

# How Adaptability and Agility Make or Break Organizational Transformation

The Greatest Challenge Facing HR Today



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## I. Executive Summary

Companies today face critical business challenges regardless of industry, size, geographic location, or organizational structure. Ultimately, these challenges are opportunities for Human Resources departments to play a key role in enabling organizations to meet the competitive challenges.

This year, the Stanton Chase Human Resources Practice Group conducted a survey of 470 Human Resources executives around the globe to learn more about how HR teams are managing change in the new digital era. We found, overwhelmingly, the challenges of **agility and adaptability** are a significant roadblock to HR teams achieving their greatest potential. Priorities such as talent development, organizational design, and transformation of corporate culture remain important, but these processes become more difficult when agility and adaptability are missing. While overall findings are relatively consistent, our survey revealed differences between public versus private companies, regional differences, and even variations based on operational scope. Finally, despite that change is considered the new normal, CHROs report struggling to establish a corporate culture where change is not only expected but valued.

What do these findings mean for Human Resources executives and their teams? Digitalization is a **major opportunity** for HR teams. The ability to effectively work with data leaves resources for other tasks, thereby making strategy optimization possible. At the same time, this process of change requires surmounting the hurdle of increased **agility and adaptability**. In the short run, this requires a significant amount of resources and manpower to build on long term, strategic organizational success.

Please read on to see our survey findings and subsequent recommendations. We sincerely appreciate the participation of our survey respondents and found the results to be incredibly insightful. We hope sharing this white paper is beneficial to your organization and generates some meaningful conversations.

### About the author

**Karen Fogh-Andersen** is the managing partner of Stanton Chase Copenhagen and is the Global Leader of the Human Resources Practice Group.

## II. Findings and Analysis

### Talent Remains the Key Priority

Our survey results indicated, first and foremost, HR remains focused on the primary mandate of attracting, acquiring, and retaining key talent, with 68% of respondents deeming this as the top priority for their HR team. Next, 60% of respondents chose “Build the Organization for the Future”, followed by “Transform Company Culture”.

#### Highest Ranked HR Priorities



These results indicate that HR organizations today continue the trend of moving away from administrative tasks to focus on more global and strategic challenges. In fact, the lowest ranking priority for HR executives at 8% was “Run operational HR tasks (payroll, recruitment, work council negotiations, handling legal employment issues).”

### The Evolving CHRO

The evolution of the CHRO aligns with the reported priorities of HR organizations today moving from administrative to strategic functions. When asked how the role of the CHRO has evolved over the past five years, respondents reported a strong shift from managing administrative tasks to implementing strategic initiatives.

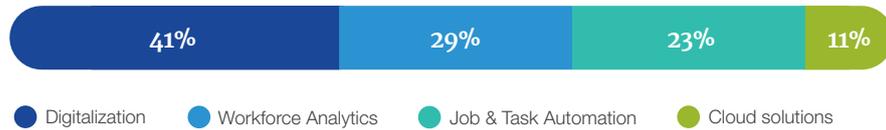
#### How the Role of the CHRO Has Evolved Over the Past Five Years



This shift is due, in part, to the increased productivity technological advances have allowed. Cloud-based solutions and Big Data have enabled HR teams to automate or outsource at least some of their analytics and reporting.

Digitalization is the single greatest technological opportunity for HR today. It frees up resources – both in terms of time and human capital – empowering HR teams to focus on their primary goals of talent management, organizational restructuring, and corporate culture transformation. Nonetheless, technological challenges are also the greatest challenges facing HR teams today. The most significant technological challenge that CHROs are currently facing is strengthening their organization’s digitalization efforts to improve productivity even further.

## Ranking of Technological Challenges Faced by HR Teams



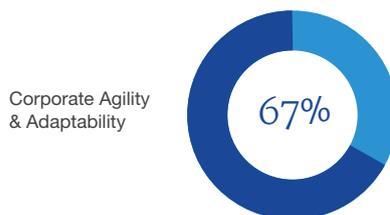
## Adaptability is Crucial

Success today requires the agility and drive to constantly rethink, reinvigorate, react, and reinvent.

– Bill Gates

As the focus shifts from administrative functions to the higher-ranking priorities of talent management, organizational strategies, and transforming corporate culture, the most significant challenge HR departments face is not the creation of these strategies. Instead, the difficulty they find in implementing them is due to a **lack of agility and adaptability** throughout the organization.

