

Flexible working is here to stay

How HR can systematically develop the new WFH¹ culture

By Joyce Gesing, Elke Hofmann and Dirk Mundorf

It seems as if years have passed since we last commuted daily to the office. Many things that were still fixed constants just a few months ago are now variable and fluid: the workplace, working hours, certain office conventions like getting together for meetings or coffee breaks. The pandemic suddenly made things possible that had been controversial or even unthinkable before. In calls with us, several CHROs reported that people are now finding solutions in a matter of days where negotiations previously used to drag on for years – bringing significant changes to working practices. Across most business activities, flexible working has now become the norm – not least because productivity, for all the dire predictions, has actually stayed constant or even increased. Ninety percent of employees estimate that flexible working has had no or only limited impact on their productivity, and more than two thirds welcome the new-found flexibility. Which is why now is the time to lay the groundwork for the best working practices of the future – because we can safely assume that this new working reality is here to stay. So here is our best crystal-ball forecast for 2030.

¹ WFH = Working From Home

Agility, blending and co-working spaces: the reality of work in 2030

All the experts agree on one future trend in particular: work will become more self-directed. Mandatory physical presence came to an abrupt end with the COVID-19 pandemic and won't experience any major comeback even by 2030. Work is loosening its ties with physical presence. In its place, a more flexible approach to space and time is taking hold: The linear eight-hour routine is no more than a fast-fading memory. The same applies to classic office culture: Rather than being concentrated in a central workplace, the office workers of the future are spread across multiple locations – in co-working spaces, cafés, their own homes. Work-life blending is becoming reality. Corporate boundaries are blurring, encouraging greater collaboration and cross-functional dialog, and powerfully impacting leadership and HR roles. While this uncoupling from office and building structures brings cost savings, it also means that companies are held together almost exclusively by their corporate culture. Leadership is about far more than just planning and organization – it now focuses on guiding and coaching employees, and on communicating the corporate culture. The leaders of the future are motivators, mentors and networkers, empowering their staff to manage themselves.

Back to 2021 – and New Work still has some growing pains to contend with. Although many leaders are already feeling the benefits of this newly acquired flexibility and quality of life, not to mention falling costs, they are also noticing that some employees find the new working conditions difficult. The challenges they experience range from isolation through to difficulty concentrating, higher stress levels, insufficient interaction with colleagues, and a lack of coaching. These negative impacts and the appropriate countermeasures depend to a large extent on the various types of personality involved. For today's HR professional, recognizing these personality types is vitally important:

Time management heroes

This personality type describes those organizational talents who are not just able to organize their tasks and working hours effectively, but positively need to do so – only then are they happy. The advice for them would be to get up at their usual time and not allow anything to disrupt their normal working hours or break times, even at home. Leaders can support these organizational talents by agreeing timetables and milestones with them and introducing fixed rituals as a structure for the working day – but also as a way of maintaining regular contact.

Team players

For these gifted communicators, working at home on their laptops is a genuine ordeal. They are most productive and engaged when taking part in team sessions. Without direct, spontaneous interaction, they quickly feel isolated. For these personalities, video calls are essential and something they even like to spend their breaks on. They value online get-togethers in their leisure time, too – especially virtual team dinners, when takeaways are delivered to all team members simultaneously. The key issue here, say the various HR leaders, is finding the right balance. If too many informal digital formats are offered, people quickly tire of them – or else become distracted as the range of online activities starts to proliferate. It is important to systematically manage all the options on offer – for small groups, teams, management teams, but also across the organization as a whole. These options play an important culture-building role and should, wherever possible, be combined with formats based on physical presence once circumstances permit.

Designers

Designers often have a strong aesthetic and visual sensibility. Their desks are rarely untidy. For them, the best advice would be to wear their usual work clothes even at home, and to arrange their personal workspaces so they are calm, attractive and tidy. A comfortable chair, pot plants or a cup of tea often have just as positive an influence on their productivity as the latest collaboration software. Some CHROs have turned into fully-fledged digital champions, trying out virtual lean and Kanban methods with their teams and setting up online whiteboards so that all team members can work together virtually and in real time. HR departments can act as trailblazers here, setting an example for the wider organization to follow – what works for them might well inspire the rest of the company.

