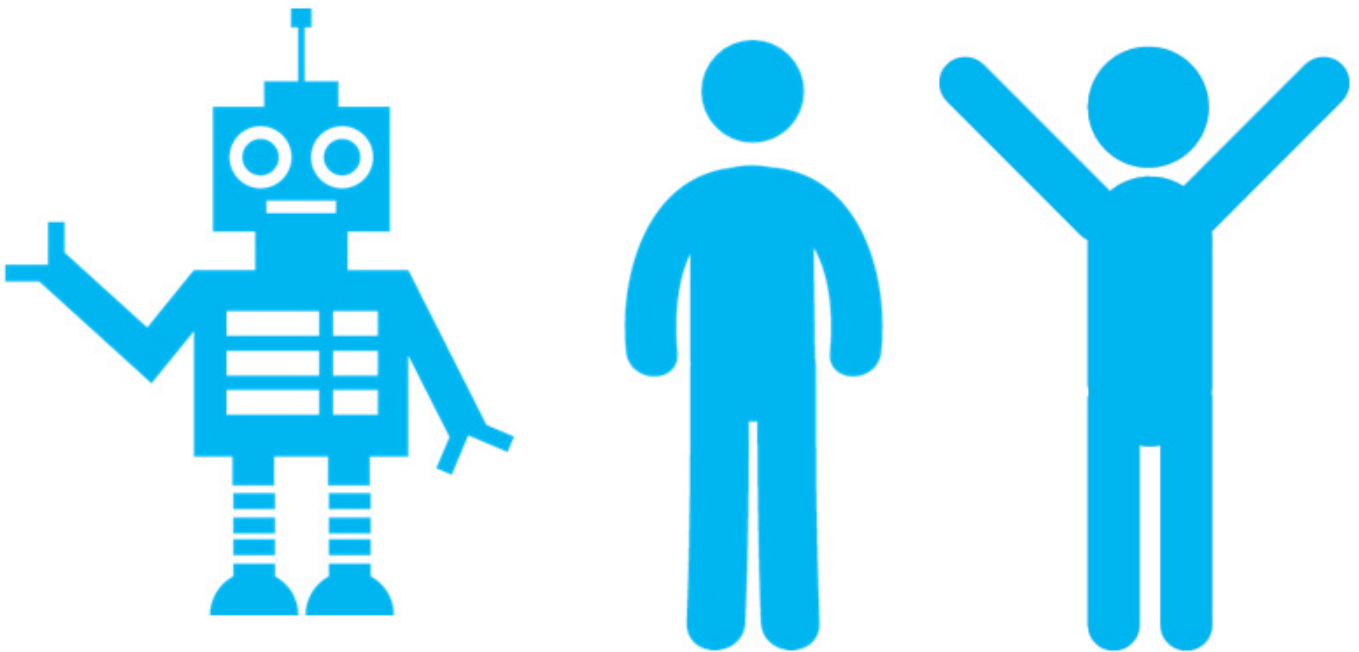


Future Smart HR

10 trends to focus on in 2017



Simon Walker

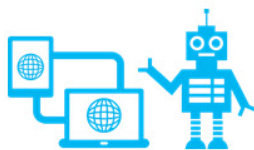
People, performance and technology

“Disruption and digital transformation is more of a people challenge than a technical one. HRs role in this transformation has never been more important”

In a world full of disruption and change, resources and energy within organisations are often focused on business transformation and digitisation. But the challenges are usually people-focused, not technical. As a result, HR’s contribution to this transformation has never been more important.

By carefully reshaping HR, smart organisations can carefully shape the experience of work so that they can attract, engage and enable the talent they need to thrive and survive.

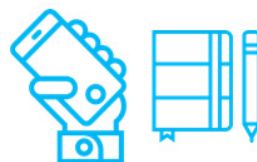
So in 2017 where should smart HR teams focus their effort? In the following pages I’ll outline ten areas to consider, and suggest what to do and questions to ask.



Disruptive tech



Globalisation



Expectations and behaviour change



Demographics and generational trends



VUCA

Human resources used to be about getting the best out of the people working within organisations. But rapid growth in the freelance or 'gig' economy means HR has to expand its remit to include external workers. The freelance market will be worth almost \$63bn globally by 2020 according to consultancy PwC.

