



Adaptable organisation: The new normal

Enhancing agility to recover and thrive

May 2020



Executive summary

During the pre-COVID-19 scenario, the business environment was evolving primarily due to digital and technology led disruptions, and most organisations considered agility to be one of the important aspects to respond to the market opportunities swiftly. However, only a handful of organisations transformed the way they work to enhance their agility.

With the COVID-19 outbreak that has led to frequent changes in the market and customer requirements almost every day, organisations were pushed to transform the way they work and respond swiftly. Most organisations shattered traditional practices and beliefs, and adopted new practices in a matter of days, to respond to the crisis situation. We studied these practices through a survey and interactions with business and people leaders, and identified certain common drivers that helped organisations to enhance their agility. **Interestingly, companies seem to have adopted adaptable organisation models knowingly or unknowingly to deal with the current situation.** This paper attempts to highlight the key organisational challenges at hand and how some organisations are taking efforts to manage them effectively. It also narrows down these practices to six themes that organisations have focused on to enhance agility in the current context.

The most important question is, do organisations need to sustain/enhance these adaptable organisation models in the long term or revert to the traditional approaches after the COVID-19 crisis? **Our prediction is that the adaptable organisation is expected to be the new normal.** Given the unexpected disruptions in the economy, marketplace, supply chain, and customer requirements in the near and long term, only organisations that can respond to such disruptions with agility, are likely to grow and thrive. To operate with agility, the adaptable organisation model is one of the key components of determining the way forward. In another perspective, organisations that revert to using traditional approaches could face challenges in operating, competing, and collaborating successfully in an ecosystem that is moving ahead in terms of agility. This paper attempts to **decode the key elements of adaptable organisations**, discusses how organisation models need to evolve as the business recovers and thrives, and provides recommendations for leaders to enhance agility at their organisations.

Before the COVID-19 outbreak, **organisation agility** was prevailing in India largely as a 'premature reality'.

While companies realised the need for organisation agility, only a few of them took initiatives in the past to implement it...

96% companies believed that enhancing organisation agility was important to grow in the disruptive and evolving business environment that existed earlier.

However, only 27% are building/ scaling up adaptability in their organisations and transforming the way they work.¹

Companies were at different maturity levels in implementing adaptable organisation.

27%

Transforming

Adopting agile-at-scale through an outcome-based network of teams fostering business and customer-driven missions

30%

Experimenting

Disrupting the edges of the organisation that are future-focused through an agile structure and protecting the core organisation

34%

Understanding

Gaining knowledge on agile organisation models, defining their approach, and calculating the impact on their business

9%

Yet to begin

Believing that the traditional model with hierarchical job levels makes their organisation highly effective

Leading examples of organisation transformation focused on enhancing agility

01

Organisation model, driven by customer journeys, adopted by a large retailer

The retailer reoriented the operating model to focus primarily on customer journeys. Every unit/network focused on optimising parts of the customer shopping experience through cross-functional collaboration and addressed rapidly changing customer needs faster.

02

Customer-focused digital ecosystem implemented at a leading global telecom company in India

This initiative focused on enabling employees operate in a flexible environment to spot business opportunities, build a mind-set to understand customer needs, and develop solutions quickly (digital being a medium to enable this transformation).

03

Multi-disciplinary network of teams in the manufacturing set-up at a leading refinery and petrochemical company

It implemented a team-based manufacturing organisation (a network of multidisciplinary teams) to operate autonomously and drive operational agility. This is governed by agile leadership teams at the line of the business, manufacturing, and site levels.

... because of certain deep-rooted beliefs and challenges that held them back



Disruption was a choice

- Over the past decade, most **disruptions by companies were planned** to the extent that they managed through the traditional organisation.
- Some companies were **disrupted at the edges** and did not want to touch the core businesses.
- In the recent times, disruptions were predominantly **digital led** that did not seem to challenge the organisation's core purpose and business model.



High regards for traditional practices

- **Stable operating environment** with clearly defined protocols and roles that leads to ease of management.
- **Leadership to have control** over resources to carry out tasks effectively.
- **Prioritisation of short-term needs** over long-term objectives, and focus on addressing them through known and tested methods.



Limited boundary and ownership of the ecosystem

- Companies defined the boundary of their ecosystem that **confined to their organisation and key partners in the value chain**, without considering the potential opportunities beyond the traditional value chain.
- Companies in the ecosystem **compete with each other** to attain the dominant position rather than drive synergies through collaboration.

