

Building up the courage to stay agile

How to move from enforced spontaneous adaptation to well-structured organizational agility

By Joyce Gesing, Elke Hofmann and Dirk Mundorf

Since early 2020, flexible decision-making, adaptive strategies and flexible organizational structures have become the norm, no longer open to debate. Several CHROs have told us that in most areas – such as recruitment, financial planning, marketing, development, product presentation – decisions have become situational, made on a case-by-case basis. This has speeded up some processes so much that they almost appear to have taken on a life of their own.

On the surface, this sounds promising. After all, for years many organizations have been trying to become more agile so they can meet an accelerated and highly complex world head-on with agility, swarm intelligence and decentralization. The pragmatism and speed with which new processes have been introduced in recent months have been remarkable. However, the methods introduced in this shockwave of enforced adaptation have often been based on improvised solutions. In the medium term, we will need to fix what is dysfunctional, consolidate what works, and establish a culture that does justice to the new adaptability.

Agile decision-making processes

During the initial weeks of lockdown, decisions that would previously have required multiple rounds of coordination were often made by individual teams or sites. Initially born out of necessity, this type of decision-making has in many cases become the norm. Companies now need to establish processes to support this kind of decentralized decision-making. The CHRO of one multinational corporation believes that it is now crucial to offset differing demands and expectations and strike the right balance between the requisite control, the desire for security and leadership, and new gains in autonomy and agility. In particular, the importance of “letting go” and moving away from being overly controlling were cited by CHROs as key ingredients in mastering agility. Values such as control, security, autonomy and leadership only appear to be mutually contradictory. Self-organized teams do not “just work” – organizing them requires experience and leadership. The same is true of decentralization and iterative work processes. In this new world of working, skilled leaders who are prepared to assume end-to-end responsibility for processes are in high demand – even outside of traditional hierarchies and organizational “boxes”. This, another CHRO states, is anything but trivial – even in a “straightforward” matrix organization, areas of responsibility and competency can sometimes be difficult to assign and review, and an agile organization comes with entirely new challenges in terms of performance management and incentivization.

What can we learn from agile working methods?

As a core component of the agile project management framework known as Scrum, “sprints” are fixed-length iterations involving similar or even identical activities, with the aim of achieving and implementing a defined solution. Experience with sprints has shown that to rapidly produce innovative project outcomes, courage and a willingness to experiment are required. Sprints can be carried out across hierarchies, within companies, or externally with clients or partners. Indeed, sprints in partnership with external stakeholders are particularly effective, as they facilitate a consistent focus on customers and the market. Although sprints are egalitarian in nature, they still require leadership and a clear distribution of responsibilities. Once one of these short projects has been completed, it is essential that a single person or team takes responsibility for what has been developed. The same is true of agile decision-making: There needs to be a clear culture of accountability throughout the organization.

One CHRO told us that their company had successfully organized product areas in sprints under functional leadership and deliberately separated these from personal leadership. Separating functional and personal leadership is a core element in the agile transformation of organizations. It allows functional leaders to focus entirely on achieving the respective sprint results, while personal leaders can prioritize employee interests. The resulting tension is intentional and is used to enable positive escalation in the event of a conflict. The same company is also systematically converting its offices into “employee and customer hubs” – spaces that are eminently suitable for “sprints”.

Every company must forge its own path to flexibility and agility, and determine where a given method may create added value. However, in the experience of one HR Director, agility as a method may not be ideal for every organization. Agility as an attitude, however, will add value to every company. Ultimately, he says, agility in the sense of adaptability will be key to setting up organizations for future success. Agile ways of working and spaces for experimentation and innovation should be combined with reliable, solid products and services.

In addition to decentralized decision-making or sprints (the “What”), companies also need to pay attention to the “How”. Another HR Director reported conducting an employee survey in collaboration with the Works Council (a body representing employees in German companies) to better understand the needs of the workforce. But the company didn’t stop there. It also launched a new intranet and a podcast. This has improved employee engagement and enhanced internal communications, and the company is now approaching the flexibilization of work models in the same manner.

No organization needs to get this perfectly right the first time around. However, it is crucial to get the process underway.

Dr. Sebastian Harrer, Director Human Resources at ING Germany, has this to say about the effects of COVID-19 on management:

“The ‘command and control’ management paradigm no longer exists. This has brought us to a new understanding of leadership: managers are not responsible for managing work in the sense of planning or organizing it. Instead, they empower teams to act autonomously by giving them end-to-end responsibility. They should act as enablers and multipliers of an agile mindset.”

Jörg Staff, Chief People Officer and Labor Relations Director at Fiducia & GAD, on the role of offices in the post-coronavirus era:

“Due to working from home and other New Work methods, office spaces will evolve into employee and customer ‘hubs’. They will need to provide flexibility (for example by desk sharing), serve as creative spaces or as spaces for encouraging social interaction or brand reinforcement. Significant investment is needed to transform today’s offices, although some of this could be offset by reduced overhead because less office space is required.”

Markus Maiwald, Senior Vice President HR/Organizational Development/Corporate Branding & Communication at Vetter Pharma:

“For us, there can be no black-or-white decision, as the highly regulated nature of our business requires face-to-face work in many areas. This means that most of our employees don’t have the freedom to work flexibly, and when working in hybrid teams are often affected by mobile working. From a business perspective, working in hybrid teams requires a high level of transparency and mindfulness during collaboration – a sensitive topic that requires sensitive solutions.”

Dr. Elke Frank, CHRO & Member of the Executive Board for Legal, IT & Transformation at Software AG:

“The old mindset that ‘hours in the office are the yardstick for employee performance’ is no longer applicable. You can do a good job and be productive, regardless of your location. But it is also a fact that you have to rely 100 percent on your team because of the physical distance. One thing that managers shouldn’t forget is that they have to learn to let go. Trust and open communication are clearly center stage here.”

This article is part of our “What next, now that everything’s changed? HR and New Work” series, which reports core insights from our regular Zoom calls with HR leaders.

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