The Agile Organisation: A Case Study

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Abstract: Rapid change is being witnessed in terms of consumption patterns globally which is forcing the organisations to respond to such changes. The present-day organisations, therefore, need to be very dynamic and agile. The present article focuses on the concept and practice of agile organisations by describing the key features and substantiating them by presenting a case. The emerging trends in India like mounting applicability of digital technology, strategic cooperation among rivals, arrival of Industry 4.0, data sharing, ecosystem business model etc. are reshaping the economy’s dynamics. Smooth transition from traditional organisations into living organisations is one of the best options to overcome the disruptive trends. Thus, it is needed to be agile maintaining the trade-off between stability and dynamism to create value for the stakeholders by establishing a network of teams which are capable of fast decision making. It portrays such factors which are inevitable for any organisation to be agile. A case study of Amazon India has been taken to understand the dynamics of agility cooperation and digitalisation in today’s changing scenario.

Keywords: Agile organisation, Industry 4.0, data sharing, Ecosystem business model.

Numerous theories have been developed exploring the causes or factors behind the business fluctuations in any economy. Among them, one was Schumpeter’s Theory of Innovation which emphasised the role of innovation in increased investments and leading to the enhanced productivity, improvements or disruptions, change in magnitude or scale of the business activities. The businesses or industry or even an economy requires such innovation as a matter of course to stand persistently before the changing dynamics of any economy.

In the era of ‘digitalisation and information’, the change is posing the challenge of survival or retention of its existing position to the old conventional organisations. Now a days such changes are happening on such a rapid pace that organisations are doing innovations tirelessly in every aspect of the business ranging from product to process, practices to technology, lower level to strategic management, vendors to customers etc. so as to gain some competitive edge and to discount the quick changes in the environment.

There are some disruptive trends which are challenging the old paradigm. First, quickly evolving environment i.e. evolving patterns in demand of all stakeholders leading to acquisitions, collaborations and restructuring. Second, constantly introducing disruptive technologies which are replacing or commoditizing established businesses with digitalisation, AI, Robotics, Internet of Things etc. Third, escalation in use of information, data and its access. Fourth, cut throat competition to acquire new talent for becoming learning organisations and for getting the multidirectional excellence. It is thus required to adopt out of the box ways and means to transform the industries, economies and societies. There is a need to shift from old paradigm of machine organisations to organisations as organisms.
The organisations are shifting from top down hierarchy and beurocracy based structure to action-oriented structure that is quick to respond the changes and stresses the end to end accountability of the teams. These are dealing with their evolution as agile organisations. To gain some advantage, the business community is experimenting with unconventional ways of cooperation and collaborations. The focus is shifted on cost efficiency as well along with profitability. To get benefits of the economies of scale competitors are using each other’s resources.

The paper attempts to analyse the role that agile organisations are playing in this era of automation and democratisation of information. It portrays such factors which are inevitable for any organisation to be agile. A case study of Amazon India has been taken to understand the dynamics of agility cooperation and digitalisation in today’s changing scenario.

### Agile Organisations

Agility- the readiness or quickness with which any organisation responds and adopts the change. In today’s scenario, the environment is volatile and dynamic. Agility does not merely imply the change but instead balancing both sides stability and dynamism. If any organisation keeps on changing then it would be very challenging to sustain owing to the financial as well as structural implications of organisational change. Most of the significant attributes for any organisation are changing rapidly- the demand , government policies, rules competition, organisational structure, processes, technology and many more. Thus, it is needed to be agile maintaining the trade-off between stability and dynamism to create value for the stakeholders by establishing a network of teams which are capable of fast decision making.

Ahlback, Fahrbach, et.al. (2017) in their study suggested that the process of transformation into agile organisation is in its beginning stage and are already yielding positive returns. The study found that around 75 % of the respondents said that organisational agility is one of the top three agendas in their organisations. They tested the ability of the organisations by 18 practices of agility and 90% attributed the leader’s role in strategic formulation and then practices related to process and people. Some principles were revealed in the study such as embracing the magnitude of the change, clarity on vision, deciding where and how to start etc.