Tightrope walkers

With flexible working arrangements, many people find it difficult to properly separate work and leisure time. Tightrope walkers find this especially challenging – they tend to rapidly jump back and forth between the two worlds. Rituals such as morning kick-off calls or a weekly debrief on Fridays can help them; scheduled leisure times are also advisable. Whether this involves sports, choral singing, Spanish lessons or planned mealtimes with the family – the main thing is that these times are fixed in advance. One CHRO noted how important it is to clearly articulate

the employer's expectations with respect to these break times. Flexible working can easily produce the feeling of being permanently on call. Here, rules need to be introduced that allow performance to be monitored but also retain something like core work times and break times. Break times can also be actively agreed and scheduled into the calendar, giving them a status on par with scheduled meetings. Managers can set an example here – the more they take actions like this and transparently discuss them, the easier it is for employees to adopt similar behaviors.

HR's role: understanding and guiding

Of course only a handful of employees will be a perfect match for any one of these categories: People don't fit into boxes. But this typology can help to tailor HR management to diverse individual needs when it comes to flexible working.

Employees' individual responsibility is essential to the success of flexible working in particular. Team members should be given the chance to ask themselves which personality type they most closely match so they can optimize their working environments accordingly. In turn, managers need to be able to identify these needs, understand them and respond to them. This calls for a sensitive approach: Good managers empower individuals to take responsibility, recognizing strengths and building dialog within the organization, while keeping a looser rein on delicate issues like the monitoring of working hours. Especially at times of physical distancing, such cross-functional networks will become increasingly important for collectively identifying trends and staying agile.

Thomas Perlitz, Managing Director & Chief Human Resources Officer at BestSecret/Schustermann & Borenstein, on the mobile working euphoria during the initial phase of the pandemic:

“Things happened that weren’t previously conceivable. Organizations found the dynamism and drive to do what had to be done: getting the required number of laptops, ensuring IT security, arranging for the necessary broadband and software. Companies with participatory cultures rapidly found pragmatic, focused solutions.”

Dr. Martina Lambeck, Chief Human Resources Officer at Bilfinger, on the challenges of workplace flexibilization:

“While many people are praising mobile working to the skies, there are some long-term effects we haven’t yet fully taken into account: How will the loosening of ties between employer and employee play out in the future? How do we guarantee top performance if teams can no longer meet up in person? This is where we need HR experts to develop sustainable solutions and approaches.”

Christoph Grandpierre, Managing Partner and founder of Metakomm Partnergesellschaft, on his findings regarding flexible collaboration:

“We were able to facilitate mobile and flexible working for 95 percent of our employees at short notice. The biggest step forward is management’s acceptance of different working practices and forms of cross-functional collaboration. It also united us as a company and showed us what can be achieved when everyone focuses on a common goal for the organization and its employees. Now it’s up to us to embed these arrangements over the long term.”

Dr. Thorsten Schlüter, Member of the Group Executive Board at REHAU Group, on conclusions drawn by management:

“Trust is the basis – in this exceptional situation, we had to trust our managers and our employees – and it worked. At top management level, we recognized that virtual leadership is the new reality. This is probably the biggest cultural challenge: How can we motivate our employees, maintain our cohesion, and provide effective leadership with a much lower level of physical presence? We need to redefine our leadership and collaboration models and build our virtual leadership capabilities.”

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Mental health and psychological safety are crucial for team success

Early lessons from the pandemic era

By Joyce Gesing, Elke Hofmann and Dirk Mundorf

Over the past few years, mental illness has finally lost its stigma. Today, as the threat of repercussions has receded, we are more likely to reach out for help when our mental health is suffering, whether due to depression or burnout. At the same time, more and more of us are taking preventive measures that are beneficial to our mental health. CHROs confirm that corporate HR departments are also increasingly recognizing and discussing these topics, as well as addressing them more proactively.

According to a number of CHROs, the pandemic has reinforced these trends, in part because it has highlighted the vulnerability of the human psyche. HR managers report that working from home has negatively impacted the wellbeing of many employees, especially that of extroverts who thrive on human interaction. Depending on their personal situation, many of them are experiencing a sense of deep loneliness, feeling not only physically but also emotionally distanced from others. This indicates that the pandemic is gradually morphing into a long-term crisis where the only constants are uncertainty and incessant change. Dealing with this requires a great deal of resilience, both on a personal and on an organizational level. CHROs report that many employees are worried about losing their jobs, in part

because the interpretive paradigms based on our habitual social norms no longer apply. In a British study conducted in late March, 40 percent of respondents affirmed that they were suffering from pronounced anxiety. In the USA, the likelihood that an adult would be diagnosed with a mental illness was eight times higher in April 2020 than just two years earlier. In many industries and countries, this alarming situation remains unchanged. This level of constant stress is detrimental to both senior management and employees.

