INDEX

Page references followed by e indicate an exhibit.

A
Abbott Laboratories, 15e
Absorptive capacity, 66
Accounting profitability metric, 8
Adaptability skills: of agile organizations, 56–57; comparing adapting and becoming adaptable, 56, 57. See also Change
Affordable Care Act of 2010 (“Obamacare”), 115, 122
After Action Reviews (AAR Process) [Harley-Davidson], 135
Aggressiveness: launching a price war as strategic, 63; Nokia’s strategy market positioning dimension of, 60–61
Agile organizations: ability to change by, 98, 115; adaptability of, 56; ambidextrous structures for using information, 69; awareness of external environment by, 58; and choosing not to exploit their environment, 142; focus on current operations and future business opportunities by, 69; identity and intent components of strategy of, 58–59; implementing routine and embedded change management capability of, 115; implementing routine of, 27e, 28, 47–50; leadership as critical organization capacity of, 103–104; management learning as part of the culture of, 112; perceiving routine of, 27e, 43–45, 58, 66–80, 81e; relying on their perceiving routine and interpretation of information by, 79; strategizing routine of, 27e, 29, 30, 40–43, 55–66, 80–81e; testing routine of, 27e, 28, 45–47; top management teams (TMTs) of, 58, 62–64. See also Organizations
Agility: Agility Pyramid of, 28e–34; competitive advantage of, 140–141; defining, 26–28; as good management reconsidered, 34, 35e; introduction to four routines of, 27e–28; ITSS principle as foundation of capability for, 50–51, 114, 115, 126, 135; Johnson Controls (JCI) story on, 25–26; as level of Agility Pyramid, 28e, 31; organization development (OD) learning to focus on, 144–145; outputs of tests as the sine qua non of, 85; population ecology implications for, 32–33, 139; resource-based view of strategy,
Agility factor: as ability for rapid adaptation to the environment by a company, 18–19; Darwinian selection argument on, 12–14; description and characteristics of, 19; dynamic capabilities argument on the, 16–18; organizational physics argument on the, 14–16; organizing for, 25–52e; studies and theories offered on the, 11–12. See also Sustained performance
Agility profile scores: DaVita, 51e; Nokia, 81e; Zip Brands (hypothetical), 93e
Agility Pyramid: agility level of, 28e, 31; capabilities level of, 28e, 29; description of, 28–29; good management level of, 28e–29; illustrated diagram of, 28e; and implications for organization development, 31, 33–34
Agility routines: facilitating transformation by building, 114–115; implementing, 27e, 28, 47–50, 94–109; perceiving, 27e, 43–45, 66–80, 81e, 88–89; strategizing, 27e, 29, 30, 40–43, 55–66, 80–81e, 88–89; testing, 27e, 28, 45–47, 83–94, 134
Allstate Insurance Company: accelerating change through large group interventions (LGIs) at, 125–127; challenge leadership and clarifying strategy at, 125; COMPASS document on purpose, strategy, and values at, 125; examining the transformation process at, 115, 123–125; reflections on the transformation process at, 129–130; sustaining change and learning through LGIs at, 127–129; two objectives of transformation at, 124
Amazon: comparison of cumulative total shareholder returns (TSRs) of Microsoft, ExxonMobil, and, 7e; cumulative total shareholder returns of, 5, 6e; uncertain market environment during early days of, 13
American Express, 15e
American Machinery and Foundry (AMF), 130
American Research and Development Corporation, 1
Analyzed annual ROA (annual net income/total assets), 9, 10
Anderson, Harlan, 1
Andrews, Ken, 58–59
Apple: aggressiveness of, 80; “hip” image and iPhone technology advantage of, 54; initial market advantage enjoyed by, 12; organizational capability of, 30; thrasher performance pattern of, 18; uncertain market environment during early days of, 13
AT&T, 108
Auto industry performance, 131e