Aghina, Smeet & others (2018) demonstrated the five trademarks of agile organisation that are continuously exhibited by the successful ones in their research. The study conducted by Mckinsey gave trademark in five dimensions. First was strategy- sensing opportunities to create value for all stakeholders. Second was Structure-creating network of empowered teams with clear flat accountable lines. Third is Process- rapid decision and learning cycles. Fourth is People- igniting passion among dynamic people with shared leadership, role mobility etc. Fifth is Technology which is next generation technology. The paper highlighted most significant agile practices in each of these five dimensions.

Smet, A.D.(2018) in his paper studied on the role of the manager and what activities are done to transform. The paper explained the dynamic matrix structure that a typical agile organisation employs with two types of reporting lines- capability line called chapters and a value creation line called tribes. Chapters focus on developing capabilities and deploying talented and specialised persons for the purpose. Tides are responsible for making money and delivering value to customers by renting resources from chapters. Besides this the author discussed the role of chapter leader, tide leader and squads.

Berggren, Flemming, Moss and Keane(2018) focussed on Biopharmaceutical innovation and stressed on the need for the companies to revisit the research and development operating models to reshape the organisation ranging from mindset to offering innovative medical treatments, dynamic and stable transforming based on agile principles.
Several studies have been conducted to analyse the role of agility in different industries or different functions of the organisation. Edelman, Heller & Spittaels (2016) studied how the companies develop the process, people and marketing technology to make agile marketing at scale. The emphasis was given on single war room for direct marketing response along with development of other elements of marketing.

Oliver & others in 2015 recognised the changing perspective of the IT industry in Silicon Valley to consider the agile as mainstream. The companies need to integrate their software development with their IT operations to focus on continuous delivery of the upgrades. The article studied the new approach of such integration called DevOps software, the enabler of agile software. Some more recent studies have stressed the need for transforming the IT architecture into agile.

Creating Agile organisations

Agile organisations may be created by the transformation or smooth transition from authoritarian to complete democratised structure. This transformation is not that simple to be effectively implemented because of numerous known and unknown, controllable and uncontrollable factors. From various studies it is evident that for any such turnaround in the philosophy, vision, culture etc in any organisation, the big guns have to face conventional ideological mountains to cross while the start-ups may go much smoother to start over the change in organisational dynamics.

The big organisations generally prefer to be conservative and thus intend to bring change in parts to maintain and then to accelerate the present position. Such organisations believe in top down boss culture fundamentally and are hesitant in accepting the agile leadership principles. Their concerns and their tendency of cautiousness are very legitimate, but this is also the harsh reality of implementation of agility that it produces ineffective and dysfunctional improvements if not adopted wholly. This must be at organisational level in toto instead of team specific implementation. To make this reality there is change in total mindset of the management and leadership but it sometimes bumpy in aligning the agile ideology and the corporate vision.

Creative Economy: Some organisations like Google, Apple, Zara, ING etc have changed their objective of maximising the shareholder value to delighting the customer. Profit maximisation is no more goal, but it has become the result by adopting the Agile to constitute Creative Economy.

The transition to Agile involves five major shifts which are interlocking elements which form mutually reinforcing sequence. The process does not merely goes through random improvements but involves change in corporate culture. Changing the culture is, in no way, an easy task to accomplish. The best strategy is to rely on leadership in the beginning and moving down to management practices to intimidation.

Following figure portrays the five changes in organisational heuristics which must be done simultaneously.