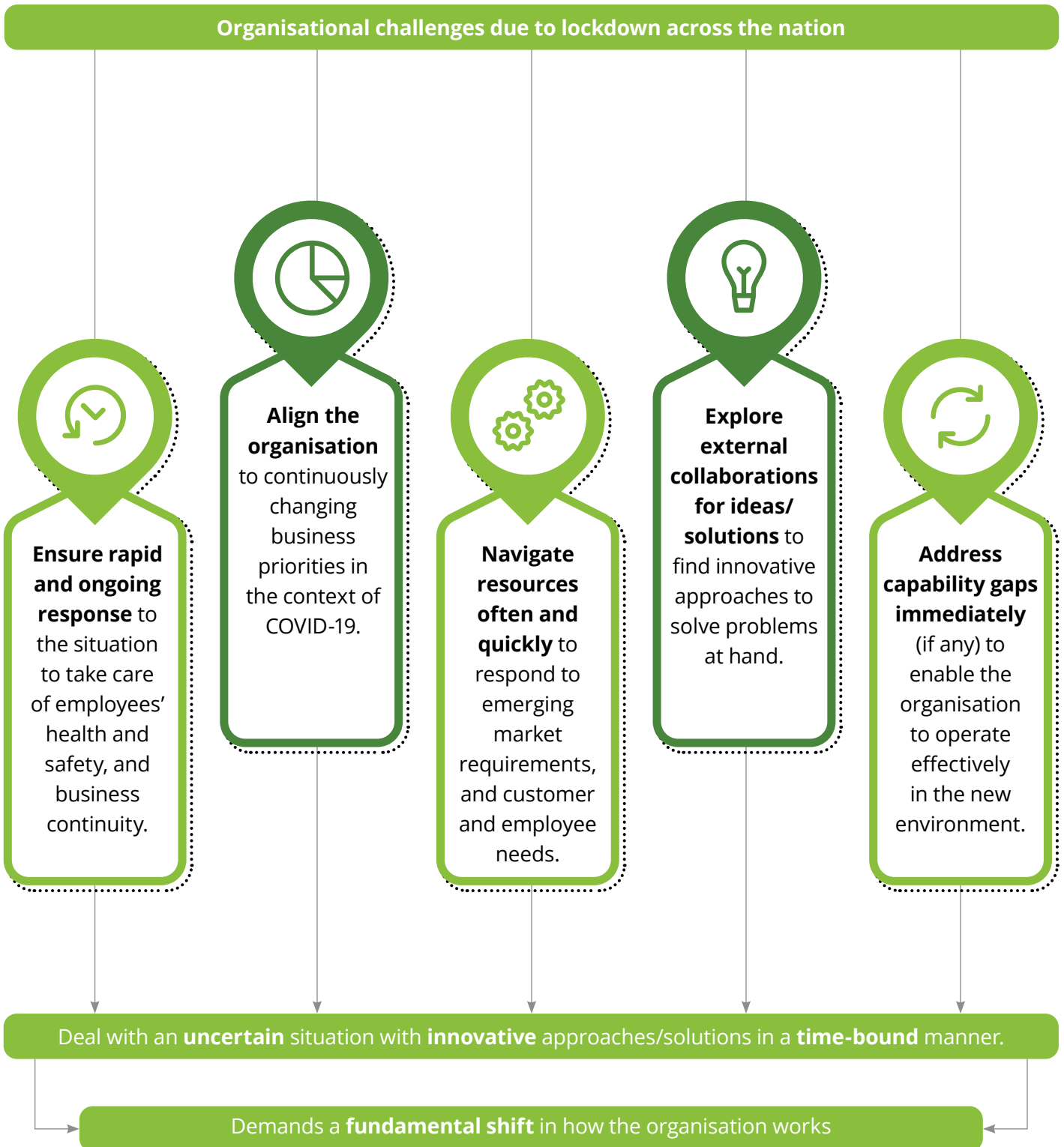


Ineffectively managed change

- **Inertia** of the organisation **to transform** restricts major organisational changes.
- Enabling the change process through technology has not always been successful due to **limited adoption of technology**.
- **Immediate results are expected** even before the changes happen.

The COVID-19 outbreak has pushed companies to **enhance their agility** using **adaptable organisation** models.

The lockdown imposed to fight COVID-19 has redefined the operating conditions for businesses in a short time, leading to organisational challenges



Many companies are adopting new practices to overcome these organisational challenges and responding to this uncertain situation in a timely manner



The examples mentioned above are not exhaustive.



Explore external collaborations for ideas/solutions

- Private sector, a global skincare products company in India
 - Launched a project to manufacture hand sanitisers in India and give them free of cost to hospitals
 - **Joined hands with partners** across the value chain for a **common purpose**; received quick approvals on the product and licences to manufacture from the government authorities, free materials from suppliers, etc.
- Tie-ups between FMCG companies and delivery start-ups
 - Established **new distribution channels** to enable essentials reach every home **through collaboration** with companies that own a delivery network, such as Domino's, Swiggy, Zomato, and Dunzo.
 - Redefined how the sales team operates with new collaborators and achieve the common objective
- Start-up ecosystem
 - **Competitors came together to** set up a fund and expert pool to help start-ups thrive in this situation



Address capability gaps immediately

- Public sector, Indian Railways
 - Recruited doctors and paramedical officers on a **contractual basis** to build adequate capacity in Railway hospitals to treat COVID-19 patients and **address the short-term need**
- Start-ups, e-commerce companies
 - Due to an increase in demand for essential goods and a decrease in the delivery capacity (due to the lockdown), e-commerce companies have started using **flexible driver workforce** of mobility companies in India.

