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Where HR Meets Agile

7 Steps to Guiding an Agile Culture

HR leaders are at the crossroads of culture and business outcomes. As more businesses become agile, HR needs to know how they can drive both.

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Agile in business is here to stay

A 2020 HBR survey showed that 78% of businesses believe their organization is benefiting from or could benefit from agile working across the company.

This year's 15th Annual State of Agile Report saw significant growth in agile adoption within software development teams, increasing from 37% in 2020 to 86% in 2021. Agile in other departments also rose significantly, doubling in adoption since last year's report.

Respondents continue to see the value of broadening agile adoption as a way to achieve critical business outcomes such as greater customer centricity, faster time to market, higher revenue growth, lower costs, and a more engaged workforce. And the good news is organizational culture — once regularly cited as a barrier to adoption — is no longer a top challenge.

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Research shows that agile organizations have a 70% chance of being in the top 20% of organizational health, the best indicator of long-term performance.
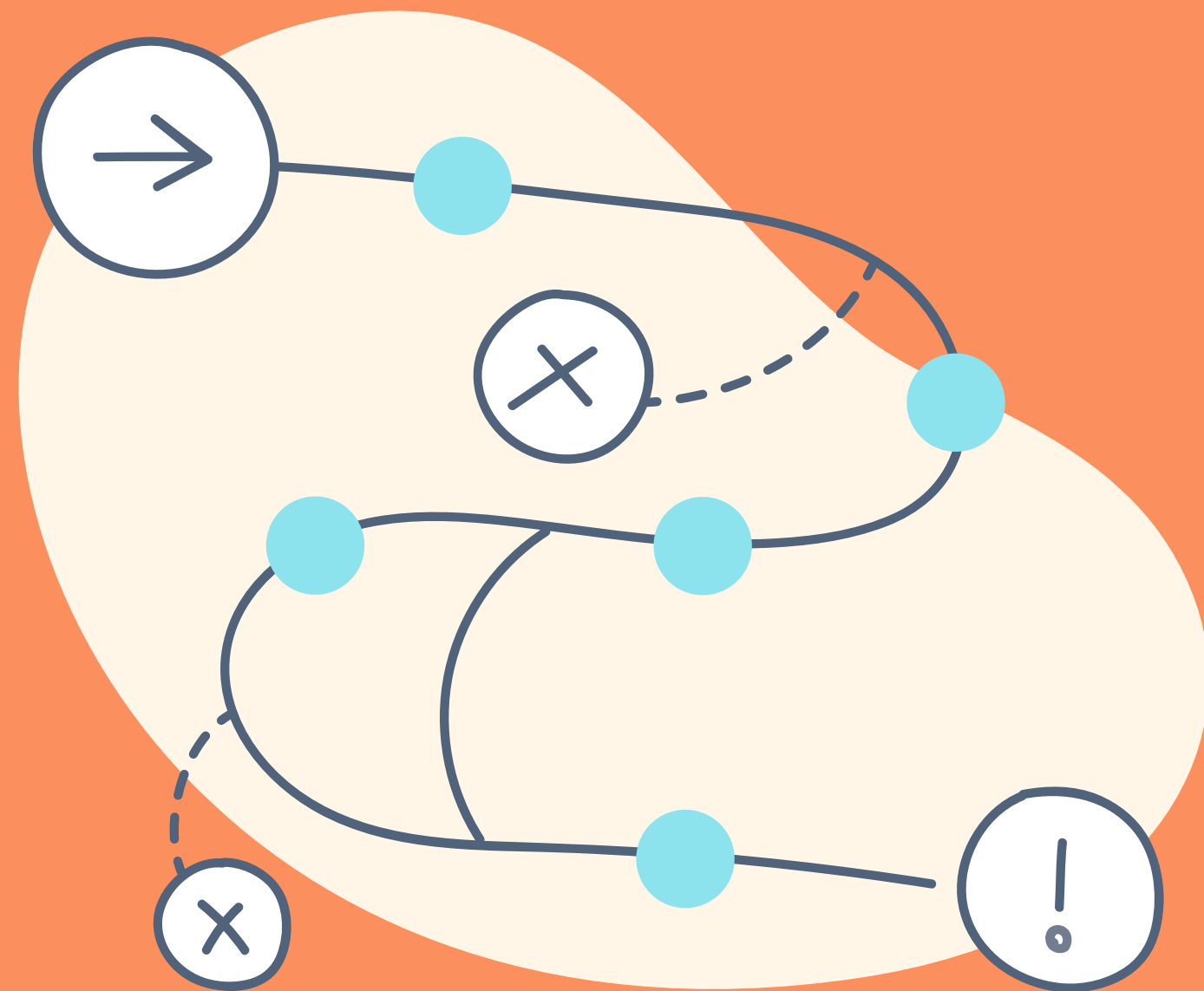
What Does This Mean for HR?

