



## Improving Organizational Agility in Order to Push Company Growth

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### Abstract: Improving Organizational Agility in Order to Push Company Growth

**Purpose:** This study aims to the imperative of fostering organizational agility as a catalyst for driving growth within corporate startups operating in the dynamic Indonesian market.

**Method:** The method used is integrating the VRIO framework and applying Porter's Five Forces and PEST analysis and the SWOT Matrix Diagram.

**Result:** Data shows that Sprinthink has good internal conditions where strengths are more dominant than weaknesses and opportunity factors are more dominant than threats. The results place Sprinthink in quadrant 1.

**Novelty:** The application of this research is in a specific context focusing on Sprinthink and the integration of several strategic analysis frameworks to identify the most appropriate approach.

**Contribution:** This research not only addresses specific challenges but also the broader discourse on strategic management of emerging markets.

### Abstrak: Meningkatkan Ketangkasan Organisasi Dalam Rangka Mendorong Pertumbuhan Perusahaan

**Tujuan:** Studi ini menggali pentingnya menumbuhkan kelincahan organisasi sebagai katalisator untuk mendorong pertumbuhan di dalam startup korporat yang beroperasi di pasar Indonesia yang dinamis.

**Metode:** Metode yang digunakan adalah mengintegrasikan kerangka kerja VRIO dan menerapkan Porter's Five Forces serta analisis PEST untuk memahami seluk-beluk lingkungan eksternal dan Diagram Matriks SWOT.

**Hasil:** Data menunjukkan bahwa Sprinthink memiliki kondisi internal yang baik dimana kekuatan lebih dominan daripada kelemahan dan faktor peluang lebih dominan daripada ancaman. Hasilnya menempatkan Sprinthink pada kuadran 1.

**Kebaruan:** Aplikasi penelitian ini berada dalam konteks spesifik yang berfokus pada Sprinthink dan integrasi beberapa kerangka kerja analisis strategis untuk mengidentifikasi pendekatan yang paling sesuai.

**Kontribusi:** Penelitian ini tidak hanya menjawab tantangan spesifik namun juga wacana yang lebih luas tentang manajemen strategis pasar negara berkembang.



## 1. Introduction

Volatility, Uncertainty, Complexity, Ambiguity (VUCA) are real challenges in a

recent era that organizations are familiar with and need to respond to if they intend to thrive and sustain themselves in a business environment.

Besides being able to survive, every organization, whether is large –SOE, Private Company, Government Office– or medium either small –startups, etc– demanded to find ways to enhance their performance in terms of profit and productivity to face more competitive markets.

Leading through ambiguity requires agility, more risk-taking and links with new knowledge are required. Enterprise agility used to be desirable, whereas it is now required. Agility across the enterprise integrates speed and stability; it promotes role clarity, innovation, and operational discipline; and it can improve organizational health and performance. Being an agile organization allows a company to improve execution speed, respond and adapt to client needs more quickly, boost productivity, and motivate and empower people. In fact, a recent study published in Forbes reports that 81% of executives now consider “agility” to be the most important characteristic of successful organizations. According to a PwC survey of 1150 CEOs, 76% believe their capacity to adapt to change will be a primary source of competitive advantage in the future. According to a McKinsey study, nine out of ten business leaders say that organizational agility is essential to business success and becomes more important over time. The Project Management Institute's Organizational Agility Report also introduced the equation: Increased Organizational Agility = Improved Performance = Increased Competitive Advantage. In 2018, McKinsey also analyzed 22 organizations in six sectors with the preliminary results identified three main outcomes of agile transformations: improved customer satisfaction, employee engagement, and operational performance [1].

As one of Telkom's internal startups, Sprinthink also needs to adapt quickly in order to survive on the current market. The focus of Sprinthink's field is as a Corporate Management Innovation Consultant. Until now, Sprinthink has 17 staff in 4 divisions, consisting of 4 founders, 4 team leaders, and 9 team members. The divisions are divided by its function, there are Sales & Marketing, Design, Delivery and

Finance, where each division is headed by a team leader, so of course Sprinthink considered as an Agile Organization. The author is one of Sprinthink's team leaders, thus being familiar with the company's growth and development as a small and medium-sized corporation. During the development process with Sprinthink, the author encountered various organizational challenges and, of course, validated them directly with several stakeholders. It is intended that this research will help Sprinthink continue to increase organizational agility, allowing it to have an influence on both the company and its clients. After running an ‘Agility Maturity Assessment’ developed by McKinsey, turns out that Sprinthink is in average condition (got score 3.4 from 5), which is good.