There appear to be certain common themes in the way organisations redefined how they work

Some of the findings of our research² on how organisations are managing the COVID-19 situation are mentioned below.



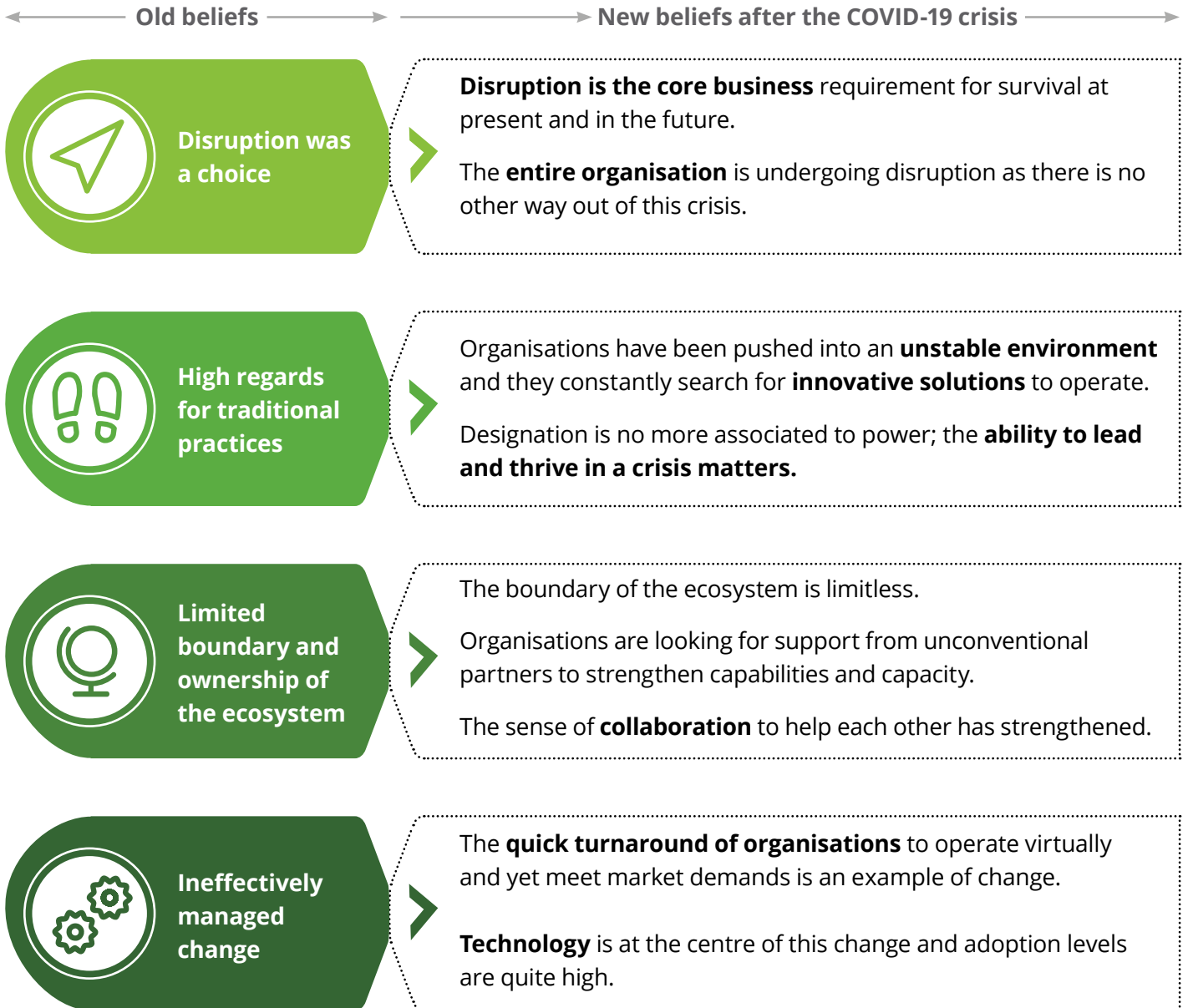
CXO speak

"Traditional hierarchies have broken down, with us wondering why we had so many decision-making layers."

