

Disruptive HR Transformations and the New Employee Experience

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If your company's goal is to significantly outgrow the market, then your HR Transformation is the most important thing your company will do. Here is a look at how to leverage new ways of thinking and working to take advantage of megatrends and accelerating technologies, to enable exponential growth.

Most companies we talk to are doing some kind of Transformation. Every industry is being disrupted by Exponential Organizations, defined as having “impact or output that is disproportionately large – at least 10x larger(!) - compared to their peers because of the use of new organizational [techniques](#) that leverage accelerating technologies.” [1]

Even big companies such as Coca Cola and GE are adopting ideas of Exponential Organizations. Regardless of your industry or the size of your company, you are vulnerable to disruption. The fact that organizational techniques are at the heart of Exponential Organizations means that your HR transformation is the most important thing your company will do. It also means your HR Transformation needs to be different from any you have ever done before.

So how do you create faster growth and avoid the dismal results of standard HR Transformations, referred to by my colleague Ruud Rikhof in his article '[HR Transformations Are Dead, Long Live HR Disruption](#)'?

This article is to help you understand why it is important to start now with a different kind of Transformation, how to build something unique in your market and how to become a more Exponential Organization. The ultimate goal is to attain Competitive Advantage for your business by completely changing the way you think and operate – not only in HR but throughout your organization.

Real Transformation

Real Transformation is what the ancient Greeks called “Metanoia” – a change of heart or perspective. People who experience a different way of seeing things have a completely new Purpose and a new ‘way of being’. Einstein said it this way: “We cannot solve our problems with the same thinking we used when we created them.” Therefore, the way people see and respond to problems and their way of interaction is at the heart of what makes a Transformation successful.

[1] Exponential Organizations, Ismail, van Geest, Malone, p. 18

So let's start with a different way of seeing things...

In the next few years, some 3 billion new [people](#) will join the global economy and the global workplace. At the same time, another 1 billion will retire and leave the workforce. These 2 trends alone will radically challenge the norms, patterns and assumptions of how we work and how we consume. These new entrants to the global marketplace represent trillions of dollars of buying power, and they mostly come from emerging markets.

They will have access through technology platforms to global goods and services, and virtually no loyalty to any brands. They are not likely to join the company or industry their parents did. They are more likely to be entrepreneurial and consume innovative products that suit their lifestyle and way of thinking. In short, they will eat, drink, travel, work, buy clothing and entertainment, take care of family, vote, get healthcare, etc. differently than what we've seen until now.

At the same time, other important megatrends will affect the way we live and work, and seriously challenge the traditional ways companies are set up and organized, staffed, funded, consulted, evaluated, etc. They are in the DNA of Exponential Organizations, as they dramatically increase productivity and reduce cost. They level the playing field and democratize the accessibility to capital and brainpower, which means that someone in a garage – anywhere – can readily compete with and disrupt existing large organizations. Here are a few of these megatrends:

