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HOW AGILE
IS YOUR HR?

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GETTING STARTED: THE 3i AGLE HR^{SM} AND THE TWO QUESTIONS LEADERS ASK

Over the past 12 months I've had the opportunity to present the 3i Agile HR^{SM} thinking and research to about 210 executives including business leaders, CHROs and experienced HR Professionals in Europe, Middle East, US and Asia.

This is a discussion on the need for HR to re-purpose itself, re-imagine all of the people practices or approaches to be at the speed of the customer.

The overwhelming feedback has been a strong appreciation on the need for agility in HR and the three elements of agility as articulated in this paper.

The two most asked questions were:
1. How and where can we start the agility change for HR?
2. How quickly can we get there?

Both questions also reflect the current reality of HR – a lot of talk on the future of work and digitization but most People Strategies and HR Functions still stuck with industrial era approaches.

This paper includes people strategies, practices and examples of companies from the 3i Agile HR^{SM} Diagnostic and Go Agile Roadmap Solution. (Read more on the last page). Through this solution, we partner with companies to deconstruct the complexity of going agile and re-building an innovative, simple, future centric people strategy and HR Function.

So lets talk Agile HR.

THE WHY | BIG CHANGES NEED AGILITY

Agility is being at the speed of the customer.

We see three big changes that we will experience for the next 25 years. These drive the need for agility:

1. Exponential increase in transparency

Technology and data are changing what & how people want services driven by transparency. Non-traditional and non-industry players are disrupting businesses as they discover data and transparency to blur lines between industries.

UBER, AirBnB, Amazon's buy of Whole foods, Google's 1bn US$ investment in Lyft or iRobot re-evaluating its business model based on data its Roomba's collect, the impact of 3D printing on healthcare are good examples. United Airlines passenger eviction incident in 2017 is another dimension of the transparency impacting brands, services and policies. Consider this, Verizon with 144 million users, 2 billion messages a day and 194,000 employees stands disrupted by Whatsapp with 1.2 bn users, 42 billion messages a day and with 55 engineers.

2. New models to earn a living and add value as humans in an augmented world

In the context of significant impact anticipated from AI and Robotics, the idea of Universal Basic Income is being tested in Finland, Ontario City and Kenya. Then the idea of gig talent providing rapid deep-expertise changes conventional full time jobs and talent strategies. In US alone, the gig workforce is about 68 million and even in very regulated labour markets of France and Germany, is about 12 and 21 million respectively . The quest to create an Augmented Human – where man and machine embed each other will cause disruption of conventional employment.

3. Employee lifecycles outlast business lifecycles in a disruptive world

Pitney Bowes started off in 1990 as a facsimile machine company and now is mobile location based Services Company. Netflix in 1998 was a DVD rental company and became a production house with its original 'House of Cards' in 2013. An online bookseller called Amazon in 1995 is on the forefront of AI, Robotics and Cloud services across industry segments. So the company you join as an employee will not be the same company in 5-7 years.

In summary:
- There is no single industry company anymore
- The lines blur even between seemingly dissimilar industries with technology and data
- The future of the workforce is augmented – it will be a mix of human full time employees, gig talent, Robotics, AI driven automation, Bots etc.
- Change has an expiry label. If it is not fast enough, it derails a business rapidly

Underlying all these three big changes is the test of ability and the capability to keep pace with the speed of the customer. This applies to HR too.

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BIG CHANGES NEED BIG THINKING TO ANSWER THESE KEY Qs

The questions for future of HR can be understood in three broad clusters

First – What is an agile people strategy?

- What does a multi-industry organization model and talent strategy look like?
- What is your talent strategy at the intersections to drive innovation?
- What is the future positioning for HR Business Partners?
- How can Strategic Workforce Planning integrate human AI & Automation and Gig talent?
- How will an agile Performance Management approach be?
- What shifts do you need in your Succession Management?
- What is the future of Leadership capability and Development?

Second, How do we design intelligent interfaces that blur the lines between customers and employees?

- What are the interfaces HR can use to deliver outstanding experiences?
- How can smart interfaces make HR present everywhere yet invisible?
- How can you apply design thinking to employee interfaces?
- What is a Customer Experience based Employee Experience

Third, How can employee experiences based analytics link up with customer data?