B
Bacon, Francis, 25
Ballmer, Steve, 94
Beals, Vaughn, 131
Beer, Michael, 72
Bennis, Warren, 34, 72
Berkshire Hathaway, 10
Bethlehem Steel, 29
Blockbuster, 95–96
Blue Cross Blue Shield, 116
Boeing, 15e, 16
Borders, 29
Bossidy, Larry, 94

Breadth: attacking new customer segment as strategic, 63; Nokia’s strategy market positioning dimension of, 60
British Petroleum (BP), 18
Buckley, George, 61–62
Buell motorcycles, 136
Built to Last (Collins), 14
Built to Last companies, 14, 15e, 18
Burgelman, Robert, 72

C
Cambia Health Solutions: “The Cause” statement of strategic intent by, 116–117, 121, 122, 123; deliberate and insightful change process at, 119; designing and implementing the initiatives for change at, 118–121; examining the transformation process of, 115–117; Excellence in Leadership Award of, 120; fixing the foundation for transforming to agility, 115; initiating the identity journey of, 117–118; online training and SMART objectives used at, 120; plan-do-check-act cycle used at, 122; reflections on transformation of, 121–123
Camorra crime syndicate (Naples), 141
Campbell, John, 132
Campbell’s Soup, 18, 141
Capabilities: companies with organizational, 30; definition of organizational, 30; dynamic, 16–18, 30; Netflix’s change, 98, 105–109; ordinary, 30; 3M initiatives to restore innovation, 61–62

Capability development: agile organization approach to change management and, 98, 115; DaVita’s agility building and, 39–50, 64–65; evolution of Netflix’s, 107e; ITSS principle as foundation of, 50–51, 114, 115, 126, 135; learning as central to building, 109; need for organization development (OD) focus on, 144–145
Capital One: origins of, 83; “test and learn” at, 83–84, 87
Caviga, 136
Center for Effective Organizations (USC), 116
Chaltiel, Victor, 36, 37
Change: adapting versus becoming adaptable to, 56–57; agile organization’s ability to, 98; Allstate’s ability to learn and sustain, 127–129; crisis and change in identity required for, 64; ensuring delivery of expected results of, 96e; implementation embedded into an organization as full-scale, 107; implementing as well managed, 94–95; managing implementation of, 96e; Netflix’s capability for, 98, 105–109; odds against strategic, 63; “unpopped kernel” problem of failed, 128. See also Adaptability skills; Transforming to agility
Change capability: learning as central part of building, 109; Netflix’s, 98, 105–109; sustained performance driven by, 105
“Change fatigue;” 17
Charan, Ram, 94
Christensen, Clayton, 12
Circuit City, 15e, 29
Citicorp, 15e
Clinton universal health care initiative (early 1990s), 115
Coldwell Banker real estate, 123
Collins, Jim, 14
Comcast, 108
Communication: of environmental information to decision makers, 67e, 71–78; interpreting environment signals as part of, 67e, 78–80; Nokia’s internal “YouTube” SocialCast system and other paths of, 72, 73e, 74; portfolio of future scenarios element of, 75–78
Compaq, 2, 3
Competitive advantage: of agility, 140–141; Darwinian selection argument on, 12–13; dynamic capabilities as source of, 30; “hypercompetition” on limits of, 13; resource-based view of, 29, 30, 139
Core values: DaVita (DaVita HealthCare Partners), 58e; Nokia’s emerging new, 65; of Zip Brands (hypothetical), 89e
Corporations. See Organizations
CPM operating system, 13
Cranz, Tawni, 102–104
“Culture of candor,” 34
Customers: Allstate’s transformation and improved service to, 129–130; attacking a new segment of, 63; Harley-Davidson’s close working relationships with, 133; Netflix’s economic logic used to serve, 96–97; Netflix’s failure to test price increase acceptance of, 98; transparency and feedback of, 104