- Crowdfunding offers quick access to capital and loans, giving more of the world's population access to startup capital.
- Wealth is spreading with new markets. Twenty years ago we spoke of BRIC countries. Today, there are nearly 400 billionaires in those same markets. It's not a stretch to think that in the 'frontier markets' of today, we will someday see hundreds of new billionaires. Companies like [Andela](#) are already investing in frontier markets like Kenya, Bangladesh and the Congo, and people in those countries are equity partners.
- Technology is connecting open jobs to talent all over the world as never before. Andela, backed by both Zuckerberg and Google, connects leading technology companies to top tech talent around the world. They find and train the best engineers in Africa, fly them to the US for 2 weeks to meet their teams, then return them to their base in Lagos, Nigeria or Nairobi, Kenya where they work as global team members. See also [GitHub](#) and [UpWork](#).
- There is a shift from thinking that organizations need to own assets and 'own' employees to leveraging external assets – 'Cloud Resourcing' – and Agile Talent ^[2] (a Build, Buy, Lease or Rent strategy). Both the idea of 'Managing' Talent and 'Human Capital' are dead.
- Companies are shifting from the paradigm of the Employee Life Cycle where they recruit and employ colleagues for life to the 'Employee Experience', where employees join for a time on the basis of which companies match their values and short-term development needs.
- Companies create the Employee Experience the same way they create the Customer Experience: with bottom up vs. top down thinking, treating employees more like customers, building both qualitative and quantitative insights about what attracts, motivates and retains best, most productive talent, and best performing teams.
- As technology extends our reach to new markets and employees, building a strong digital Brand based on the Employee Experience, will be a key differentiator and the largest focus and budget of the HR function
- 'Talent' in the future will include Robots and Artificial Intelligence, who will both aid and compete with humans. We are only beginning to see the kinds of roles that [Robots](#) can play, since they start with all knowledge, link to the 'Internet of Things' and use Machine Learning. People are using [Bots](#) to find work and to interact with their company, get [feedback](#), network and manage their career. Watch for more convergence of technology and disruption of existing platforms.
- Emerging [technology](#) challenges existing HR SaaS platforms. GE and other companies have developed new apps for Performance and Career Development with real-time crowd-based inputs, focus on future vs. past and development over performance (how to improve vs. 'what I did wrong'). Why not buy everyone in the company a tablet or Smartphone and download apps that do a far better job for a fraction of the cost of SaaS. And...
- Employees will own their data, and it will go with them from job to job and team to team, and companies will contract for the data and aggregate it using more predictive Analytics.
- The Voice of the [Customer](#) is coming to HR, connected to the Employee Experience. This will disrupt how we do Employee Engagement surveys.



[2] See Agile Talent, Jon Younger

- Analytics, Machine Learning, Sensors and the Internet of Things means we have more ways to get insights on human behavior, giving us more predictive kinds of understanding human behavior vs. backward looking reporting. Analytics increasingly means the combination of multiple data sets to help us predict which incentives will work, who is likely to leave, etc.
- Learning and access to key training such as programming skills is becoming democratized. One example is Codecademy, founded by two 23-year-olds that teaches people how to code online for free, with 25 million+ served so far. Scratch is another example that is free and works on low bandwidth environments in 40 languages.
- Digital Learning and YouTube are rapidly replacing traditional classroom and mundane e-learning approaches. New learning [apps](#) use YouTube to connect people to others to practice new skills . Companies are teaching managers how to put together a video, and new entrants are jumping into the Learning space. Companies are moving away from traditional classroom learning and expensive Executive Education programs, which can have little or no lasting impact.
- The unbundling of jobs, gig economy, networks, agile talent, etc. will have impact on the design of teams and physical workspace as people interact through technology and work more remotely.
- The movement to ‘Re-humanize HR’ – with a better understanding of Behavioral and Neuro-Science than ever before [3], we are abandoning processes started in the Industrial Age and passed around for decades e.g. Performance Management while actual Performance declines, the [9-box](#) which rarely picks best leaders, Engagement Surveys while Engagement continues to sink, Benchmarks and Maturity Models which make false comparisons and fail to disrupt.

As you read this list, how does it change your perspective? What are the organizational techniques you will need to adopt to prepare your organization for these trends? What does a real Transformation look like and where do you start?

What a Disruptive HR Transformation Looks Like

A Disruptive Transformation starts with building new mindset and understanding the Employee Experience. We have to reverse our top-down linear thinking and design from the ‘bottom up’ from the customer’s perspective. Focus on what drives productivity and results, and how to engage people even more – just like Marketing learns how to engage Customers by building insights on the Customer Experience, leveraging Design Thinking, and creating a unique value proposition.

Before you start, set up a Transformation Project Team with people across functions and businesses to help ensure broad understanding of the User Experience and to help you create and implement the People Strategy. Companies such as GE are working with heads of Real Estate, IT, Marketing, and Internal Communications, to create one seamless employee and customer experience.

Leverage your Marketing function, especially those that have experience with the Customer Experience, to create your Market Strategy and Value Proposition. IDEXX is doing a Transformation to build their HR Customer Service capability as part of their implementation of Workday and has enlisted Marketing and Customer Service leaders as well as their HR Analytics person to be on their project team.