This good means that there is still room for growth that Sprinthink can identify to improve its organizational agility. To be able to identify what factors can accelerate the process of increasing Sprinthink's agility, there must be a clear problem statement that can be taken from the business issue currently experienced by Sprinthink, as a startup in the innovation consulting industry, and the issues are: (a) Difficulty finding sales leads. The services provided by Sprinthink not an easy service to be market. This is what makes Sprinthink quite difficult to find sales leads, especially if you are targeting corporate customers who require a long approach to project initiation. So, although it is considered agile, the outcome of organizational agility in the form of financial improvement cannot be seen in Sprinthink. (b) Overwhelmed with time management. In startups life, there's never enough time. There are a million and one choices to be made and just 24 hours in a day. Sprinthink and all team members are demanded to continue to meet endless user expectations, because we offer an end-to-end user experience journey that must be maintained, anytime. Overwhelm may occur because there is no clear definition regarding the characteristics of an agile organization, so Sprinthink has not been able to maximize each of these characteristics even though it is considered agile. (c) Difficulty managing the team. One of the most important

factors that define organizational culture within a startup company is the synergy of the team, but there is a confusion between roles and responsibilities within a team, not to mention they must be busy aligning processes and structures in a project. The team is struggling, presenting motivation to work is getting harder every day, this is also what causes the operational performance as an agile organization has not increased yet.

This research aims to investigate the previously motivated problem of improving organizational agility. Subsequently, this research addresses the following research question: *What are the characteristics of an agile organization? and how to improve organizational agility to push company growth?* In the limitation of the research, it will be analyzed the Sprinthink organization based on startup business point of view. Focus is to enhance organizational agility within Sprinthink in accordance with the realm of the business they are engaged in (innovation consulting industry), and as known this research will focus on strategy formulation using a set of environmental analysis.

**2. Method**

For the research methodology itself, the author uses qualitative method. The qualitative

method is being used to evaluate the company environment (internal and external) in the realm of the business they are engaged in. VRIO framework to analyze the internal environment, and Porter’s Five Force also PEST to analyze the external environment, and then combine both results using SWOT accompanied by EFAS and IFAS calculations. From the research results, we will conclude the findings that will lead to the proposed solutions. Continuing with validation phase by subject-matter expert Focus Group Discussions (FGDs) with 3 participants (Sprinthink founders). Sprinthink has a total of 4 founders, and only 75% of founders can join in the FGD session as participants. Determination of these participants is important due to specific information additionally needed. Concrete and accountable which will be a new strategy for the company to improve the organizational agility, and later it can strengthen the characteristics of the required agile organization. Conducted Porter’s Five Forces, PEST and VRIO analysis, then author summarized into SWOT as input to be entered into the IFAS and EFAS calculation, and the results are merged in SWOT Matrix Diagram. The following is the SWOT table as result of the external and internal enviromental research:

**Table 1. Sprinthink SWOT Analysis**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>● As a part of Telkom Indonesia</li> <li>● The method Sprinthink offer on their service is not only from the literature, but it’s based on the experience building our own corporate innovation lab program (more practical and experimentative)</li> <li>● Every service that Sprinthink offer to customer is customized, based on the condition of the customer and their expectation</li> </ul>	<ul style="list-style-type: none"> <li>● Resource shortages, for operational and expert</li> <li>● There are unfamiliar terms on services that Sprinthink offer to customer</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>● Utilizing online platform to explore Sprinthink services as a Corporate Innovation Management Consultant</li> <li>● Maximizing Telkom Indonesia sales channel and networking as a Telco Leading State-own Company</li> <li>● VUCA world makes Sprinthink’s service increasingly popular.</li> <li>● As we know, Sprinthink target market is B2B, and according to the Central Statistics Agency (BPS), Indonesia could have added 4-6 million enterprises that were established in the recent decade from 2006 to 2016, bringing the overall number of businesses in Indonesia to 26-29 million</li> </ul>	<ul style="list-style-type: none"> <li>● New players are having more experience and resources (content, expert, portfolio) in Corporate Innovation field.</li> <li>● Digital learning platform</li> </ul>