- Every organisation strives for making maximum money to create value, but it must work on delighting the customer.
- The role of leader is not only to control or dictate but he/ she must facilitate and inspire
- A shift from beurocracy style of work governing by rules, procedures, plans and reports; to agile methods for work.
- The organisation revolves around its basic values of efficiency and predictability, but this must be replaced by transparency and continuous improvements.
- Communication channels must not be restricted to only top down direction but also open itself to horizontal one.
Creating Agile Organisation

![Diagram showing major shifts for Transition to Agile]

**Goal**
from *Making money to Delight the customer*

**Communication**
from *Top down to Horrizontal*

**Leader’s Role**
from *Controller to Enabler*

**Value System**
from *Efficiency & predictability to Transparency & continuous improvement*

**Work Culture**
from *Bureaucracy to Agile methods*

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### Emerging trends in India - Need for Agile

Back to 1956, India bought its first computer named HEC-2M. It was just a number crunching machine, huge in size, installed at Calcutta’s statistical institute and was used in five year plans. India was much behind than the world. But as the time passed, not only computers but in all fields, we started using technology. The 1991 reforms made it possible to know, access and employ the latest developments or innovations of the world in or nation. The evolutionary change from then till now has taken place being it manufacturing or construction or infrastructure or telecom or services or lifestyle or everything else. The advancements in technology and its applicability in our lives have undoubtedly grown exponentially.

Amidst changing demand patterns, mounting competition, technologies getting obsolete every day, and many such continuously changing variables, organisations are working hard to surge the market share by creating demand for their products. The digital drives in the economy has led to the drastic change in the organisation and have forced them to execute out of the box ideas and to reformulate strategies empowered with unconventional tactics. Some of the new trends emerging in India are:

- **Ecosystem model of business:** The old school of organisations, believing business be confined to the core activities and some direct sellers, is losing its relevance in today’s world of cooperation. The different business models of ecosystems replacing agency, platform model is being developed which work on creating value for all the stakeholders contributing in the business. Globally IT companies were one of the best examples like Apple, Microsoft, Google, Alibaba etc. who have made best from such strategies for themselves and their partners as well. In India, one of such company Flipkart- e-commerce market leader, is creating value for the parties such as Logistics, Banking partners, insurance companies, telcos, etc. who are sharing the digital space of Flipkart.
**Information and data sharing:** Today is the age of networking, data sharing and transfer of information. The companies aim to discount the gains from sharing the ecosystem enabled with greatly enhanced connectivity. This helps the organisations to create solutions jointly for the satisfaction of human needs and to convert it into the competitive advantage.

**Cooperation and collaboration:** The ecosystem thinking provide framework for the profound shift from competition to cooperation. This is on rise – the importance of partnerships, relationships, alliance, strategic cooperation within the industries and between he industries. The organisations are not merely focussed on profits but also oriented in direction of cost reduction by sharing the production facility, distributional channels, outsourcing facilities etc. Toyota providing its production facility to Suzuki to produce its cars in Bengaluru plant is one such example. Similarly, the telecom industry, battling the stormy entry of Jio with almost everything free, is experiencing the absolute turnarounds in the form of tie-ups between the arch rivals, mergers, alliances, sharing each other’s space.

**Interdependence and reach across industries:** Now-a-days companies very well realise the need for expanding their limits by roping in the competitors within their respective industry as well as across the industries. For the mutual benefit the companies from different backgrounds are forming the strategic alliances to target the larger customer base. For instance, when we order a shirt on Amazon, some vouchers are added to the cart which may be of movie tickets, food items, recharge and many more. In bid to diversify their corporate portfolios the big by corporates like Munjals of Hero, Burmans of Dabur too joined the race to acquire sinking Apollo Hospitals along with other Hospital chains such as IH, Manipal Hospitals.

