Organizational Agility Index – Romanian perspective

Survey results

Agility sets up organizations for speed and adaptability

Enterprise agility is an organizational philosophy used to set up organizations so they can more **quickly respond to changes in customer demand and market environment**

It is based on a **set of principles** (e.g., 5 trademarks and the agile manifesto), which can be **translated into specific ways of working**, e.g., scrum, Kanban

COVID-19 is the ultimate test: Agile organizations reacted faster and better

A

We checked publicly available data for 50+ organizations in 11[1] countries and found that in the face of COVID-19, agile organizations had an edge:

Speed: 2X faster

Agile telco operators and banks responded 2x faster to the shock than their competitors

Adaptability: Better equipped

Organizational units using agile have experienced **better customer satisfaction, employee engagement ,and operational performance**

Motivation: Managed morale better

Companies with higher agility saw 13% increase in their employer rating vs 18% decrease for those with no agility

B

We interviewed 25 organizations that underwent an agile transformation and found that:

Everyone (100%)

highlighted that the agile transformation put them in a better position to handle the shock

"If we had not done this [agile] transformation, our development would have completely stalled during COVID-19."

- Transformation Lead, European Bank

[1]Australia, Austria, Belgium, Denmark, Germany, Hungary, the Netherlands, Poland, Switzerland, United Kingdom, and New Zealand.

Source: Harvard Business School; McKinsey COVID-19 research on agile organizations

In Romania 97% of companies have made changes to address employee hardship caused by COVID-19, but most fall short of making substantial behavioral improvements

We have just completed a study on employees working in Romania during the COVID-19 crisis. For the purposes of this study we have targeted:

Employees of **large companies (250+ employees)** from a diverse mix of industries
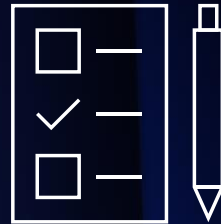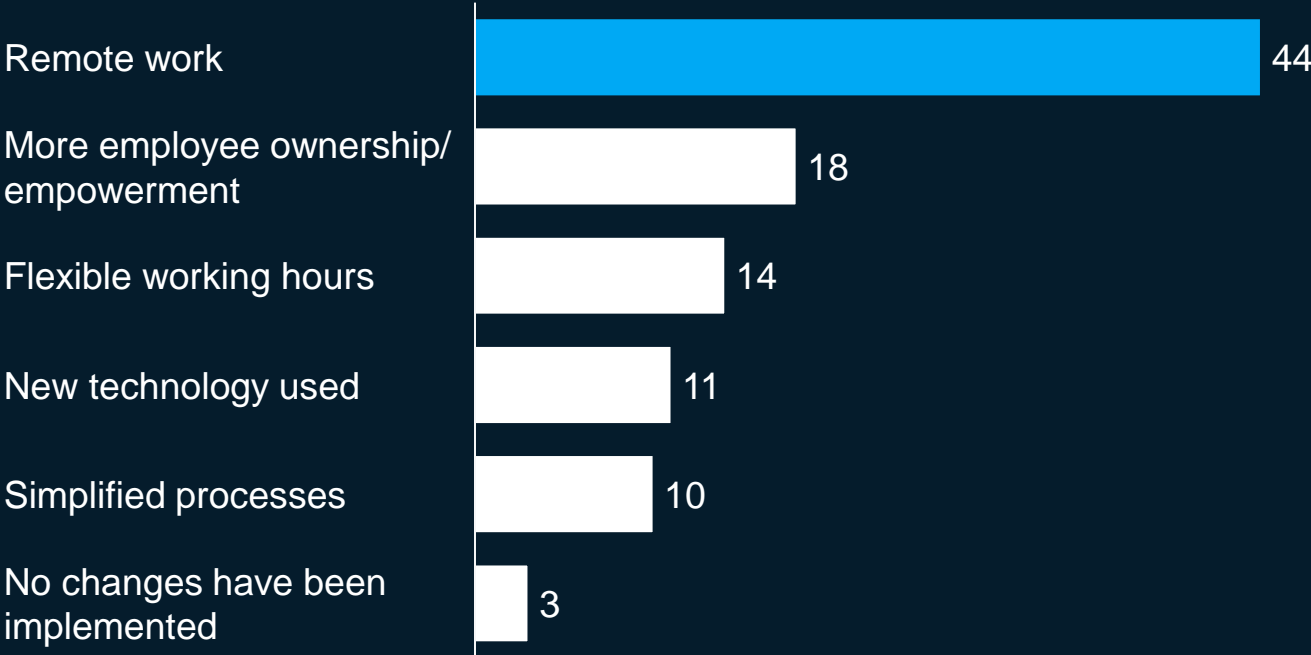
Survey fielded during the first half of October 2020

