HR Drives the Agile Organization

By Yaarit Silverstone, Himanshu Tambe and Susan M. Cantrell

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As the world becomes increasingly volatile and unpredictable, organizations that can quickly and easily adapt to changing business conditions will outpace their competitors. To compete in a rapidly changing world, HR will fundamentally reshape itself so that the function becomes a critical driver of agility. In this role, HR will enable a new type of organization—one designed around highly nimble and responsive talent.
Businesses Feel the Pressing Need for Agility

There's little doubt we're living in an age of volatility, with new products and services being developed at a dizzying pace, natural disasters proliferating and the stock market fluctuating—to name just a few examples. There's only one thing we can count on: business-as-usual will be constantly threatened by the emergence of disruptive technologies, changes in consumer behavior and customer demands, advances in science, the arrival of new players from far-flung points around the globe, new regulations, price changes, demographic shifts and more. Chances are, whatever organizations did to get where they are today won't keep them there tomorrow.

The military coined a term for this new environment that so many organizations now must contend with: VUCA, an acronym standing for volatile, uncertain, complex, and ambiguous.

- **V** = Volatile, where things change quickly but not in predictable or repeatable ways.
- **U** = Uncertain, where disruptive changes occur frequently and where the past is not an accurate predictor of the future.
- **C** = Complex, where there are numerous, difficult-to-understand forces at work and mitigating factors involved in a problem.
- **A** = Ambiguous, where the causes and the “who, what, where, when, how, and why” behind the things that are happening are unclear, and where there is a potential for misreads, mixed meanings of conditions, and cause-and-effect confusion.

Take the surprising rise of Apple in the last decade. Who could have predicted its dominance 15 years ago, when the company had to get bailed out by then-nemesis Microsoft? And consider the financial shock of 2007-2008, which few predicted, and which wiped out any illusions of stability for good.

Leaders now know they must make their corporations more agile—or suffer the consequences (see sidebar “Agility defined”). In a recent Accenture survey of C-suite executives, CEOs reported that becoming agile is now their number-three business priority; managing change and attracting, developing and retaining skilled talent came in as numbers one and two, respectively. GE chairman and CEO Jeffrey Immelt summed up his team’s perspective on the need for agility: “We have entered a new economic era...Nothing is certain except for the need to have strong risk management, a lot of cash, the willingness to invest even when the future is unclear, and great people.” In today’s chronically uncertain markets, agility constitutes a powerful competitive weapon.

**Agility defined**

What is agility, exactly? It’s a company’s ability to anticipate, sense and respond to volatility in its markets in ways that create competitive advantage (for more on the topic of agility, see: “Corporate Agility: Six Ways to Make Volatility Your Friend,” *Outlook*, 2012). We express it through this simple formula:

\[
\text{Agility} = \text{adaptability} + \text{speed} + \text{execution}
\]

In other words, agile organizations:

- Execute their strategy more quickly than less agile rivals
- Innovate faster and in new ways
- Respond purposefully to short-term urgencies
- Rapidly re-skill and re-focus their workforce to meet changing business needs
- Quickly adapt to acquisitions and divestitures
- Change their business models readily as needed
- Quickly respond to changing customer needs
- Are change-capable
Consider how profound this shift might be. For the most part, today's organizations strive for efficiency, consistency and risk reduction by rigidly controlling activities from the top. Organizations use highly scripted and standardized processes to try to forecast needs and design the most efficient systems to ensure that the right resources or people are available at the right time and the right place. Organizations have managers who carefully list responsibilities of each job, for example, and build up inventory or hire new employees in advance of demand. In essence, processes, routines and activities are "pushed" rather than "pulled." Then they're monitored and enforced to avoid surprises—often with "carrot and stick" incentive systems. Moreover, organizations establish organizational functions to clearly delegate work. However, such functions often become siloes that can make it difficult for workers to easily collaborate with one another across borders to quickly and effectively solve business problems. Such rigid standardization and specification of activities can come at a high cost; it can make organizations inflexible and less adaptable to change. Perhaps not surprisingly, nearly half of the 674 executives surveyed in a 2010 Accenture study reported having little confidence in their companies' ability to mobilize quickly to capitalize on market shifts or to serve new customers. Half did not believe that their culture was adaptive enough to respond positively to change. And 44 percent weren't certain that their workforces were prepared to manage change through periods of economic uncertainty. Results from a survey by the Economist Intelligence Unit echo these findings. More than a quarter of the EIU's poll respondents said their organizations were at a disadvantage because they weren't agile enough to anticipate fundamental marketplace shifts.4

