

Enabling Humans ~~Resources~~ in the Digital Era

HR. Human Resources. The name itself connotes a paradigm completely out of line with today's complex and non-linear employment relationships. People — humans — are not finite resources to be used as a company sees fit. That is one reason why some management consulting firms long ago broke with the term HR Consulting in favor of Human Capital (whether that term is any better is debatable). Regardless of the moniker, HR as a function plays a more pivotal role than ever in contributing to a company's mission and bottom line, particularly when it comes to realizing the results of digital transformation efforts — or at least, it should.

The context

In today's environment, digital transformation is changing the way people work (including the tools they use and how they interact with each other), the environment in which they work (one of constant change), and sometimes even their ability to work (as new skills are required, employment itself can be jeopardized for those who don't proactively take steps to stay relevant).

To understand what this means for HR, we first need to take a look back. Years ago, many HR executives and consultancies realized the potential for HR to become a strategic partner and driver of top-line growth, rather than just a supporting function and cost center. This vision manifested in different ways — Chief Talent Officer became the en vogue term rather than CHRO. HR Generalists became Business Partners. However, despite the titular changes, most organizations failed to realize this vision, for myriad reasons.

While each industry and company is different, there are trends to be found. First, organizations have inertia, and it was difficult for executives and leaders to view HR in this new light — for instance, it was often too big of a change for seasoned operational managers to consult their HR partners on their business strategies and the corresponding talent implications. Furthermore, HR professionals needed both the ability and the will to operate in a new model, neither of which is easy or something that can be taken for granted. For instance, HR was often expected to develop the strategy for and subsequently execute organizational change management for enterprise-wide transformations, not an easy task for someone without relevant training and experience. The benefits of investing in such large-scale cultural and process changes were also difficult to quantify and measure — a deal-stopper for many executives. Recently, the journey has become even more challenging, as HR must transform into a strategic partner at the same time that organizations are striving to adapt and operate in a digital world — which means that HR must first transform itself into a digitally-enabled center of excellence.

Where do we go from here?

While many organizations failed to achieve the vision of HR as a strategic partner, the goal was sound then and still is today. This effort is worth tackling anew, but instead of dusting off old thinking it is time to come up with a flexible and agile playbook for HR modernization based on the reality of today's workforce and macro-environment — an environment driven by digital transformation, which in turns leads to constant change and redefined employer/employee relationships. The HR function lies at the center of the storm, and is uniquely positioned to enable employees to succeed in this new environment. While challenges and opportunities vary by industry, there are three drivers that lie at the heart of the new HR ecosystem:

1 CHANGE ACCELERATION

The pace of change is accelerating; as digital transformation takes root, disruptive innovation has become the new norm in many industries. Change is always stressful and often unwelcome. Even veteran employees who have been through numerous transformations in their careers (software implementations, reorgs, mergers and acquisitions, etc.) are often unable to adjust to today's digital

transformations, which are agile, iterative, and continuous. This environment also poses a conundrum for the experienced change manager who now needs to help people prepare and navigate transformation without a linear and multi-month (or year) change management plan — something which organizations have no patience for and would be out of date before the (figurative, or worse yet, literal) ink were to dry.

2 EPHEMERAL EMPLOYMENT

Employees leave, come back, leave again, and then return as consultants or contractors. Companies merge, divest, form partnerships with former (and sometimes current) competitors — the environment is fluid to say the least. Some of these changes are cultural and generational, and some are driven by companies themselves, often inadvertently. Labor markets have become increasingly elastic as firms scale up or down in relation to demand, which in turn takes a toll on employee loyalty. Start-ups and new market entrants lure employees away with aggressive recruiting tactics and generous packages. Defined contribution plans have largely displaced defined benefit plans, making it easy to port savings from employer to employer. The

presence of four or five companies on one's resume in the span of a few years is no longer a red flag to future employers. Switching costs, in other words, are low. The concept of a linear employee lifecycle (recruiting → onboarding → performance management → retirement) no longer holds true — most of these events still happen, but often as mini-cycles and in iterations. Even when individuals stay within the same company, priorities, organization/reporting structures, and projects shift frequently, requiring both organizations and individuals to be agile and attempt to remain productive. Most organizations and people do not know how to operate effectively in this environment.

3 E-EXPERIENCES

HR and talent-related technology transformations represent a microcosm of the broader digital transformations taking place today, and the focus is on **experience**, which manifests across three different levels:

i. Core HR: Most larger organizations long ago recognized the need for integrated HR ERP systems. However, many small to mid-size companies have only recently been positioned to invest in such solutions, and are increasingly turning to cloud-based options such as Workday, which typically have a heavy focus on user experience. Regardless of the ERP system, huge opportunities for improvement exist for employee and manager self-service.

ii. Talent Enablement: Beyond the core HR ERP modules, all organizations, regardless of size, have vast new opportunities to implement and integrate ancillary technologies which provide seamless experiences and interactions across domains such as learning, performance management, and talent acquisition. To take learning as just one example, it is no longer enough

to just implement a Learning Management System which hosts a catalog of Instructor-Led and Computer-Based Training modules. Learning is shifting to an environment of personalized, real-time coaching and reinforcement, and can even include the usage of virtual reality or gamification. Employees increasingly expect this level of service and experience, and particularly for technology companies that need to practice internally what they preach externally — it is a must for attracting and retaining key talent.

iii. Enterprise-wide Collaboration: In addition to disruption of conventional HR domains such as learning, new technology can play a key role in defining how people work each and every day — just as the first enterprise-wide email systems were a game-changer, collaboration software (e.g., Asana, Trello, Microsoft Teams) may soon achieve the same effect. As with all digital transformations, care must be taken to select, implement, and deploy the most relevant technology in a way that complements human interactions — rather than attempting to replace them.

All of these factors lead us to a core tenet and an interesting juxtaposition: in the era of digital transformation, an unrelenting focus on people is required — the humans at the center of every organization, every strategic initiative, and every customer interaction. Such a focus does not mean that organizations should pursue the business results of transformation with any less vigor. It does mean that the necessary steps need to be taken to understand people's motivators, their skills, and how they can best be enabled to drive business value in today's environment — an investment with a clear ROI, and yes, one that can be quantified (which will be covered in

more depth in a future publication). This investment should appeal to every executive, whether in a large multi-national corporation or a small start-up. Now is the time for "HR" to step up and be the strategic partner of lore.

Note: This paper is the first, introductory piece in a series which will be published throughout 2017, and will focus on a variety of topics related to the role of HR and Organizational Engagement in the digital era. Future papers will cover areas such as Talent Acquisition, Learning and Development, Performance Management, and Quantification of Organizational Engagement investments.