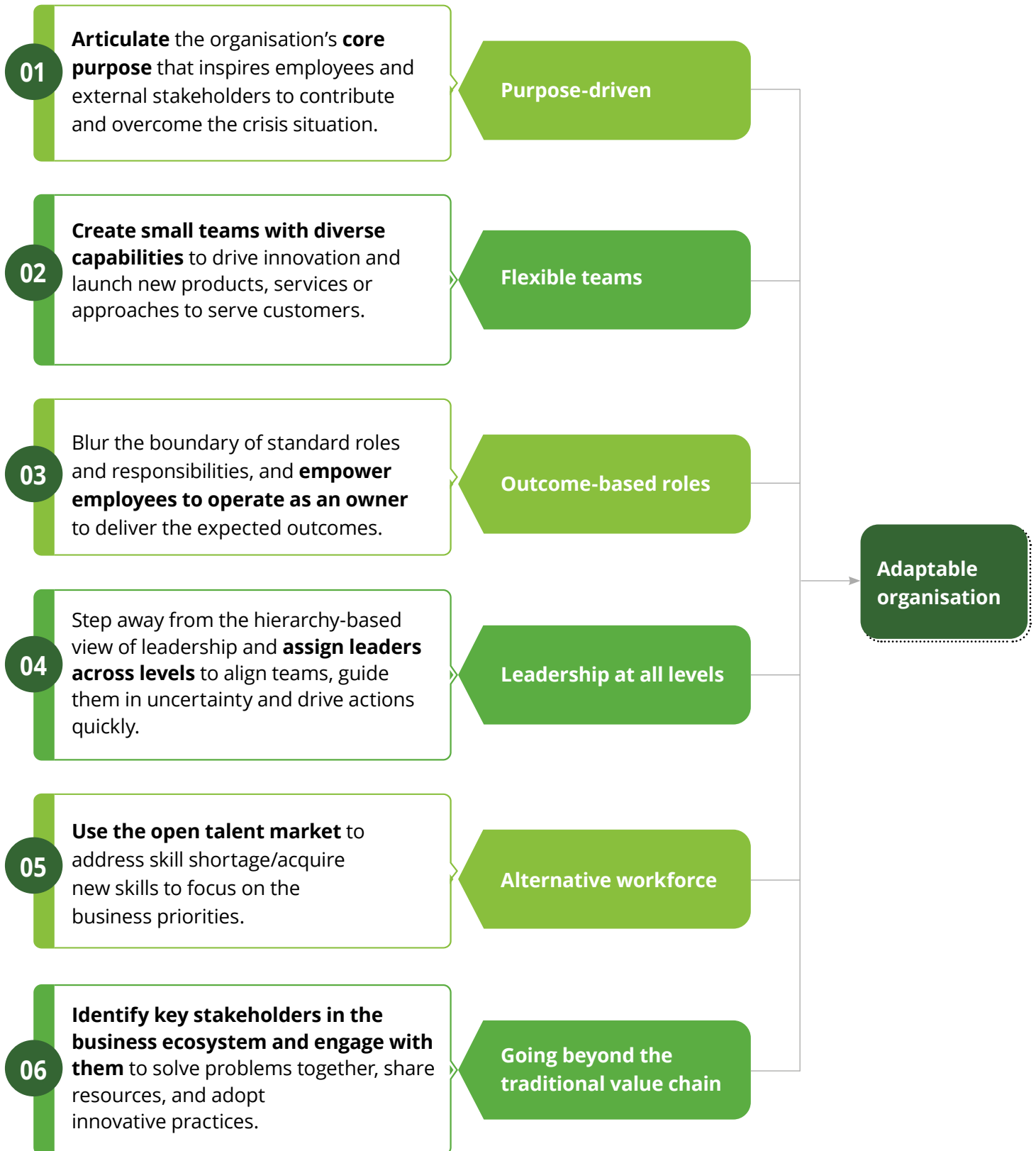
"We have witnessed the power of network-based teams and how they can deliver outcomes in a more agile manner."

"We are contemplating to venture into a shared employment workforce model with other firms."


In addition, the deep-rooted beliefs and challenges faced in transforming organisations seem to have shattered in the current situation



These have led to certain key learnings for organisations to respond to the COVID-19 situation



Companies have shifted to adaptable organisation models knowingly or unknowingly to enhance agility and respond to the crisis situation.