D
Darwin, Charles, 140
Darwinian selection: organizational agility explained through, 12–14; on population ecology, 31, 32–33, 139; on processes of variation, selection, and retention, 139
Data General’s NOVA machine, 2
D’Aveni, R., 13
DaVita (DaVita HealthCare Partners): agile routines and sustained performance at, 51e; agility scores at, 51e; background information on, 34; breaking out of their thrasher or underperformer pattern, 11; building agility at, 39–50; interpretation of information at, 78–79; ITSS principle (“It’s the system, stupid”) of, 50–51; mission and core values of, 38e; profitability pattern of, 50–51, 52e; transformation of, 37–39.
See also Thiry, Kent
DaVita agility building: events launching, 64–65; examining the process of, 39; implementing change, 47–50; perceiving environmental change, 43–45; strategizing dynamically for, 40–43; testing responses, 45–47
De Pree, Max, 58
Dean Witter Reynolds investments, 123
Decision makers: communicating environmental information to, 67e, 71–78; transparent vertical and horizontal channels to, 72
Differentiation: good management support of, 34; Nokia’s strategy market positioning dimension of, 61
Digital Computer Corporation, 1
Digital Equipment Corporation (DEC), 1–2, 3, 14, 17, 64
Discover credit card, 123
Dodd-Frank Wall Street Reform and Consumer Protection Act, 141
Doriot, Georges, 1
DuPont, 2
Dynamic capabilities: organizational agility explained through, 16–18; as source of competitive advantage, 30

E
Eaton, 10
eBay, 12
Elop, Steve, 59, 61, 74
End-stage renal disease (ESRD), 36
Environment: agile organization’s choice not to exploit its, 142; the agility factor as rapid adaptation to, 18–19; communicating environmental information to decision makers, 67e, 71–78; interpreting signals from the, 67e, 78–80; learning from your, 66; perceiving routine determined by awareness of external, 58; sensing any changes in the, 67e, 69–71. See also Perceiving routine
Execution: as doing better what you already know, 95; greater risk of implementation compared to, 94
Experiments: running the test to learn from, 87e, 92–94; setting up the test for, 87e, 91–92; testing as the routine for using and learning from, 86–87
ExxonMobil: adaptation to market environment by, 14; agility of, 141; comparison of cumulative TSRs of Microsoft, Amazon, and, 7e; cumulative total shareholder returns of, 6e; monthly total shareholder returns of, 5e

F
Facebook, 101
Fairbank, Rich, 83
Financial meltdown (2007), 84, 135, 141
Ford Motor, 2, 15e
Foster, Richard, 3–4
Fresenius Medical Care, 39

G
Galbraith’s Star Model for organization design, 127
Gambro Healthcare, 39, 50–51
Ganz, Mark, 116, 117
Gap, Inc., 18, 142
GATT Uruguay Round (1986), 13
Gelb, Tom, 132
General Electric (GE): diversified organization of, 10; long-term longevity of, 2; organizational capability of, 30; strong development orientation of, 99
General Motors (GM), 13
Geneva Motor Show (2013), 136
Gerstner, Lou, 99–100
Geus, Arie de, 77
GlaxoSmithKline, 18
Global competition, during 1980, 13
Good management practices: agility as reconsideration of, 34, 35e; as Agility Pyramid level, 28e, 29; capabilities-based, 29, 31; differentiation supported by, 34; resource-based, 29, 30, 139; of survivor, thrasher, and outperformer organizations, 35e. See also Top management teams (TMTs)
Good to Great (Collins), 7, 14
Good to Great companies, 14, 15e, 18
Google, 1
Great Recession (2008–2009), 84, 135
Grove, Andy, 94

