework

The BTM Framework™ defines 17 management capabilities across four functional areas, each of which is defined by four dimensions: Process, Organization, Information and technology.



These capabilities are further divided into two broad categories – Foundation and Advanced. Foundation capabilities are "first-order" capabilities whose maturity underlies overall Business Technology Management Maturity, e.g., Strategic & Tactical Governance, Organizational Design & Change Management and Portfolio & Program Management. Advanced capabilities, e.g., Communications Strategy & Management, Compliance & Risk Management, and Resource & Demand Management are higher-level capabilities; they are often developed later in the maturation process and require, in large part, that the foundation capabilities be in place.

While all 17 capabilities are necessary for true convergence, individual businesses focus on subsets of these capabilities that are most appropriate to their market position and strategic imperatives. The capabilities that comprise business agility are as follows:

Table 7: BTM Capability Patterns

Foundation	Advanced
Strategic and Tactical Governance	Communication Strategy and Management
Organization Design and Change Management	Project Analysis and Design
Business Technology Strategy	Strategic Supplier Management
Business Architecture	
Technology Architecture	

Business Technology Architecture: Management teams of agile organizations utilize resources and assets to sense change, formulate an appropriate proactive response, and then execute to achieve the desired result. Effective – and efficient – utilization requires a minimum amount of organizational friction. Low-friction environments require a business technology architecture that is component-based and service oriented (*see Section 5. The Strategic Role of Technology*).

Table 8: Business Technology Architecture

Construct	Characteristics
Business Technology Architecture	▪ Inward focused - Component Based ▪ External focused - Services Oriented
Business Process	▪ Internal and External Sensing ▪ Resource and Asset Utilization/Reuse ▪ Organizational Change Management ▪ Strategic Adaptability

Operational Practices: The third structure of the *BTM Business Agility Index* addresses the requirement for organizational autonomy. This is the ability of organizational units or functions to conduct operations without direction or supervision from above, while concomitantly remaining open to – and actively searching for – operational coherence (operational coherence is achieved when all parts of the organization operate in accordance with each other, such that their outputs are in-phase and additive).

Table 9: Operational Practices

Practice	Characteristics
Delivery Management	▪ Services-based operations (service catalog) ▪ Service Level-based performance management for: o Business processes o Technology and Infrastructure
Standards	▪ Business Processes ▪ Enterprise Architecture (business and technology) ▪ Promote reuse and interoperability ▪ Services decomposition and componentization

