

How HR can enable Business Agility



Many organisations are striving for greater agility in order to stay competitive. Business agility can be defined as the ability of an organisation to rapidly analyse change, respond and re-evaluate. But simply introducing new practices and processes is not enough. Successful business agility develops roots in all dimensions of the organisation, from its structure, governance and technology, to its leadership, culture and capabilities. While many organisations are in a process of transition to new business models with greater agility, HR has the opportunity to evolve traditional approaches to foster the mindset and behavioural changes required. For HR to deliver impact in the face of these new business challenges it needs to critically evaluate its current practices, asking the question, *"How can HR facilitate and strengthen business agility in the organisation?"*.



New ways of working call for new approaches

Traditional performance management and talent development processes take a hierarchical approach, often involving an annual assessment and pre-defined vertical career paths. This assumes a level of consistency and predictability in the functioning of the organisation. But as the business seeks to evolve toward agility, allowing for rapid response to change through shifting of priorities and subsequent formation of cross-functional teams, a flexible and people centric approach to performance and talent can further drive this shift.

While every organisation has a unique starting point, in this article we propose key considerations to apply in talent development and performance management practices that can support the business transition toward agility.

Strategic talent development

Having the right talent in the right roles correlates highly with business success. Agile organisations built around empowered teams are nimble and strategic, matching the right talent to prioritised initiatives. But re-evaluating and transitioning roles into an Agile model is more than just a lift and shift. Rather it requires consideration of expertise, behaviours, and the availability of the skills needed to establish successful cross-functional teams that learn fast through frequent feedback loops such as sprint retrospectives, transparently share progress, ideas, concerns and can quickly adapt to changes in priorities. To unleash the potential of an agile workforce, we highlight three aspects of talent development, focusing on leadership, critical skills and leveraging the talent within an organisation.





Leadership as a key enabler

The mindsets and capabilities demonstrated by leadership are key enablers for successful Agile transformations. Agile has advanced the concept of leadership from command and control to empower and enable so that new ideas can be brought forward, tested, minimal viable products developed, and teams can learn fast and respond to change. Leadership potential is no longer identified through technical mastery alone, but rather the ability to translate a strategic vision into a direction for teams to work toward and courageously push the boundaries of innovation. As teams define how to execute, leadership continually inspires, empowers, coaches, listens, creates connections and seeks to remove obstacles. Such leadership attributes must be viewed as critical to growing the organisation for future success.

Skills at the core to deliver on strategy

A skills-based approach to talent development can enable Agile organizations to establish cross functional teams according to skills and experiences required to deliver value. As organisations transition to an Agile model, a simple relabelling of traditional roles to Agile terms, such as product owner, to maintain the historical hierarchy, will not suffice. Instead, a skills-based approach ensures that the organisation has the capability across its workforce to deliver value through agile ways of working such as sprint cycles to deliver incremental value.

In addition, employees need to be empowered to navigate their own career development, by focusing on skills and experiences to acquire, rather than promotional role titles. This shift facilitates more meaningful career development conversations that align skills and aspiration with value delivery according to business priorities.



Unlocking potential of internal talent

Traditionally the dominant way to meet the need for new talent was to hire externally. But as the hiring landscape becomes more competitive and the pace of innovation accelerates, HR needs to ensure that delays in filling roles does not become a roadblock. As Agile organisations rapidly adapt and respond to changes, the talent strategy must be just as nimble so the business can rapidly shift priorities in response to change. Forward-thinking HR functions are looking inwards to find the potential they're looking for without lengthy recruitment processes.

An accelerator we have used with clients is a Talent Marketplace, which provides HR with a data-driven approach to developing a strong and diverse internal talent pipeline, resulting in quick access to untapped potential. Increasing transparency regarding the opportunities and skills that exist within an organization empowers employees to seek out projects where they can build experience, while the business can quickly fill assignments, ensuring that Agile teams have the skill sets needed.



Performance management – shift from 'manage' to 'inspire'

Enabling business agility requires a new approach to performance management cycles, one that takes a people-centric, adaptive and value-driven approach. Annual appraisal cycles do not lend themselves to agility. Rather, ongoing check-ins, coaching and forward-looking feedback is vital for growth and development of employees and teams. Additionally, developing a culture of feedback fosters the development of a growth mindset within the business, to develop a workforce that constantly seeks to improve.

We propose shifting the performance approach to measure across key drivers for agile ways of working: value, expertise, and collaboration. Focusing performance management on these criteria will foster the behaviours required and measure the key results fundamental to an Agile organisation.





Value and impact

Delivering customer value is the purpose of any Agile team. Performance objectives should define how and when customer value will be generated, with the key results measurable – focusing on incremental value delivery and impact over activity. As team behaviours shift to continuously inspect, iterate and adapt, their objectives and key results (OKRs) need to allow for refinement. Empowering teams to collaboratively determine longer-term objectives, which can be broken down into shorter-term goals, is one approach to consider.

Expertise

As cross-functional agile teams determine their objectives in the context of their assignment, individuals need to consider how they will leverage their expertise while simultaneously growing from the experience. Individuals are empowered to act in owning their development by agreeing across the team, product owner and the individual's organizational home, i.e., chapter lead, how to best leverage capabilities while growing through experiences.



Fostering collaboration

Agile organisations unleash the power of its people by forming high-performing teams. Collaboration in cross-functional teams requires employees from different organisational backgrounds, with diverse perspectives and knowledge, to drive value delivery effectively and efficiently. Individual team members must be able to adapt rapidly and work where required, shifting from an 'I' to a 'we' mindset. Agile ways of working and rituals, such as sprint retrospectives are key opportunities in which teams can review their work and commit to improvements.

Empower employees to recognise one another

Measuring performance is just one element in performance management. HR needs to consider whether the organisation's incentives coincide with Agile ways of working. Across the dimensions of value, expertise and collaboration, models of reward and recognition can take different forms. One such example we have seen is the use of bonus pools which are calculated based on team achievement of OKRs. This pool can then be evenly distributed, or individually calculated according to team voting for contribution efforts.

Outside bonus cycles, internal recognition systems can be used to empower employees to recognise one another's work. We have also seen organisations effectively utilise recognition platforms to positively reinforces the cross-functional collaboration required in Agile. Such platforms give each employee a budget of points, which have a monetary value, to spend recognising others and the impact they make.

Non-monetary forms of recognition can also be employed, such as opportunities to present work and/or create visibility internally and externally through participation in conferences. Rewards of this kind go a long way towards building a sense of belonging, increasing employee and team engagement.





HR itself needs to evolve ways of working toward Agile as it builds the processes for tomorrow

As an organisation shifts toward an Agile model, HR needs to evaluate how it can enable the business to foster the behaviours and mindsets required within Agile organizations. Talent development and performance management are key HR process that encourage new behaviours and influence the capabilities of the workforce.

We have set out our perspective on the approaches HR can use and how it can best deploy them. But, in keeping with Agile principles, we recommend an Agile approach to designing any changes: a customer-centric mindset to understand the needs of the business and employees, followed by pilots, testing ideas and iterated solutions. By starting small, learning fast and scaling, HR can create processes and practices that take a forward-looking approach to meeting the needs of the organisation today and tomorrow.

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