Obviously only some roles are suitable for freelancers - usually those that can be delivered digitally, such as coding, design or copywriting. But there are lots of advantages to using freelancers. You can quickly find people who can play to their strengths as they contribute to your projects; it's often cheaper overall as you never have anyone 'sitting on the bench'; you can test people out without any ongoing commitment and in theory you have access to the world's talent. At its simplest you can outsource stuff no one else wants to do.

However using freelancers presents some challenges which HR has a major role in mitigating. For example, how to preserve the culture and team spirit? How to maintain performance management, compliance and standards? And confidentiality? HR needs to contribute to all these areas via training, policies and support in leading hybrid teams (ie with both inhouse and gigging team members).

And what about inhouse freelancers? More and more organizations are experimenting with 'internal gigs'. Here, internal market places are created and (actual) employees 'bid' to contribute to projects. Early feedback from schemes such as PwC's Talent Exchange is that under the right circumstances this can be highly effective, leading to efficient use of people's time, and getting the best people contributing and playing to their strengths

What to do and questions to ask

- What roles or contributions are suited to the gig economy in our organisation? How can we embrace the gig economy more? Start with training and education programs for employees.
- Test with small projects first. Learn what works best in your organisation.
- How can we mitigate some of the challenges? How do we maintain our culture and information security? What tools and protocols do we need to cross company boundaries as we work with freelancers?
- Can we create a gig 'marketplace' within our own organisation? How might this work? What might be the challenges and opportunities?



The impact of AI and Machine Learning

There's lots of hype about it, but there is no doubt that the application of AI, machine learning and autonomous systems is everywhere and growing fast. It's already having some impact in the workplace, for example in customer service with fully artificially intelligent bots such as the RBS/ NatWest Luvo system powered by IBM's Watson. This impact will rapidly accelerate this year.

It's hard to say exactly which roles will be affected and when, but it's safe to say that anything that is repetitive will feel some impact. There are already advanced trials using automated AI systems for conducting financial audits, testing self driving trucks and conducting legal sifts through mountains of documents at the disclosure stage of proceedings, something that is usually done by junior lawyers. A key feature is that AI systems will impact professional roles equally as much as blue collar one. AI is blind to the colour of your collar.

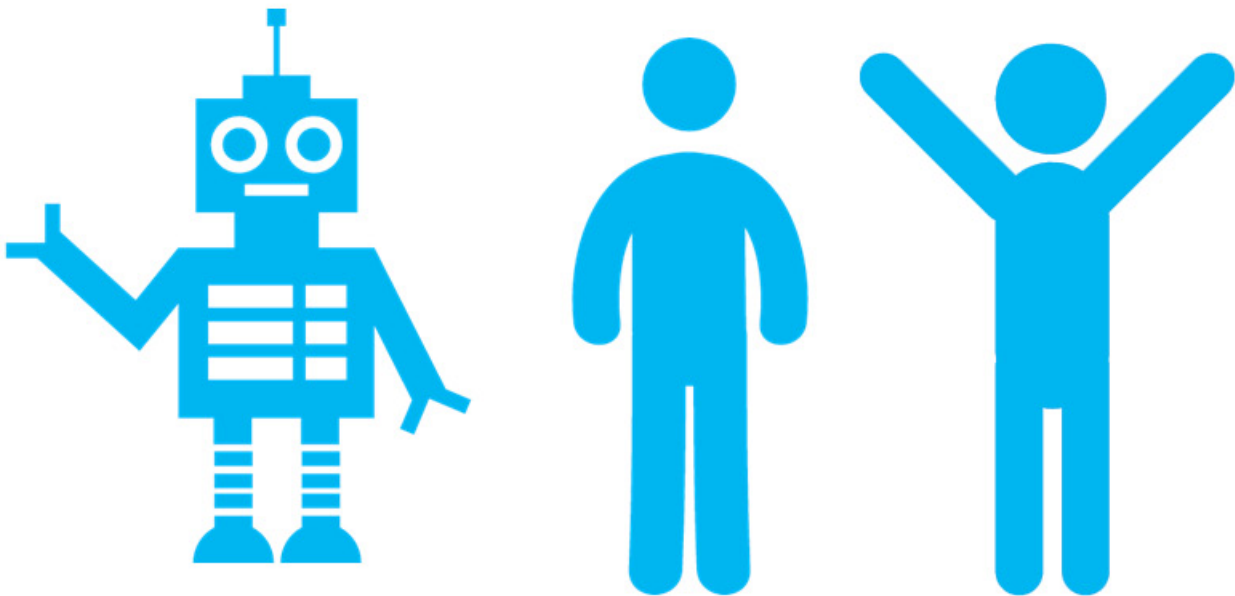
In 2017, HR teams need to scan for the impacts of automation and AI and make plans accordingly. This includes identifying and working with those about to be affected, possibly providing retraining, encouragement and the opportunity to develop.