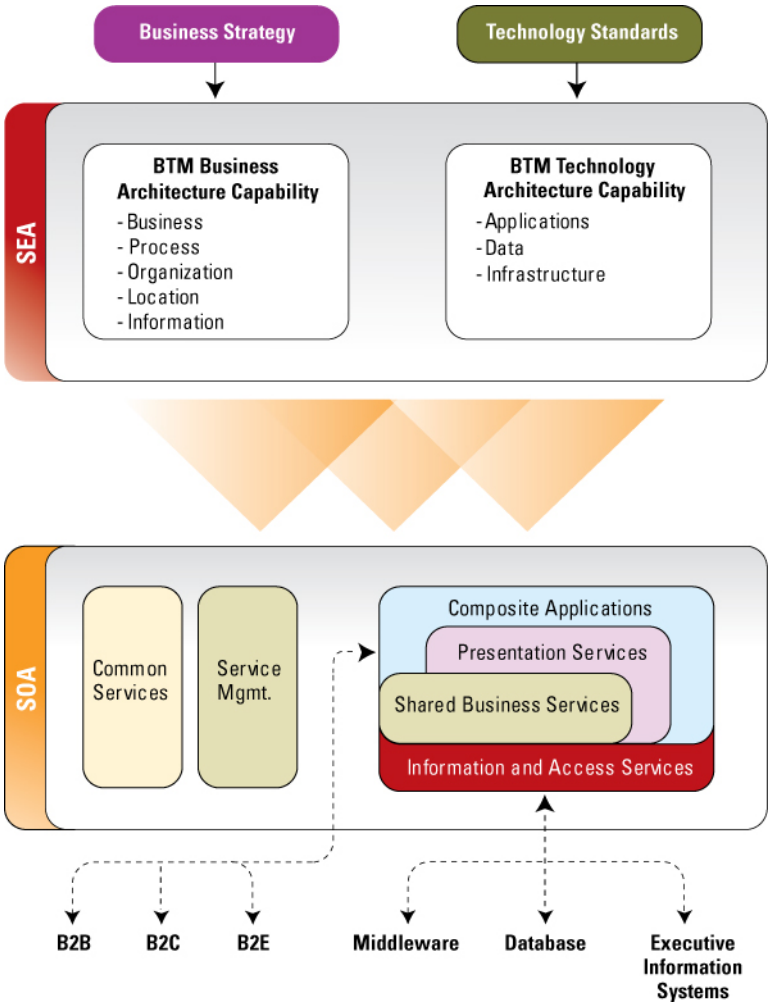
5. The Strategic Role of Technology

Business agility requires the ability to sense and quickly respond to changes in their environments, which requires a Strategic Enterprise Architecture (SEA). SEA includes business as well as technology architecture, the capabilities necessary to design the enterprise from business, process, application, data and infrastructure perspectives.

Business architecture allows an organization to express its business strategies and their impact on functions and processes. Typically, the business architecture is comprised of current and future-state models that define how the organization maintains competitive advantage. Business architectures link to technology architectures that include applications, data and infrastructure elements. The joining of these architectures comprises the SEA.

SEA is important in achieving a real-time business network, but not sufficient. In addition, an architecture that represents the various business processes and subprocesses as manageable components used to create an overall business process is needed. SEA sets the context to determine the various services that are required to support the business initiatives. These services form the basis of Service Oriented Architecture (SOA).

Figure 8: The Linkage Between SEA And SOA



Source: Hoque, et al, Winning The 3-Legged Race, 2005

A Service Oriented Architecture (SOA) describes how services interact via a loosely coupled, message-based communication model. Services can be comprised of coarse or fine-grained components, encapsulated business functions within existing application suites, or actions taken by human operators. At the highest level, service orchestration is the operational realization of process descriptions.

Business process models capture the overall business process logic to the level of specification of a service orchestration language. Ideally, this is accomplished in a way that business rules are separated from the execution syntax to allow the overall business process to be dynamically reconfigured.

Below the level of services are pre-existing components, objects and application suites that comprise an enterprise's existing application portfolio. These must be encapsulated and given service abstractions that, in turn, allow their orchestration. New process functionality is added directly as services are intentionally designed to work in a service-oriented architecture.

At the interface between the layers -- and within the layers themselves -- we find a variety of standardized but evolving protocols that aim to increase interoperability across platforms and firms. Standards exist for everything from defining and locating a service description to requesting a Web service invocation, to various aspects of orchestration. Additional protocols exist for security, quality of service and operational monitoring.

Beyond service orchestration, however, there is also a mediation component to service interoperability: the task of translating between information and data models, as well as the translation of documents and messages into the correct format for interaction with existing applications and infrastructure. There are many other issues that need to be addressed, including but not limited to service quality, security, data consistency and integrity.

The issues of orchestration, mediation and network-wide management become more complicated when engaging partners and business alliances. For this, a more comprehensive SOA model is needed. Some of the major issues to be dealt with in contemplating the interaction of services across business networks include:

- **Coupling Among Partners** – different degree of tightness of integration and duration in networks

- **Heterogeneity** – differences in hardware, software, structural, at the business process layer, and data within the business network

- **Autonomy** – the degree of partner compliance to global control rules

- **External Manageability** – the degree of external visibility and manageability of partners' processes

- **Adaptability** – the degree to which processes are able to adapt to changes in an environment with dynamic orchestration