Culture is the heart of agile; it is up to HR to help educate, communicate, and support agile to reach business goals. This is more important than ever due to the ever-increasing use of agile.

Unfortunately, a recent Gartner survey found almost 8 in 10 HR leaders neither have an agile strategy nor understand how to implement it. HR leaders must be able to lead agile transformations as they continue to plan for a changing future.

"If we've learned nothing else from the pandemic, it's that unless we're forced to change, we're not going to as fast as we want to. And so when you think about accelerated change, the only way I've seen humans change is actually throwing them into this (agile) method of work and watching what happens, and then being there to support them. And then you change a culture and then you change work practices, because it's so fundamental in every way."
— Natalie Peters, Executive, Domain Orchestration, NAB

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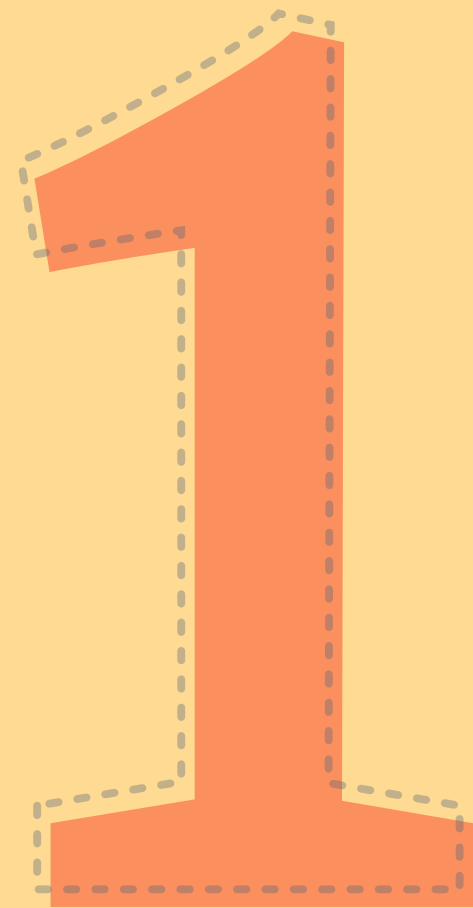
7 Actions HR Needs to Take to Support an Agile Business

"Agile works best in the world where the work is not defined. Because agile is all about being able to adapt to changing inputs, to changing views and opinions and experiences all the time."

— Dawie Olivier, CTO at Jarden, Board, and Advisory, Investor, Technology and Transformation Leader

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Understand How Agile Really Works

As an HR professional, it's important to fully understand how agile works mechanically, behaviorally, and culturally. You need to understand the differences and similarities and how you support each aspect.

"We need to unpack the word agile, right? Agile is such a loaded term in that agile is, depending on who's saying the words, the spectrum of mindsets, behaviors, and culture, all the way through to mechanical practices."
— Dawie Olivier

The mechanics are the tools and processes such as kanban boards that are used in agile practices. A company can be mechanically agile — having all the processes down — and not be mentally, behaviorally, or culturally agile. This can lead to a lot of frustration within the company.

It's up to HR to know the differences and support the company to move toward agile goals through coaching and feedback.

Why HR?
What's clear is that agile approaches are, above all, collaborative and people-driven. HR should be in the middle of everything people-centric. Therefore, it's key for HR to understand that agile processes need a culture of open communication and collaboration. That it's important to train and coach teams to think about communication skills and encourage participants to safely talk about problematic issues, to be open with respect to bottlenecks, to give and receive feedback, to be active participants, and to have a solid understanding of the scope of the project.