## What is Your HR Team’s Most Significant Challenge?



While executives recognize this challenge, many struggle with how to overcome it – when asked how their teams were dealing with the challenges, responses included “ignoring them”, “coping less than ideal”, “challenged”, and “putting Band-Aids on situations or not really handling what needs to be done”. The wide range of responses also included many optimistic perspectives, including “Cross-training, transfers to other locations, new solutions, multi-skilled performers”, “Clear goal setting and alignment between strategies and challenges”, and “Projects involving both Top Managers and the highest number of employees”.

To overcome this hurdle, HR teams are scaling back their role as administrators and internal communicators to focus on defining, encouraging, and implementing change. Their goals are to encourage their business partners and staff to see change as the “new normal” and to foster an environment where change is not only expected, but valued.

## What is Your HR Team’s Role in Shaping the Company’s Future?

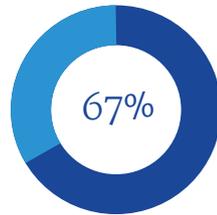


- Defining, Encouraging & Implementing Change
- Fostering Communication Throughout the Organization

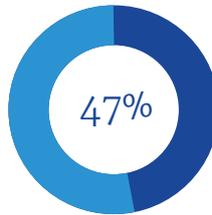
The past decade has seen a great deal of change in regards to organizational structure. The financial crisis of 2008 was the impetus for organizations to flatten their corporate structure. Many middle management positions were removed as companies worked in survival mode to ride out the chaos of the crisis.

The business world is not the same as it was prior to 2008. Resources have changed and evolved. New technologies and digitalization – key components of powering corporate growth today – require a great deal of tactical resources and operational manpower to build and implement. Once these systems are in place, there will be a shift in the required skillset to focus on employees with strategic competencies who can plan and implement long term growth strategies. The recognition and anticipation of this change is reflected in the top three issues that CHROs report as their primary challenges: the agility and adaptability mentioned above, followed by improving the employee experience and implementing digitalization.

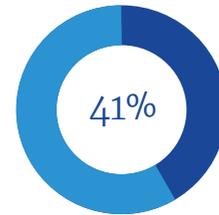
## Biggest Challenges Facing HR Organizations



Corporate Agility & Adaptability



Improving the Employee Experience



Implementing Digitalization

HR organizations are concerned about and planning for how to accommodate this fluctuation in the requisite skillset of their employees. Most executives pride themselves on creating a learning environment in the workplace that supports the development of new competencies and higher employee engagement, encouraging their employees to grow with the organization's needs. This employee involvement aids in the adaptability of the entire organization, not just the HR team.

## Do Your Employees Feel That They are Actively Contributing to the Growth of the Organization?

67% Say 'Yes'

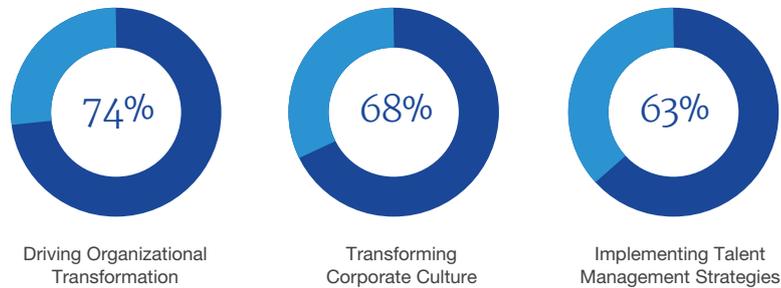


“67% of employees feel that they are actively contributing to the growth of the organization.”

## Goal Achievement

Overall, CHROs are well-positioned and feel secure in their evolving role. They are confident their teams are following through on business objectives and adding significant value to the organization. The three highest priorities identified by CHROs align with how they feel their teams have added value to their organization.

In the Past Year, How Has HR Created the Most Value for Your Organization?