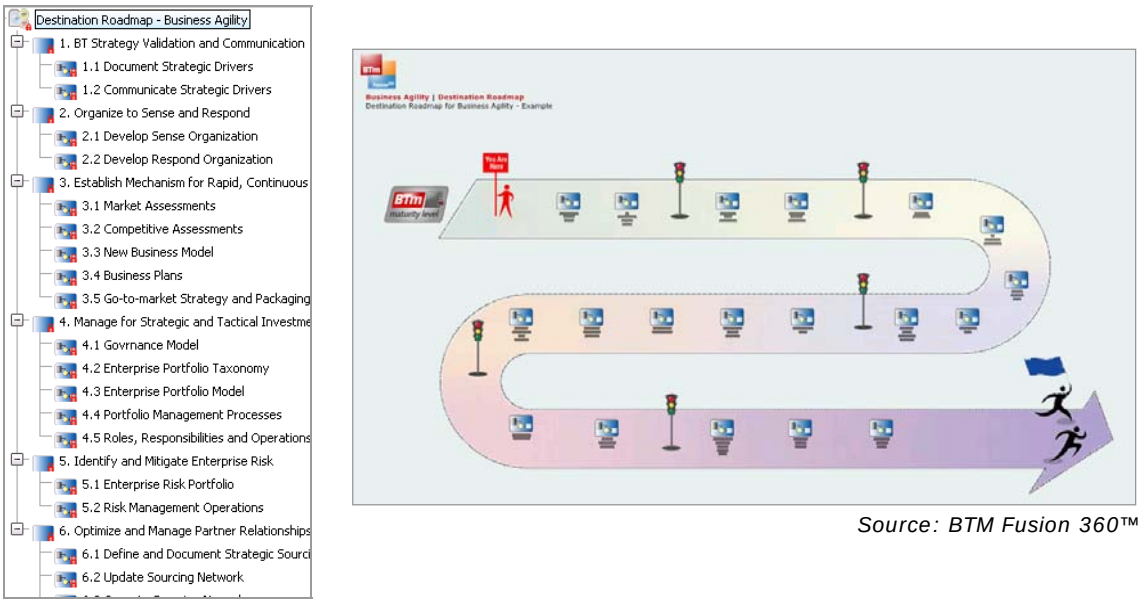
- **Security** – the degree to which transactions can be executed securely

- **Scalability** – the ability to extend the architecture due to growth in volume of data, transactions or services.

6. The Agility Journey

Building an agile enterprise is a journey that includes a management playbook to coordinate the myriad activities, functions, models and operations. The playbook for each enterprise is unique, reflecting its management capabilities, business architecture, operational practices and cultural norms. However, there are underlying foundational principles that, together, construct templates that can accelerate playbook development, communication and execution. The following diagram is an example of the steps in a typical business agility journey as constructed in the BTM Fusion 360™ Framework environment:

Figure 9: Business Agility Journey



Source: BTM Fusion 360™

The key steps in this agility journey are outlined in the following table. Each step is supported by activities specific to each organization's capabilities, current state and agility objectives.

Table 10: Key Steps in a Business Agility Journey

Steps and Activities
Validate and Communicate Business Technology Strategy
Organize to Sense and Respond
Establish Mechanism for Rapid, Continuous Business Model Development
Manage for Strategic and Tactical Investment
Identify and Mitigate Enterprise Risk
Optimize and Manage Partner Relationships

The management playbook also contains other elements, including the organization model, description of agile business architectures and processes, key operational and performance information and measures, and automation tools and requirements. The management playbook must be communicated to the key executives and managers responsible for its execution. And, most importantly, progress must be tracked, investments made, risks managed and lessons learned. Business agility is not simple or straightforward, but as demonstrated by the *BTM Business Agility Index*, a most worthwhile endeavor.

7. Conclusion

BTM Corporation's research demonstrates that agile companies have a dominant short-term performance advantage of 20% and a long-term advantage of 12%; they also have lower stock price volatility (23% short term and 29% long term) than their industry peers. Looking beyond the averages, individual measures of performance reinforced the agility dominance: quadrant 1 firms outperformed their peers in every measure. From a short-term perspective, the range was from 0.2% (Revenue Growth) to 37.6% (EVA/Capital); long-term, the range was from a low of 1.1% (Revenue Growth) to 29% (Volatility reduction).

The *BTM Business Agility Index* reveals the key role business agility holds in economic performance. Achieving agility is not exclusive to companies of a certain size by revenue or industry sector, but is available to all companies. Furthermore, the Index specifies the behaviors and constructs that drive agility. Those behaviors and constructs are defined as a repeatable management practice that can be implemented in your company.