- How can you drive analytics at the intersection of people and machines?
- How to design HR Analytics to be at the intersections?
- How can employee experiences design create powerful analytics and insights?
- How can HR Analytics be delivered through integrated voice + touch?

And therefore: How does the new HR Model look like in an agile world?

WHERE IS HR TODAY IN THE FACE OF THIS COMPLEX, FAST PACED, MASSIVE DISRUPTIVE CHANGE?

The HR Model hasn't really responded to these changes. Since the inception of the principles of HR Business Partnership in early 1990s by Dave Ulrich, HR has only become over specialized and over engineered. HR seems to have forgotten the principles laid out in the business partnership thinking and rather got stuck to the HR structure based around HR Business Partners, Centers of Expertise and Shared Services.

To add to this, the deluge of digital apps etc. that we believe will deliver HR to the future have only focused on certain tasks or activities. They are far remained from a strategic fit into a people strategy that is necessary for the future of work. With all the talk of digital, HR continues to own and drive some of the poorest human interfaces in a business. Don't agree? Try them on customers to see if they continue to use your services.

The Future of HR is not digital. It is Agile.

HOW DOES AGILITY IMPACT PEOPLE STRATEGY AND PRACTICES?

Here are how key people practices or approaches will change when we focus on agility:

a.   Organization and Talent Strategy
The new world ushered in by 'uberization' of services essentially makes any company a multi-industry player. In other words, there is no company that is insulated from disruption from a non-industry player. How will the talent capabilities be acquired or built to lead in this disruption? How will the non-industry player's entry alter your organization design or go-to-market approaches?

b. Strategic Workforce Planning
It is one area where HR Functions struggled to show either relevance or real results of current approaches. It is imperative that strategic workforce planning integrates full time employees, AI, Robotics and Gig talent. Hence the question, where should this planning be owned in the organization? The conventional Strategic Workforce Planning (SWP) methodologies based on productivity etc are of little value.

c.   New Talent Segments go mainstream
The mobility of physical talent is replaced by mobility of expertise with the ever-increasing adoption of gig talent as a strategic component of people strategy. This makes talent truly global as you can get talent from anywhere in the world with the best expertise. The full time employee (FTE) dependence will reduce due to both automation and highly capable gig talent.

d. Performance Management and Compensation
When organizations go agile in their customer centricity, it is imperative that performance management and reward principles keep up. The ability to assess and reward performance in multiple types of jobs with multiple types of purpose is critical. Hence the need to design multiple performance management approaches to co-exist without increasing the complexity. While the idea of 'doing away' with performance systems has garnered significant media buzz, the real issue is the lack of agility in performance management approaches.

e. Insights and Analytics
Delivery of sharp analytics in an intelligent manner is more important than statistical brilliance. A key belief in Agile HR thinking is that if you can design employee experiences and measure them, the HR data will become richer and go beyond the static data today. The 'Last Mile Simplicity' experience for people using HR data is almost non-existent. Imagine if you could use HR Analytics through an Amazon 'Alexa' like AI/Machine Learning device or an phone app?

f. Employee Experiences
Employee Experiences will be key to driving real time dynamic HR Analytics. To understand employees better, there is a need apply the same thinking we apply to customers. Therefore the way we design and measure customers experiences needs to be similar for how we deliver experiences to employees as well.

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g. HR Interfaces for employees and prospective employees
Possibly, the greatest opportunity for HR to be agile after adopting gig talent are the people interfaces. When a company invests its thinking, time, effort and money in building interfaces that embed their brands in the daily lives of their customers, why is the HR Function unable to do the same for its employees? Some of poorest human interfaces belong to HR. If HR can design and implement interfaces that wow employee experience and are intelligent to drive data on employee behavior, the company will change faster than the industry norms.

Can you re-imagine and re-design People Strategy and Practices with the same competencies we focus on today?

TO BE AGILE IN HR, SAY NO TO COMPETENCIES AND YES TO BEHAVIOURS

There are 6 behaviours we find prevalent in the best agile cases. This is primarily because they are not rigid in either interpretation or application. They serve as a cultural anchor in agile companies more than a prescriptive HR approach.