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Own a Deep Understanding of Your Company's Culture

According to **Michael Henderson,** Corporate Anthropologist, Cultures at Work, you should think about culture as a car:

" If you want to understand how to improve the running of your automobile, it helps to understand how the vehicle works. So you should understand what the fuel is for. How the various components connect together. How the vehicle works. That's the level we mean when we talk about understanding culture.

I have found that organizations that don't have a good grasp on what culture is kind of just stick at the very, very surface-level — a cosmetic level. So they say, 'We're going to change our culture. We'll come up with a new set of values.' And that's almost like saying, 'I'm going to change my personality by putting on a different sweater.' This hasn't actually changed anything at all apart from how you might be feeling in terms of temperature, or how other people see you, but the actual core element's not changed.

So that's what that quote is alluding to: It's very, very difficult to improve your car or even drive it effectively if you don't understand how a car works. Likewise, it's almost impossible to truly transform a culture if you don't know what culture is in the first place. "

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"If culture doesn't change, nothing does. So one of the key things HR needs to do is think of business as a subset of culture, not the other way around.

One of the key roles of HR is to get an in-depth understanding of what culture is. It's not just about the survey; it's about the actual human phenomenon of culturing. And then educate the living daylights across the business about what that is, how it works, and then connect all the dots.

Then, based on the fact you now understand what culture is, you can figure out who you're recruiting. How culture influences and enhances your induction program. What are the cultural consequences of rewards and recognition? And how do rewards and recognition influence culture? How do you train and develop people in the cultural context of what you're all about? And your belief systems? Who do you promote? What does leadership mean in the cultural context?

So basically, it becomes an internal outward expression of quite a deep narrative about who you are as a people, your place in the world, and how you use this human phenomenon called culture to help navigate and connect all that."

"HR's role in cultural transformation is hugely educational, first and foremost. And then aligning and joining all the dots after that, but you have to have the right awareness to start with."
— Michael Henderson

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Understand Where Agile Does or Doesn't Work in Your Organization

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"You have to know the organization you're in. You can't say, 'Here's what worked last time,' because the culture and the DNA of the organization is actually incredibly different. A lot of the features of the organization may seem the same, but the DNA is different. So the risk appetite's really different, the fear in the organization's really different. And the resistance to change and the level of that and how that shows up is really different." — Natalie Peters

In other words, it doesn't matter how each team works as long as they produce the right outcomes. HR needs to understand how different teams work and help the business to understand how to adapt agile to their situation. That the very heart of agile is to listen to people and understand what works best for them.

"While pure agile is a fairly strictly prescribed set of behaviors, in practice, agile is more of a variable spectrum for most businesses, with some adopting certain parts of the process depending on their culture. In a lot of cases, there will even be different elements adopted in different parts of the company." — Dawie Olivier

Knowing what "flavor" of agile you're aiming to implement in which parts of the business will be critical to defining success and understanding what you need to get there. So it's not about following mechanics for mechanics' sake, it's figuring out what works for your organization.

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Help Enable Agile at an Executive Level

Without executive <u>buy-in</u>, deep understanding, and continuous support at all levels, agile will fail. Everyone, from top levels down, will need training and coaching to understand how it will impact their jobs and teach much-needed skills.

Educate execs: Moving power down the chain is beneficial. They don't need to know, control, or decide everything for the business to succeed.

"Cynicism and skepticism can be blockers for culture change."
— Michael Henderson

Instead of top-down work, agile is team-facing. This means team members work together, using their expertise to find the most efficient way of accomplishing a task. According to HBR, when pressure is applied, the agile organization's performance actually improves.

The transition can be difficult without appropriate buy-in from execs, but those who do buy in have been shown to increase engagement and productivity.

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By educating and coaching, HR can help execs understand that they have as much a hand as managers and employees in shaping, testing, and refining new processes. It may be as important as reading your executive team and figuring out what they need to be successful.

At the beginning of an agile rollout, a lot of coaching offered to management and execs focuses on the general concept of agile and the "why," but it's important to also coach them on the actions and behaviors that will help make the transition happen. They need to be able to identify opportunities for coaching within their own teams.