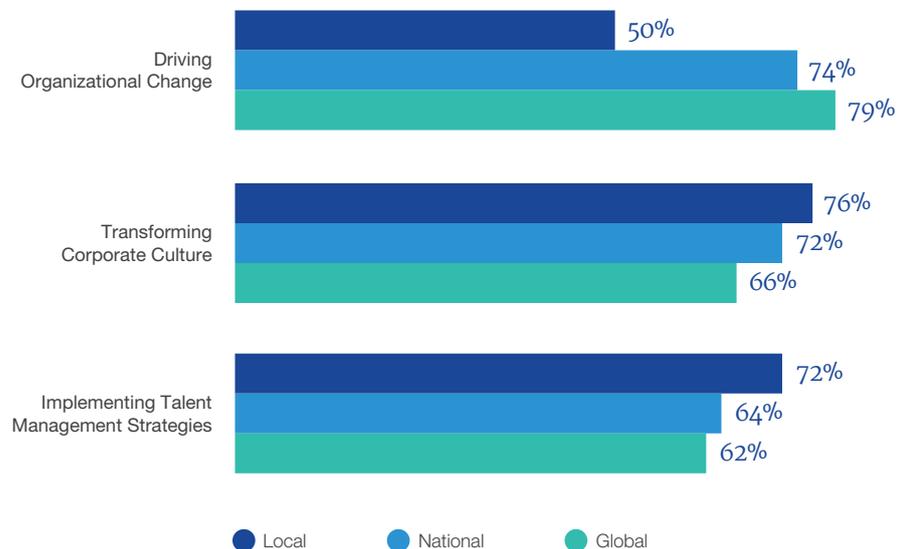


Other key contributions reported by CHROs include influencing corporate strategy, creating a learning organization, and championing digitalization efforts.

## Operational Scope Impacts HR Strategy

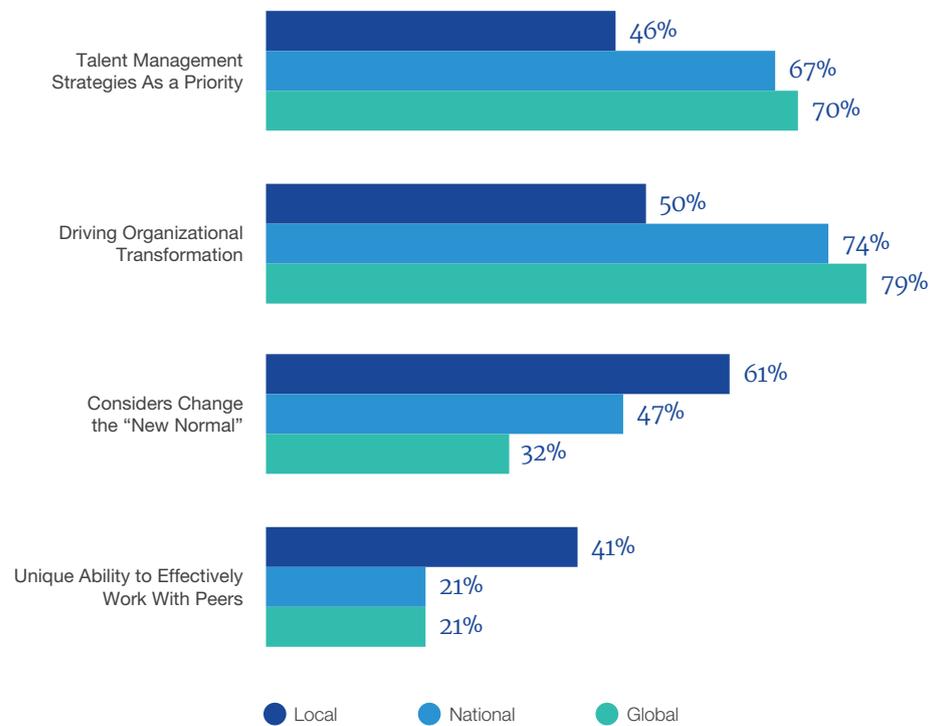
The “how” of HR teams adding value varies noticeably based on the operational scope of the organization. When compared to CHROs at organizations that operate locally, those at organizations that operate on a national or global scale feel their teams have contributed significantly more value to their companies by driving organizational change. CHROs at companies with a local operational scope have focused more on transforming the corporate culture and implementing talent management strategies.

### How Primary HR Contributions Differ by Operational Scope



Additionally, HR teams at companies that operate locally tend to be more adept at reactive behaviors and change whereas those at companies that operate nationally and globally function through more proactive, strategic methods. The farther reaching an organization's operational scope, the more their CHROs focus on talent management strategies and driving organizational change. HR teams at locally operated companies pride themselves on fostering an adaptable corporate culture and effectively working with their peers to empower employees to actively contribute to corporate growth.