H
Harley Owners Group (HOG), 131, 134
“Harley Tariff” (1983), 131
Harley-Davidson (H-D): After Action Reviews (AAR Process) adopted at, 135; agility of, 141; auto industry performance rates of, 131; Awareness Expansion (AE) workshops run by, 134; breaking out of thrasher or underperforming pattern, 11; Buell motorcycles acquired by, 136; customer relationships at, 133; events launching transformation to agility by, 64–65; examining the transformation process at, 130–131; Harley Owners Group (HOG) formed by, 131, 134; “Harley Tariff” (1983) petitioned by, 131; ITSS principle (“It’s the system, stupid”) adopted at, 135; “Joint Vision Process” to transform identity at, 132, 133; longevity enjoyed by, 2; MV August purchased by, 136; Performance Effectiveness Process (PEP) of, 133; Project Rushmore of, 133; recession’s (2008–2009) impact on, 135; shared leadership and accountability driving transformation at, 132; slack resource investment made by, 134; “The Street” motorcycles introduced by, 136–137; testing done by, 134
Harley-Davidson Financial Services (HDFS), 132
Harley-Davidson Leadership Institute, 134
Harley-Davidson University (HDU), 134
Hastings, Reed, 97, 98
Hemingway, Ernest, 1
Herman Miller, 58
Hewlett-Packard, 1, 2, 15e
Holiday Corporation, 10
Holiday Rambler, 132, 136
Holmes, Oliver Wendell, 139
House of Cards series (Netflix), 98
Hudson Institute, 76
“Hypercompetition,” 13

I
IBM: antitrust investigation of, 13; breaking out of its thrasher or underperformer pattern, 11; DEC as second only to (1990), 2; Jamming technology used by Nokia’s global chat room, 65; Lou Gerstner’s transformation of, 99–100; market performance (1980–2012) of, 15e; shift from mainframe computing by, 64; thrasher performance pattern of, 18
Identity (organizational): crisis as typically preceding change in, 64; description of, 59; Harley-Davison’s “Joint Vision Process” to transform, 132, 133; Cambia Health Solutions’ initiating change in, 117–118; ITSS principle (“It’s the system, stupid”) for managing change of, 115; Nokia’s “Connecting People” mission and, 60, 65–66; perceiving routine features as reflection of, 67–68; setting transformation strategy by embedded change-friendly, 113–114; strategy as consisting of intent and, 58–59; sustainability embedded in Nokia’s, 142
Implementing routine: comparing execution and, 94–95; DaVita’s agility score on, 51e; DaVita’s agility building through change, 47–50; description of, 27e, 28; ensuring delivery of expected results element of, 96e; as
full-scale change embedded into an organization, 107; managing implementation of the change element of, 96e; at Netflix, 95–109; Nokia’s agility score on, 81e; as well-managed change, 94–95; Zip Brands (hypothetical) agility score on, 93e

In Search of Excellence (Peters and Waterman), 14

Industry/industries: managerial investment for growth within their, 8; McGahan’s use of SIC industry to define, 9; North American Industry Classification System (NAICS), 10; “winner take all” dynamic of some types of, 13; within-industry change affecting, 13–14

Information: absorptive capacity to acquire and exploit, 66; ambidextrous structures of agile organizations for using, 69; communicated to decision makers, 67e, 71–78; interpreting environmental signals and, 67e, 78–80; taking action by using the most relevant, 106–107. See also Testing routine

Ingersoll-Rand, 10

Innovation: as result of a disciplined process, 86–87; testing as well-managed risk and, 86–87; testing tension between efficiency and, 90–91; 3M “15 percent rule” to encourage, 84–85; 3M initiatives to restore their capability for, 61–62

The Innovator’s Dilemma (Christensen), 12

Intent (organizational): Cambia Health Solutions’ “The Cause” statement of strategic, 116–117, 121, 122, 123; description of, 60; Nokia’s “develop the ecosystem,” 61; strategy as consisting of identity and, 58–59; sustainability embedded in Nokia’s, 142

ITSS principle (“It’s the system, stupid”): Allstate’s large group interventions (LGI) for application of, 126; DaVita’s use of the, 50–51; as foundation of the agile capability, 114; Harley-Davidson’s comprehensive approach to, 135; management of identity change by using, 115

