



Your company needs to be agile

TOOL: USE IT TO ADAPT TO A CHANGING MARKET

➔ **Aim for speed and direction – then you get velocity and can truly fly.**

With technological disruption around just about every corner, an economy in flux, and customer behaviour changing as rapidly as it is, one thing is for certain in today's economic climate: nothing is for certain.

Agile, a set of principles and practices designed to drive business agility and to adapt to changing market conditions, is a powerful tool for any organisation that can implement it successfully.

"Unfortunately, many organisations that have adopted Agile are challenged with changing the culture and mindset that is required to adopt this approach," says Biase de Gregorio, head of Agility at IQbusiness.

"As much as 72% of organisations adopt Agile in the hopes of accelerating speed-to-market, 21% of respondents saw no improve-

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ment in their organisations," says De Gregorio, who was discussing the findings of the 2017 Agile report to a room of eager participants – among them, industry leaders and Agile experts.

"What Agile does, is improve an organisation's ability to make better decisions and to drive the most value for stakeholders; that is speed in a sense, but it isn't intended to accelerate product delivery."

"Speed," De Gregorio says, "is not good for business if it means compromising on the quality of the product delivered."

What organisations need is a combination of speed and direction.

Direction can include any operational process or assurance where a standard of quality is met.

"What do you get when you combine speed and direction? You get velocity. That's something businesses should aim for," says De Gregorio.

Locally, it's smaller organisations that are taking Agile in their stride. A total of 33% of smaller organisations that responded to the survey have adopted Agile for 5 years or more, while medium to large organisations have adopted Agile for 5 years or more at 18% and 17% respectively.

Large organisations even report that they feel pressured into adopting Agile, citing the fear of missing out or the advantage it may be giving their competitors, but have realised benefits even if

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the adoption is challenging.

As already indicated, this is a change exercise, and change is hard – but organisations need to embrace change to achieve the benefits that Agile offers.

About the IQbusiness Agile Survey

The inaugural IQbusiness Agile Survey 2017 seeks to assess the maturity of agile adoption in South Africa.

Using quantitative and qualitative research techniques, they targeted over 276 Agile practitioners from a variety of business types and sizes, across industry sectors.

The report is a compilation of the key findings stemming from the research, coupled with insights from the Agile team.



MAN IN THE KNOW. Biase de Gregorio.

How to identify the need for business rescue vs closing up shop

In an economy that is becoming increasingly accustomed to strained trading conditions, many business owners are entering into cash flow struggles and finding themselves grappling with how to save a troubled company, or whether this is even a possibility.

A struggle widely publicised recently is the bailout request of state-owned enterprise (SOE), South African Airlines (SAA), which saw the National Treasury approving R3 billion in funding to avoid the airline defaulting on its loan to Citibank. Furthermore, in the 2017 Medium Term Budget Policy Statement (MTBPS), it was reported that SAA will receive an additional R4.8 billion by March 2018 from government.

David Morobe, regional general manager at Business Partners Limited, says while the SAA request has been largely criticised, a financial bailout solution is only viable provided a turnaround strategy has been developed.

"This isn't SAA's first bailout, and many people are beginning to question when enough is enough. However, as tourism is a large contributor to South Africa's GDP, SAA is still a strategic asset for economic growth in South Africa, given it is the coun-

try's only international aircraft carrier," says Morobe. "Considering that all economies are competing on a global stage, if SAA cannot bring people to South Africa, why should other airlines?" he asks.

"As such, these airlines may easily opt not to fly the route if it is deemed unprofitable, or will likely do so at a premium, which would impact business and other sectors such as tourism. However, this reasoning isn't necessarily strong enough to move forward with a bailout agreement," Morobe says.

"Whether it is a SOE, large corporation, or smaller owner-managed business, the basic principles of business turnaround remain, and that is whether a business can survive, and then thrive, long after the financial bailout period. By addressing key fundamentals, an educated decision can be made whether to close up shop or seek business rescue and implement a turnaround strategy."

In assessing the wisdom of the SAA decision and others similar to it, Morobe points to various aspects necessary for a turnaround strategy. "The key to a successful turnaround strategy includes reviewing and critically assessing the business mod-

el; addressing management challenges to ensure that operational guidelines are being adhered to; and reassessing the market, product and competition. If these challenges have been ironed out, then the bail-out may yield the desired results."

He says in the case of SAA, the recent announcement of the appointment of a new CEO and other executives, is a step in the right direction. "When introducing a new management team, they should take a critical look at the market place, weigh up what its customers are seeking, and compare this to the current product or service offering of the business to ascertain whether their customers' needs and wants are still being met. Through this analysis, there may be scope to further develop the product or service to meet new needs of customers."

Morobe points to another SOE, Telkom, as an example.

"Telkom wasn't always as successful as it is today, but with its new management team, the business reassessed its product offering and made the decision to move from fixed line products to WIFI, data and fibre connectivity. Today, Telkom is one of the biggest and competitive players in the

market," he says.

Another focus area for Morobe is that of competitors. "As most businesses face competition, the business model and the quality of the service or product offering needs to be strong enough to withstand similar players operating in the same space. For example, although SAA faces stark competition from lower cost carriers, if a struggling business focuses on excellent service and product quality, customers will likely be willing to pay more for the offering.

"Illustrating this is the previously struggling airline, Air Mauritius, which managed to turn its \$30-million loss and poor customer service ratings into a 4-star airline garnering a profit of \$8 million in just two years," he says.

"Only once the core of the problem has been identified, can solutions be found to bolster a business performance. After ironing out these aspects and challenges, a bailout and turnaround strategy can be considered if the research deems it viable. Ultimately, enough will be enough when it becomes more economical to start a new business than trying to salvage or turn a business around," says Morobe.