Democratizing decision-making means more action can take place at the micro or individual level. Encouraging employees to take ownership of things that they care about contributes to higher engagement, which in turn leads to better organizational and customer outcomes.

And just because conversations and activities are taking place at the edge, that doesn't mean the people at the top of the organization lose all ability to see what's going on. Distributed feedback platforms apply increasingly sophisticated machine learning to thousands of data points to generate the insights that power strategic or macro changes. That ability isn't lost. It's just no longer the only thing that's possible.

Action at the edge: Where the action is allowed to happen at the edge of the organization. Teams and their leaders are free to bring up and resolve issues when they arise. Nobody at the center (or the top) of the organization needs to get involved.

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Eliminate Barriers to Agile Behaviors

The best way for HR to lead agile in the organization is to take the role of eliminating blockers. They should help train away from layers of bureaucracy and work with managers to transition teams to agile team-led projects. They can do this for rewards and recognition, learning and development, and performance management — especially around changing from once-a-year performance reviews to continuous feedback.

For example, Johnson & Johnson offered its organization the chance to participate in an experiment: They could try out a new continual feedback process, using a customized app with which employees, peers, and bosses could exchange actionable comments in real time.

The new process was an attempt to move away from J&J's event-driven "five conversations" framework toward a framework of open dialogue. At first, only 20% of the managers actively participated. The inertia from prior years of annual reviews was hard to overcome. But then the company began training and modeling managers to show them what good actionable feedback could do. By the end of the three months, 46% of managers actively participated, exchanging 3,000 pieces of feedback

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Guide Departments and Functions in a Common Vision

One example of how HR can guide departments and functions is to pull department leaders into an executive agile team focused on the enterprise initiatives that hold the greatest value and the greatest opportunity for cross-functional collaboration, such as speeding up process flows.

Make the team responsible for building and continually refining the backlog of enterprise priorities, ensuring that agile teams are working on the right problems and have sufficient resources. Working on agile teams can also prepare managers for general management roles by exposing them to people in other disciplines, teaching collaborative practices, and by demonstrating the importance of working closely with customers — all essential for future leaders.
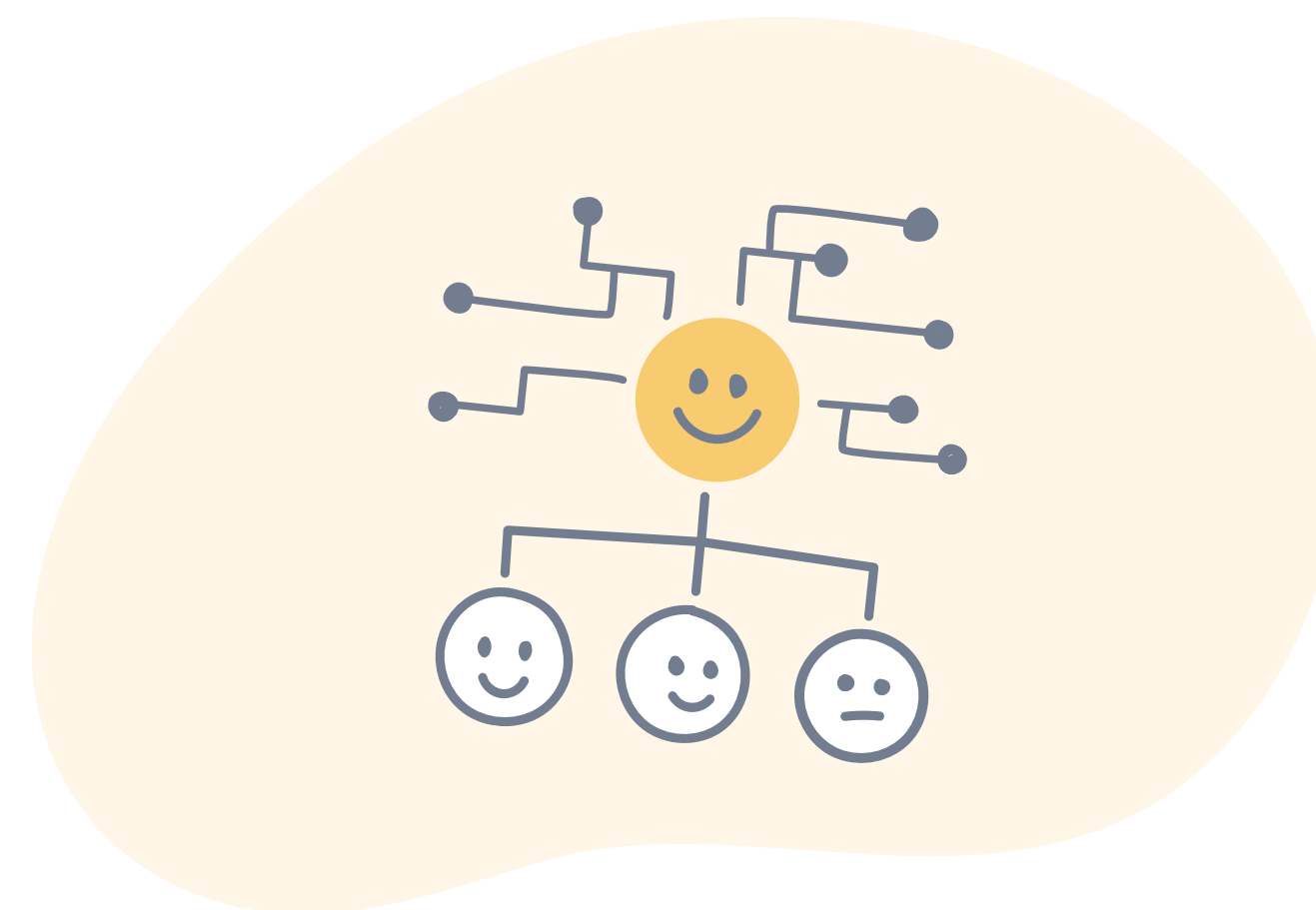
Build and Maintain a Culture of Trust and Open Feedback