J

Johnson & Johnson, 15e, 16, 18

Johnson Controls (JCI), 25–26

K

Kahn, Herman, 76

Kallasvuo, Olli-Pekka, 61, 65

Kaplan, Sarah, 3–4

Kimberly-Clark, 15e, 16

Kodak’s talent management, 99–100

Kroger, 15e

Kubrick, Stanley, 76

L

Lamarc, Jean-Baptiste, 140

Large group interventions (LGI)s: allowing a systematic approach to transformation, 126; Allstate’s accelerated change through, 125–127; Allstate’s sustained change and learning through, 127–129

Leadership: as critical organization capacity, 103–104; Harley-Davidson Leadership Institute for training, 134; Harley-Davidson’s shared, 132; Netflix’s shared, 102. See also Management; Top management teams (TMTs)
Learning: Allstate Insurance
  Company story on sustaining change and, 127–129; as central to building change capability, 109; as part of the culture of agile organizations, 112; running the experimental test for, 87e, 92–94; testing as the routine for using information and, 86–87; 3M’s success due to captured, 92

M
  Management: capabilities-based, 29, 31; good management practices, 28e, 29–31, 34, 35e, 139; Harley-Davidson’s Awareness Expansion (AE) workshops run for, 134; limited ability to adapt to new requirements by, 32–33; resource-based, 29, 30, 139; talent, 98–102, 104–105.
  See also Leadership; Top management teams (TMTs)
  Managing strategy execution: description of, 62; strategizing routine component of, 57e; TMT (top management team) role in, 62–64
  Market: S&P 500 stock index benchmark for the, 3; total shareholder return (TSR) preference metric of the, 3
  Marriott, 15e
  McGahan, Anita, 8–9, 10
  McGahan’s performance data, 8e–9, 10–11
  McGregor, Douglas, 143
  McNeerney, James, 61
  Medicaid, 141–142
  Medical Ambulatory Care, 36
  Medicare, 141–142
  Mello, Joe, 37, 47, 48
  Merck, 15e
  Microsoft: change management at, 94; comparison of cumulative
  TSRs of Amazon, ExxonMobil, and, 7e; initial market advantage enjoyed by, 12; Nokia’s mobile devices business sold (2013) to, 55; uncertain market environment during early days of, 13
  Mintzberg, Henry, 60
  Mission: DaVita (DaVita HealthCare Partners), 58e; Nokia’s “Connecting People” identity and, 60, 65–66; perceiving routine features as reflection of, 67–68
  Modern Healthcare, 36
  Morris, Nigel, 83
  Motorola, 13, 15e, 53
  MV August, 136

N
  Napoleon, B., 11
  National Medical Enterprises (NME, now Tenet Healthcare), 36
  Netflix: ability to implement major changes by, 98, 105–109; alignment and transparency of, 102–104; background information on, 95; compensation approach taken by, 104–105; competition between Blockbuster and, 95–96; context and CDNs (content delivery networks) of, 102–104, 108–109; economic logic used to serve customers by, 96–97; evolution of capabilities of, 107e; failure to test customer acceptance of change in terms, 98; negative public reaction to price increase (2011) by, 97–98; Open Connect distribution network of, 98; shared leadership approach at, 102; talent management and leadership at, 98–99, 101–102
Nokia: ability to sense environmental change at, 70–71, 80–81; “adaptive short-term planning” process used by, 64, 71–72, 74; agility scores of, 81e; ambidexterity and surface organizational designs of, 70, 71; Blog-Hub intranet soapbox at, 74; brand reputation of, 59–60; “Connecting People” identity and mission of, 60, 65–66; “develop the ecosystem” intent of, 61; dominance and expansion (1998–2007), 13, 53–54; history of organizational structures of, 73e; interpretation of information at, 71–72, 74–75, 77–78; internal “YouTube” SocialCast system and other communication paths at, 72, 73e, 74; mandate of Nokia Research Center (NRC), 70; mobile devices business sold to Microsoft (2013) by, 55; NAVTEQ acquired by, 53, 56; Nokia Open Studio project at, 75, 77–78; organization (2011–2012) by, 55e; Ovi Store of, 54; perceiving routines of, 68; ROA performance (1994–2009), 54e; strategizing to regain global market share, 55–56, 58–61; strategy market positioning dimensions of, 60–61; sustainability embedded in strategic intent and identity of, 142; “World Café” discussion groups and new values pushed by, 65