**Table 2. Internal Factor Analysis Summary**

No.	Factor	Value	Weight	Score
<i>Strengths</i>				
1	As a part of Telkom Indonesia	8	0.25	2
2	The method Sprinthink offer on their service is not only from the literature but it's based on the experience building our own corporate innovation lab program (more practical and experimentative)	8	0.15	1.2
3	Every service that Sprinthink offer to customer is customized, based on the condition of the customer and their expectation	7	0.15	1.05
<i>Weaknesses</i>				
1	Resource shortages, for operational and expert	4	0.2	0.8
2	There are unfamiliar terms on services that Sprinthink offer to customer	5	0.25	1.25
<b>TOTAL</b>			<u>1.00</u>	<u>Strengths = 4.25</u> <u>Weaknesses = 2.05</u>

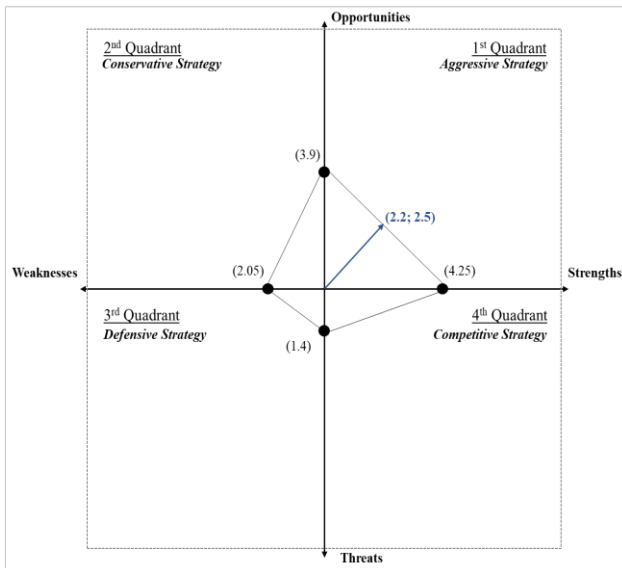
**Table 3. External Factor Analysis Summary**

No.	Factor	Value	Weight	Score
<i>Opportunities</i>				
1	Utilizing online platform to explore Sprinthink services as a Corporate Innovation Management Consultant	8	0.1	0.8
2	Maximizing Telkom Indonesia sales channel and networking as a Telco Leading State-own Company	6	0.15	0.9
3	VUCA world make Sprinthink's service increasingly popular	6	0.1	0.6
4	As we know, Sprinthink target market is B2B, and according to the Central Statistics Agency (BPS), Indonesia could have added 4-6 million enterprises that were established in the recent decade from 2006 to 2016, bringing the overall number of businesses in Indonesia to 26-29 million	8	0.2	1.6
<i>Threats</i>				
1	New players are having more experience and resources (content, expert, portfolio) in Corporate Innovation field	2	0.2	0.4
2	Digital learning platform	4	0.25	1
<b>TOTAL</b>			<u>1.00</u>	<u>Opportunities = 3.9</u> <u>Threats = 1.4</u>

**Table 4. 7S McKinsey Framework Elements**

7S McKinsey Framework Elements	Item per Element
<i>Structure</i>	Agile Organization
<i>Systems</i>	Agile Project Management using Kanban Framework
<i>Styles</i>	Democratic Leadership Style
<i>Staffs</i>	M-shaped Employees <ul style="list-style-type: none"> <li>• Practicality</li> <li>• Creativity</li> <li>• Political Sensitivity</li> <li>• Reliability</li> </ul>
<i>Skills</i>	<ul style="list-style-type: none"> <li>• Empathy</li> <li>• Openness</li> <li>• Approachability</li> <li>• Clarity &amp; Accuracy</li> </ul>
<i>Strategy</i>	Combination between Classical Strategy and Adaptive Strategy
<i>Shared Value</i>	<ul style="list-style-type: none"> <li>• Sprinthink Golden Circle (Why, How, What)</li> <li>• Sprinthink Core Value</li> </ul>

According to the calculated data from IFAS, Strength is 4.25, whether Weakness is 2,05 and the differences between them are 2.2. Based on the EFAS, Opportunity is 3.9, while Threat is 1.4 and the differences between them are 2.5. These data were then plotted to Diagram in Figure 1.