Among those changes, remote work is considered one the most helpful by the majority of employees and is expected to stay

Top elements mentioned by respondents

Most helpful change[1]
% of total

Remote work	44
More employee ownership/empowerment	18
Flexible working hours	14
New technology used	11
Simplified processes	10
No changes have been implemented	3

Most likely to remain in place post-COVID-19[2]
% of total

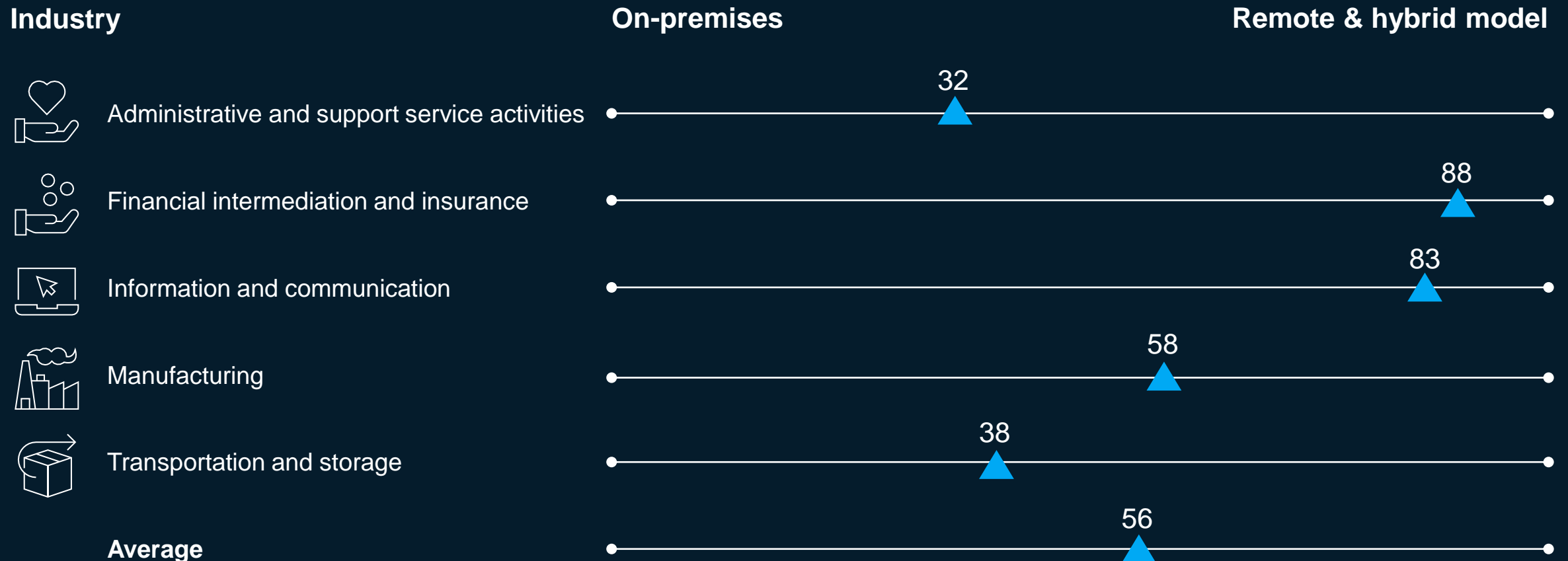|	
	37
	12
	16
	17
	15
	3

[1]What change triggered by the COVID-19 crisis has been most beneficial for your organization?
[2]Which temporary change made for the current crisis do you think will most likely become permanent in your organization?
Source: McKinsey Romania COVID-19 Survey; n = 416