Nokia Research Center (NRC), 70

Nokia’s top management teams (TMTs): “adaptive short-term planning” process used by, 64, 71–72, 74; interpretation of information by, 71–72, 74–75, 77–78; managing strategy execution role of, 57e, 62–64; revised set of values recommended by, 65

Nordstrom, 15e

North American Industry Classification System (NAICS), 10

NOVA machine (Data General), 2

Nucor, 15e, 16

O

“Obamacare” (Patient Protection and Affordable Care Act of 2010), 115, 122, 141

Olsen, Ken, 1, 2

OPEC oil embargo (1973), 76

Open Studio project (Nokia), 75, 77–78

Orange, 108

Ordinary capabilities, 30

Organization development (OD): emergence and development of, 143; as lacking in agility, 143; need for focus on agility to be effective, 144; professional division within, 143–144

Organization development (OD) practitioners: learning to focus on agility and capability development, 144–145; professional division among, 143–144

Organizational agility. See Agility

Organizational ecology, 31, 32–33

Organizational Learning Center (OLC) [MIT], 134

Organizational physics argument, 14–16

Organizations: *Built to Last* companies, 14, 15e, 18; *Good to Great* companies, 14, 15e, 18; identity component of strategy of, 58–60, 64–66, 113–118, 132, 133, 142; intent component of strategy by, 58–61, 116–117,
121, 122, 123, 142; life cycle of, 139; outperformer, 35e; surviving versus thriving, 2–11; survivor, 35e; U.S. Fortune 500 retention rates, 3e. See also Agile organizations; Thrasher organizations

O’Toole, James, 34, 72
Outperformer organization management practices, 35e

P
Palmisano, Sam, 64
Pasteur, Louis, 53, 86–87
Patagonia, 142
Patient Protection and Affordable Care Act of 2010 (“Obamacare”), 115, 122, 141
PDP (Programmable Data Processor), 1
PDP-11 computer (DEC), 2
Perceiving routine: DaVita’s agility score on, 51e; DaVita’s agility building through, 43–45; description of, 27e, 66–67; interaction and feedback between strategizing and, 58; interpreting environmental signals, 67e, 78–80; Nokia’s agility score on, 81e; Nokia’s successes and failures of, 68; sensing the environment element of the, 67e, 69–71; sensing without communicating is waste, 67e, 71–78; testing as complementing the, 88–89; Zip Brands (hypothetical) agility score on, 93e. See also Environment
Performance: agility factor of sustainable, 11–16; agility potential for sustainable, 141–142; surviving versus thriving, 2–11
Performance metrics: accounting profitability, 8; analyzed annual ROA (annual net income/total assets), 9, 10; annual S&P 500 stock index rate of return, 3, 10; McGahan’s performance data, 8e–9, 10–11; total shareholder return (TSR), 3–7e, 9, 10
Peters, Greg, 109
Peters, Thomas J., 14
Pfizer, 18
Philip Morris, 14, 15e
Pitney Bowes, 15e
Plan-do-check-act cycle, 122
Pollard, William, 83
Population ecology, 31, 32–33, 139
Porter, Michael, 63
Procter & Gamble: market performance (1980 to 2012) of, 15e; organizational capability of, 30; organization development (OD) impressive results at, 143; as thrasher organization, 18
Project Rushmore (Harley-Davidson), 133
Publius Syrus, 111

Q
Qwikster, 97, 98

R
RAND Corporation, 76
“Regulatory capture,” 142
Renal Care Group, 39
Renal Treatment Group, 36, 37
Resources: expanded definition of, 30; resource-based view (RBV) of management, 29, 30, 139; slack resources investment to rapidly deploy capable, 134; valuable, rare, inimitable, and nonsubstitutable (VRIN), 30
R.H. Donnelly, 29
Risk: extensive planning as often futile attempt to control, 106; of
implementation compared to execution, 94; innovation and testing as well-managed, 86–87; tests as “low-cost probes” to help manage, 106–107
Royal Dutch Shell (RDS), 76–77