**Arriving Industry 4.0:** Industry 4.0 stands for the fourth generation of industrial revolution which comprises of Internet of Things, cyber physical systems, cloud computing and cognitive computing. Today is the age of automation and data exchange which enables the industry, the service providers and corporates to provide the smart solutions to the customers and to the industry itself. Use of artificial intelligence is one of the attractive means for the organisations in manufacturing and operations. Besides this the algorithms and Bots- machine learning programs are being developed for automated practices. The logistics industry is one of the industries who are transforming rapidly. Robots are performing tasks ranging from picking the heavy weights to assembling, from leveraging to spinning etc. Softwares are running to handle the processes digitally in each aspect of the organisation including manufacturing, store keeping, material handling, sales, customer relationship via messages or mails, inventory management, work assignment, managing human resources etc.

**Bloomiing service sector:** India is witnessing massive change in the occupational structure as the service sector is gradually becoming the most attractive spot for people. It is the service sector which is aligning itself with the new generation technology to provide viable smart solutions. As the income rises, the proportionate consumption on improving standard of living increases. The same is happening in India as the higher income group, higher and medium middle-class desires not only cheap products but also convenient and time saving. Thus, the service sector is exploring smart options not only to satisfy the needs but also to delight the customer. Ordering pizza, food; Paying bills; Recharge or movie tickets; Booking tickets for conveyance or stay; Getting appointments; Buying insurance policies or performing banking; the realisation, of technology being an essential ingredient in the modern times, by the service industry has made all this possible on the tips of the fingers resting in their living rooms.

All such emerging trends in India are the alarming bells for the traditional organisations and for their conventional way of business. Today is the trend of the disruption which are pressing buttons for the change from mindset to structure, process to people, organisational culture to dynamics. It’s important to understand what the agile organisations believe, what and how they operate The paper attempts to analyse the practices of one of the worldwide known disruptor- Amazon.
Amazon

Jeff Bezos, 24 years back, left his job and founded a company named Cadabra on July 5, 1994 and in few months renamed the business as Amazon. At that time, he strongly believed in the bloom of internet industry. He started with online bookspace and expanded to video streaming, video downloads and to almost every product today.

Amazon, an electronic commerce giant and cloud computing company, is the world’s largest online retailer in terms of market capitalisation and revenue. It is the second most valuable company in the world, behind only Apple, which has achieved the landmark of 1 trillion US $ valuation.

"Our vision is to be Earth's most customer-centric company; to build a place where people can come to find and discover anything they might want to buy online."

Jeff Bezos has the vision of making the company the most consumer obsessed company of the world. Amazon’s brand logo also symbolises company as a customer centric platform which offers products for ‘a’ to ‘z’ needs of the customer.

Amazon’s Business Model

The company is the linking bridge between supply and demand offering the electronic marketplace to both sellers and buyers. One, the company promotes entrepreneurship by assisting the sellers from providing the launchpad for their products to space in warehouse to delivery of the products. Second, it empowers customers with free accessibility to the limitless world of products to satisfy their needs and desires at their fingertips.

Besides this, AWS- Amazon Web Services provides on demand cloud computing platform to the individuals, companies and even governments, rendering over 90 different products and services under its umbrella. According to Synergy Group, in 2017, Amazon owns a whopping market share of 34%- one third of the whole, far ahead from Microsoft which stood at second with 11% market share. Amazon Prime, Kindle, Echo, Amazon Drive, Alexa, Fire Tv, etc. are some other innovative products of Amazon which lets its customers experience the high tech tools and Internet of Things.

The key dimensions: Agile practices of Amazon

An organisation is the social entity of people structured or organised in order to achieve some common purpose through best possible application of resources- financial and capital. Thus every organisation have five vital organs to make it functional, which are Strategy, Structure; People, Process and Technology. In the last few years, prominent scholars and research institutes have scaled up their work significantly on exploring the innovative ways and means to face off the emerging disruptive trends. Transformation into Agile one is one of the most significant solution but a deliberate one.