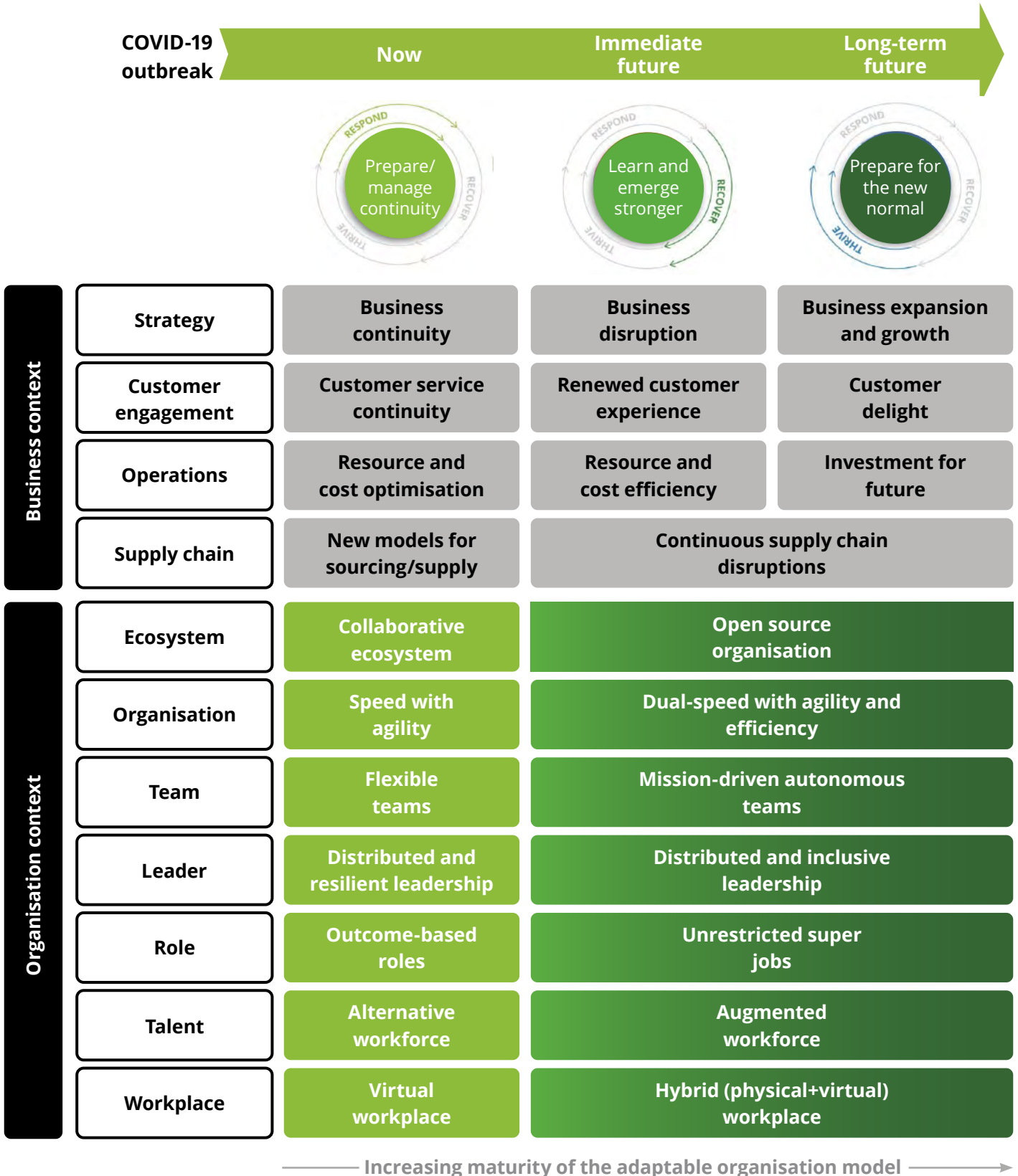
Therefore, the adaptable organisation model is expected to be the **new normal** as organisations recover and thrive.

We decode the 'adaptable organisation' model through seven layers



Note - Please refer to the next chapter for details on each layer of an adaptable organisation.

Considering the business transformation that is happening today and envisaged in the future, the adaptable organisation model is expected to be the way forward



How adaptable is your organisation at present

A questionnaire to help you conduct a preliminary assessment of the adaptability of your organisation is given below.

- 01 Does your organisation and ecosystem see a **shared purpose** with the opportunities to recover and thrive after the COVID-19 situation?
- 02 Are you **partnering** beyond your traditional value chain **in the external ecosystem** to disrupt business models and supply chain?
- 03 Do you have a **network of mission focused** and **autonomous teams** that are not confined by hierarchy or working in silos?
- 04 Are you able to **balance agility and efficiency** in the organisation?
- 05 Are you able to **spin up and spin down teams** rapidly when needed to achieve a strategic objective?
- 06 Do you enable resilient and inclusive **leaders at every level** starting from the front line to lead the organisation/teams **towards tomorrow's challenges?**
- 07 Do you have **roles** that focus on the **expected outcomes** and are not confined by a prescribed list of accountabilities?
- 08 Have you **automated** transactional and repetitive activities and redefined how the roles would add value?
- 09 Does your **talent strategy and programmes** include talent beyond the traditional employee, such as contingent workers from the **open talent economy?**
- 10 Do you have the right infrastructure, ways of working, and governance to sustain **virtual working** after the COVID-19 crisis is over?

For how many of the above-mentioned questions, your answer is 'Yes'?