Agile organizations of the future may look radically different. Instead of pushing resources and people based on forecasted demand, nimble organizations may instead fluidly enable a broad range of resources and people to be pulled on an as-needed basis to respond to events in real-time and where they will have the most impact. When a problem, need or change arises, agile organizations will enable their employees to attract relevant talent to where it’s needed, even if they previously weren’t aware that such resources existed. Powerful new technologies, such as search and social networks, are now helping to make such a world possible. Consider the fact that social network technologies can suggest professional connections that may be just what you need to solve a business problem, even if you don’t already know those individuals. Used skillfully, such technologies can help organizations attract people from unexpected sources. We predict that this capability will only improve over time.

A new paradigm may guide organizations in the future, with new, more agile business practices replacing traditional ones (See sidebar: “Agile business practices”). Instead of having a few executives make decisions from the top in the interest of scalable efficiency, businesses may foster growth and innovation by empowering a large number of diverse workers to participate in decision making.
## Agile business practices

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<th>Business domain</th>
<th>Traditional practices</th>
<th>Agile practices</th>
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<tbody>
<tr>
<td>All talent management processes</td>
<td>• One-size-fits-all</td>
<td>• Customized</td>
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| Learning and development                   | • Periodic, bolted-on training programs                         | • Constant learning and development integrated into everyday work
|                                            |                                                                  | • Rapid re-skilling                                                            |
| Career paths                               | • Highly defined and structured                                 | • Varied or loosely defined (or no paths at all)
|                                            | • Limited mobility                                              | • Mobile workforce pulled to where it’s needed, when                           |
| Job and work design                        | • Highly defined and structured jobs                            | • Work restructured in terms of projects                                        |
|                                            | • Discomfort with exceptions or experiments                     | • Broadly defined jobs with a great focus on behaviors, values, and cultural fit over specific skills
|                                            |                                                                  | • Workers encouraged to experiment, test and make front-line decisions         |
| Performance management                     | • Annual cascading performance objectives                       | • Flexible performance objectives that can easily change based on quarterly targets or group objectives
|                                            | • Yearly performance reviews                                   | • Frequent, real-time performance feedback from multiple sources               |
| Collaboration                              | • Little collaboration across organizational siloes             | • Collaboration across siloes, jobs, hierarchy levels and organizations        |
| Workforce definition                       | • Employees only                                                | • Large extended workforce                                                     |
|                                            |                                                                  | • Networks of collaborators                                                   |
| Work processes                             | • Highly scripted                                               | • Less scripted                                                                |
|                                            | • Little room for experimentation                               | • Room for improvising                                                         |
| Change management                          | • Bolted-on "change programs"                                  | • Change management principles are embedded in how all people work, think and collaborate |
| Type of worker valued                      | • Follows directions and scripts                                | • Adaptable, creative and independent-thinking                                  |
| Motivation                                 | • Extrinsic                                                     | • Intrinsic                                                                    |
| Decision-making power                      | • Centralized at the top                                        | • Front-line people empowered to make decisions                                |
| Basis for design of HR, talent and change programs | • "We’ve always done it this way"                           | • Empirical and grounded in analytics                                          |
In the future, organizations will need to rapidly assemble and reassemble employees in teams based on changing business needs. But to really drive agility, these teams may also need to include workers who reside beyond organizational walls—such as freelancers, outsourcing partners and strategic partners. This approach will help organizations swiftly gain the best thinking and skills from anywhere and apply them to every project and problem.

In addition, as a recent Accenture article on organizational agility pointed out, businesses will need flexible, agile workers who can problem solve and experiment to drive performance improvement and innovation (See: "Working at the Speed of Opportunity," Outlook, 2012). This new breed of worker will have to be capable of constant learning to develop new skills called for by changing business conditions, supported by organizations that make learning a top business priority. And they will need to be armed with skills that enable them to be change capable, as change management becomes less of a bolt-on activity driven by HR and more of an embedded capability in all workers. (See: "The Change-Capable Organization," Outlook, 2010). Organizations can support this as well, by fostering cultures that are less hierarchical and more collaborative and adaptive, and by providing the right incentives, processes and leaders.