Since the Amazon’s inception Jeff Bezos and his team has made global traditional organisations realised the power of audacious and continual disruption for being adaptive to inevitably changing demand. When Bezos formed the online bookspace, it was itself a huge challenge before the incumbents and were forced to disrupt their business models. And the company is very much consistent in adopting and creating change for the betterment of the organisation itself, the industry and the whole society. The figure 2 portrays the Amazon’s agility in key five dimensions

Strategy: The vision and mission statement of Amazon itself pitches the customer centric nature of the business. The company strives for the mindset of creating value for its stakeholders believing in the abundance of the opportunities. For this the company is engaged in strategic collaborations, continuous product development, tie-ups with top brands and labelling the most popular products in its own name. The other key practice along with
the shared vision is the actionable strategic guidance given to the employees regularly to avail all possible opportunities. The company also follows the flexible resource allocation practice, which has become the inevitable ingredient for proactively responding to the changing demand and thus accomplished on fixed intervals, mostly a month, becoming an agile organisation.

Structure: The company works on the ecosystem model of business strengthened by network of empowered teams designed in clear and flat structure. The company well balances between cross functional teams and focussed performance groups with assigning accountable roles to the people

Process: Amazon has adopted various measures to make the processes of the organisation agile. Some of the prominent practices include rapid iteration & experiment, performance orientation, Information transparency, Standardised ways of work etc. The Mantras of the continuous learning and the action-oriented decision making are core of the company.

People: Amazon is based on dynamic people model. The company emphasizes on the cohesive communities and ecosystems on the principle of shared leadership. It takes the entrepreneurial drive from the front as the business model of the e-commerce giant absolutely relies on the entrepreneurs or sellers selling their products on Amazon web portal

![Figure 2: Key Agile practices in Amazon](image-url)
Technology: Since its inception as the online bookstore to world’s largest e-commerce company, after Alibaba of China, Amazon is the company driven by its technology. In this age of agility, it lacks behind in nowhere. The company is very agile in discovering and adopting innovative technologies by not limiting itself to the online portal. The company is seamlessly integrating the next generation technology with every aspect of the organisation. Evolving the technology architecture systems, developing machine learning programs for logistics or operations, applicability of Artificial Intelligence in warehouses and delivery, cloud computing and Internet of Things are some of the agile practices adopted by Amazon.

Transforming from its core

- **Onboarding Vendors**: Amazon provides the platform for the vendors to reach the customers locally, regionally, nationally and globally at one place. Since the company’s main business is through these sellers, the company is leaving no stone untouched to bring new enterprises on their side, retain the existing ones and to create value for them. Sellers Central Dashboard is an in-built online panel provided to sellers which contains all the relevant information relating to the consignments and sale of their products. The dashboard also generates Amazon Standard Identification Number (ASIN) for each item which is a unique identifier. The company also gives insights through this about the future orders, merging trends in tastes and preferences, demand estimation etc. It is supported by the automated price adjustments mechanism which processes on the real-time information.

- **Customer Services**: In India, the wave of digitalisation is pushing the customers towards the world of clicks and touch accessing/buying the countless products, leaving them struck in warzone of companies enticing them with jollies of big sale, Mahacashbacks, No cost EMI, Exchange offers etc. The company has a strong virtual customer service network that supports the business activities and customers. Amazon is running numerous programs simultaneously to expand their customer base. It’s principle of Go Close is too very much aligned with the mission statement of becoming the most obsessed company of the Earth. Easy returns, better exchange options, Prime membership, Fast cashbacks, fast delivery, Amazon fulfilled, Amazon Pantry are some of the innovative practices of the company to make the customers be delighted.