- >7 - **Highly** adaptable organisation
- 5 to 7 - **Moderately** adaptable organisation
- <5 - May struggle to recover and thrive

What can you do to enhance and sustain the adaptable organisation

	Near-term	Medium-term
The ecosystem 	<ul style="list-style-type: none"> Go beyond the conventional partnerships in the ecosystem to focus on specific business challenges/opportunities/capabilities. 	<ul style="list-style-type: none"> Define a common purpose and seamlessly integrate business partners in the value chain.
The organisation 	<ul style="list-style-type: none"> Improve agility by delaying the organisation, ensuring leaner CoE functions, and achieving efficiency through tech-led centralisation. Eliminate 'shadow functions' across the organisation. 	<ul style="list-style-type: none"> Conduct a comprehensive organisation network analysis and redesign parts of the organisation to facilitate collaboration.
The team 	<ul style="list-style-type: none"> Create mission-focused multi-disciplinary teams to drive proactive business response and innovation (products, infra, channels, etc.). Empower teams to decide and drive actions/results. 	<ul style="list-style-type: none"> Expand the concept of agile teams to create a network of teams that hinges upon agility and simplification/digitalisation in parts that need to drive efficiency.
The leader 	<ul style="list-style-type: none"> Define key leadership attributes for resilience and inclusion, and encourage employees across levels to demonstrate these leadership attributes. 	<ul style="list-style-type: none"> Identify critical role holders and high-potential employees across the organisation, and train them on resilient and inclusive leadership skills.
The role 	<ul style="list-style-type: none"> Assign outcomes to roles rather than accountabilities. Challenge the existence of deep specialist roles and attempt role consolidation/generalists to create super jobs. 	<ul style="list-style-type: none"> Automate transactional processes and redefine roles to deliver more complex and problem-solving activities. Redesign the performance management process to measure the impact of outcome-based roles and super jobs.
The talent 	<ul style="list-style-type: none"> Identify critical skills/capabilities that are required as the business thrives. Define a build vs. buy talent strategy to use the off-balance sheet workforce (gig, freelancers, etc.). 	<ul style="list-style-type: none"> Review talent programmes to include alternative workforce, and ensure stronger employee engagement and experience. Invest in continuous and virtual skilling programmes.
The workforce 	<ul style="list-style-type: none"> Establish the norms of virtual working/work from home. Identify technology/operational challenges of virtual working during the lockdown. 	<ul style="list-style-type: none"> Develop and implement new technology platforms to enhance productivity, collaboration, and engagement in a 'phygital' working/team based organisation architecture.

Deep-dive into the seven layers of the adaptable organisation model

The ecosystem

To recover and thrive: Open source organisation



The ecosystem

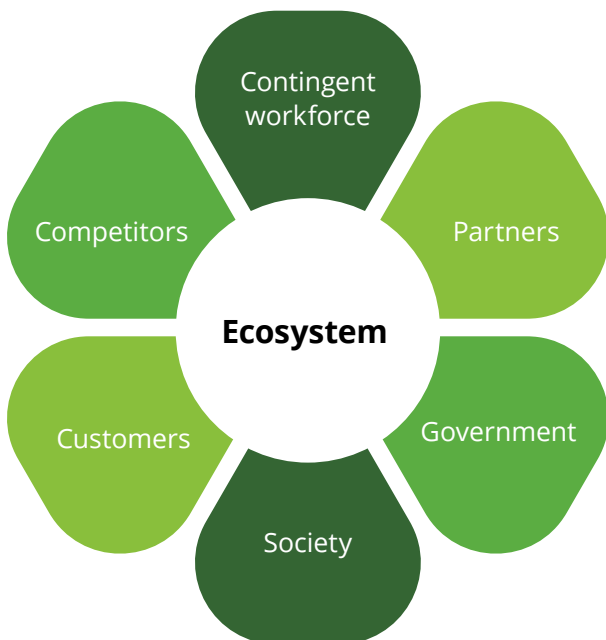
How the organisation **is integrated** with the ecosystem

- **Collaboration** with the ecosystem for a shared purpose
- **Blurring boundaries** with external partners
- Ability to address potential challenges/disruption **collectively**

What is an open source organisation?

- Has a compelling purpose that is cognizant of players in the ecosystem and inspires them
- Has a mission that combines business growth with the need to respect and support its environment and stakeholder network; this includes listening to, investing in, and actively managing the trends that are shaping today's world
- Promote a high degree of collaboration at every level within and outside the organisation
- Engage with stakeholders to develop innovative approaches to the emerging problems as the market recovers

The ecosystem⁴ includes...



- After the COVID-19 crisis, customer preferences and needs could change.
- The organisation will need to actively sense the fluctuating customer needs in the environment and identify and address constraints.
- It will need to collaborate with value chain partners, competitors (as required), and the government to develop new approaches and solutions to meet the evolving customer needs.
- Fluctuating demand and new solutions create the need for a contingent workforce that exists outside the organisation.
- The organisation will also need to play a significant role in enabling the society to recover soon.