Once established organizations develop agility and entrepreneurial behaviors, significant business benefits are likely to ensue. By more flexibly responding to emerging opportunities, organizations will be able to create more effective business processes and offerings faster and with far greater ease.
Impact on HR

As organizations reconfigure their businesses to make agility a top priority, this process will create a new role and set of responsibilities for HR. This in turn will reshape the way HR is structured and how talent management and HR services are delivered. In many organizations, existing HR systems are currently impeding efforts to create agile workforces. To enable agility, HR will need to make changes on the following fronts:

Mission and mandate. HR systems have generally been designed to reduce variability and to standardize behavior, with an eye toward mitigating risk and delivering low-cost, easy-to-manage administrative services. This approach delivers some benefits but doesn’t promote flexibility, adaptive behavior or significantly improved workforce performance. HR organizations of the future will need to adopt a new mission and mandate focused on improving people’s performance and enabling adaptability by helping the organization pull needed human resources on demand.

Primary imperatives. To meet its new mission and mandate, HR will have to embrace some imperatives that it has traditionally not strongly emphasized in the past. Below are some examples:

• Foster internal and external worker mobility. Worker mobility in all dimensions—within and between organizations; across jobs, careers, functions, geographies and business units—is critical to enabling people to pull the human resources they need when and where they need them. HR professionals will become experts in making this happen by fostering worker exchange programs across companies, designing incentives to encourage internal mobility, participating in crowdsourcing events and redesigning career paths. (For information on how information technology can help foster internal worker mobility, see sidebar: A Technology Platform for Enabling a Fluid Workforce.)

• Help people discover unknown talent, and help broker it. To enable talent to flow to tasks where it’s needed, HR practitioners will become experts in identifying and locating talent and matching it with need. To do so, they will begin relying on a host of data beyond the skills and experience profiles used today—including employees’ passions, geographical preferences and competencies.

• Help build an adaptive, ethical and empowered culture. In the future, HR professionals may be just as—or even more—inolved in creating general work environments and fostering specific cultures that promote adaptability as they would be involved in creating traditional HR programs. For example, they may foster a culture where workers experiment with how to best meet their objectives and learn from these experiences. To do so, HR may need to redesign incentive systems to focus more on intrinsic than extrinsic motivation, such as providing interesting and challenging work or a strong sense of contribution. In addition, HR will need to help build an ethical culture and strong value system. When individuals have more decision-making power and when narrowly defined jobs are no longer the primary control mechanism, values instilled deeply in the culture can help ensure that people make appropriate and effective decisions.
• **Apply science and fact-based analytics.** Recent advances in the integration of psychology (the study of the human mind and human behavior) with neuroscience (the study of brain anatomy and physiology) have revealed important insights into how organizations can best manage transformation and change. These advances have also shed valuable light on other topics such as motivation, learning and innovation. To take just one example, scientists have found that change efforts based on incentive and threat (the carrot and the stick) rarely succeed in the long run because of biological preconditions of the brain. HR professionals in the future will increasingly mine such insights to develop systems that work with (not against) human nature to promote agility. In addition, they will use the tools of the scientist—empirical study of data—to perform analytics on their own workforces to drive agility. They will use the resulting insights to make evidence-based decisions regarding workforce management, such as how to move resources to where they are most needed and how to stimulate knowledge sharing and collaboration. For example, they may use analytics to determine which types of skills within their company’s workforce correlate most strongly with key business metrics like customer satisfaction or number of patents produced. They can then foster rapid knowledge sharing to strengthen these skills or facilitate the internal movement of people who possess those skills to where they are most needed.

• **Develop a learning organization.** As learning becomes more important to enabling agility, HR will put more emphasis on helping workers constantly acquire or build new skills, and most important, to learn quickly. HR and training departments will be increasingly responsible for not only developing learning and training programs, but also for developing a culture of continuous learning, fostering informal, peer-to-peer learning, and hiring people who have the ability to learn quickly and easily.

**Work, job, and career-path design.**
Job descriptions in today’s organizations facilitate employee selection and placement by providing clear skill requirements. They also enable equitable pay systems based on similar jobs within and across companies. Moreover, they help organizations clearly delegate and divide tasks, and then measure the performance of the individuals performing those tasks. But traditional job descriptions may become obsolete in a world characterized by complex, integrated knowledge work performed through teams or assignments in a world characterized by frequent change. In an Accenture survey of 557 workers, as much as 55 percent of respondents said they now do very different work than their counterparts with the same job title, level and location.