While operating models vary across industries, about 60 percent of organizations have adopted either hybrid or remote working models

Top elements mentioned by respondents,[1] %

Industry	On-premises		Remote & hybrid model
Administrative and support service activities		32	
Financial intermediation and insurance			88
Information and communication			83
Manufacturing		58	
Transportation and storage		38	
Average		56	

[1]What is the current way of working in your organization?

McKinsey & Company

While many structural elements helped teams in the initial stages of the crisis, behavioral elements have gained significant importance

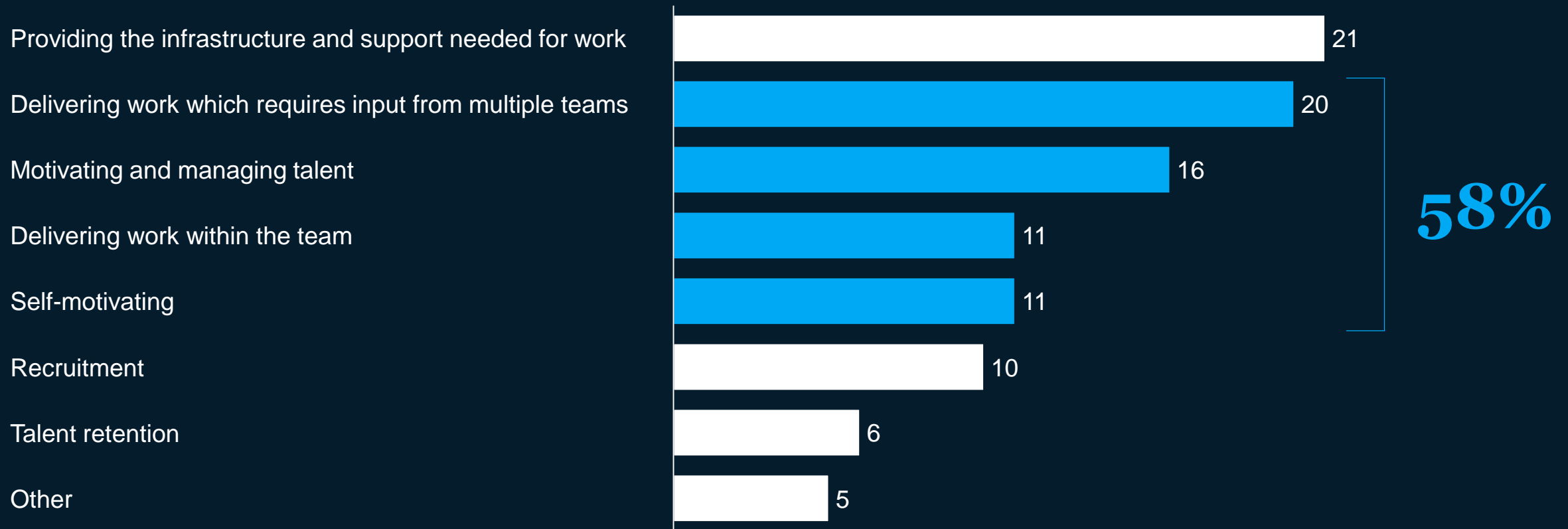**Top elements mentioned as beneficial to adapting to the pandemic,** [1] %

Empowerment and servant leadership	68
Agile ceremonies	68
Cross-functional teams	68
Outcomes-based performance tracking	60
Customer-centricity	60
Digital connectivity	52
Goals & resource reprioritization	48
DevOps capabilities	40