Organisations need to be purpose driven and engage with a broad **external ecosystem**, to swiftly adapt to changing realities and make positive contributions to their wider stakeholder groups and the society.

The organisation

To recover and thrive: Dual-speed with agility and efficiency



The organisation

How the work is **organised**

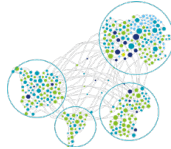
- Transition from hierarchy and silos to a **network of multi-disciplinary** organisation
- **Multiple speed** to respond to market scenarios by **balancing agility and efficiency**

Traditional “lines and boxes” are no longer relevant because...



- They do not give the flexibility to respond to market scenarios quickly.
- They do not involve the larger external ecosystem.

Adaptable organisations are designed while prioritising:



- Informal relationships and networks
- Proximity to customers
- Quick and iterative solution design
- Flexibility to engage the external ecosystem
- Balance between adaptability and efficiency

Balancing agility and efficiency through different operating models⁴...

Efficiency



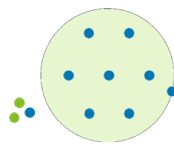
Agility

Shared services



- Dedicated and often centralised teams, where work is standardised and transactional; potential for automation
- Execution-focused, operational teams (e.g., finance and legal) organised as centralised shared services

Resource pools



- Highly specialised workers that temporarily collaborate with other teams to add knowledge-based value
- Applicable where the work is fluid due to ad hoc demand

Multi-disciplinary teams



- Dedicated and decentralised teams that are collaborative and multi-disciplinary with autonomous decision-making ability
- Customer-focused, growth-oriented teams (e.g., sales and product development)

Organisations need to balance **adaptability** in areas closer to the market and **efficiency** in areas driven by processes through different **operating models**.

The team

To recover and thrive: Mission-driven autonomous teams

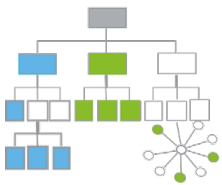


The team

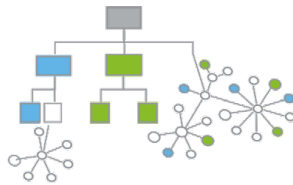
How the capabilities are **mobilised**

- **Mission-focused teams** that embrace continuous change
- Collaborative, empowered, and agile
- Ability to **move talent/capabilities** per the need

Increasing adaptability



Project-based cross-functional teams and experimentation hubs



Customer mission-based teams supported by core functions



Autonomous, customer-focused teams

Deploy high-performing adaptable teams⁴ that achieves a mission through the following:

- Pooling of capabilities as and when required
- Iterative and empowered execution
- Collaborative ways of working
- Optimal number of supervisory roles

Characteristics of an autonomous, customer-focused team⁴

Once teams are aligned to customer-focused missions, they practice adaptability by experimenting, learning from their mistakes and experiences, and delivering outcomes quickly (enabled through effective collaboration).

Agility

Fast feedback loops

Quick iteration

Frequent touchpoints

Data-driven decision-making

Collaboration

High levels of trust

Cross-team planning

Mobilisation of expertise and capabilities

Transparent decision rights

Organisations need to nurture **mission-focused** teams that collaborate, ideate, iterate, take quick decisions, and embrace continuous change.

The leader

To recover and thrive: Distributed and inclusive leadership



The leader

How the work is **managed and led**

- Leadership roles are distributed across levels
- **Inclusive orchestrators** vs. technical task masters/controller
- **Resilient leadership** to enable teams recover quickly from difficulties

Leadership in the adaptable organisation is a departure from the traditional, hierarchal, and role-based view of leaders. To navigate uncertainty and change, adaptable leaders⁴...



Exist at every level

They are multi-functional and work across disciplines.

Leadership skills are developed at every level irrespective of their designation and level in the organisation.

This leads to more agile, empowered decision-making.



Are inclusive orchestrators

They lead not on the basis of their position, tenure, or expertise, but on the basis of their ability to connect with diverse individuals within and outside the organisation to achieve a shared purpose.

This leads to more agile, empowered decision-making.



Are resilient

They are comfortable with navigating uncertainty and embrace change as the new normal.

They guide teams to thrive on challenges, see failure as a springboard for growth, stretch existing abilities, and look for different perspectives.

This leads to stronger comeback to benefit from any disruptions

Organisations need to build **resilient and inclusive leadership across levels** to help the organisation face any disruption.