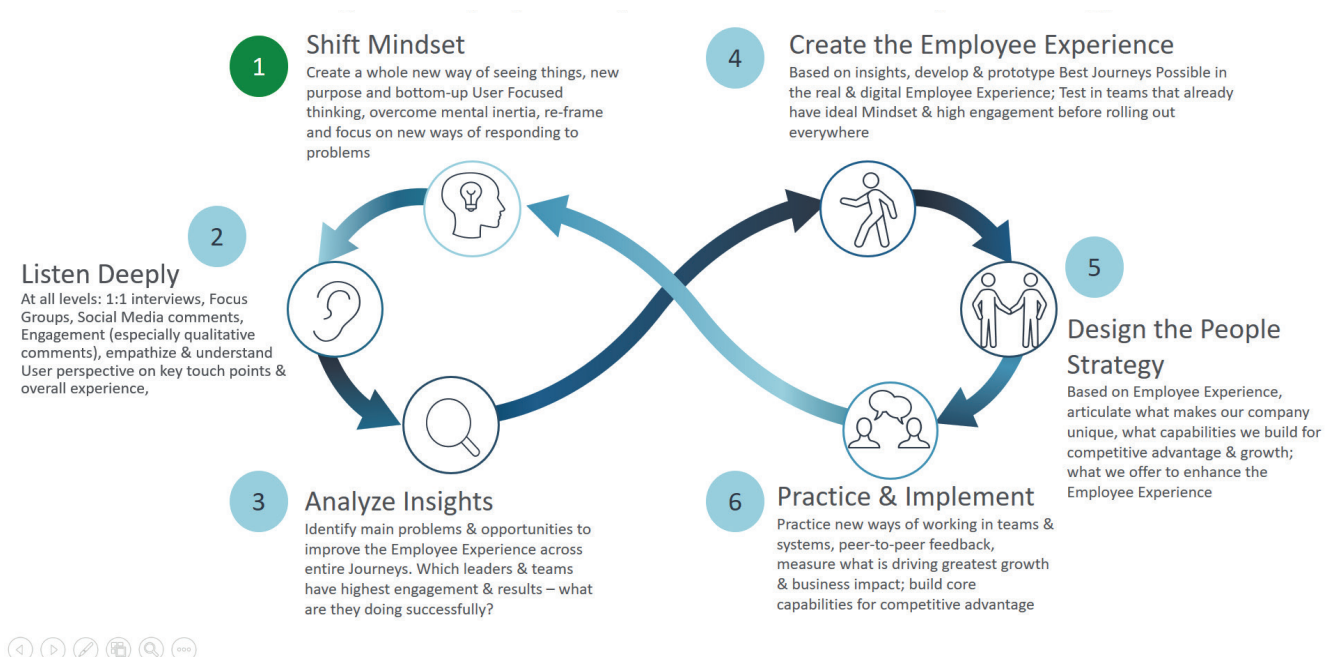


Figure 1 – Disruptive Transformation to Create the Employee Experience & People Strategy

[3] See Drive by Daniel Pink, Why We Do What We Do by Edward Deci, Mindset by Carol Dwek, Managing with the Brain in Mind by David Rock, etc.

1 - Shift Mindset

Technology alone does not guarantee growth above market rates. If your organization doesn't change mindset and way of working, growth rates will fall below the market, as technology adds complexity and stifling new processes, which reinforce bad behaviors, and people will be less satisfied and productive.

We've designed endless policies for the 1% who break the rules. We set up HR as Mom or Dad for the organization – or worse – as police. Some companies [mistakenly](#) use technology to do this. People are used to being told what to do and when we set up a self-service model, they're lost. So just how do we change those assumptions?

Successful companies take a different, more proactive approach. They adopt a User Focus mentality as their foundation. Lucy Adams, former CHRO at the BBC calls this 'treating Employees as Adults, Consumers and Human beings – EACH^[4].

