



Reinventing HR Practices

Optimizing Human Potential to
Ensure Sustainable Success

To stay relevant in the digital age, organizations need to reinvent their HR practices to better facilitate the needs of the organization and the workforce. This article provides an overview of the essential building blocks to reinvent HR practices and guidance to start your own journey.

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Introduction

Due to fast-changing and highly demanding markets, organizations should transform themselves to be able to optimally sense and respond to changing requirements. Thus, these organizations embark in an organizational transformation where new processes, structures and behaviors are adopted to stay relevant. People are the cornerstone of any organization and HR practices¹ play a key role in ensuring that these people contribute to the success of the organization. Unfortunately, our experience shows that HR practices are still arranged in a more traditional way and therefore hinder becoming truly adaptive. Furthermore, the involvement of the HR department in an organizational transformation is not always self-evident. The HR department is accordingly often insufficiently informed about the needs of the changing organization and the needs of her employees. The workforce is also changing: employees expect a high level of flexibility in their work, they switch jobs more frequently and demand significant attention to their personal development. That said, it is essential to start reinventing the HR practices. This article provides HR departments and/or HR managers insights into the first steps in reinventing its practices to optimize human potential to ensure sustainable success.

Background

In most organizations the HR department functions as a facilitator for people management. They create policies, guidelines and standards, and develop practices, processes and tools for the organization to perform their HR role in an effective and consequent manner. The responsibility of people management is thus often decentralized and delegated to line management, whereas policies, practices and advice is centralized and performed by the HR department. For this reason, the HR department should be involved when the organization embarks on a transformation. Unfortunately, this is not always the case. HR practices are often still organized in a more traditional way (think of rigid job descriptions and yearly evaluation reviews) and are lagging behind in adapting to the changing organizational needs. If this

¹ In this article we use the term *HR (Human Resources) Department* when we refer to the centralized department in charge of policy and advice. We use the term *HR Practices* to refer to the practices, processes, and tools that are focused on optimizing the potential of people to contribute to the objectives of the organization. In some cases, the responsibility of managing this is to large extent concentrated in the HR department, in other cases this responsibility is dispersed across the organization.

remains unchanged, the organization and its people are not able to become truly adaptive. Besides, if HR is not or insufficiently involved, consequences arise such as the emergence of roles which have a mismatch with existing functions. As well as, current career paths which do not fit the new ways of working; and reward and evaluation systems which are not aligned with the needs of the organization and its workforce anymore.

Different Focus Areas of HR

In a previous article² we have concluded that HR practices are transforming from a more “applying standards way of working” towards an “empowering people way of working”. HR has four fundamental areas in which they need to reinvent their practices:



- Recruit & Staff
- Develop & Growth
- Monitor & Evaluate
- Reward

Every area consists of a couple building blocks; these are not exhaustive. The building blocks carry a theme where each block is related to, the model is shown in the below figure.

Depending on the nature, type and existence of a transformation and the preferred journey of the organization, these building blocks are affected differently and at a different stage. Thus, an organization designs its own journey by placing the building blocks in the preferred order.

² Sintnicolaas, E. (2018). Reinventing HR practices in an Agile organization.

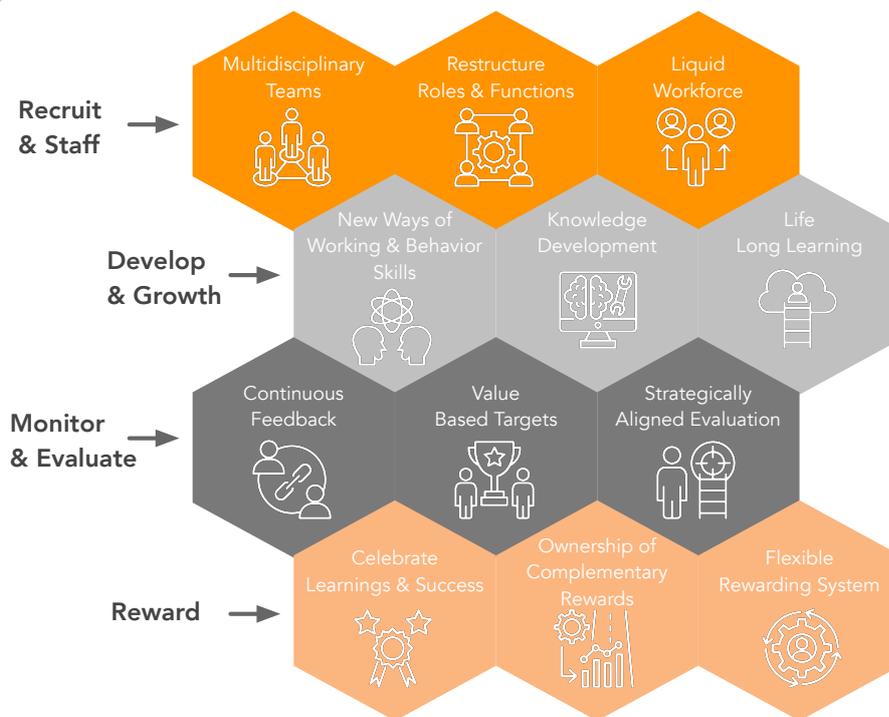


Figure 1: Building Blocks to Reinvent HR

The Building Blocks Explained

Recruit & Staff

Multidisciplinary Teams. To increase agility, cross functional, stable teams are created to increase learning and knowledge sharing, and enable end-to-end product and service delivery. For HR this means that staffing aims to hire people with the right skillset based on team needs. As people will be working in a multidisciplinary team on a daily basis (instead of a functional department), this requires different competences and attitude.