S
S&P 500 Stock Index: as performance metric, 3, 10; total shareholder return (1980 to 2012), 14, 15e, 16
Samsung, 53, 80
Sandberg, Sheryl, 101
SAP, 86
Sarbanes-Oxley regulations, 84
Scenarios: communication through portfolio of future, 75–78; history and development of, 76–77; Nokia Open Studio project, 75, 77–78
Sears Financial Network, 123
Senge, Peter, 134
Sensing: organization’s abilities related to, 69; perceiving through environmental change, 67e, 69–71
Shared leadership approach:
Harley-Davidson’s use of the, 152; Netflix’s use of the, 102
Shared responsibility philosophy, 34
Shareholder returns: Amazon cumulative total shareholder returns, 6e; comparison of Amazon, ExxonMobil, and Microsoft cumulative TSRs, 7e; ExxonMobil cumulative total shareholder returns, 6e; ExxonMobil monthly total shareholder returns, 5e; finance theory on, 4; total shareholder return (TSR) metric of, 3, 4–7
Siemens, 2
Simon, Herbert, 11
Six Sigma: identifying sources of waste as form of innovation, 86; 3M initiatives on using, 61
SMART objectives, 120
Smartphone market: Apple’s and Google’s “consumerization” of, 61; Nokia’s dominance and expansion (1998–2007), 13, 53–54; Nokia’s strategic market positioning in the, 60–61; Nokia’s strategizing to regain global market share, 55–56, 61–62
Somma, Rande, 25–26
Sony, 15e
Sony Ericsson, 53
Soviet Union, 13
Standard Industrial Classification (SIC) system, 9, 10
Stimpson, Mark, 117, 118
Strategizing routine: DaVita’s agility building through, 40–43; DaVita’s agility score on, 51e; description of, 27e; developing the strategy element of, 57e, 58–62; establishing organizational purpose element of, 57e, 64–66; examples and images of, 56; interaction and feedback between perceiving and strategizing, 58; managing execution of the strategy element of, 57e, 62–64; Nokia’s agility score on, 81e; Nokia’s successful, 55–56, 58–61; resource-based view of, 29, 30, 139; testing as complementing, 88–89; 3M’s successful, 61–62; Zip Brands (hypothetical) agility score on, 93e
Strategy: Allstate’s challenge leadership and clarification of transformation, 125; developing the, 57e, 58–62; establishing organizational purpose of, 57e,
64–66; introducing identity and intent components of, 58–59; managing execution of the, 57e, 62–64; odds against successful change through, 63; setting a transformation, 113–114; as wasting asset that needs to be refreshed, 62
Survivor organization management practices, 35e
Sustained performance: agility and potential of, 141–142; change capability as driving, 105; Darwinian selection argument on, 12–14; a different way of defining, 9–11; dynamic capabilities argument on, 16–18; the old way of defining, 3–9; organizational physics argument on, 14–16; rapid environmental adaptation required for, 18–19. See also Agility factor

