

COVID-19 catapults HR into the spotlight, report German CHROs

Highlights from twelve digital gatherings with Chief Human Resources Officers in Germany, hosted by Egon Zehnder

COVID-19 has thrown HR leaders into the spotlight, placing them under great strain while at the same time offering them a huge opportunity to instigate change, Chief Human Resources Officers in Germany told Egon Zehnder during recent digital gatherings.

HR executives in Germany have proven to be both effective and agile in managing the crisis so far. They have stepped up to the new challenge by leading global crisis teams, showing care and conviction for their people, while redefining new ways of working, among others.

Their number one priority though is to ensure the health and safety of all employees and their families, regardless of the severe financial strain many companies are under, declares one CHRO. And this message can't be emphasized often enough, ideally via clear and concise communication from the top, explain the CHROs.

As well as using typical communication tools such as executive newsletters to inform employees, more innovative communication formats, including video streams from iPads and broadcasts have also been effective. But some companies have found that they had little means of communicating with their employees once they were sent home, as private contact details were either not available or up to date. "The most important thing has been to reach employees when they weren't at work," says one CHRO.

HR at the heart of it all

HR's responsibility for employee health and safety has placed HR at the heart of crisis teams, with HR often even leading the global efforts. Some HR teams were better prepared for the crisis than others, with most companies able to draw on pre-established crisis mechanisms. However, the scale and speed of the pandemic's spread has stretched even the best-prepared crisis plans to their limit, with crisis teams working 24/7 to get

on top of necessary tasks. In many cases a cross-functional team has been necessary to address the pandemic's far-reaching implications and global reach. On the positive side, the crisis has showcased how cross-functional teams can work seamlessly and effectively without considering individual agendas or hierarchy.

The crisis has also illustrated that agile decision-making works well, when required. "Many leaders called out that during the peak of the crisis, decisions were taken pragmatically and swiftly," says one HR leader. While some would prefer more time to step back and review information, most teams really appreciated these swift decision-making processes, which focused on the most important parameters and pragmatically involved all relevant stakeholders. The question is how to adapt and adopt this rapid decision-making process when more stable times return.

Staying close while apart

A main task of the HR teams has been to stay close to managers and their employees during these weeks of remote working, providing guidance and coaching at all levels of the company. HR employees have worked hard to support employees through what have become stressful times for some, as the initial euphoria of being at home has gradually been displaced by uncertainty about the future, loneliness amid isolation, and the stress of juggling responsibilities such as home-schooling and childcare with job responsibilities.

While many companies have swiftly opened up management training platforms or developed new online development programs, it's been even more important to stay close on a personal level via daily check-ins and joint informal gatherings, such as online coffee breaks. HR leaders have also encouraged managers to engage with team members on a far more personal level by sharing their own experiences, vulnerabilities and fears, as well as revealing how well they're coping - or indeed not coping, with the new situation. "The feedback has been clear - the more leaders managed to be open and share personal stories, the more the team felt at ease and was able to open up," says a HR executive. This new approach has been challenging for some managers as it it's been rare in company cultures to date.

Creative ideas to manage cost

As well as being on the frontline of crisis management, HR leaders have also played an instrumental role in working out new financial strategies due to COVID-19. For many companies, personnel cost is a major cost factor and measures such as short-time work and managing capacity have been brought forward. Meanwhile, it's quickly become apparent that many companies will need to significantly adapt their cost structure with a long-term perspective. Executives see the ideal scenario as having a contingency plan but then not needing it to the full extent.

Some companies have turned to creative solutions to manage cost and capacity. For example, the staff sharing cooperation between McDonalds and Aldi. Another idea is “holiday donation”, whereby employees donate spare holiday days or overtime to those employees who need to take care of family members. Many companies have appealed to their employees to contribute via voluntary salary waivers, with top executive teams and members of the supervisory board leading by example.