If workers are locked into a rigid script based on a standard list of job tasks and then the world changes, they can’t easily apply their skills in new ways. But constantly updating job descriptions to reflect new realities can be expensive and time consuming. By the time updates are rolled out, they might already be out of date. To help their organizations become truly agile, HR professionals will need to drive a fundamental redesign of work so that it facilitates more on-the-fly problem solving and experimentation and less conformance to rigidly prescribed job tasks.

Already, some organizations are doing away with traditional jobs. Instead, they rely on employees to determine their own roles and tasks on each project, working within the loose limits of general functional or broad work areas only—such as crunching numbers or running machinery. Organizing work in this way can help a workforce continuously adapt and change shape in response to a volatile and unpredictable environment.

Alternatively, organizations may define work in terms of small, discrete projects. Some companies are beginning to experiment with such a concept to enable greater flexibility and to easily shift skills to where they are needed. For example, Microsoft lets its core engineers “moonlight” on special projects within the company that lie outside their core jobs. At Google, engineers can spend 80 percent of their time working on their core jobs and 20 percent on strategic new projects that may eventually evolve the company’s business model. Some consulting and
other project-based companies are even hiring permanent employees for projects lasting one to three years. The understanding is that they will likely be let go at the end of the project unless another project comes along or they can find another position in the company. Indeed, as work is increasingly performed across organizational boundaries and by workers who reside outside organizational walls, the notion of work being performed only by traditionally defined “employees” will vanish. More workers may be willing to patch together a custom “quilt” of projects at various companies based on their unique interests and passions (See: “The Rise of the Extended Workforce”).

Just as jobs may need redesigning to drive agility, career paths will likely require reconfiguration as well. Linear, lockstep paths may give way to varied or substantially broader paths that enable people to easily change roles and even careers based on the needs of the business and the mix of skills it requires. In one Accenture study, nearly 62 percent of workers said they’ve had to change careers at least once to meet the challenges of the job market.11 Accordingly, HR will get involved in developing career “webs” rather than ladders, and will help provide the support and knowledge necessary for people to navigate their careers in a more complex and ambiguous world.

For example, some companies are analyzing their workers’ transfer and promotion histories to build a searchable database that all employees can see. Workers can then use social networking tools to connect with those whose career paths might be a model for their own.

Talent management processes.
Redesigning work will require a corresponding sea change in HR. That’s because in today’s world, nearly all HR practices—including compensation, career development, rewards, training, and performance appraisal—are tied to narrowly defined job descriptions. When an organization can no longer rely on static job titles or organizational charts to determine what talent management processes are relevant to a particular employee, such processes will need to change to fit the individual, not just the job.

For instance, organizations may need new ways of defining who gets paid what, which rewards are administered and how performance is evaluated. Criteria for answering these questions may need to be redefined. For example, criteria could include an individual’s portfolio of skills, outcomes achieved or personal needs and interests. To illustrate, people may be paid based on their skills rather than on their job titles. Or they may have to engage in learning programs to acquire or build skills needed to meet changing corporate priorities or to define their own career path. Organizations may have to restructure feedback systems so employees have ongoing, daily input on the unique and changing tasks they’re performing. And promotions or rewards may need to hinge more on individual results and impact than on tenure or seniority. (See: “Managing Your People as a Workforce of One”).

To customize talent management practices to the individual rather than to the job, companies will need to integrate these practices into all processes affecting the employee experience—from discovering talent and defining talent needs to developing and deploying talent. Instead of viewing individuals as a series of fragmented parts (e.g., a part that needs to be recruited, a part that needs to learn, a part that needs to progress on a career path), HR professionals will need to look strategically at the whole employee and all of their related needs, and customize accordingly. And they will have to broaden all talent management practices to include the extended workforce. Only then can they ensure that this increasingly important resource is just as motivated and high performing as traditional employees are.
Recent technology advances are making it easier for organizations to achieve agility—in the form of a “fluid workforce” model enabling talent to flow to where it’s needed most. For example, instead of sourcing a task with the best available person who happens to be on the task owner’s team, organizations can use emerging technologies to source a task with the best available person from anywhere within or even outside the organization. “Tasks” can include anything from taking a few minutes to answer a question, spending hours or days helping with a proposal, or taking several weeks to solve a difficult design problem.