We also analyzed the main internal pain points faced by Romanian companies during the crisis; about 60 percent are behavioral

Top elements mentioned by respondents, % of total [1]

Providing the infrastructure and support needed for work	21
Delivering work which requires input from multiple teams	20
Motivating and managing talent	16
Delivering work within the team	11
Self-motivating	11
Recruitment	10
Talent retention	6
Other	5

58%

Romanian companies score low on McKinsey' Organizational Agility Index, mainly due to behavioral elements

⚠ Behavioral tactic   ■ 76-100% – high agility   ■ 51-75% – medium agility   ■ 26-50% – low agility   ■ 0-25% – no agility

Percentage of respondents think their organization shows moderately high or high level of agility, survey results in %

Dimension	Tactic	Value
Strategy	Shared vision	76
	⚠ Customer centricity	62
Structure	⚠ Team autonomy	40
	⚠ Empowered decision making	30
	⚠ Co-location & dedication	27
People	⚠ Servant leadership	33
	⚠ Coaching and feedback	39
	⚠ Agile culture	24
	⚠ Test & Learn	49
Process	Agile dependency management	51
	Common ways of working	47
Technology	Collaboration tools	41

Organizational Agility Index: (43)

The McKinsey Organizational Agility Index measures the levels of agility within companies by focusing on 5 key dimensions (strategy, structure, people, process, and technology)

It screens for agile tactics and practices regardless of whether the companies themselves recognize them as such

Source: McKinsey Romania COVID-19 Survey; n = 416

Employee feedback indicates Romanian companies lack agility

Romanian companies show:

Low levels of agility

On average, Romanian companies show limited implementation of agile

Women perceive companies to offer less room for empowered decision making

The elements of "team autonomy" and "decision making" are seen as less agile by female respondents[1]

Companies working remotely are more agile

Companies working remotely show higher levels of agility than others

Diverging perceptions

Managers across industries tend to overestimate their company's level of agility, meaning that some gaps are less evident to them

Companies working in IT and finance show higher agility levels

There is a discrepancy in terms of agility across industries, with IT and financial services being the front-runners of agility level

Dedication is seen as the main agility pain point by employees over age 40

Employees aged below 40 rated companies 75% higher on "co-location & dedication" than those over 40

1. Differences of 13 and 9 percentage points respectively for these dimentions between male and female respondents

Managers tend to perceive the level of agility within their organizations as higher when compared to non-managers

On average, managers consider companies to be ~25% more agile than non-managers

Managers rated companies as being more agile by 10+ percentage points on one-quarter of agility dimensions analyzed

The biggest discrepancies between managers and non-managers are on behavioral dimensions (4 out of 5)

Agile requires radical culture change, and that is not easy: companies must use an iterative approach

Agile is not only a solution to navigating the COVID-19 crisis, but rather a solution for navigating any fast, competitive environment. The operating model and culture needs to be **RESET** in order to fully implement agile

REflect on what we learned

Evaluate the interventions taken and assess their outcomes orientation vs customer satisfaction, employee engagement, and operational performance

Structurally **E**mbed

Fully embrace and embed those elements over the long term while also starting to pilot advanced behavioral interventions

Transition and scale

Transition to an agile operating model in a holistic way and start scaling the model

Cultural transformations are more difficult than ever as employees are working remotely

For employees, **organizations have shrunk drastically,** so "*pure*" agile must adapt. **We advise Romanian leaders to seek long-term cultural changes, starting with basic tactics, but focusing on substantial behavioral changes**

Agile ceremonies

Agile ceremonies will have to be adhered to, with fervor, to build and maintain habits

Leaders

Switch from one leader to several, while empowering employees

Coaching

Set time aside in order to coach the new behaviors

Customer-centricity & measurement

Develop a customer-focused mindset as well as a data-driven approach for understanding customers