The role of corporate culture

Corporations like Google have long identified mental health and psychological safety as key factors for improving team productivity. Senior managers who recognize and aim to reinforce these two drivers of success in their teams need to create the right conditions for a culture of psychological safety. This includes, among other things, fostering a culture of communication and conversation, ensuring economic security, and being open to different opinions and viewpoints. Companies must strive to create an environment and a culture where people can “be themselves”. An environment that supports psychological safety not only promotes the psychological wellbeing of employees but also, according to Amy Edmondson at Harvard Business School, creates an atmosphere that enhances creativity and innovation while simultaneously opening up space for learning. Many companies have already recognized this. However, according to HR leaders in our network, many are still struggling to implement appropriate measures for providing the necessary support: “This requires more psychological training than my team and I currently have – HR staff of the future will need to be much better equipped to deal with this,” states one of the CHROs we interviewed:

Personal framework

It is crucial that this environment should become an integral part of a company’s culture, accompanied and/or reinforced by changes at both personal and organizational levels. While providing fresh fruit, setting up ping-pong tables in a meeting room, or setting up nap pods and sit-to-stand desks all make sense in this context, this is really just a preliminary step. Setting limits on working hours, allowing for technology breaks, offering mindfulness classes as well as supporting employee initiatives can also have a potentially beneficial long-term impact on

employees' mental health. HR professionals who also wish to strengthen team culture need to provide every employee with the necessary space to communicate in a way that transcends their job and the workplace. Regular personal check-ins, both in one-on-one conversations and in a team context, can help – this creates a sense of connection and openness. Managers can serve as important role models here, but partnered learning with multiple team members or a “study buddy” system can also serve as useful ways to support one another and promote a sense of connectedness within a team or even across functions and regions. This is not merely about empowerment, but also about self-efficacy and personal interaction. Most of us find this type of bilateral learning much more enjoyable than browsing online forums or watching instructional videos on our own. Even things like team workouts or creating shared Spotify playlists can help bridge the physical distance to some degree while strengthening team cohesion.

Organizational framework

Attempting to combat heightened stress levels, a sense of meaninglessness or feelings of social isolation with yoga or meditation classes alone will, at best, only provide short-term benefits. Instead, a balanced blend of solutions is needed, both on a personal and an organizational level. On a personal level, providing support for the individual's particular work mode is helpful, as is going back to the basic elements of wellbeing: sufficient sleep, proper breathing, quality nutrition and exercise as well as positive social interaction are just a few that come to mind. And finally, it is imperative to acknowledge that we are all facing our own unique challenges, be it in the realm of health, children or family. “We need to avoid making assumptions and start asking questions instead,” suggests one CHRO.

On an organizational level, it may be beneficial to scrutinize the delineations between departments and responsibilities. An organizational psychologist confirms that an individual employee's sense of security is disproportionately impacted by their immediate environment, their manager and their coworkers. Especially in companies with top-down hierarchies and a highly siloed structure, a very small number of individuals shape the environment and the way people interact, both of which are factors with a significant impact on mental health. Decentralized, heterogeneous organizations, on the other hand, expand each individual's social network and provide a larger “safe haven”. In such an organization, employees are

more likely to have the opportunity to shape their own environment, and to seek out and create the framework conditions that benefit and support them, reports the CHRO of a company that relies increasingly on an agile organizational structure. However, in order not to lose your bearings in a decentralized organization, you need a compass. As one CHRO put it: “We quickly adopted a new standard where our clients and our employees are the only compass.”

Apart from the structure of an organization, its purpose – i.e. its mission – represents another key to employee wellbeing. Once you understand the impact of your organization, your team and your own actions, you are naturally more motivated to get up in the morning. Identifying and communicating this purpose is a key task of corporate management. Defining common goals and consistently celebrating (interim) successes ensures regular, motivating moments of success and happiness at both the individual and the team level.

Naturally, the COVID-19 pandemic is not the easiest context in which to address one’s own health. Nonetheless, the pandemic provides us with a unique opportunity to address health-related issues even more thoroughly and with an even greater sense of corporate responsibility. Since we have already noticed a decline in the stigmatization of mental illnesses in society as a whole, and since the pandemic has highlighted the depth and breadth of the issue, this is an excellent time for HR management to come up with an appropriate response.