Until recently, the overhead associated with reaching out to find the best-matched employees from anywhere in the enterprise, attract them to the effort, onboard them and monitor them has been prohibitively high. But thanks to a slew of new technologies increasingly being built into talent management software platforms, such as enterprise social networks, cloud-based collaboration portals and gamification engines, organizations can now better support highly dynamic team structures. The table on the following page outlines seven key challenges involved in supporting such a fluid workforce, along with the social collaboration technologies that can help address the challenges.
<table>
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<tr>
<th>Challenge</th>
<th>Technology applications</th>
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| **1. Describing tasks in a clear and standard way** | • Business applications enhanced with embedded commands to facilitate creation of structured task descriptions  
| | • Templates to standardize creation of task descriptions |
| **2. Making employees with needed skills aware of tasks** | • Text analytic solutions to direct the request to relevant talent communities and employees  
| | • Community sites enhanced with social feeds from enterprise social networks to display relevant tasks for talent community members  
| | • Social routing technology to allow talent community members to manually redirect tasks to relevant communities and specific employees  
| | • Employee profile pages enhanced with functionality to pull in relevant tasks |
| **3. Incenting prospective fluid team members to take on tasks** | • Gamification mechanisms that let prospective team members earn skill-specific badges and enhance their expertise in different skill areas as they successfully complete tasks  
| | • Business applications enhanced to associate community-curated skill badges with tasks  
| | • Community portals enhanced to allow senior community members to curate relevant skills with distinct levels, and to define the combination of badges or accomplishments that employees must earn to "level up" in a skill |
| **4. Reviewing potential team members' qualifications** | • Team portals enhanced with social feeds to track and review interested candidates for a task  
| | • Employee profile pages designed to recognize and display skills and accomplishments |
| **5. Onboarding fluid team members** | • Team portals enhanced with work item (such as a word document) and specific social feeds to track discussions and creation history for different work items |
| **6. Monitoring and coordinating the effort** | • Team portals enhanced to support coordination of fluid members  
| | • Employee work tools enhanced with functionality to post and respond to status requests |
| **7. Building employee reputations** | • Gamification mechanisms for recognizing accomplishments and earned skills  
| | • Technology solutions to measure and collect employees' accomplishments  
| | • Employee profile pages designed to display skills and accomplishments |
HR organizational structure. To help the entire organization become more nimble, the HR organization itself will have to become nimble as well. It will need to apply many of the practices it prescribes to the entire workforce to itself—such as continual learning and new ways of structuring work that break down siloes. This may mean that HR no longer dictates the actions that people must take. Rather, it may need to provide employees and managers with the appropriate talent management and HR resources and solutions that can be mobilized for them to address opportunities as they arise. In this model, the customers that HR serves—employees—are no longer treated as passive consumers of talent processes and solutions, but instead as co-creators of those processes and solutions. HR would thus become highly networked and collaborative.

To adopt such a model, HR professionals themselves may have fluid jobs and may need to develop new organizational structures that enable more flexibility than today’s standard organizational model allows. For instance, in some organizations, HR has done away with the traditional centers of excellence and HR business partners. They have then adopted a model in which HR professionals, with focal areas of expertise and more broadly defined job descriptions, lead teams comprising not only themselves but also people from functions such as IT or facilities, along with people from the business, to solve specific talent issues. Other organizations have adopted a “professional services” HR organization. In this model, permanent HR professionals are assigned to work on a project-by-project basis depending on the needs of the business and their skill and interest profiles. HR professionals may also work within a larger ecosystem of people from the business, other functions and an array of external contractors, vendors and partners to co-create solutions that meet specific business needs.

Bottom Line

As agility becomes the new mantra of business, organizations will reshape themselves so that they can fluidly pull resources when and where they’re needed to rapidly respond to changing business conditions. HR organizations of the future will have to reinvent themselves—and the HR and talent management practices they support—to drive agility in their organization. Those that fail to do so may put their organizations at risk of obsolescence.
Sources

1. Accenture research conducted with 1,007 senior executives at global 2000 sized organizations, interviewed between September 2011 and January 2012 in nine countries (US, Brazil, UK, Germany, France, Italy, Spain, Japan and China).


About Our Research

The primary objective of the Accenture Future of HR research initiative is to develop insights that can be useful to both HR and business executives as they seek to maximize the role of HR as a critical function within the organization. We are exploring how current business trends might reshape the nature of the function— in terms of HR's mission and mandate, the key activities HR performs, the skill set necessary for HR professionals, the metrics on which to evaluate HR's performance, and the organization and governance models and roles that will most effectively help HR maximize its value to the business. We also are examining current best practices in HR, as well as some of the obstacles HR is facing and how those obstacles can be overcome in the future.

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