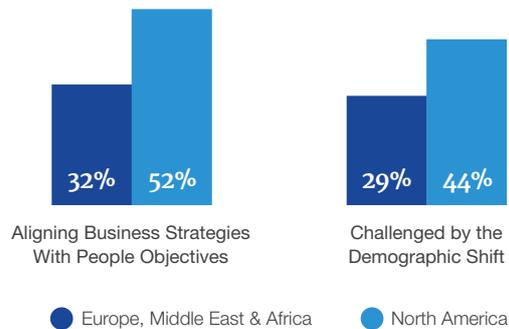
## How Operational Scope Affects HR Strategy



## Regional Challenges

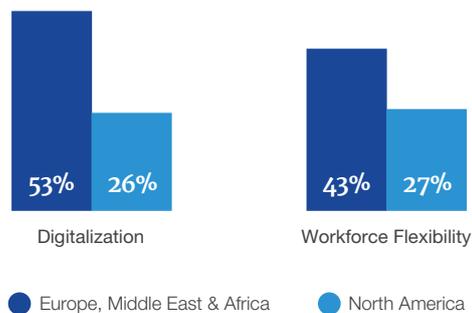
Although these findings illustrate a global evolution in how HR teams operate, there are marked regional differences. North American CHROs place a noticeably higher emphasis on aligning business strategies with people objectives and are more concerned about the demographic shift than their European, Middle Eastern, and African counterparts. Additionally, North American HR teams reported a higher acceptance of change as the “new normal”. When combined, these factors indicate North American HR teams are compelled to change their tactics and strategies to keep pace with the demographic shift.

### Regional Differences in People-Driven HR Strategies



European, Middle Eastern, and African CHROs are more challenged by digitalization and workforce flexibility, which is understandable considering they are more likely to be accommodating a workforce that stretches beyond their country’s borders and is therefore linguistically diverse, located in multiple time zones, and affected by different governmental regulations. For these organizations in particular, digitalization holds tremendous potential to improve their corporate agility and adaptability.

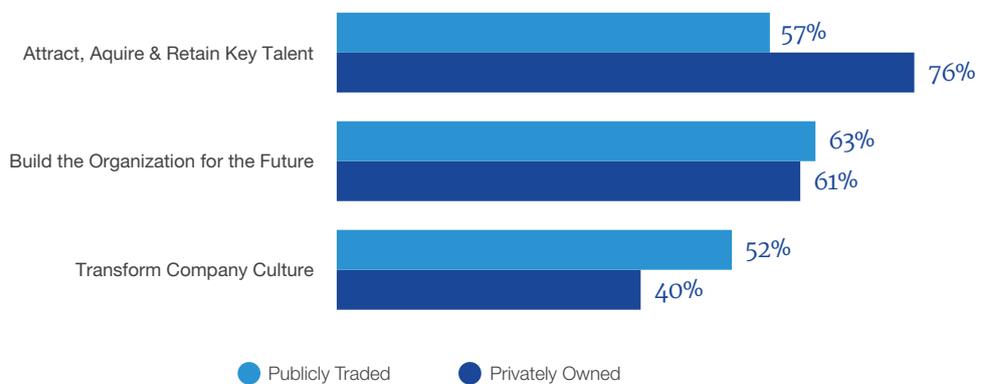
### Regional Differences in Primary HR Challenges



## Company Ownership Affects Prioritization

Although the top three priorities for CHROs are consistent regardless of company ownership, geographic location, and operational scope, the emphasis on each priority differs based on company ownership structure. CHROs at privately owned companies have a much higher stake in talent management strategies, whereas those at publicly traded companies are more involved in transforming company culture.

### How HR Priorities Differ by Company Ownership



As legendary management consultant and writer Peter Drucker said, “Culture eats strategy for breakfast.” In other words, leaders of these publicly traded organizations continue to maintain a primary focus on the corporate culture. In privately owned companies, top management focuses more on attracting and retaining key talent. One possible explanation is the company culture of private organizations is more fluid, thereby making it important to focus on the individual leaders who can be flexible and drive ongoing business change.

## Workforce Planning Enhanced by Technology

Have you ever taken leave from work? Fumbled your way through the onboarding process in a new company? Transitioned to a new department or location? These common employee experiences often end in a frustrating cycle of forms, paperwork, and bureaucracy. New technology is aiding HR teams in addressing these challenges by maintaining comprehensive data about each individual person – the systems can then use this information to best satisfy and address individual employee needs.

These advances in digitization and big data are repositioning HR teams to be more customer service-oriented, dramatically changing the industry landscape. CHROs, like the other members of the C-suite today, have seen technology touch and improve every facet of their role. Most notably, digital technologies allow CHROs to utilize people analytics to predict workforce trends, target top talent, and implement evidence-based organizational change.

CHROs feel strongly that their teams use people analytics and digitalization to adapt HR processes effectively in a way that supports the implementation of the organization's strategy.