Birgit Oßendorf-Will, Group HR Director at Ströer Group, has this to say about lessons learned from the coronavirus crisis:

“We learned to make decisions quickly, communicate clearly and be open about the fact that we were all feeling our way forward – while also providing much-needed direction in this time of uncertainty and fear. That was of the utmost importance.”

Ulrich Bensel, Chief Human Resources Officer at Deutsche Hospitality, shares these insights from his organization:

“It became clear how essential it is to facilitate lifelong learning for every employee. This is something we need to make time for, even when we’re not caught up in a crisis like the current one. It forms the basis for developing new solutions hand in hand with our employees – to optimize existing processes and even develop new products.”

Anabel Fall, Group Head of People Innovation and Transformation at Zurich Insurance, has this to say about the team dynamics of virtual collaboration:

“Building virtual and blended teams was easier than we had anticipated, since we were already in a good position and everyone perceived themselves as being an important member of the team. We built additional trust by simply dialing in from home and giving others more of a window into our personal lives.”

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The Beehive: achieving balance in a hybrid culture

Integrating different working models

By Joyce Gesing, Elke Hofmann and Dirk Mundorf

Over the past months, the pandemic has drawn a new dividing line – not between individual departments or branches, but a line that divides all teams within an organization into those who work from home and those who work in the office. Maintaining a healthy work culture means ensuring that this line does not become a potential weak point and ultimately, a fracture. The key instead is to unlock the creative potential concealed within this apparent polarity.

It is now widely acknowledged and accepted by organizations, politicians and employee representatives that working from home (home working) and working at the office (office working) are becoming established as permanent working practices, set to remain in place even after the pandemic fades away. Many companies are in the process of drawing up collective agreements that will continue to permit and regulate more flexible forms of working in the future. Some CHROs think it conceivable that between 50 and 60 percent of administrative work could eventually be carried out through flexible combinations of home and office working. Rules must be devised to ensure that this flexibility goes hand in hand with innovative working practices in production environments, too. To paraphrase one CHRO: One key reason for this is the need to ensure a kind of social justice. While knowledge work harmonizes very well with working from home, many jobs in

manufacturing or logistics still cannot be conducted exclusively from a remote PC, at home or anywhere else. The nature of the work is not the only factor – individual personalities and circumstances may also determine who prefers which working model. A lengthy commute mostly argues in favor of home working. Yet people who seek creative or face-to-face interactions with colleagues will probably be prepared to make the journey even so.

Ideally, companies will be able to cater to individual employees' needs. In doing so, it's important not to draw up rules that are overly rigid: Specific configurations should be left to the individual teams and managers to determine. While this delegates considerable responsibility to individual departments, it also allows greater flexibility. One CHRO reported about the possibility of individual team regulations in his company. This limits flexible working guidelines by the management team to the essentials: for example, that employees should generally spend two to three days a week in the office, which they may organize in the way that suits them best. Additionally, that key team events or project stages requiring employees to be present on site should be scheduled in the annual calendar. Everyone now has access to this calendar, so all employees can arrange their personal schedules around these events. In lockdown periods, the rules are of course more flexible: staff are able to work entirely from home, and group events also take place online.

Implications for managers

For managers who have to coordinate teams that are working remotely, the learning curve is often a steep one. Trust now takes the place of time tracking. Regular direct contact and in-person “presence checks” are supplemented by empathy and sensitivity. The ability to motivate, inspire and use humor are especially crucial in digital collaboration. Just as important is the ability to sense when virtual collaboration is working well, and when in-person meetings are essential, as one CHRO emphasized. In her view, certain leadership qualities are becoming ever more important: empathy, trust, teamwork, and the ability to motivate.

A hybrid culture means allowing and facilitating different working practices both within teams and across different departments or business units. Managers and top executives need to demonstrate high levels of transparency and a willingness to communicate if they wish to ensure that these various practices become firmly embedded in the company and in the minds of its people.

The introduction of new management practices should be supported by appropriate processes and reinforcements – such as feedback processes, for example, or remuneration elements linked to behaviors that support the corporate culture. HR departments need to provide managers with the necessary methods and tools. At the same time, HR executives confirm the importance of ascertaining top managers' leadership competencies, because not all individuals are suited to this new world or able to adapt to the new situation.