Finally, companies do not have to be business agility leaders to reap the economic benefits outlined in this research report. Moving from the bottom rung (quadrant 4) to the next level (quadrant 3) provides measurable – and significant – benefits:

Table 11: Quadrant 3 vs. Quadrant 4 Outperformance

Measure	1 Year
Capital Efficiency and Value	7.3%
Margin	4.5%
Revenue and Earnings Growth	5.3%
Volatility	6.1%

An organization that has the ability to successfully negotiate its path through the ever-shifting competitive landscape has developed the ability to continuously transform itself as opportunities and threats appear. This nirvana-like organization repeatedly maintains three characteristics:

- **Ongoing assessment** of activities, eliminating those that don't serve the core business strategy
- **Continual refinement** of activities for greater efficiency and productivity
- **Redirection of resources** to new products, processes and business models

Building an agile organization such as this is not easy. Change must become a part of an enterprise's fabric. Bringing in a persuasive leader might help the transformation, but the change management skills they bring to the table will certainly be necessary to make the journey a successful one. More crucial to that success, however, is the need to incorporate new ways of doing business into the company's management systems and business processes. This means new organizational structures, the creation and sharing of new types of information, and establishment of new decision-making processes.

Any organization embarking on an agility journey requires a clearly articulated strategy, but this state of continuous "sense and respond" requires several management disciplines to achieve a complete overhaul. These organizations are prepared for whatever the marketplace brings.

Glossary

Adaptability is the capability of an organization to be both agile and resilient.

Agility is the capability of an organization to instigate change to take advantage of opportunities.

Alignment is the condition in which technology supports, enables and does not constrain the organization's current and evolving business strategies.

Beta is a measure of stock price volatility with respect to the broad market. A Beta of 1 means the stock price moves with the market, Beta greater than one means higher price swings than the market, a Beta less than one means the price swings are smaller than the market.

Business Technology is any technology, including information technology that is used to deliver a business capability or automate a business operation.

Business Process Management (BPM) is management approach focused on aligning all aspects of an organization with the wants and needs of clients. It promotes business effectiveness and efficiency while striving for innovation, flexibility, and integration with technology.

Business Technology Management (BTM) is a multi-disciplinary management science. It combines or converges business management and technology management, theory and practices, into a new more powerful management discipline. By implementing BTM, organizations achieve dramatic performance improvements.

Capabilities are the 17 fundamental management practices that comprise the BTM Framework, each defined in terms of four dimensions: process, organization, information and technology.

Constructs are management processes and behaviors.

Convergence occurs when business and technology activities are intertwined, and the leadership teams operate almost interchangeably.

Innovation is doing something new that creates value in the marketplace.

Resilience is the capability of an organization to react effectively to unexpected situations.

Services Oriented Architecture (SOA) describes how services interact via a loosely coupled, message-based communication model. Services can be comprised of coarse or fine-grained components, encapsulated business functions within existing application suites, or actions taken by human operators. At the highest level, service orchestration is the operational realization of process descriptions.

Strategic Enterprise Architecture (SEA) includes business architecture as well as technology architecture, the capabilities necessary to design the enterprise from business, process, application, data and infrastructure perspectives.

Sustained Innovation involves processes and organizational design that make innovation repeatable.

Sustainable Innovation involves solutions to problems that reflect a commitment to economically, environmentally and socially sound business practices.

Synchronization is the condition in which technology not only enables the execution of current business strategy but also anticipates and helps shape future business models and strategies.

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Notes

1. These Agility Maturity scores are preliminary and should be used as indicators only. They are calculated from existing BTM Maturity data; they do not include data on Architectural Constructs and Operational Practices.

2. Companies with outlying financials were excluded from the index to reduce the impact of unusual or one-time financial events on the overall index Corrections were also applied to minimize the effect of under or over-representation of industry groups.

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About BTM 360™

BTM 360 is the industry's first product suite to include a comprehensive Management Framework (BTM Fusion 360™), Software Applications (BTM Works 360™) and Templates (BTM Accel 360™) that address a wide range of management challenges. Born from a multi-year research and development effort, these products provide the self-assessment tools, management playbook, collaborative decision-making analytics, and out-of-the box automation needed to converge the management of business and technology.

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