

Agile Governance: Making the Right Decisions at the Right Time



Making and implementing effective decisions is harder than it seems. Organizations often sail along quite smoothly with legacy governance mechanisms. But when a bold new opportunity arises, the external environment takes a sudden turn, or performance starts to go adrift, executives can often find it difficult to set their companies on a new course.

Companies with agile governance do three things well (see figure). Namely they:

- **Focus on the most critical decisions**, by identifying which decisions will have the greatest impact on corporate objectives and by applying effective processes to support timely decision making
- **Define who is responsible for making decisions**, by creating an appropriate decision-making structure and bodies and by assigning clear accountability to reach and execute decisions
- **Provide timely access to quality management information**, by implementing the right decision support tools

Figure

Agile governance enables organizations to make the right decisions, at the right time, with the right information



Building Agile Governance

The first step in building agile governance is to **set the priorities**. The starting point to determine those priorities is the company's own strategic objectives and operating model. Misalignment between a company's strategic objectives and its operating model can create significant dysfunctions; some of those dysfunctions will need to be addressed through a revised organizational structure, while others can be addressed through more effective governance. Surveys and structured interviews on the effectiveness of governance bodies and decision-making processes can help highlight areas for improvement and define the principles around which a new model can be drafted.

The second step is to **design for the future**. This means defining the company's key governance bodies and committees and optimizing governance processes in important areas such as strategic planning, investment decisions, operational planning, budgeting, and control. Each committee's objectives, responsibilities, meeting schedule, and participants must be worked out in detail. And putting these new governance structures and processes into practice requires careful planning and communication.

All that planning and communication is conducted in the final step to **make it real**. People have to believe in the governance model to make it work—and to make it last. That means building understanding in the organization about the need for change, explaining the new governance model and how it works, and obtaining commitment to new behaviors. It also means coaching committee members and chairpersons and supporting pilot implementations to ensure that everything will run smoothly. And finally, it means embedding the new model in the performance management system via appropriate performance indicators, objectives, reports, and dashboards.

The A.T. Kearney Difference

Designing governance for a fit organization is both an "engineering" challenge and a people challenge. A.T. Kearney offers unique capabilities to help companies embarking on a governance journey to successfully address both of those challenges:

- A **balanced approach** that harmonizes the **strength** to make the right decisions based on the right priorities, the **agility** to make decisions in a timely manner, and the **leanness** of an efficient decision-making process
- A **holistic perspective** that links governance to the company's **strategy** and operating model
- **Close leadership involvement** throughout the process to garner alignment and engagement