1. Purpose Focus	2. Design Thinking	3. Visual Thinking
Is able to take an idea from start to finish by building the right purpose, processes and people around the idea. Focuses more on the purpose of the idea and not the functional way of working of an organization to deliver the idea.	Is able to look at a situation or a problem or an anticipated change and build a solution, process or framework that most people never thought was possible. And in this way fundamentally altering the way things were done or experienced currently.	Is able to articulate an idea or a vision or a solution in very visual, image or drawing oriented manner. Is therefore able to deconstruct complex issues into simple, easy messages that win over people and the subject sticks with them.
4. Blended Talent Thinking	5. Last Mile Obsession	6. People Strategy
Continuously identifies opportunities to blend human thinking with automation driven execution. This is at both organization and individual job levels. This includes identifying new types of jobs or new ways of jobs being structured - hence also impacting organization models or structure etc. Is able to apply customer ideas on employees.	Is obsessive about the quality of experience at the last point or mile of an idea or a process. This is based on a key principle that the user owns the decisions. Experiences, products or processes are designed and delivered in a way that the user is empowered to choose or make decisions that impact him or her.	Is an expert in 5 areas of Human Resources Strategy: ▪ Multi-Industry and Augmented Talent Strategy ▪ Business Models & Organization Design ▪ Performance & Pay systems ▪ Leadership Capabilities and Succession ▪ Business Metrics based HR Analytics

Agility demands that we blur the lines between business & HR thinking and customer and employee approaches. These behaviours reflect that.

SO WHAT MAKES HR AGILE?

These examples of the disruption in people practices have in common three elements of agility. They are:

1. Intersections: The future belongs to companies that are master of these three intersections
   a. Intersections between industries. The best innovative or disruptive companies today have business models or strategies that straddle multiple industries. The best ideas in the world are from integrating possibilities from similar and non-similar industries.
   b. Intersections between knowledge domains. Applications, additive manufacturing, digital, wearable's, AI, Robotics, Machine Learning, Analytics etc.
   c. Between aspects of future of work: how to blend AI, Robotics, Gig workers and augmented talent etc.
2. Interfaces: One cannot imagine an agile business without agile interfaces. Agile interfaces mesh your product, service, and solution into daily lives or behaviours of people. Well-designed interfaces will deliver outstanding experience to customers and employees. Plus they will deliver richer data for driving experience-based insights.
3. Insights: What is your HR data worth? What is the value of insights that you are driving? You have to value your HR data in growth, innovation, profitability or revenue potential. If you can drive a mix of big and small data, you will be able to speed up an analytics culture.

The key question: 'Is your HR Function at the right intersections, with the right interfaces and right insights?'

Here some quick examples across intersections, interfaces and insights:

- A bank applies 'gig thinking' to internal employees to drive multi-country employee development
- A retailer's workforce strategy is to have the same demographic in store employees as that of their customers
- An electronics retailer has proactive HR chat bots that are continuously providing feedback on employee experiences
- A beverages company introduces Face Book at Work, an interface that changes internal communication and collaboration
- A navigation software services company has multiple performance management approaches for the same employee depending on the nature of work, projects and delivery
- Amazon's 'Alexa for business' melts the lines of functions with-in a company and makes employee work seamless across multiple areas of activities
- An agricultural products company links all HR Analytics directly to Business Metrics
- An industrial engineering company makes it HR Analytics transparent to all employees to drive culture change

70% of agility is not HR Structure related. To be agile, people practices, work methods and very importantly being focused on business outcomes is key.