- **Order Processing by Amazon Fulfilment Centres (FCs)** - The high-tech warehouses are algorithm driven centres which are primed to ship the parcel with lightning speed and zero error across the country. In US, these FCs use Artificial Intelligence like Robots, Drones, advanced software from entry to packaging to delivery with least involvement of humans. In India too, the company has developed the network of its FCs where humans follow instructions and algorithms take decisions. It uses barcoding of ASIN, strategy of random storing, system generated instructions for picking the item and its packaging, separate trays for single and multiple orders etc. For instance, a shipment of Men’s Jeans arrive at the loading dock at the designated time containing some number of items each having unique ASIN barcode generated by seller dashboard by a truck. It will be firstly scanned to determine its dimensions so as to store accordingly and later to package. It starts its journey with barcode pairing and is tracked/scanned from containers to cart to the shelf. Amazon works on random storing technique where these jeans will be spread evenly across the different shelves in FC instead of storing category wise. When a Jeans is ordered algorithms will generate ‘pick’ instruction for nearest picker and will direct the size of packaging.

- **Logistics and Delivery**: Amazon, having a tie-up with Indian Post, is expanding its business by delivering the orders in all 20500 pin codes across the country offering over 170 million unique goods. It has marketed its flagship Prime membership programme aggressively which offers benefits of free delivery and superfast speed (1-2 days). The company is establishing sort centres and fast track lanes between metro cities, using seller flex, delivery algorithm etc. to enable fast deliveries. It has remarkably grown its infrastructure and logistics to fulfil these orders. According to the report published by Economic times, the company is bringing its US programme of allowing other entrepreneurs to run their own fleet for delivery in name of Amazon to India. The report also claims that under the Project Amada (internally referred name), the pilot has been started in Delhi and the
project aims for 1200 fleet of vehicles in a year. This report is supported with the earlier reports of June confirming that Amazon in US is set to work with small businesses with its logo and other incentives.

- **Marketing:** Amazon Prime- the flagship membership loyalty program is the classic example of agile marketing which has over 100 million loyal members. It is unconventional loyalty plan free from reward points and its redemption. Instead it offers bunch of incentives like unlimited free delivery with numerous speed options, exclusive prime deals, pre-sale offers, fast cashbacks, etc. It also provides free access to its entertainment and reading services such as Prime Video, Prime Music, Prime reading etc. The company is too agile in running hundreds of marketing campaigns simultaneously to instantly respond the dynamism of the economy.

The whole organisation structured in agile teams operate in specially designed warzones at the time of sale or festive season. The company handles and analyses large data for framing policies, estimating demand and consumption patterns, category wise trends, giving insights to sellers etc. The real time automated feedback messages are posted to the customers for more transparency by providing order tracking information. For better communication and personal touch with the customers as well as sellers, the captive call centres are being setup in departure of traditional BPOs.

- **Personnel:** The agile organisations operate like the living mechanisms balancing the dynamism and stability. Amazon adopts the uncompromising recruitment policy to maintain the standards. While selecting the new recruits the company ensures that new recruits raise the bars in terms of the ability and performance.

- **Strategic Guidance:** By incorporating handful of such agile practices across all key five dimensions, the Amazon is ensuring the smooth transition supported by all levels ranging from top management to warehouses and delivery. The company leveraging itself in the right direction by consolidating the synergy of different strategically guided functions is the second company of the world to cross the magic figure of 1 trillion USD. In India, the company is strategically employing all its resources to gain competitive advantage over its rivals in the form of modern technology, simplified processes and distinctive initiatives.

These are not slogans only but the initiatives guiding the whole organisation with sheer momentum confirming to the desired dimension as a gauge. ‘Get Big’ symbolises the objective of being magnificent-crossing all limits and setting new bars. ‘Get Fit’ is for the accuracy, planning the costs and targeting optimum. ‘Get Close’ directs for strengthening the relationship with the customers delighting them with the long-lasting experience and services.

To close the case, it may be a global phenomenon which is slowly creeping into all sorts of organisations with its seeming advantages to their structure and functions. Not only agility shall breed efficiency and longevity, it implies and imbibes the growth in all key elements. The case presented above is a perfect example of technology driven human resource development within the company and the end users by way of adapting to change in lifestyle. *Therefore, we should value agility in organisations and make agility a value.*

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