Implications for workplace design

Balancing home working and office working calls not just for new leadership qualities but also for different kinds of spaces and organizational strategies. Initial indications suggest that office space will be reduced by 30-40 percent over the long term. Whether or not office facilities are downsized depends to a large extent on each individual organization's context. One thing is certain: the design of office spaces will change. Flexible working, meeting spaces suitable for creative brainstorming, and technology for high-quality audio and video conferences, as well as software for simultaneous digital collaboration on shared outcomes, are all spreading like wildfire. They are part of the new normal.

In figurative terms, the office is becoming a beehive. Some bees are always or often in the hive; many are outside it, traveling about, bringing back nectar and pollen. But all of them are indispensable if the colony is to thrive. In the current situation, then, it is important to create space both for the different working models, but also for casual exchanges among colleagues. When this happens, home working and office working become mutually complementary, driving innovation, motivation and flexibility.

The right balance is key

This hybrid culture is setting totally new challenges in terms of how work is organized, how employees and managers – who must increasingly operate as coaches – are empowered, and consequently for HR work and processes as well. The times when employees are physically present must be actively utilized – it should be clear why their presence adds value, and why it is worthwhile for them to make the journey. The mere transfer of information can, after all, be handled digitally. Tracking these changes and making the major adjustments required won't be a wasted effort, because our hybrid working world is set to outlive the pandemic – a

conclusion supported by various current developments suggesting that legislators, too, are increasingly recognizing the reality of the hybrid working world, and that appropriate changes to the law will follow. As they transform their corporate cultures, companies should therefore be pursuing target scenarios that are just as long-term as the strategies and measures deployed to achieve them.

Exactly how the demands of home working, office working or hybrid forms comprising both models can be kept in balance will vary from one organization to the next. One thing is certain: Even if one form of working dominates in a company, the beehive trend will still have its impacts. And this is by no means a bad thing. The term “hive mind” has traditionally been used to describe how a beehive works: the collective displays capabilities way beyond what a single bee could achieve on its own. Brought into the proper state of balance, different working models within a company are not a threat, but rather an opportunity for solidarity, effectiveness and adaptability.

Antje Staffa, Global Human Resources at Mast-Jägermeister SE, on the challenges arising from hybrid working:

“New hybrid working practices are the future. They create added value for employees and the company, facilitating flexibility and new experiences in our working lives. So we need to support our employees and teams as they learn to use new tools, collaborate, acquire digital skills and develop flexible teamwork. Among other benefits, this helps us build cohesion both within our teams and in our relationships with our target customers.”

Christian Sattlecker, Group Human Resources Director at Kelvion, on market changes due to COVID-19:

“Markets are changing and, in many cases – in the travel, oil and gas sectors, for example – won’t be anything like they originally were once the pandemic is over. So we need to rethink our business models, at least in part. The past year’s experiences have made many employees more flexible, and there’s a greater openness to change. This is now helping us in our change processes. That said, we need to stay rigorously focused on remaining an attractive employer through all these changes and presenting talents with clear prospects for the future.”

Bettina Karsch, Director Human Resources Europe at Vodafone, on how hybrid working models are impacting leadership:

“Certain leadership qualities become even more important in a remote-working context: sensitivity, trust, collaboration, relationship building, but also the ability to lead and motivate others with a compelling vision.”

Iris Prüfer, since February 1, 2021 Chief Human Resources Officer & Executive Vice President at Media-Saturn-Holding, on key components of the hybrid working culture at her previous company, Tengermann Twenty-One KG:

“We expect our employees to be physically present two or three days a week, and make it possible for them to work remotely for the rest of the week. Team members should spend at least ten days a month in the project office. For important meetings, network events, workshops and training sessions, we also believe that people should be present in person.”

Silvia Schwark, Vice President Human Resources at Vesuvius, on the different response phases at her organization during the pandemic:

“Our first concern was for our staff, ensuring their safety and continuity of production. Then we facilitated working from home, as well as virtual assessments of personal performance and professional development. Finally, we asked ourselves what role offices and travel should play and how we should define and practice agility – we’re constantly refining our collaboration models.”

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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.”

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About Egon Zehnder

Egon Zehnder is the world's preeminent leadership consulting firm, sharing one goal: to help people and organizations transform. We know what great leaders can do and are passionate about delivering the best solutions for our clients.