A summary of how the three elements of agility impact every aspect of people strategy, HR Model and Practices:

| INTERSECTIONS	INTERFACES	INSIGHTS
WHAT ▪ The forces that are likely to disrupt your Company, either through start-ups, M&As or from another industry ▪ Understand the impact of domain expertise areas on the talent base in the Company and in HR ▪ Which and how are the elements of future of work going to impact your Company? We try to understand how the HR Function is positioned to lead in this environment that you anticipate for your Company.	**WHAT** ▪ How simple is your HR Function really? ▪ What are the simplification opportunities? ▪ What are the external factors influencing employee expectations? ▪ What is the speed of HR compared to speed of business? ▪ What are the 'hand-offs' in HR and how are they designed? ▪ How does the data flow with-in HR and to other functions We try to match the customer experience being delivered by the Company and compare it with the employee experience being delivered.	**WHAT** ▪ What the employee experiences that will best deliver your business strategy? ▪ How should those experiences be designed and delivered? ▪ What data will those experiences generate to understand employees better? ▪ How can the analytics approach be shaped to keep the employee experiences going and create compelling insights to keep agile? We do not believe that HR Analytics is an effectiveness tool. Most of HR Data is compliance driven or static. HR Analytics has a larger purpose – to position the talent and experience in the company that delivers agility.
IMPACT 1. Organization Model & capabilities 2. Build the right leadership capabilities 3. Talent Strategy to lead disruption 4. Augmented workforce planning 5. Gig Talent game plan 6. Agile Performance Management 7. HR Capability to drive people strategy at the intersections	**IMPACT** 1. Designing interfaces for employees similar to the customers 2. Design of employee experiences 3. Using employee experiences for richer HR Analytics 4. Embedding HR into daily lives of employees 5. Driving a wow simplicity experience	**IMPACT** 1. Measure a talent strategy the combines humans and machines 2. Draw data from employee experiences 3. Design employee interfaces that help you understand employee experiences? 4. Embed HR Analytics into daily lives of managers and employees through intelligent interfaces

"If all of these practices or approaches are changing in the future of work context, can HR deliver value by remaining to be organized the same way?"

ORGANIZING HR DIFFERENTLY ABOUT NEW FOCUS+EXPERTISE AREAS AND ALLOCATION OF RESOURCES

It is commonly construed that having agile teams – customer outcome focused cross-functional or expertise based are a key component of agility. However, in my view, it is only one of the elements that make an organization or HR agile.

70% of agile HR opportunities are not HR Structure related. There is lot of thinking HR has to do even without attempting to change the structure. This is a model not a structure to be applied. Will accelerate agility but is not the only driver.
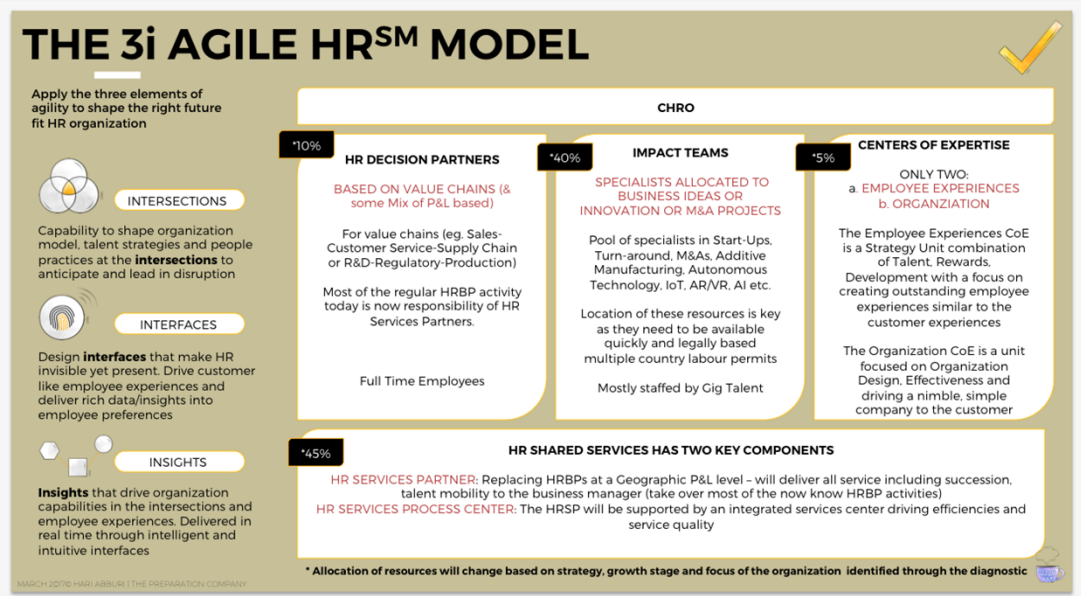
Here are the big shifts from how HR is typically organized today:

1. HRBPs at a regional level or below the CHRO can add more value if positioned at the intersections – at the value chains to be a multiplier of ideas (eg. Sales-Customer Service-Supply Chain or R&D-Regulatory-Production), this focus is also achieved through less number of HRBPs
2. Between 20-40% of HR headcount should ideally be gig talent, called 'Impact Teams' – People who bring deep expertise to deliver on business ideas and projects. Easy to deploy rapidly across locations and scalable to the needs of the business. These teams drive high impact HR to drive business objectives
3. HRBPs combined with Impact Teams (gig talent) deliver rapid change, innovation and are highly adaptable. Gig Talent enables rapid development and deployment of ideas in HR, makes it flexible at a global scale
4. Most existing HRBP Roles will be replaced or converted to HR Services Partner Roles – Delivering 90% of HR needs to managers and employees (extension of Shares Services)
5. Only two Centers of Expertise – Employee Experiences and Organization Capabilities. This will allow HR to drive a strong Purpose and deliver simplicity of experience

The business context determines the allocation of resources between different areas in HR. This drives the ability to be at the speed of the customer.

THE MOST COMMON QUESTION ASKED:
HOW CAN WE GO AGILE AND WHERE DO WE START?

We partner with CHROs and Companies to Go Agile with their HR Functions. The take-away is surprising – 70% of HR Agility is not structure related. There are so many design principles, approaches and frameworks to re-imagine first. But never start with the structure first.

My paper, 'Imagination, Watson. Not HR Strategy' in March 2017, introduces the three element of Agile HR (Intersections, Interfaces and Insights) and its impact on HR Organization Model. It talks about the changes this brings about to the roles in HR.

If HR does not go agile, the weakest link in organizational change will end up being the HR Function. This at a time when it needs to be both ahead and on the forefront of socio-economic changes driven by the 4th Industrial Revolution.

"Usually being behind or playing catch up is not the best state to be. But to me, it actually is an advantage that HR is behind times. It can now skip one generation of experimentation or learning to start at a new level of ideas."

Agile HR Model^{SM} is not a organization structure discussion. It is an agility discussion that is a continuous capability to be ahead of the disruption curve. In this rapid, radical change environment, it may not be the most prudent thing to over-analyze the 'as-is' situation. Regardless of where you are in your HR Capability, the destination seems clear.

There is so much innovation around us. It is the most exciting of times to be in HR. If you can think agile, you can go agile.

Imagine, Design, Prepare, Lead.^{SM}

START A CONVERSATION to know more on this solution or for Leadership Co-Explore Roundtables on Agile HR. These sessions showcase client experiences and research on Agile HR from companies across Europe, US and Asia

ABOUT THE AUTHOR

Hari Abburi is a Global HR Executive. He consults with CEOs and CHROs on agility and design thinking for Leaders, Cultures, Organizations and Human Resources.

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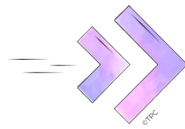
THE 3i AGILE HR℠ DIAGNOSTIC AND GO AGILE ROADMAP SOLUTION

This solution adds value to
1. Demystify and jump-start transition to Future of HR state through a precise, easy-to-handle, change oriented roadmap
2. Identify and rapidly seize opportunities across business, geographies, frameworks or platforms
3. Identify opportunities beyond HR Structure oriented, eg. Employee Experiences driven HR Analytics or Redesign of Strategic Workforce Planning
4. Apply diagnostic to compare capabilities in M&A/Integration decisions to leverage opportunities or consolidate capabilities between entities
5. 'Warp Drive' HR capability by thinking through solutions and approaches for the Future of Work and Future of Business Models era

KNOW MORE

RELATED

- Gig it up. How to integrate gig talent into workforce planning
- Imagination, Watson. Not HR Strategy
- Employee engagement is the way you do business
- The power of eight employee experiences
- You want an agile company. But is your HR Agile?