T
Talent management: IBM’s successful, 99–100; Kodak’s failed, 99–100; Netflix’s above-market compensation as part of, 104–105; Netflix’s successful, 98–99, 101–102; “travel light” approach to, 100
Teerlink, Rich, 131, 132, 133, 134, 135
Teller, Edward, 76
Testing routine: Capital One’s, 83–84, 87; DaVita’s agility score on, 51e; DaVita’s agility building through, 45–47; description of, 27e, 28; Harley-Davidson’s extensive, 134; learning from experiments, 87e, 92–94; as “low-cost probes” to help manage risk, 106–107; Netflix’s failure to test customer acceptance, 98; Nokia’s agility score on, 81e; resourcing innovation and execution, 90–91; setting up and running experiments, 87e, 91–92; as the sine qua non of agility, 85; strategizing and perceiving complemented by, 88–89; as well-managed risk and innovation, 86–87; at Zip Brands, 87–94; Zip Brands (hypothetical) agility score on, 93e. See also Information
Thiry, Kent: on DaVita’s implementation of change, 48, 49; on DaVita’s mission, 40; on DaVita’s testing responses, 45–47; on importance of accountability, 44, 46–47; “Murphy Team” led by, 47; promoting effective execution by his management team, 39; taking over as CEO at DaVita, 37; on value of nimbleness versus cost of chaos, 43, 46. See also DaVita (DaVita HealthCare Partners)
Thrasher organizations: adaptability without having agility characteristic of, 56–57; description of, 139; difficulty of interpreting environmental signals by, 80; good management practices of, 35e; IBM’s breaking out of pattern of, 11; identity and intent components of strategy of, 58–59; performance pattern of, 18. See also Organizations
3M: captured learning component of success at, 92; “15 percent rule” at, 84–85; initiatives to restore innovation capabilities of, 61–62
Top management teams (TMTs): inability to monitor all aspects of organizations alone, 58; interpretation of information
essential to, 67e, 68, 78–80; managing strategy execution role of, 57e, 62–64; perceiving routine as typically loosely connected to, 66; perceiving routine features as reflection of strategic expectations of the, 68; revised set of values recommended by, 65; setting the strategy for transformation, 113. See also Good management practices; Leadership; Management

Total Renal Care (TRC), 36–37

Total shareholder return (TSR): Amazon cumulative, 6e; of Build to Last and Good to Great companies (1980 to 2012), 14, 15e; calculating, 4–5; comparison of cumulative Amazon, Microsoft, and ExxonMobil, 7e; data from 1980 to 2012, 9; ExxonMobil cumulative, 6e; ExxonMobil monthly, 5e; as performance benchmark, 4, 10; as preferred performance metric, 3–4

Toyota: organizational capability of, 30; as thrasher organization, 18; Toyota Production System of, 133

Transforming to agility: Allstate Insurance Company story on, 115, 123–130; building agility routines to facilitate, 114–115; Cambia Health Solutions story on, 115–123; fixing the foundation to prepare for, 114, 115; Harley-Davidson (H-D) story on, 130–137; having an orientation to, 111–113; setting the strategy for, 113–114. See also Agility; Change

Transparency, 102–103, 104

TRW, 143

U

Uncertainty: extensive planning as often futile attempt to control, 106; of implementation compared to execution, 94; innovation and testing as well-managed risk and, 86–87; tests as “low-cost probes” to help manage, 106–107

United Technologies, 10

Universal health care: failure of Clinton health care initiative (early 1990s) for, 115; “Obamacare” legislation working toward, 115, 122, 141

UNIX operating system, 2

“Unpopped kernel” problem, 128

Uruguay Round (1986), 13

U.S. Fortune 500 retention rates, 3e

USA Today, 108

V

Valuable, rare, inimitable, and nonsubstitutable (VRIN) resources, 30

Vanjoki, Anssi, 53–54

VAX (Virtual Address eXtension) computer [DEC], 2

Volcker, Paul, 13

Volvo, 143

W

Walgreens, 15e

Wal-Mart, 15e, 16

Wall Street Journal, 97

Walt Disney, 15e, 16

Wandell, Keith, 136

Waterman, Robert H., Jr., 14

Wells Fargo, 15e

What Really Works (Joyce, Nohria, and Roberson), 7

“World Café” discussion groups, 65

World Trade Organization (WTO), 13

Wozniak, Steve, 2
Y
Yahoo, 13
Yom Kippur War, 76
YouTube, 109

Z
Zip Brands (hypothetical company):
agility profile of, 93e;
background of, 87–88; core values of, 89e; learning from experiments at, 92–93; resourcing innovation and execution at, 90–91; setting up and running experiments at, 91–92; testing routine at, 87–94