Previous technology-led step change (such as machine mass production in the industrial revolution or computerisation in the 80s and 90s) led to many job losses. But it also resulted in as many or more different jobs being created: developing, supporting and selling previously non-existent products or services surrounding the innovation. Odds are this will happen again, but we need people to be open and curious to any new opportunities.

It is also vital to engage with the unions. If there can be friction about who presses the door opening button on trains, (not exactly deep automation!) imagine the grief when self-driving trains, cars,

“AI is blind to the colour of your collar”

trucks and planes have an impact. Early dialogue with the unions is the key. Jobs WILL be lost (and others created) so why put off engagement until it's too late and have a pitch battle? Better to work together now - again on constructive development and reskilling.



What to do and questions to ask

- Which roles will be affected? Look at any task that is repetitive.
- What technologies are out there and just about to impact our business? Get curious and find out
- How can we help the people affected? What roles will potentially be created? What training, encouragement and support can we offer? Focus on people skills, creativity and other areas where AI is less likely (for now) to have an impact.
- Can we work with other stakeholders, including the unions?



Manage the 'change' threat

For thousands of years of human evolution, one year or even decade was pretty similar to the one before it.

This hasn't prepared us for the exponential change and increased complexity we now experience every day. We often interpret this change as a threat. Perceived threats produce stress, unhelpful behaviours and prevent people performing at their best. We can all minimise these negative effects if we understand more about our own physiology and how it affects our emotions, thoughts and behaviour. This understanding helps us become more resilient to change and helps those around us cope better.

Smart HR teams are using the latest insights into the links between physiology, psychology and performance to help people better cope with change, often using biometrics (in particular heart rate variability, or HRV), breathing techniques, mindfulness and similar approaches. All this reduces stress and helps people make better decisions (humans don't think clearly when highly pressured). Mindfulness encourages people to be more 'present' enabling them to get the best from those around them.

The physiology/psychology/performance link also helps people understand both their own working preferences (and sometimes biases) created as a result of the conditioning they have experienced in their working life to date, and why there have never been more diverse expectations amongst their colleagues and wider network. Understanding this diversity, why it exists and talking about it with colleagues in itself can reduce the sense of threat.

So, with enhanced understanding, we can develop empathy and strategies to better deal with threats perceived by ourselves and others, which in turn leads to improved wellbeing and higher performance.

What to do and questions to ask

- Culturally, do we link wellbeing with performance? Resilient people perform better than stressed people.
- What tools and approaches to resilience could we employ? Have we looked at HRV, smart biometrics, breathing and mindfulness techniques?
- Do we support leaders to develop the skills help others cope better at a physiological level to deal with change?
- Knowledge dispels fear. How can we encourage our people to be curious to the changes on the horizon?





Bake in motivation with smart work design

“Want your people to be self-motivated in their work? Think more like a video games designer”

- Clear rules
- Clear purpose
- Sense of progress
- Rapid feedback

In [my article](#) about the insights into motivation we learned from the design of video games which engage people for hours on end, even if the actual game play activity is highly repetitive. I looked at ideas that have always been important, but that in the new world of work are vital where (particularly younger) people are far more likely to move on if not fulfilled or intrinsically motivated by the work itself.

These included being crystal clear about the purpose of the work, and how an individual's efforts contribute to that purpose. It then looked at how important visible progress made towards that purpose or goal is, however small, to maintaining motivation. Lastly it examined how essential super-fast feedback is, so that our people experience a sense of progress from their efforts. And by super-fast I mean a feedback cycle measured in hours, not months and certainly not in annual reviews.