### Implementation of People Analytics



- Recognizes People Analytics as Essential in Workforce Planning and Talent Strategies
- Provides Evidence-Based Planning for Organizational Changes
- Leverages External Data for Workplace Planning

## III. Recommendations

Based on the data collected in our global survey of Chief Human Resources Officers, as well as our collective years of experience advising executives worldwide, we offer the following recommendations:

### 1. Strengthen Cross-Functional Relationships

The biggest challenge HR teams face is a lack of corporate agility and adaptability when implementing organizational changes. CHROs cannot overcome this if their department works as an independent silo. CHROs need cross-functional business partners within the C-suite to gain a better understanding of how their departments or regional locations communicate and implement change. These conversations will be mutually beneficial as your team works to design effective talent management strategies, encourage a shift in corporate culture, or implement an organizational change.

### 2. Digitalize

Digitalization is a game changer for HR teams. It ranks higher than workforce analytics, job and task automation, and cloud solutions as the highest ranked technological challenge. It is an imperative for continuing the evolution of the CHRO to a business strategist. Discuss with your company's Head of Technology the full impact digitalization can have as you

develop your organizational strategies and people objectives. Operational excellence and digitalization are great undertakings, and their importance cannot be underestimated. Resources and manpower should be fully available to make necessary adjustments toward digital transformation. Organizations should also work with designated Centers of Excellence (see below) for successful, robust and research-based transformations.

### 3. Create a Center of Excellence

Centers of Excellence (COEs), also known as Centers of Expertise, are internal hubs where business and HR strategies overlap and add value to the organization. COEs provide resources and knowledge related to people management, regulatory compliance, ethics, benefits, and more. COEs are research-based centers that add value and strategic competences to organizations and can drive transformational success. For tips on how to successfully build a Center of Excellence, [click here](#).

## 4. Recognize Corporate Culture as a Differentiator

Each organization has a unique corporate culture. When implementing talent management strategies, emphasize your organization's culture as a differentiator and an asset. How can your culture attract top talent in the marketplace? How can you retain key leadership talent? How are you communicating and reinforcing your organization's corporate culture to current and prospective employees?

## 5. Build Your Future Talent Pipeline Now

The two highest ranked HR priorities are attracting, acquiring, and retaining talent and building the organization for the future. These are interdependent. Develop position descriptions aligned with your organizational strategies. Consider how you want to transform your organization's corporate culture. Build your talent pipeline for key positions now in anticipation of your future hiring needs, not in reaction to a suddenly vacant position.

## 6. Align Your Mindset With Your Realities

Despite pronounced trends across Human Resources management, there is no "one size fits all" solution. HR teams at large national and global organizations need to place a high priority on maintaining a flexible, global workforce and are therefore more focused on talent management strategies. Within smaller companies, they have the ability to develop personal relationships with their peers and the flexibility to pivot quickly when unexpected changes occur. Consider and accept the pros and cons of your organization's situation and capabilities when creating talent management strategies, implementing organizational changes, and fine-tuning corporate culture.

## 7. Question the Status Quo of Change

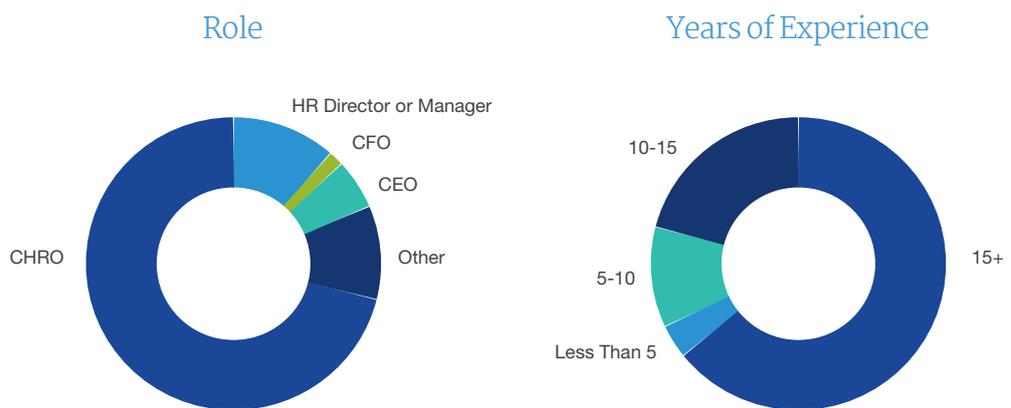
*Change is inevitable. Change is the new normal. The only thing constant in life is change.* Perhaps it is worth taking a step back and asking about this change. Is change good? Or is constant change more stressful for employees? Is it better to proceed with constant, slow and small changes or rapid, immediate, and big transformations? What capabilities does your organization currently have that may determine the appropriate level and speed of change? These are valuable and essential questions to consider within the entire C-suite of your organization on a regular basis.