Restructure Roles & Functions. As large organizations need more flexibility, they experience that their current job career systems (job descriptions, classifications, career paths etc.) are too rigid. This means that the organization probably needs new and less specialized job descriptions, but also that the system should change. Creating a more loosely coupled connection between the job that a person actually does and the system of rewarding, grading and career paths, will result in a more sustainable skilled based job model.

Liquid Workforce. The organization becomes an adaptive ecosystem of highly portable people. HR practices should facilitate this, so people can be successful while moving from one

role to another. From a recruitment and staffing perspective, key hiring criteria should be cultural fit and the ability to learn. Therefore, attitude will be more and more valued over specific expertise.

Develop & Growth

New Ways of Working & Behavior Skills. Teams are changing the way they work, in order to become more adaptive. There is support required from HR practices to become mature in the new way of working and strengthen collaboration within and between teams. Manifestos make our interactions implicit and diverse learning methods on behavior skills and soft skills are applied.

Knowledge Development. Learning fosters a deeper purpose as well as craftsmanship. Organizations need effective practices to develop, acquire and share knowledge on a range of subjects. HR practices should facilitate continuous learning programs, communities of practice and external collaboration for knowledge development.

Life Long Learning. Eventually an organization is moving from I-shaped to T-shaped to M-shaped professionals. Both, breadth and depth of expertise on various topics are developed and valued. Teams are a breeding ground for this. Talent is motivated and empowered to bring their skills there where it is valued most. HR practices should continuously stimulate people to enrich their skillset.

Monitor & Evaluate

Continuous Feedback. Feedback from peers and others, stimulate double loop learning and enable personal growth. Continuous feedback should thus be integrated in the daily operations and ways of working. The focus of this building block is to learn individuals to give feedback on performance and behavior of others and at the same time receive feedback.

Value Based Targets. Individuals and teams define their own specific objectives and targets, based on valuable outcomes. These targets are reflected in the performance reviews, where the evaluators change from managers to peers in the teams and other co-workers. More and more people will be working in small multidisciplinary teams. Therefore, team performance

becomes more important as part of the evaluation process, just as personal contribution to team performance.

Strategically Aligned Evaluation. Creating alignment is most important due to the self-organizing nature of the organization and for this a new system is needed. The evaluation practices should support the strategic goals of the organization. This means that the strategy, objectives and key results of the organizations will be reflected in the performance review targets of individuals and teams.

Reward

Celebrate Learnings & Success. Rewarding is more than just salary and a money-based bonus structure. It concerns appreciation for the work someone performs. People should be intrinsically motivated to do their work. Therefore, HR practices should focus on stimulating mastery, autonomy and purpose and, learning from failures and successes by celebrating these.

Ownership of Complementary Rewards. Receiving appreciation for the job someone performs can happen in a variety of ways, in which money becomes less and less important. Complementary rewards are used to stimulate and motivate teams to grow. As team functioning becomes more important than that of individuals, ownership of the distribution of their team-based benefits is delegated towards the teams.

Flexible Rewarding System. A flexible rewarding system is implemented in which the organization can select from a variety of rewarding options. Think of more frequent rewarding moments, a different form of rewarding and a different balance in stable versus variable rewards based on team performances. In this way organizations design its own rewarding system: one which best facilitate the new situation.

Design your Own Journey

Each organization can apply these building blocks as a framework to build their journey and identify what is needed from them to empower the workforce. An example is shown below. It suggests starting with a combination of activities in three of the key areas, some examples are presented in the figure. The building blocks have a dynamic character which gives organizations the freedom to adjust the steps in their journey.



Figure 2: Example of a HR Journey

Conclusion

As organizations need to transform into adaptive eco-systems to meet changing market requirements, we conclude that HR practices play a key role to let the organization succeed in this mission. Unfortunately, we still observe that the involvement of the HR department is not always self-evident and HR practices are urgently in the need of a reinvention. This is a missed opportunity as the HR department has the knowledge and know-how to facilitate the changing needs with effective HR practices, processes and tools. The HR building blocks give insight in- and direction to how HR can structure their contribution to the transformation by reinventing the four key areas. Just take a first step: design your (preferred) journey by selecting essential building blocks. After you can evaluate, execute, adjust and extend. *Cease to be mere the spectator and start exploring!*

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- Strategy Execution
- Scaling Agile
- Innovation & Growth
- Reinventing HR

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