What to do and questions to ask

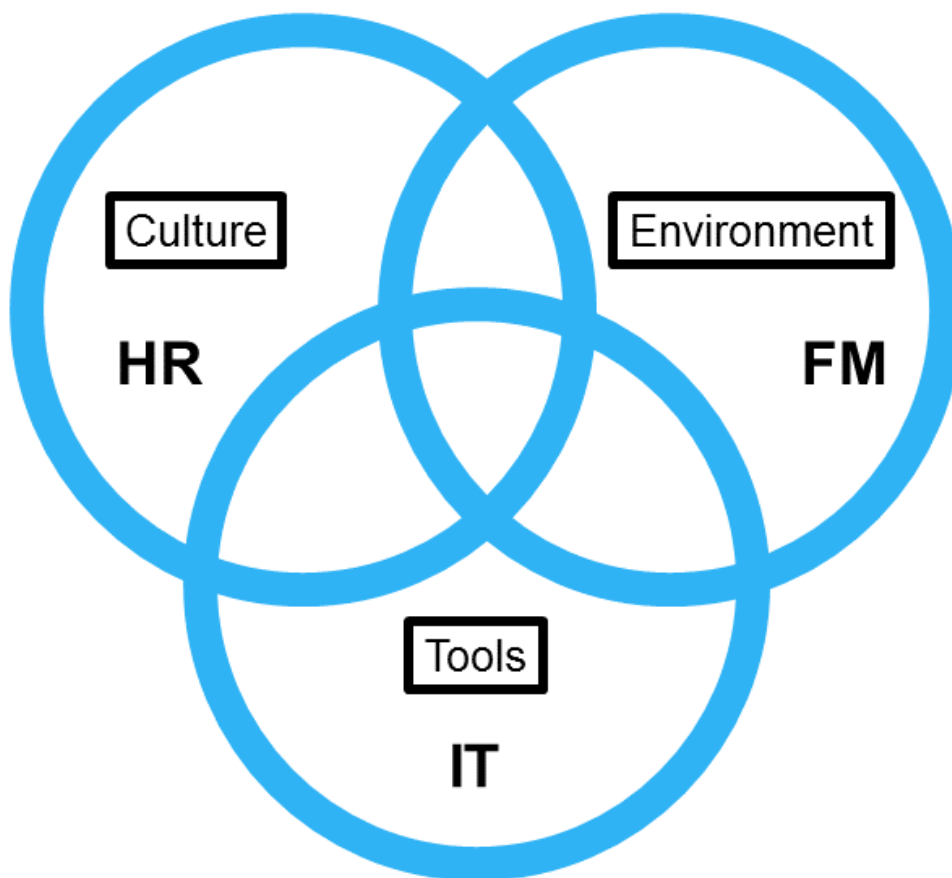
- How clear is our organisation's purpose? And if the purpose is somewhat aspirational, how clear are concrete sub-goals or milestones? Is there a clear link between what people actually do and progressing towards the goal?
- How do we measure progress in everything our people do? Is it visible for everyone so that at the end of every day, everyone feels they have done something to contribute towards the goal?
- How fast are our feedback loops? Do people have a sense of how they are doing over hours and days, not months and years?



Focus on whole employee experience

For many roles, there really is a global war for talent, particularly in the skills driving disruption and transformation - ask anyone hiring software developers and data analysts. So in this highly competitive environment, how do we attract, engage and and, importantly, enable this talent to do great work?

There is much we can learn from colleagues who focus on creating great customer experience. One technique is customer journey analysis. This is where every detail that impacts how the customer feels, sees, tastes or touches is observed and analysed to deduce how 'frictionless' the customer experience is ie how easy they are to do business with.



In HR terms this means continuing to focus on how the employee feels, through the culture, great leadership and a sense of purpose.

But it also means looking at the physical environment - where they work (office, home, coffee shop, collaborative work space) and, if it's an office, the location (inner city with a vibe, or soulless out of town business park). It also means looking at what they see (characterless cubicles or interesting office design), sit on, taste and hear.

Finally, with consumer technology that we all use (our phone, tablet or laptop, their apps and services) often being far more sophisticated than the tech tools and systems we use at work, we need to ensure that our talent has the tools they need to be productive. The focus needs to be on user experience above functionality. Most corporate systems seem to do this the other way round.

These three elements of employee experience - what we feel, sense and use - correspond to the traditional responsibilities of HR, IT and FM. Some smart companies are ditching these traditional function silos and bringing them altogether as an employee experience function. For example Airbnb has a Global Head of Employee Experience responsible for all three areas.