## IV. Conclusion

**Agility and adaptability** are undeniably the greatest challenges in the C-suite of Human Resources today. To move forward, organizational leaders must embrace opportunities to explore their company's capabilities, organizational culture, and tolerance for risk and change. Creation of a Center of Excellence provides a research-based added value component for all businesses. Above all, foster an environment of collaboration and open discussion amongst all C-suite leaders in your organization to ensure you share the same vision and path toward agility in the age of digitalization.

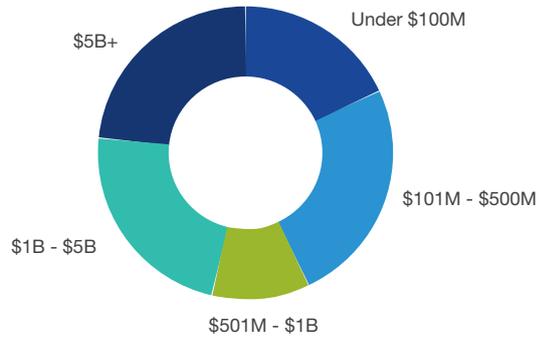
## V. Demographics

The vast majority of respondents were seasoned Human Resources executives or managers with 15 years or more of experience. Participating firms varied widely in size from under \$100M to exceeding \$5B in annual revenues, and were diversified in their corporate structure, including publicly traded, privately owned, and private equity backed organizations. Geographic location and operational scope were varied as well, including companies that operate locally, nationally, and globally on four continents.

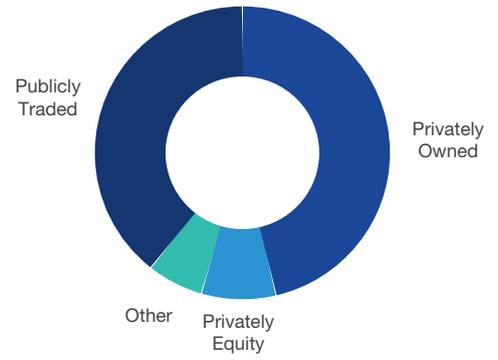


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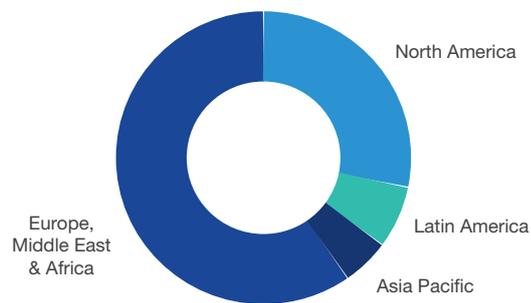
### Annual Company Revenue



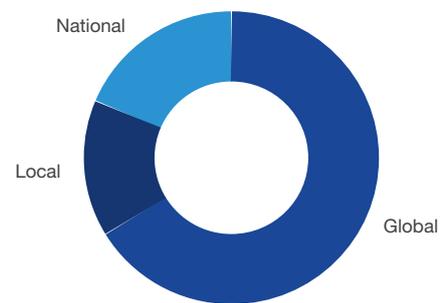
### Company Ownership



### Region



### Operational scope



## VI. About Stanton Chase

Founded in 1990, Stanton Chase is your global leadership partner, recognized for exceptional results around the world. Stanton Chase is unique in the executive search industry, offering clients the expertise and global reach of one of the world's ten largest executive search firms complemented by the service, industry expertise and personal relationships usually reserved for small, boutique practices.

Stanton Chase is proud to offer our clients a complete suite of executive search and consultancy services.



### Executive Search

Our worldwide network of offices and partners gives us the ability to access top talent not just across borders but across the globe.



### Candidate Assessment

Using the latest methodology for the identification, motivation, and assessment of competencies and personality profiles.



### Leadership Consulting for Boards and C-Suite

Recognizing the unique challenges of CEOs, Boards, and the C-Suite and counseling our client partners on a breadth of corporate, governance, and strategic imperatives.



### Diversity Search

Committed to and embracing the global reality of diversity and inclusion.

For further information about Stanton Chase, please visit [www.stantonchase.com](http://www.stantonchase.com).

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