How the human factor can make or break growth
Humans are the true power of every enterprise—but they can also be what hinders it if they are mere spectators to transformation.

Change is the only constant for today’s businesses; however, only 20 percent of executives say their companies can sustain change over time.¹ To have the agility to compete now and in the future, companies must have agility to change. This means creating flexible, responsive cultures capable of adopting and sustaining transformation. Based on extensive experience helping clients become agile and more competitive, Accenture outlines three steps for companies to take.
Companies have cut costs; they’ve cut headcount. Some have even undertaken comprehensive Zero Based Spending initiatives to get lean and find savings to reinvest in the roadmap for growth. To meet growth objectives, they may be investing in key capabilities, redesigning their operating models or even conducting organizational “upgrades.” Despite this, most companies have not unlocked their full value potential or substantially increased their competitiveness.

Why? The simple yet complex answer is what we call the “human factor.” Planning and even executing on cost savings or growth initiatives are not enough to realize the business’s whole potential. Full value can only be realized when change is adopted and sustained by people at every level of the organization. But people are resistant to change. In fact, Accenture’s research shows five of the top seven barriers to transforming and advancing the company are people related.²

“The human factor is key. When change is adopted and sustained at every level, companies can unlock the full value of transformation.”

5 of the top 7 barriers are due to the “human factor”
So why is the human factor often overlooked or only considered late in the game? It is tempting to think that new technologies or processes will be the silver bullet to solve all issues. Focusing on tangible components such as a new functional operating model or updated technology is easier to explain and looks like change. But these implementations alone do not create any sustainable or lasting change if there is no compelling reason or belief in the need to think and act differently, and the “why” behind it.

Vision and direction are the key drivers to realize benefits from change when clearly articulated, supported, managed and measured. This means understanding the vision is not enough. Emotional agreement and commitment is needed throughout the organization, or most people will revert to their old ways.

Accenture’s analysis of over one million employees involved in change initiatives at more than 200 organizations finds that high levels of passion and drive can increase benefits realization by 50%. Conversely, high levels of fear and frustration can result in a more than 20% decline.³

The reality is that to unlock the full value of transformation efforts, companies must address the human factors head on. Now.

Continuous change is the new normal. It requires organizations to build a culture that embraces change, harnessing the passion and drive of its people—enabling the company to be more agile and responsive to customers, market fluctuations and competitors. This means organizations need a broader and longer term focus than just the immediate initiative. They need to create a truly agile culture to embrace any future change.

It is daunting yet doable. It requires “going big” on tackling the human factor. It starts with a genuine belief and commitment from all leadership to cascade and engage the entire organization.
THREE KEY STEPS TO CREATE A CULTURE OF AGILITY

Accenture has identified three key steps for companies to create a sustainable culture of agility. These allow organizations to maintain their balance while in motion, to achieve flexibility while maintaining stability. To position themselves for future viability and growth.

1. **Prepare to disrupt and to be disrupted**

**Know how agile you really are:** What are the key factors that create agility? It can be difficult and frustrating for organizations to pinpoint the underlying issues that are hindering their progress. Completing a fast, highly-analytic agility assessment, such as Accenture’s assessment, helps organizations understand their current state. It informs what needs to change. An agility assessment will enable leadership to make smart, focused choices that support the strategic vision and an ongoing agile culture.

**Make agility everyone’s job:** Creating an agile culture requires the full commitment and alignment of the entire leadership team—including the next generation of leaders. This includes identifying those specific behaviors that will change the organization’s culture from within, including leadership behaviors. It requires clear accountability for implementation and sustainment. One large retailer helped ensure success by getting the broad executive team to own the change. They identified the desired behaviors and then subsequently involved key leaders to define how to bring about the behavior in their organization. This meant that instead of just talking about vision and culture, the leaders were on point to identify how to embed the change, making it part of their everyday culture.

**Measure leadership behaviors, not just financials:** Measure and incentivize executives not just for cost savings in their functional area, but for the reinvestments they make that contribute to future agility of the entire organization. Companies can leverage advanced analytics and data to provide the necessary insights to understand what’s working and driving change. In addition to financial goals, metrics should be tied to behavioral changes that can and will be measured over time, helping inspire workers to embrace continuous improvements and innovation.
Understand your core talent needs and proactively plan to fill gaps: The pace of change is faster than ever. New talent models, automation, artificial intelligence (AI), and new ways of working are upending talent needs and management. Accenture research shows that artificial intelligence alone has the potential to double the annual economic growth rates and boost labor productivity by up to 40 percent by 2035 in the 12 developed countries examined. Organizations need to proactively plan for the skills that are critical to their core business, ensuring they have the right talent to enable growth. The first step is knowing what core talent you will need and understanding the path to get there. Complete a quick talent assessment, across function and levels, that will provide the analytics and insights needed to predict the core skills you should hire, build, automate or borrow to improve your agility score.

Be the change you lead—or be changed (out): The laser focus on the right skills and culture cannot neglect those on point to lead the organizational change. An uncomfortable reality is that some current leadership may not be well-suited to this changed culture and may need to be replaced. Characteristics of agile leadership include openness to situational leadership, fostering “coopetition,” rewarding initiative and risk taking, creating an inclusive culture and curiosity. Leadership that consistently models these behaviors can help the workforce adapt to constant change and build a culture in which transforming and innovating is natural, everyday behavior.

Develop a laser focus on what skills are needed to become truly agile

Fail fast. Learn. Repeat: Organizations often envy the disrupters: those innovative, nimble organizations that have altered entire industries and changed the world. We all want to be a part of ground-breaking innovation, but how? Model the characteristics of those organizations’ success. The C-suite and entire executive team need to be visionary, open, and decisive. They need to embrace speed and not let traditional governance models slow them down. Having the right culture and stability to sustain “the New,” they need to create and foster an atmosphere that is safe and open to new ideas, and can “fail fast,” energizing the entire organization around innovation, and rewarding a culture of continuous adaptation.

Try it: Leverage each initiative to build on the desired (and required) culture and behaviors. What needs to change to build a culture of disruption and empowerment? What obstacles can leaders clear out of the way to free their organization to innovate? Leverage interactive tools such as Accenture’s 30-day Challenge. The program consists of a series of 30 “micro-actions” over the course of 30 days, which encourages employees to practice new behaviors and ways of working, one step at a time.

Dare to innovate and don’t be afraid to fail
Companies can work leaner, improve operations, cut costs to reinvest in growth and use digital technology to differentiate and evolve—but those improvements will only yield full value if companies have mastered the human factor. People who are equipped to adapt can be the champions of change, helping move their company forward.

Change requires intention, patience and diligence. It doesn’t need to be completed all at once. Develop the plan, prioritize based on impact, then start implementing one step at a time. Keep your eyes on the prize: creating an agile culture that helps unlock and sustain value for the long term.
ABOUT ACCENTURE

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