But even if not going that far, if we are to focus on employee experience we need to work together with IT and FM in a focused and seamless way.

What to do and questions to ask

- What is the current employee experience for our people? How does the culture and leadership really make them feel? What is the work environment like? The spaces, the locations, the coffee?
- And what about the tools we give them? Does it enable them to work fast, in a frictionless way where they can collaborate and generate fast, innovative solutions?

For Chief Human Resource Officers, here are three questions to ask yourself and your team:

- Are we still functioning in a human resources silo? Can we broaden our vision and begin to partner with other functional groups such as Marketing, Facilities, Real Estate, Communications and Sustainability? Can we make our employee experience as memorable as our customer experience?
- How can we use the tools we use for our customer experience (eg ongoing research into needs and perceptions, design thinking, and a marketing mindset) to re-invent the HR function?
- How do we create and embrace an iterative development model so new HR services are co-created with employees in much the same way new products are co-created by our company's most passionate consumers?



Continue the shift from hierarchy to networks of teams

We continue to see the flattening of organisational structures and an increased shift towards more agile and networked teams. In fact 92% of respondents to the Deloitte Human Capital Trends survey 2016 rated this shift as important or very important, the highest response for any area in their survey.

This shift is away from traditional organisational hierarchies and towards project teams more akin to Hollywood movie production teams. People come together to tackle projects, then disband and move on to new assignments once the project is complete. These teams are more like start-ups with the agility and innovative spirit this brings.

While a network of teams bring attractions and advantages, it also creates challenges. Consider for example the effects of different teams creating different cultures and ways of doing things. This can make it hard to maintain a central corporate culture and overall sense of purpose, without stifling individual team culture.

In addition, within HR legacy thinking tends to rely on hierarchy, but in a network of team environment, in reward and remuneration for example, thinking shifts away from 'position' (in the org chart) towards contribution to teams and projects.

As for our leaders in these new network of teams organisational structures, we really need them to leave their egos behind, not rely on the hierarchy for their authority and influence and instead to have fantastic facilitation and team building skills. Again HR has an ongoing role supporting leader development.



What to do and questions to ask

- In this shift to a network of teams, consider how HR can support shared values and culture, without stifling individual ways of doing things within teams.
- Work on ways to ensure transparency of what each team is doing and what their goals are.
- Foster ways to encourage communication and feedback within and between teams
- Ensure we reward people for their skills and contributions, not their 'position'
- Consider using social network analysis (more on this later) to see how information flows and how individuals and teams collaborate.



Shift from learning to development

Learning is picking up new skills, experiences and knowledge. It's a bit like adding new apps to your phone. Development on the other hand is creating more capacity to deal with (and learn about) complexity, ambiguity and change. It's more like upgrading the operating system on your phone to deal with ever more sophisticated apps.

There have never been more sources of learning or opportunities for people who want and have the capacity to learn, through MOOCs, youtube video, blogs, wikis, forums, LMS and the like. As a result, employees (if motivated and curious) are able to take charge of their own learning.

Given this, I believe the focus for L&D teams needs to be more on developing our people - developing their capacity through things such as increased curiosity (What's out there? What should I learn more about?), critical thinking (What's an alternative perspective? Can I trust this source?) or capacity and emotional resilience to cope with all this change.

Of course, there will always be specialist (usually technical) skill and knowledge training that L&D teams need to cater for.

Finally, a key element of developing our people is through the actual work they do. For this they need leaders and colleagues who mentor and coach, providing the inspiration, insight and stretch they need.

“Development is creating more capacity to deal with complexity and change”

What to do and questions to ask

- Have we got the right balance between learning and development? Are we providing training that is no longer appropriate for how people learn?
- Do we focus on developing our people, giving them the capacity to learn what they need in the way that suits them best?
- That development should focus on things like increasing curiosity, critical thinking and the
- ability to sift through complexity



Up your game in HR data and analytics

“If HR don’t embrace HR analytics, someone else will - and they may well be less people centric in their analysis and implementation.”

What to do and questions to ask

- HR analytics is a core function, not a project. Resources need to be allocated to fund this.
- What skills do we have? What can we hire in? What skills can we ‘borrow’ from other parts of the organisation?
- Read as much as you can about analytics and network with your peers in IT and marketing.
- By understanding data science and analytics better you can help hire in these skills to other functions too.