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Leadership in times of change

What modern leadership requires

By Joyce Gesing, Elke Hofmann and Dirk Mundorf

A captain steering a ship through shallow and sometimes stormy waters, reprimanding crew members and issuing orders – that’s roughly how one might describe the traditional view of the senior manager’s role. But what happens when the swell surges and waves crash over the bow, or natural forces undergo sudden, drastic change? Modern times need a different kind of leader.

Doers are done

As management is traditionally understood, leadership describes a fixed set of abilities – a compact toolbox. A person who owns and can carry this toolbox can “do leadership”. A leader is able to develop strategies, train teams and organizations, and implement decisions. According to this view, “leaders are doers” – and yet this attitude is well past its sell-by date, and not just since the pandemic. Leaders are much more than this. Today, alongside traditional leadership skills, they also need to be curious, empathic, perceptive, decisive and able to inspire – all of which are social skills. So where traditional definitions of leadership focus on the leader’s own performance, current management approaches go much further, by describing

development pathways. What kinds of abilities are needed to tackle complexity and new challenges, identify trends and draw the right conclusions? Over and above anything else: human abilities.

Leaders are human

So the key difference between this and the way leadership was viewed in the past is less obviously reflected by a leader's abilities than by their humanity. To be successful, today's leaders need to inject their whole self, their whole personality, into their work. This requires courage, resilience and authenticity. In particular, leading others remotely calls for human rather than functional qualities, to more easily steer the workforce through the hard times, too. One CHRO commented as follows: "In the long term, an open dialog with employees is more effective than micro-management and top-down decrees". But this (human) approach also conveys the clear understanding that no leader is perfect, and no process happens without setbacks or unfulfilled expectations. Leaders who are truly prepared for the future face their failures in a reflective, self-critical spirit. Of course dealing openly with strengths, weakness and mistakes in this way calls for courage. But it also sends a strong signal to the workforce – because only someone who accepts mistakes can facilitate a culture of innovation and agility at the organizational level.

Leaders are team players

The perception that leadership is a solo endeavor is also antiquated. After all, no single individual combines all the key abilities and qualities required. One CHRO noted that as far as leadership qualities are concerned, companies are already paying much more attention to the overall composition of the management team than to individual leaders. When recruiting senior managers for the team, identifying specific talents and competencies at an early stage is being given an increasingly high priority. Several HR professionals told us that how individuals fit with and complement the management team is just as important as their professional and personal qualifications. With respect to virtual or at least hybrid working environments, HR specialists regard leaders' ability to develop effective communication with their teams as the critical factor.

Successful, modern leadership is about building balanced, mutually supportive teams with complementary personalities and characters who are more than just "doers".

Bernhard Just, Executive Vice President Human Resources at KION Group, on the digitalization of previously analog-only dialog formats:

“For many managers, providing feedback virtually is a whole new challenge. The same applies to annual employee appraisals and performance reviews. We need to develop our skills here by very consciously practicing staff development conversations in an online context. The challenges for recruiting are similar.”

Reinhard Nißl, HR Talent & Development Director Germany at Microsoft, on core competencies and willingness to learn:

“It’s more important than ever to focus on managers’ core competencies and develop them by encouraging a willingness to learn, because we’re less able to rely on what used to work in the past.”

Dr. Hays Steilberg, Executive Vice President Corporate Human Resources, Executives & Talent at Bertelsmann, on the role of decentralized decision-making:

“Leaders must realize that they don’t have an answer for everything, that trust and empathy are extremely important, and that in the long run, an open dialog with employees is more effective than micro-management and centralized directives.”

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New HR for the new normal

How HR management now needs to be organized

By Joyce Gesing, Elke Hofmann and Dirk Mundorf

The pandemic has clearly shown that HR management is systemically important to organizations. In this exceptional situation, HR departments have led and coordinated all kinds of response measures and reacted to fast-changing situations. As one CHRO observed: “For us, the crisis was an opportunity to evolve from a fusty, admin-focused HR function into an advisory, strategic and proactive partner.” This role will develop further going forward.

How HR departments responded to the crisis varied widely, depending on how their missions were previously defined and understood. Organizations where HR management fulfilled the traditional transactional role came to see their HR department as an advisory body. Companies that already regarded their HR management function as a strategic partner went a step further and expanded this role. In all organizations, the connectedness and significance of HR management increased.