**Figure 1. SWOT Matrix Diagram**

For further analysis, the author used a validation process by conduct a Focus Group Discussion (FGD) with subject-matter expert, who is the founders of Sprinthink. This focus group discussion aims to validate the research results of the author, as an internal consultant for Sprinthink. The research results that will be validated with the Sprinthink founders are related to the SWOT Analysis along with the IFAS, EFAS scores and the SWOT Matrix Diagram. Furthermore, the author will also validate the 7 elements in the 7's McKinsey Framework which have been aligned with the current situation of Sprinthink, after processing the research results above.

### 3. Results and Discussion

As shown in Figure 1, the chosen strategy is in the 1st quadrant (aggressive strategy), it means that Sprinthink has a strong competitive position it the market with rapid

growth. It implies that Sprinthink's business is strong enough to engage in aggressive moves or initiatives. Furthermore, if the SWOT diagram results reveal that the firm's position is in the first quadrant, the company can implement a strategy that supports the aggressive approach [2].

A strategic plan is basically a company's game plan since every game has a target to be won, everyone who plays a game will have one aim, which is to win, and everyone will utilize the appropriate technique to win the game [3]. Companies are expected to rigorously maintain their strategic plans for the strategy to color and integrate all decisions and actions in the organization. In this case, Sprinthink must build a market penetration and market development plan based on its own strengths. This might involve product creation, integration with other businesses, competitors, and so on.

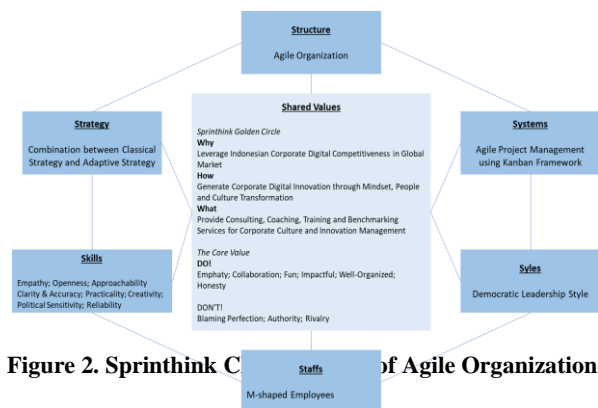
The example of development strategy an organization must obtain in when in aggressive strategy (SO – Strength Opportunity), which improves quality and service so that users are satisfied and comfortable, as well as attracting new users, increase organizational capacity by leveraging teamwork capabilities; as part of this strategy, Sprinthink may consider the following conduct: (1) Maximizing Sprinthink's privileges as part of Telkom Indonesia to penetrate and grow the customer base in the existing market by utilizing Telkom Indonesia's sales channels and networking as a Telco leading state-owned company, thus Sprinthink may reduce prices, strengthen its distribution network, raise marketing investments, and expand existing production capacity. (2) Utilizing Sprinthink experience with Telkom's Corporate Innovation Lab portfolio as a medium to be able to do the market development, working on unpredictable market to strengthen the growth of Sprinthink as a Corporate Innovation Management Consultant by implementing an adaptive strategy. (3) Implementing product development strategy by leveraging Sprinthink's potential to customize services according to customer needs and current business situation. Modify the existing product to give increased value to the customers for their

purchase or developing and launching new products alongside a company’s existing offering [5]. In order to support the process of implementing aggressive strategy at Sprinthink, a tool is needed to describe a global picture of their business, and for that we will use the 7s McKinsey Framework. Furthermore, based on the author's analysis, as an internal consultant for Sprinthink, and based on the research result conducted above, the following is McKinsey 7S Framework as the proposed solution for Sprinthink.

