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Small Steps for a Giant Leap: Flexible Organization

Sushil[1] ⓘ

Abstract *In today's volatile and turbulent business environment, it is widely espoused to create a flexible organization in order to enhance organizational effectiveness. Though much is expressed about 'what a flexible organization is' and 'what types of flexibilities it should exhibit in its operations', very little guidance is available about 'how to create it'. This article is about highlighting small steps that coupled together would lead to a giant leap in the form of a flexible organization overtime. The fundamental basis of contemplating flexibility is learning. Another step to create a flexible organization is to carry out experimentation with flexible practices and activities in different spheres. Yet another level of taking steps or flexibility initiatives is on the front of processes and their interfaces. Ultimately, with the base of flexible processes and actors, the organization might delve into the domain of strategic flexibility. A flexible organization in its own right with respect to its actors, processes and strategies might not be enough until it transcends the flexibility in the whole value chain and the ecosystem. Creating a flexible organization is a collective and reflective process that can be adopted in an iterative and evolutionary manner.*

Keywords Flexibility · Flexible organization · Learning · Steps · Strategic flexibility

✉ Sushil
sushil@dms.iitd.ac.in; profsushil@gmail.com

1 Department of Management Studies, Indian Institute of Technology Delhi, Vishwakarma Bhawan, Shaheed Jeet Singh Marg, New Delhi 110016, India

In today's volatile and turbulent business environment, it is widely espoused to create a flexible organization in order to enhance organizational effectiveness. Flexible organizations are characterized by options and change mechanisms in various processes/activities and freedom-of-choice to different actors. Though much is expressed about 'what a flexible organization is' and 'what types of flexibilities it should exhibit in its operations', very little guidance is available about 'how to create it'. This article is about highlighting small steps that coupled together would lead to a giant leap in the form of a flexible organization overtime. I have discussed this aspect with a number of practicing managers to deliberate on what kind of initiatives that have been taken in their organizations to infuse flexibility at various levels. Sporadic initiatives can be observed in many organizations as an effort to create different types of flexibilities, however a systematic step-by-step approach about it has been lacking in both literature and practice. Here I am attempting to present an outline of basic steps that may be helpful in creating a flexible organization.

The fundamental basis of contemplating flexibility is learning. At the first place, we need a commitment of top leadership to believe in the value of flexibility and initiate and sustain the 'flexibility way' to cope with the uncertainty and lead the organization to new heights. The leaders should create a leaning orientation for individuals as well as organization as a whole to overcome the mental roadblocks and pave the way for charting the course of flexibility. Globally, GE can be taken as a benchmark on the learning front; in the Indian context, Infosys can be considered as a case in point on this front. Continuous learning enables a change in mind set, which may support both innovation and flexibility in organizations. It also enables a cultural change. The cultural change requires a long time

frame; rather than attempting to directly intervene with culture, it is easier to obtain the same through changing the levers that shape culture. Some important levers are structure, systems, activities, processes, practices and so on.

Thus, another step to create a flexible organization is to carry out experimentation with flexible practices and activities in different spheres. For example, we may try out flexible work practices such as flexi-time/flexi-place, multiskilling and job rotation on an experimental basis. The outcome of these experiments needs to be periodically reviewed in terms of both acceptability and impact on performance. Based on the feedback and assessment, these practices may be adapted and improved for wider reach. At some stage, a shared vision would be required for their organization-wide implementation. My own experience in different administrative assignments has been fairly positive towards an experimental, reflective and consultative approach leading to institutionalization of such flexibility practices.

Yet another level of taking steps or flexibility initiatives is on the front of processes and their interfaces. Some could be small, whereas certain other could be major interventions. These might include redesigning or reengineering the processes and systems, and it may involve technological interventions in order to enhance the agility. As per the flexibility maturity model, it would be easier to first introduce flexibility in individual processes, e.g. flexible manufacturing, flexible procurement, flexible information systems, flexible budgeting, and flexible pricing. A lot of research and practice has been reported in past on different types of flexibility in respective processes. However, limited efforts can be evidenced on flexibility in interfacing of processes. For example, flexible pricing to be coupled with flexible capacity in manufacturing; interfacing multiskilling with behavioural flexibility; flexibility in financing with organizational culture; and many more such interlinkages can be explored. A notable case is of Honda that coupled its marketing flexibility to introduce new product in the global market (simultaneously in the developed world) by using robots in manufacturing to minimize set-up time for shift from old model to new model on the same production line. This has been achieved by introducing retraining of robots (overnight) in place of retooling that might take more than seven days.

Ultimately, with the base of flexible processes and actors, the organization might delve into the domain of strategic flexibility. This would require to leverage strategic change with vital continuity of the organization. IBM has leveraged the continuity of fulfilling computing needs of customers to transform from a computer company to a computing solutions providing company. Walmart and many other leading organizations have adopted 'go-green' strategies by leveraging their existing businesses to be delivered in a more sustainable manner. During the period of first IT meltdown when Y2 K situation arose, Cisco exhibited strategic flexibility to move in the area of optical communication by enhancing its R&D expenditure and acquiring a few optical companies. With a sound base of actor and process flexibilities, the organization can afford to follow the strategic flexibility view so as to capture the twin requirements of choice as well as speed. The organizations may strategically enhance the variety on different fronts along with agility in delivering multiple options. This could be attained by identifying flexibility indicators and assessing them periodically using flexibility integrated business excellence models. It is desirable to assess benchmark flexibility factors for both enablers and the results dimensions. Ample care has to be taken to enhance flexibility on different fronts without loosing controllability, or else the organization may slip into chaotic zone. Effective execution of flexibility initiatives would demand their valuation and prioritization keeping different benefits to be accrued and the costs to be incurred in realizing those initiatives.

A flexible organization in its own right with respect to its actors, processes and strategies might not be enough until it transcends the flexibility in the whole value chain and the ecosystem. If an organization is flexible but its partners are not, then it may not be able to effectively practice flexibility on many fronts. Supply chain flexibility for both inbound and outbound networks would enable an organization to realize its flexibility potential in a more collective and collaborative manner. Organizations like Apple and Google have created an ecosystem in which they can experiment multiple options and change mechanisms not alone but by involving many related players in the larger ecosystem. In the ecosystem of Apple, many application providers add to the flexibility of it by providing innovative applications on its platform.

Thus, taking small steps for both internal and external flexibilities would jell together and evolve into the architecture of a flexible organization that can cope with both anticipated and unprecedented uncertainties in the business environment. The flexibility in the organization is to be practiced in both a proactive and reactive manner. The approach for creating a flexible organization, as discussed here, is not to be treated in an algorithmic manner. Different organizations in a variety of contexts and backgrounds need to adapt and experiment flexibility steps in multiple ways that may create more value to them. Creating a flexible organization is a collective and reflective process that can be adopted in an iterative and evolutionary manner leading to a radical transformation at some stage.