

STRATEGY

How Strategic Agility Differs from Agile Strategy and Why It Matters

by Christiane Prange



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Agile strategy differs from strategic agility by exclusively focusing on the strategy process and its defining elements.

Incorporating agile principles into corporate strategizing has become increasingly beneficial for many organizations. However, “strategic agility,” which encompasses organization-wide agility, should not be confused with “agile strategy,” which pertains specifically to the strategy process. An agile approach to strategy involves dissecting individual elements of the strategy process, adopting appropriate design principles, and rethinking the role of the strategist.

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Why Strategizing Needs to Change

In today’s dynamic business environment, managers face significant challenges in making strategic decisions, implementing them effectively, and achieving desirable outcomes. Implementation is often problematic due to delays, misalignment with existing resources, lack of workforce support, and other issues. Speed is certainly another critical factor in highly competitive environments. A manager from a global company noted, “Today, we don’t need to wait until competitors publish their quarterly results. We look at real-time data and use proxies. For example, if we see that a competitor is utilizing many more trucks than before, we realize that something is going on.”¹ While speed is crucial, the ability to pivot and react to new information and changing circumstances is even more important. Accessing comprehensive data, engaging in innovative analysis, and adopting a flexible, adaptive approach to strategizing creates a new foundation for competitive advantage.

Although many companies have begun comprehensive transformation processes to change their target operating models—often under the label of ‘strategic agility’ or ‘agile transformation’—integrating agile elements into strategy has rarely been part of these endeavors. This is despite the widespread understanding that linear strategy processes are no longer effective.

Strategic Agility vs. Agile Strategy

How can ‘agile strategy,’ or ‘agile strategizing’ as a process, help companies remain competitive? First, it is important to differentiate agile strategy from strategic agility, as the distinction is significant.

Strategic agility is a capability for decision-making relative to the environment in which a company operates. For example, decision-making in complex environments often happens quickly and is done in a test-and-probe manner to adapt a company’s strategic product portfolio or structures (e.g., during a pandemic). In contrast, in simpler environments, decision-making follows a more rational and slower process. While decision speed is important, it is even more relevant to recognize the different dimensions of strategic agility and how they may change over time, including the transformation of structures (from hierarchy to matrix or holacracy), maintaining the identity of a company while being flexible yet stable, and adapting both mindset and leadership to various degrees of environmental complexity. In sum, strategic agility is a multidimensional concept that captures different spheres of the organization.²

Agile strategy, on the other hand, can be defined as the process that supports the proactive adaptation of strategy content to the environment and/or creates a new environment through shaping strategy process parameters. Agile strategy focuses mainly on the strategy process,³ which includes elements designed to implement the desired content effectively, such as the horizon, frequency of strategizing, participation, responsibility, and other factors.

In environments characterized by high volatility and ambiguity, it is not only the content of a strategy that changes more often, but also the strategy process, or the strategizing activity needs to be more dynamic.

For instance, Google's AI-first strategy,⁴ formalized in 2016 under Sundar Pichai's leadership, has been adapted and verified through annual planning cycles, quarterly business reviews, continuous monitoring, and occasional strategic retreats. This iterative approach helped Google maintain its competitive edge for years but when ChatGPT by OpenAI hit the market, Google seemed to be late to the party of large language models. ChatGPT, a bot that provides answers to text-based human prompts was actually built on technology developed by Google, but Google was not fast enough in launching it. The company has now issued a "**code red**" and has focused its team efforts on AI-strategy. Agile strategy clearly has a lot to do with implementation speed –in an iterative test-and-probe manner, despite flaws and sometimes unfinished specification. Agile strategy means involving different teams – the visionaries, product developers, and salespeople. Agile strategy implies adjusting internal procedures, the culture, and the processes of an organization – to a degree that is necessary for a product's market launch and the ongoing success of its strategy.

Obviously, different industries and countries exhibit varying degrees of complexity and, therefore, require different degrees of agile strategizing. For example, infrastructure providers have long-term viability with minor changes, whereas sectors like biotechnology or information technology face complex environments and rapid evolution driven by scientific advancements and experimentation. Managers need to identify the appropriate degree of agile strategy to bridge the gap between strategy formulation and implementation.

An industry research partner stated, "Agility in the strategy process is to deal appropriately with uncertainties. A strategy process is per se relatively open in terms of the result. You have certain ideas about what should happen, but in the end, it's like getting carried away, drifting or bumping into something, and you have to turn back and take a different path."

Agile strategizing is not disconnected from the company's target operating model. This is where strategic agility connects to agile strategizing. While changes in strategy can be part of a strategic agility project, changing the way strategizing is done often implies more fundamental challenges to the strategist and the top management in a company, including changes in responsibilities and roles. Strategic agility is mostly orchestrated by organization developers or Agilists, whereas changes in strategizing are initiated by top management. Managers must be the drivers of agile strategy but no longer the sole orchestrators, as they are now supposed to delegate some responsibilities to employees (see **Table 1** for a comparison).