New HR roles in the new normal

Modern HR departments are now responsible for much more than just identifying and retaining specialist staff and managers; their brief also includes developing

corporate culture, talent and leadership. In parallel, the new working environments which HR teams are helping to develop are expected to meet exacting standards in terms of effectiveness, efficiency and individuality. The new HR profile covers a wider range of areas than ever – including issues that are becoming increasingly crucial to an organization’s success. For too long, HR focused solely on resolving specialist personnel needs. Today, issues surrounding corporate culture, internal communication, and the design and ongoing development of hybrid working practices are critically important to companies hoping to emerge successfully from the pandemic.

Individualization is another key issue for future-ready HR management. One CHRO told us: “Strictly defined and standardized HR systems and processes can’t fulfil business units’ diverse and changing needs. Rather than imposing rigid, one-size-fits-all solutions, departments should be empowered to adapt HR processes and tools to their individual needs.”

Ideally, an HR management function should actively exemplify the culture and change it wishes to inspire across the organization as a whole. This means that HR departments should be trailblazers in digitalization while also being there for employees as facilitators and coaches, ready to listen and offer support. This should never mean glossing over or simply avoiding difficult issues. But it does mean communicating these difficult issues together with their positive aspects, supported by clearly reasoned explanations. There is no reason for transparent, authentic leadership of this kind to end in conflict. The pandemic also shows that most organizations’ workforces are ready to implement even challenging measures if they can see why they make sense. It is certainly true, however, that this form of HR work calls for a very different background in (occupational) psychology than was previously required. The HR roles of the future will increasingly call for coaching skills and psychological methods.

In the new normal, job security and stable employment involve more than just a regular income and staying with the same organization over the long term. They also encompass physical and mental health. The pandemic has made the vital importance of both these things absolutely clear, whilst also highlighting how complex health management is. The new HR is still about supporting employees and the whole organization in identifying and unlocking the workforce’s full potential. But anyone who considers this remit more closely soon realizes that

simply organizing standardized online courses is not enough. Personalized training is needed, tailored to individual strengths and weaknesses. The same applies to internal communications: Where employees' preferred communication channels used to be primarily age-dependent, now their working arrangements will determine whether they source information in the break room, on the intranet or from an instant messenger group.

HR as “seismograph” and key driver of transformation

Communicating on a wide range of issues and sensing the mood of the workforce have always been core components of HR work, representing a constant challenge for many HR departments. Hybrid working models and the normalization of home working have made this challenge even more acute. At present, the role of “seismograph” – taking accurate readings of the working atmosphere, employee sentiment and emerging issues – is difficult to perform. One head of HR told us that by no means all employees reveal how they are feeling or what's on their minds, no matter how many regular virtual team meetings or check-ins they attend.

Another CHRO's experience shows that the mood within an organization is critical – both generally, but especially in crisis situations: “Employees don't forget. Fair treatment and a healthy organizational culture will be rewarded after the crisis.” A culture based on fairness, as well as fair decisions like continuing to run programs and ruling out redundancies, also sends positive signals to the labor market. As far as new talents are concerned, the same CHRO is observing changes in the labor market and in skilled workers' priorities: “It's easier to recruit talents now, even in the data and high-tech spheres. Many of them have rediscovered the value of stability and job security. Job hopping and lifestyle optimization are losing some of their significance.”

The majority of organizations are in the throes of transformation. Most drivers of this change process, including digitalization, have been intensified by COVID-19. HR management has a vital role to play here. At the same time, HR departments must also transform themselves so they can then help their organizations shape this transformation in a positive way.

Roland Hehn, Chief Human Resources Officer at Heraeus, on HR's positioning:

“It was essential for HR and specialist departments to coordinate perfectly with each other and focus on the essentials. This meant that in many companies, HR became much more closely enmeshed with other parts of the organization. In the process, we discovered that when collaborating closely like this, HR can very quickly make decisions on issues of key relevance to the business.”

Kerstin Artenberg, Chief Human Resources Officer and Member of the Group Executive Board at Bekaert, on the value of exchange and dialog:

“HR managers’ curiosity, brainstorming with experts, and learning from each other, could become standard practice – and for me that’s a hugely positive and motivating prospect”

Julia Bangerth, Chief Operating Officer & Chief Human Resources Officer at DATEV, on individualized HR solutions:

“Strictly defined and standardized HR systems and processes can’t fulfil business units’ diverse and changing needs. Rather than prescribing rigid, one-size-fits-all solutions, it’s essential that HR should empower departments to adapt HR processes and tools to their individual needs.”

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