Deloitte’s Human Capital Trends 2016 reported 77% of firms felt HR analytics was important. In 2015 only 24% of companies felt ready or somewhat ready for analytics whereas in 2016, that number had jumped by one-third, to 32%.

However only 8% felt fully capable of developing predictive models to realise the full potential to make meaningful strategic contributions for the business

Power insight comes from analysing much wider sources of data than just HR data.

Sentiment analysis (analysis of email and messaging text within organisations), biometric information, social media, social network analysis (understanding who communicates with whom, so that collaboration can be maximised) are all starting to be used alongside other enterprise-wide data sources. 29% of companies are now reporting that they are doing well in this area according to Deloitte.

But most HR teams feel there is still much to be done. There are many reasons for this but when I talk to HR leaders, lack of skills and discomfort analysing big data come up most often. HR people (at the moment) tend not to come from technical backgrounds and we need to see much more recruitment into HR teams of people with data analytic skills.

Finally, there is one more pressing reason to put HR analytics at the top of the agenda. If HR fails to embrace people data analytics wholeheartedly, there is a risk that someone else (finance?) will, and they might be far less people-centric in their analysis, interpretation and implementation.



Refocus on leadership

With all this change, both through the disruption and transformation of pretty much every business model and the diverse, complex and changing expectation of employees, leadership at all levels has never been harder, nor more important.

With less focus on hierarchical models and a greater requirement for more and more team members to 'lead' at times, we need to see more rigour, science and effort put into identifying and developing leadership throughout the organisation, in particular our younger people.

Leadership in a connected era is increasingly less about being visionary, courageous and heroically setting the direction, and more about nurturing and facilitating ideas from the wider team, co-creating the direction and enabling them to do their very best work. This relies on very frequent feedback in all directions, facilitation skills and a focus on coaching and mentoring.

What to do and questions to ask

- Are we developing leadership skills widely throughout the organisation, not just at the top?
- Do our leaders have the leadership skills to lead highly diverse expectations in the workplace?
- Are they rewarded for their leadership, or are they just expected to do it 'alongside the day job'? Do they have the time to actually lead?

“Leadership focus is shifting away from heroic, courageous and visionary, towards facilitation, coaching and mentoring”



HR Experimentation

My final thought is that HR needs to experiment more. As a profession it is pretty conservative and cautious about change, and new ideas can take a while to get implemented. Radical change in HR is very rare.

In many corporates, it's hard to change radically because of the organisation's deeply interconnected systems and culture. So, for example replacing all your policies and procedures with "use your common sense or ask someone if you are not sure" like NetFlix do, would be pretty unworkable unless your leadership and culture was highly developed to deal with the inevitable bad apples or slip ups. It's clearly easier for a start up, which can put in place a fresh set of interconnected ideas from the start. Many organisations (and HR teams) look at smaller start ups and say "I wish we could be more like them" but never try out the ideas.

But that's not a reason not to try out ideas and this is where some structured experimentation comes in perhaps with smaller business units or stand-alone teams. The key is to come up with an idea - looking at other organisations outside of your immediate peers is a good place to start. Then communicate with all the stakeholders emphasising that it is an experiment, implement it in a controlled and structured way, measure the results, and then communicate the results. You'll probably need to repeat this many times but each iteration will bring more learning and progress.

Good luck!



"HR need to experiment more, perhaps with smaller business units or stand-alone teams"



Get in touch

Get in touch if you want to find out more, or if you have any thoughts on any of these areas.

 <https://www.linkedin.com/in/walkersimon/>

 https://twitter.com/simon_walker

My email is simon@simonwalker.org. If you want any more insights, visit my blog or connect with me on linkedin, and twitter.

About Simon

All organisations are being disrupted and transformed by rapid technological, social and demographic change. Simon is an expert in how to lead people through this change, offering insights into changing work patterns, opportunities and expectations, and the leadership behaviours needed to engage, attract and keep the talent needed to thrive and survive.

He explores the intersection between people, performance and technology, where he draws from deep first-hand experience, ongoing research and client engagements in the US, Europe and Asia.

He is also an expert on Generational Diversity (the differing expectations, preferences and attitudes of different generations) and has researched this area widely.



Find out more about simon by visiting www.simonwalker.org