The following will help you build new Mindset and accelerate your Transformation:

- Expose your leaders to disruption in their industry – the bullets above and megatrends give ideas where to start. Watch this [video](#). A one-day workshop discussing these workplace trends and the impact on your business and industry helps leaders gain critical new perspective and plan proactively.
- Implement Diversity – hire and promote people with diverse experience and inherent [diversity](#). Howard Shultz of Starbucks appointed Clara [Shih](#) (29 year old CEO of Social Media firm Hearsay Social) to his Board to expose his team to how younger people think and use Social Media.
- Promote more [women](#) and young people and give them real responsibility and [leadership](#) for innovation and launching new products and services.
- Simplify your processes and [declutter](#) – get rid of all rules that stifle bottom-up, creative thinking, flexibility, speed, agility, etc. If you don't take this step before you implement new technology, it will kill your Transformation.
- Get outside thinking inside your organization – don't wait to hire people with the technology and expertise you need; you can network and collaborate
- Partner with, acquire or collaborate with Exponential Organizations^[5].
- Partner with your Marketing team or Marketing consultants that excel in the Customer Experience to help you design your Employee Experience.
- Identify and address roadblocks to your Transformation. This includes shifting to a learning mindset and challenging any deeply held assumptions.
- Identify new ways of thinking, working, new structures, processes, and what behaviors need to change to build Competitive Advantage.

2 - Listen Deeply

HR lags Marketing in design based on the User Experience. Marketing itself has increased their [prioritization](#) of Customer Insights from 30 to 90% of companies in just the past few years.

Start your HR Transformation with Employees as Customers. Gather insights across all the main touch points e.g. Recruiting, Induction, etc. In Design Thinking, this is known as 'Empathize', where you put yourself in the Employee's shoes.

Here are a few suggestions to better understand the User Experience:

- [Research](#) shows that people are not turned on or off by one interaction alone but by the whole experience. Holistic 'Journeys' are more important to understand than individual 'moments that matter'.
- [Research](#) in 2016 revealed that a majority of companies who rated their HR performance as 'Excellent' or 'Good' said that Design Thinking was prevalent
- Talk directly with your people. Understand what the average person goes through to get into your company, how hard it is to navigate policies, to network, share and access knowledge, to be recognized in performance and talent reviews, to get promoted.
- Build your segmentation strategy around whole journeys. An example of a User Customer Journey is the entire Recruiting and On-boarding experience. Another is the entire year of a Performance Management cycle and includes all interactions with their manager, coaches and advisors, physical or virtual.
- Look for feedback in comments and qualitative insights – this is far more productive than trying to guess by asking 80-90

[4] See HR Disrupted, by Lucy Adams | [5] Exponential Organizations, p. 212

questions. Let people tell you in 2-3 questions what they experience, and what they find valuable, etc.

- Follow what interests employees on Social media, such as GlassDoor. Talk to them directly in one-to-one interviews and focus groups to see their view of the organization. Survey them monthly over a year as a longitudinal study to get a view of how their experience changes over a year over different events.

In their Transformation, IDEXX talked directly to numerous teams and employees in Focus Groups, to understand the Employee User Experience with HR. Rather than visiting other Life Sciences companies, they visited Facebook and Google to see how they developed their insights and their Customer Service model. They bring the ideas they develop to test with employees in ongoing Focus Groups.

3 - Analyze Insights

You want to use your research to create deep insights on problems and opportunities to improve the Employee Experience across the main Episodes or Experiences. This stage is known as 'Define' in Design Thinking, where you combine all your data and identify where your users' problems exist.

- List key drivers, digital and human interactions, points of highest/lowest engagement, what are predictors of success e.g. what makes the difference between high and low engagement?
- See which leaders & teams have highest engagement and results – what are they doing successfully with regard to these Episodes?
- Tap into the behaviors and insights of these people already making positive impact on Employee Experience to teach others your organization.

For your Digital Employee Experience, [analyze](#) differently your results for Owned, Earned and Paid Media. Earned Media is exposure you've gained through word of mouth. Owned Media is media you control e.g. your company website. Paid Media is Advertising. Earned Media is the most critical place to measure, as you will see what people naturally criticize or recommend. If you are using YouTube for recruiting, induction or training, there are different ways to measure success than for Paid Media. Marketers say a view of least 30 seconds, and measures of completion are more important than starts.

4 - Create the Employee Experience

With your insights, you are ready to [develop](#) and test key areas of your real and digital Employee Experience. In Design Thinking, this is known as Ideate and Prototype. Your People Strategy Project Team can take the lead, and you can involve the leaders and teams you identified in the last step who already have high levels of engagement and productivity.