Together, alone

Most HR leaders have found that the crisis has significantly helped to drive digitalization and the acceptance of online tools. However, they’ve also discovered that remote working and digital collaboration has a tipping point. “There’s a consensus that some elements of team leadership and teamwork are better handled in person, such as elements of recruiting and onboarding, team building, agile collaboration in transformation scenarios, as well as critical personnel discussions such as feedback or exit dialogues,” explains a CHRO.

Some employees, such as those in the health sector, don’t have the opportunity to work remotely and face an unparalleled workload and risk of infection, working at full capacity to support the ongoing needs of the community. It’s therefore important for HR executives to consider the “social balance of all measures”, as situations may differ within the same company, points out a CHRO. The same holds true for financial measures. “It’s difficult to accept that some will be put on short-time work and hence have a severe personal financial impact, while others in the company are receiving spot awards to still go to work or work extra shifts,” declares a HR leader.

The situation becomes even more complex when companies have to meet differing national demands and changes in regulations to ensure fairness across the board. As global companies struggle to keep up to date with local news and regulations, central, consistent information is helpful.

While remote working might isolate some, COVID-19 has brought others closer together by creating a strong element of comradeship – after all, this pandemic affects everybody on a personal level with no exceptions. As a result, several HR leaders mentioned that it’s been possible to negotiate company agreements within days instead of months. “Everybody acted pragmatically and had a mutual goal – ensuring the safety of the entire workforce and supporting the financial viability of the company. At times, this took trust in one another and mutual respect for the different roles people have in such discussions. Where people could build on lasting relationships, this was easier. In other situations, this might have been the beginning for a more trust-based collaborative approach.” Going forward, it will be important to reflect on the lessons learned to leverage this experience.

Restart plan

Restarting is set to be as tricky as the lockdown itself, predict CHROs. “There won’t be such a thing as the old normal,” says one. While most crisis situations have a start and an end point, this crisis seems to be shifting certain paradigms of how we’ll work in the long run. It will take a minimum of a couple of months until people can safely interact directly with one another or work “normally”.

So, what are the lessons learned so far from the crisis that can help prepare leadership for the new normal? On a practical level, companies still need to work out operational crisis management; such as how to re-open office canteens and how many employees can use lifts. What safety and hygiene measures should they introduce, what support for parents and those caring for elderly and how to handle production sites versus headquarters are some of the questions concerning HR executives. Fast changing insights on the virus make it even more difficult to devise a dependable restart plan.

Contingency and ongoing cost measures will also play a vital role going forward, with HR leaders concerned with questions including how to balance cost measures with employee engagement, how to engage social partners and which cost-cutting measures to take.

HR executives will also need to address mental health and psychological safety issues at work, such as how to keep employees positive and provide them with a purpose in a crisis.

Turning a crisis into an opportunity

For one, our new world will include more remote working solutions. Finance teams foresee the advantages of more flexible office space contracts, as well as different approaches to business travel guidelines. HR leaders still need to examine what it takes to engage employees remotely and what infrastructure they need to provide.

Some leaders have shown a growth “opportunity mindset” and taken advantage of the crisis. It’s vital for HR to identify these characteristics and help leaders develop them.

Going forward, HR will need to engage in a war for talent during uncertain times and learn how to identify, attract, develop and retain talent in times of crisis. A further challenge will be not to lose track of ongoing and planned change and transformation efforts, while still supporting crisis management efforts and managing to articulate the “what’s in it for me” to employees and business partners.

HR, like all successful leaders, can take the opportunity to learn from the crisis in terms of agile decision making and how to transfer this to “business as usual”. Moreover, it can look at lessons learned when it comes to being structurally more adaptive and how to make cost and organization set-ups more flexible.

Overall, HR needs to assess how global society will change due to the implications of the pandemic. For example, will there still be room for global value chains and cross-border setups and how will travel evolve in the mid- to long-term?

These are all topics that German HR executives are keen to further examine and discuss.

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Covid-19 Micro-Website

We have launched a micro-website where this and other informative pieces are posted. This site will be regularly updated: [click here](#) for further details.

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