In order to obtain more clarity of the research results, the subject-matter expert FGD was held on Tuesday, April 20, 2021 by zoom meeting with Sprinthink Founders as expert. The FGD process is going well, beginning with the author defining the objectives of the FGD session and continuing with the validation process of the research results. Following that, the author requests feedback from the founders on the findings discovered by the author based on their expertise. Overall, all research results presented are considered valid and approved by the founders, with 1 additional threat point, namely *the existence of a digitally mature company makes Sprinthink market shrunk (meaning that Sprinthink services become invalid)*, and some inputs related to the implementation process of the 7s McKinsey Framework at Sprinthink.

**4. Conclusion**

Regarding the first research question stating, what are the characteristics of an agile organization, the results of the research have been detailed on Table 5, but in place the characteristics the author proposed in Figure 2.



**Figure 2. Sprinthink Characteristics of Agile Organization**

This result may remind us of the business issues mentioned in background –overwhelmed with time management and difficulty on managing the team–, where these seven factors will be the solution for both issues. The pain point of this issue is a lack of awareness of Sprinthink's potential as an agile company, which can be adequately characterized if we know what characteristics in an agile organization can be enhanced and maximized. We can solve the overwhelmed with time management issue by improving the existing system and style which is supported by the organization's strategy. For the second issue, the difficulty of managing the team can be solved by maximizing the utilization of the skills and staff that Sprinthink have their valuable resources, and do not forget to always focus and be aligned with the shared value believed.

Furthermore, the second question states how to improve organizational agility to push company growth, and the result answered by following steps of analysis. The first step is to conduct the environmental analysis of Sprinthink internally and externally by the VRIO and Porter Five’s Force Framework. The analysis becomes part of the SWOT analysis which is complemented by the calculation of the IFAS and EFAS scores which are then translated into a suitable strategy for Sprinthink to grow and improve their organizational agility. Moreover, Sprinthink must be able to discover their potential through exploring the unpredictable market. For those strategic plans, the best approach is the adaptive strategy.

The implications implementation of this adaptive strategy to make sure that Sprinthink can perform well in aggressive environment, with the following details: (1) Create Foundational SOP. On formal strategic planning time (i.e.: team meetings, staff retreats, senior leadership meetings, etc.), create or revisit the foundational standard operating procedure of the strategy. Which may include the list of strategic issues Sprinthink needs to address, the intended impact (which compliments a mission statement), or impact strategy. Then complete the



SOP with Sprinthink Golden Circle (the Why, How, what factor Sprinthink exist), it makes strategy much more accessible, and involving the

**Table 5. Implementation Steps**

	In Real Time	Monthly	Quarterly	Annually
Market Analysis	█			
Business Model Analysis				█
Team Workplan Refresh	█			
Budgeting Plan & Budget to Actual		█		█
Evaluation Program				█
Dashboard Monitoring		█		
Performance Management	█		█	
Organizational Priority Creation				█
Town Hall Meeting		█		

Source: *Spectrum*, 2019

founders and staff much easier. (2) Implement, Monitor, and Revise. Once the team has agreed on a course of action, it is time to implement, monitor, and revise. The adaptive method, unlike traditional planning, does not have two-and-a-half year gaps in strategic talks. The chart below displays Sprinthink's advice for how frequently each of the components should be addressed.

Based on the foregoing conclusions, it is suggested that Sprinthink's founders quantitatively inventory the company's strengths and opportunities for potential profits in order to conduct a business feasibility study. The feasibility study will assist Sprinthink in predicting when the break event point (BEP) can be reached and when the project's profit begins to be realized. Suggestion for future research is to expand the respondents for the research result validation step to include external stakeholders such as Sprinthink existing clients, the associate expert, Telkom management, and others, so that the research results are more comprehensive.

Nonetheless, the author acknowledges the limitations of our study. First, the results stem from qualitative empirical research and thus need to be validated by quantitative studies. Furthermore, the results of the study must be proven in real terms in the field, based on internal Sprinthink data and measurement of business profits within a year. Additionally,

there is a gap in the literature about agility, specifically, most research focuses on the features of agile companies, with little emphasis paid to how to create agile skills and implant the commitment to continuous change deep into the corporate DNA, beyond the process level, into the psychology of the people driving the business. Despite these constraints, the author is certain that this research contributes to theory development in the disciplines of organizational agility, and we can conclude that Sprinthink is committed to improving and optimizing all the seven elements of agile organizations described.

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