Here are a few ideas for designing the Employee Experience:

- Susan Peters, SVP of HR at GE [defines](#) the Employee Experience “simply as seeing the world through the eyes of our employees, staying connected, and being aware of their major milestones.”
- Develop journeys based on the Episodes where you've developed insights – breaking down the interactions into both digital and real, with Social, Mobile and Consumer-style experiences for employees.
- Design your digital Employee Experience so employees can find, rate, tag and share as well as use digital resources e.g. Career Development, Learning, etc.
- Consumer Marketing has the concept of 'Last 3 feet/Last 1 meter' e.g. after all the digital interaction brings someone to a store (or recruits people to your firm), how well does your company 'close the deal'?
- Many companies such as Cisco, BMO Financial and MasterCard conduct employee [hackathons](#) to get new ideas and solutions. Set your employees loose in this way to help design your Employee Experience
- Look at physical work space, digital tools and technology, rewards, and learning support – your User Insights will tell you where you should invest, how can you improve ease of use, simplicity, consistency, culture fit e.g. speed, collaboration, innovation, agility. What can you get rid of? Simplify?

5 - Design the People Strategy

Have your People Strategy Project Team help you build on your Employee Insights to describe how you will leverage your people to drive growth significantly above market rates.

You will want your People Strategy to answer several important questions:

- What fundamental [problem](#) are we solving for external customers?
- What are our strengths and what makes us unique (looking at insights from the User Experience)?
- What is our culture and the capabilities we want to build?
- What do we offer our people? Use insights to redesign platforms e.g. ongoing [Performance](#) dialog, new ways of assessing [Potential](#), [Learning](#), etc.
- Which roles need to be added and strengthened to build Competitive Advantage? How do we strengthen teams vs. individual roles?
- What is our strategy for Agile Talent, especially for technical or scientific roles that are the most difficult to fill e.g. build, buy, rent, lease? GE was able to fill roles in 2-6 weeks that previously took 10-15 weeks
- How to re-design physical workspace, what digital tools and technology, rewards, and learning support are needed?
- How do we redesign HR? Traditional CoE roles will give way to Head of Employee Experience and more specialized roles that merge Technology and Consumer Marketing-like functions within HR.

6 - Practice and Feedback

With your Strategy complete, you will need to build new habits and capabilities in your organization to successfully implement it. Many Transformations leave off this stage, but as anyone who has tried to change a personal or organizational habit will attest, it takes time, focus and practice to make the new behavior stick.

- The CEO of a large retailer, asks 2 new open questions about their business challenges each month to their 50k employees, along with a Net Promoter Score question, and shares the view across the organization of what matters to employees, so they can determine where to focus
- Test and pilot your new ideas. GE piloted their new PD@GE performance development app with 30,000 employees and some groups saw a 5x rise in productivity. Get feedback, confirm what works and make more improvements before rolling out company-wide.
- Learning and Development of both your line and HR leaders will need to be redesigned to support the changes in thinking and ways of working.
- Philips and many other companies have Transformation Leadership as the focus of their Executive and Management Development
- Practice and experiment with new ways of working, developing better feedback channels and faster reactions to what is going on
- Set up monthly peer-to-peer dialog to talk about what is being learned and what works, sharing data on what is driving greatest growth and impact.
- Productivity drops as teams implement new ways of working. Coaching and team feedback accelerate learning and adoption of tools and skills.

In summary, technology is accelerating while bringing billions of new people into the market and challenging companies to adapt. Consequently, the way of doing Transformations must change. The kinds of organizational techniques described here – focusing on your Employee User Experience and developing new mindset and behaviors – will enable your organization to achieve exponential growth.



About the author

Elliott Nelson is a partner at KennedyFitch, a consulting and search firm promoting and building networks on the Future of Work. He coaches and advises leaders and organizations on Disruptive Transformations and building the Employee Experience.

He is a former head of Talent, Learning and Organization Development at Pfizer, AzkzoNobel, Novartis, Fujitsu-Siemens Computers and Compaq.