Strategic Agility	Agile Strategy
<ul style="list-style-type: none"> • Focuses on multiple organizational dimensions (target operating model) 	<ul style="list-style-type: none"> • Focuses exclusively on strategy (predominantly strategy process but also strategy content)
<ul style="list-style-type: none"> • Organization-wide project (holistic) 	<ul style="list-style-type: none"> • Strategy project (particularistic)
<ul style="list-style-type: none"> • Initiated by organization developers 	<ul style="list-style-type: none"> • Initiated by top-management
<ul style="list-style-type: none"> • Orchestrated by organization developers 	<ul style="list-style-type: none"> • Orchestrated by employees
<ul style="list-style-type: none"> • Helps to arrive at transforming the organization 	<ul style="list-style-type: none"> • Helps to arrive at transforming strategy content
<ul style="list-style-type: none"> • Does it require agile strategy? – Yes, for completeness 	<ul style="list-style-type: none"> • Does it require strategic agility? – Often, but not always
<ul style="list-style-type: none"> • Agile Maturity Assessment (Organization) 	<ul style="list-style-type: none"> • Agile Strategizing Assessment (Strategy)

Table 1: Comparing Strategic Agility and Agile Strategy

The Evolutionary Process Towards Agile Strategy

Does agile strategy need strategic agility? Do we have to launch a strategic agility project before starting agile strategizing? To a certain extent, yes, because strategy is embedded in the organization. For instance, a manager who wants to launch an agile strategy project but adheres to a top-down leadership style may face difficulties. Similarly, a company that wants to adapt its corporate strategy without a thorough capability check might encounter obstacles.

Strategic agility across different dimensions is often necessary before integrating agility into the strategy process.

However, an organization may not need to be fully agile across all possible dimensions before engaging in agile strategizing. Readiness for agile strategizing can be diagnosed during the process and remedied as agile strategizing advances.

Many companies start by introducing agile methods like SCRUM, Kanban, or SAFe, or initially launching specific agile projects while other areas remain unchanged. As agile principles diffuse throughout the organization, training needs emerge to enhance ‘doing agile.’ Transitioning to an agile target operating model and further to agile strategizing often entails a cultural shift towards ‘agile being,’ necessitating a supportive culture for successful implementation. An organization’s culture comprises its values, beliefs, attitudes, and rules, and changing it is a fundamental intervention that takes time.⁵

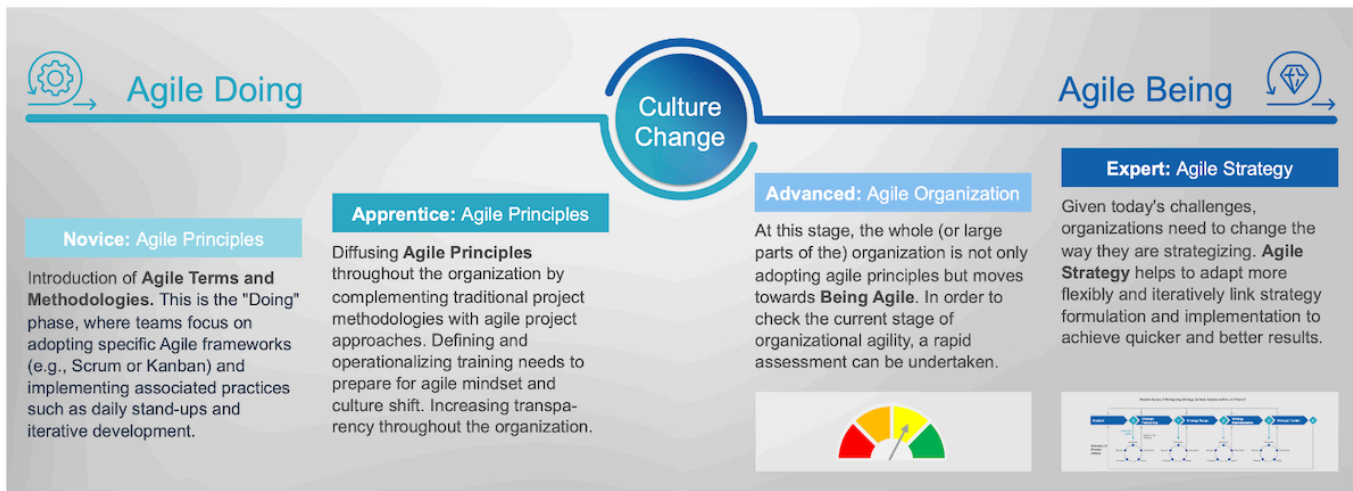


Figure 1: The Evolutionary Process Towards Agile Strategy

The Changing Role of the Strategist

In traditional strategy models, strategists often hold significant power as the primary architects of the company's long-term plans, operating in a top-down manner and dictating the course of action for the entire organization. This centralized authority allows strategists to exert considerable control over the strategic direction and its implementation.

With the shift to agile strategy, this centralized power diminishes. Agile methodologies emphasize decentralization, autonomy, and collaborative decision-making. Strategists must share their authority with cross-functional teams, empowering them to make decisions and contribute to the strategy. This transition can feel like a loss of power, as the strategist's role shifts from command-and-control to facilitation and support.

The strategist becomes a guide and enabler of the strategy process, rather than the sole decision-maker.

Strategists now need to embrace a more flexible and iterative approach to strategy development and implementation. In an agile framework, strategists must collaborate closely with cross-functional teams, fostering a culture of inclusivity and collective input.

They act more as facilitators and enablers, guiding teams through a continuous cycle of testing, learning, and adapting. This collaborative approach ensures that strategies are not only more innovative but also more aligned with the realities of the market and the needs of the organization.

Strategists now play a critical role in mentoring teams and empowering them to take ownership of strategic initiatives. This involves providing guidance, resources, and support while stepping back to allow teams the autonomy to drive the process. They are also responsible for aligning vision with action. This involves ensuring that the broader strategic vision aligns with the day-to-day actions of teams that the vision is clearly communicated and synchronized towards common goals.

In summary, the role of the strategist in an agile strategy context evolves from a solitary planner to a collaborative facilitator, data-driven decision-maker, and champion of a learning-oriented culture. This transformation is essential to succeed with agile strategy in today's rapidly changing business landscape.

This article results from a collaboration with Detecon Alpine in Switzerland, where Christiane Prange supports the development and implementation of an agile strategy process.

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