The role

To recover and thrive: Unrestricted super jobs



The role

How the work is **delivered**

- Roles that **deliver specific outcomes and** not confined by a set of responsibilities
- **Super jobs** – Using technology to both augment and broaden the scope of the work performed and value added

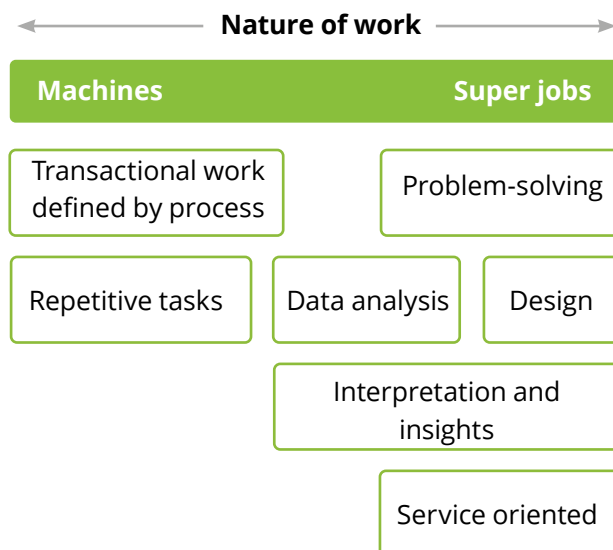
What are unrestricted roles?

- Businesses are expected to face disruptions as the market recovers, leading to frequent changes in the entire value chain.
- In such a scenario, confining roles within the boundaries of defined accountabilities or continuously redesigning the roles in alignment with new approaches is difficult.
- The effective way is to enable roles adapt to the task/objective at hand and achieve the desired outcome.
- The focus of roles shifts from ‘tasks’ to ‘outcomes’.



What are super jobs?⁵

- The adoption of technology has increased significantly during the lockdown; this is expected to increase further.
- These technologies are reshaping the work that needs to be done by humans. The use of these technologies is driving automation of routine work and reframing of roles in terms of solving problems, interpreting information, and making decisions.
- It is leading to consolidation of roles designed to deliver outcomes rather than specialise by function.



Organisations need to build **flexibility in the roles** to use technology and deliver constantly changing/evolving objectives as the business faces disruption.

The talent

To recover and thrive: Augmented workforce



The talent

How the capabilities are **augmented**

- **Open talent economy** for new and niche capabilities required for a shorter duration

Augmented workforce that includes gig workers and smart machines

The concept of “contingent workforce management” is being redefined by the “augmented workforce⁶⁹”. This includes networks of people who work without any formal employment agreement and machines.

Augmented workforce

Traditional

Open talent



How to build augmented workforce

- Identify critical skills/capabilities that are required as the business recovers and thrives.
- Define a build vs. buy talent strategy, depending on the need and timeline.
- Identify areas where the organisation can use automation and smart technologies to augment required capabilities.
- Identify how can the best workers be attracted, acquired, and engaged at an optimal cost, irrespective of the type of work contract.

Organisations need to revisit their **talent strategy** to move beyond traditional talent and use the **open talent economy** to augment required capabilities in line with the dynamic business needs.

The workplace

To recover and thrive: Hybrid (virtual + physical) workplace



The workplace

How the work is **executed**?

- **Remote and distributed** teams/organisation
- **Key technologies** to enable virtual working (i.e., collaboration platforms, tele/video conferencing)

The workplace is becoming digital as employees and stakeholders across the ecosystem are communicating and collaborating in different and new ways. This trend will continue as organisations are realising the benefits of digital workplace.



Co-located



Physical - Physical interactions

These include in-person meetings, common working spaces, and facilities. This was the traditional practice until the COVID-19 outbreak.

01 Ways of working

The goal is to forge productive and collaborative ways of working within and outside the organisation.

Optimal balance of physical and digital workplace is the way forward



Physical - Virtual interactions

It is a combination of physical, and remote and distributed workforce that has become more mobile with the use of key technologies (i.e., collaboration platforms, tele/videoconferencing).

02 Technology

The key is to adopt the right tools for your workforce to enhance their efficiency.



Distributed



Virtual - Virtual interactions

Remote and distributed teams use technologies to connect and work together. These technologies allow easy access to any type of worker across the globe.

03 Risk mitigation

The approach is to support with appropriate governance structures and risk controls.

Organisations need to **merge physical and virtual working** to enable the adaptable organisation work effectively.

End notes

1. Deloitte, Report on Human Capital Trends in India based on annual Human Capital Trends survey, 2018. Access the report [here](#)
2. Deloitte, Research paper on “Future of Work accelerated: Learnings from the COVID 19 Pandemic’, 2020. This paper was published based on interactions with 42 clients through one-to-one discussions and survey. Access the report [here](#)
3. The Economic Times, The Hindu, The Times of India, liveMint, CNBC TV18 and The Business Standard, News articles on companies’ response to COVID-19 pandemic and lockdown situation, published in publicly accessible websites, March and April 2020.
4. Deloitte, Thought paper on ‘The Adaptable Organisation - Harnessing a networked enterprise of human resilience’, 2018. Access the paper [here](#)
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8. Deloitte Insights, Thought paper on ‘The digital workplace: Think, share, do - Transform your employee experience’, 2019. Access the report [here](#)

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Acknowledgement

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