

AGILE HR

AGILE SERIES NO. 1
APRIL 24, 2019

AGILE ISN'T FOR TECH ANYMORE

IT IS TRANSFORMING HOW ORGANIZATIONS HIRE, DEVELOP, AND MANAGE THEIR PEOPLE TO SUPPORT THEIR ORGANIZATION ON THE WAY TO BE AGILE



Like other functions, HR was built around the long term. However, as rapid innovation become a strategic imperative for most companies and speed is the new business currency, HR must transform too, to be able to support their organizations to stay competitive.

It's a move away from a rule- and planning-based approach toward a simpler and faster model of HR. In many companies this is happening gradually, almost organically – the business side has learned agile from IT and HR should too.

We can say HR is going “agile lite”, applying the general principles without adopting all the tools and protocols that IT world does, but it's clear it is not about long term anymore – HR must be suited for adapting to near term.

HR touches every aspect and every employee of an organization; therefore, its agile transformation may be more extensive and most probably more difficult than in other functions. Based on the HRB Report on New Rules of Talent Management, companies are redesigning their talent practices in the following areas:

PERFORMANCE MANAGEMENT

In many cases, the first traditional HR practice going away is annual performance review, along with employee goals being cascaded down from business and unit objectives each year. The reason is that it no longer supports the agile ways of working: short term projects or projects of various length, each project is often run by different leader, the work is organized around the teams, which are changing from project to project.

But dropping appraisals without a plan to fill the gap is of course not a wise decision. Therefore, it seems many organizations rather moved to more frequent performance assessments, following each project – the focus is on delivering and providing immediate feedback after each project, from different leaders and team members, throughout the year. This provides enough flexibility and just-in-time feedback, reflecting on different business cycles and needs.

This seems easy to do, however for HR, it brings another challenge – how to keep the data provided throughout the continual-feedback process, where to store them and how to evaluate them. Many organizations have invested in robust HR systems that are mostly not suited for this flexible approach.

Johnson & Johnson where I used to work tried a new approach and moved away from capturing the feedback through the traditional “five conversations” process, which included goal setting, career discussion, mid-year performance, year-end appraisal, and a compensation review, and introduced new app, where all employees, team leaders and managers could exchange feedback and suggestions in real time.

The key change is however not to keep the feedback in another, even more flexible, platform, but the key change is to keep an ongoing dialogue, provide feedback just in time where it's needed and expected, to accelerate learning, course-correct where necessary and improve performance and employees' and teams' effectiveness.

One more aspect that influences the way how performance management is handled is that agility pushes away focus on individuals and think about rather it in terms of the teams.

COMPENSATION

Logically, this goes in line with compensation – for example Macy's, large US retail company, uses so called "spot bonuses" to recognize contributions when they happen rather than rely solely on year-end salary increase or bonus – as research and practice has shown, demonstrated by one of the best-selling author – Daniel Pink, in his book Drive, compensation works best as a motivator when it comes as soon as possible after the desired behavior or achieved goal.

SUCCESSION PLANNING

Succession Planning process is also on spotlight, as by its nature, it is about longer-term planning for talented individuals to grow and take over the most critical leadership roles once the right time comes, in a hope that they will develop certain skills and capabilities on schedule. It is not a secret, that things usually happen as unplanned – companies often find out that once the position opens up, their needs have changed – generally, this leads to a new recruiting search...

Pepsi is rather taking a simple step away from this model and shortens the time frame – it runs brief quarterly updates on the development of possible successors – in contrast to the usual annual process – to ensure appointments are happening closer to when successors are likely to step into their new roles.

LEARNING & DEVELOPMENT

With all the changes happening, L&D function plays a critical role in supporting the changes and equipping people and managers with the skills needed. Development becomes rather a journey and requires continuous learning throughout the organization with employees and leaders learning from failures, feedback and new experience.

Based on the HBR report, the key action steps for HR and Talent professionals to help their organizations becoming Agile are:

- Get C-level support and train leaders at all levels in agile practices
- Focus on early adopters, millennials might be the right choice as they naturally support and live agile practices, to make the changes happen
- Equip employees for work in teams: encourage collaboration and sharing, show them how to provide feedback and build on lessons learnt to accelerate the effectiveness and performance.