" **HR drives agile culture by supporting consistent open feedback, not just occasional engagement surveys.** The majority of the work that I used to do wasn't about the measure. It was about the comments and the conversations that we were having with people on the floor. This process is what I call **full-contact leadership.** Where we spend our entire lives on the floor, speaking to people at the water cooler as they walk past. The value of being able to observe that someone's shoulders are drooping a bit more today than they were yesterday, and taking the opportunity to just pause and say, Hey, how's it going? So nice to see you. It's been a while since we last chatted — that's full-contact leadership. And a culture team that knows how to do that can support it, then it can be a force magnet multiplier for a leader of huge import. But in order for that to be true, they have to be trusted members of the team; they can't be outsiders that are flown in from HR. So that people are willing to talk to them about these things. "
— Dawie Olivier

Once you've collected feedback, it's important that you don't stop there, you then need to take the next step and ask them for ideas. For instance, if you identify a weak area of the business, then go and ask the people in there what they think would help.

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Trust your people to do the right things.

Agile thrives in work cultures that foster transparency, collaboration, and greater trust. Without an open and transparent culture agile is going to have a hard time. So to give agile a fighting chance, HR needs to be instrumental in shifting the cultural focus away from rules and bureaucracy toward more trust and worker empowerment.

Lay the groundwork between teams and customers so people can see how their work makes an impact.

HR teams can help motivate agile teams by laying the groundwork for them to see how their work impacts the customer experience. Some possible ways to do this are:

- Working with teams to create more customer-focused KPIs and OKRs
- Minimizing managerial layers between teams and customers
- Hiring employees with a strong customer focus

By minimizing the distance between teams and the end result, people can see how their work makes an impact and are motivated to do more.

"Outcomes such as better customer satisfaction are more important than inputs. If the outcomes are understood first, then the teams define how we know we're getting to those outcomes."
— Dawie Olivier

Companies thrive when HR leads the culture strategy, and people processes, and guides how leaders show up at work.

The future of business is agile in process and culture. So no matter where your company is in its agile transformation — in pockets or across the enterprise — as HR members, it falls on you to own a deep understanding of your work culture and how agile works in that culture. Agile, when done right, increases business outcomes by 60%. A big part of that done right is feedback. When implementing your agile continuous feedback loop, turn to Joyous for feedback that brings you actionable insights.
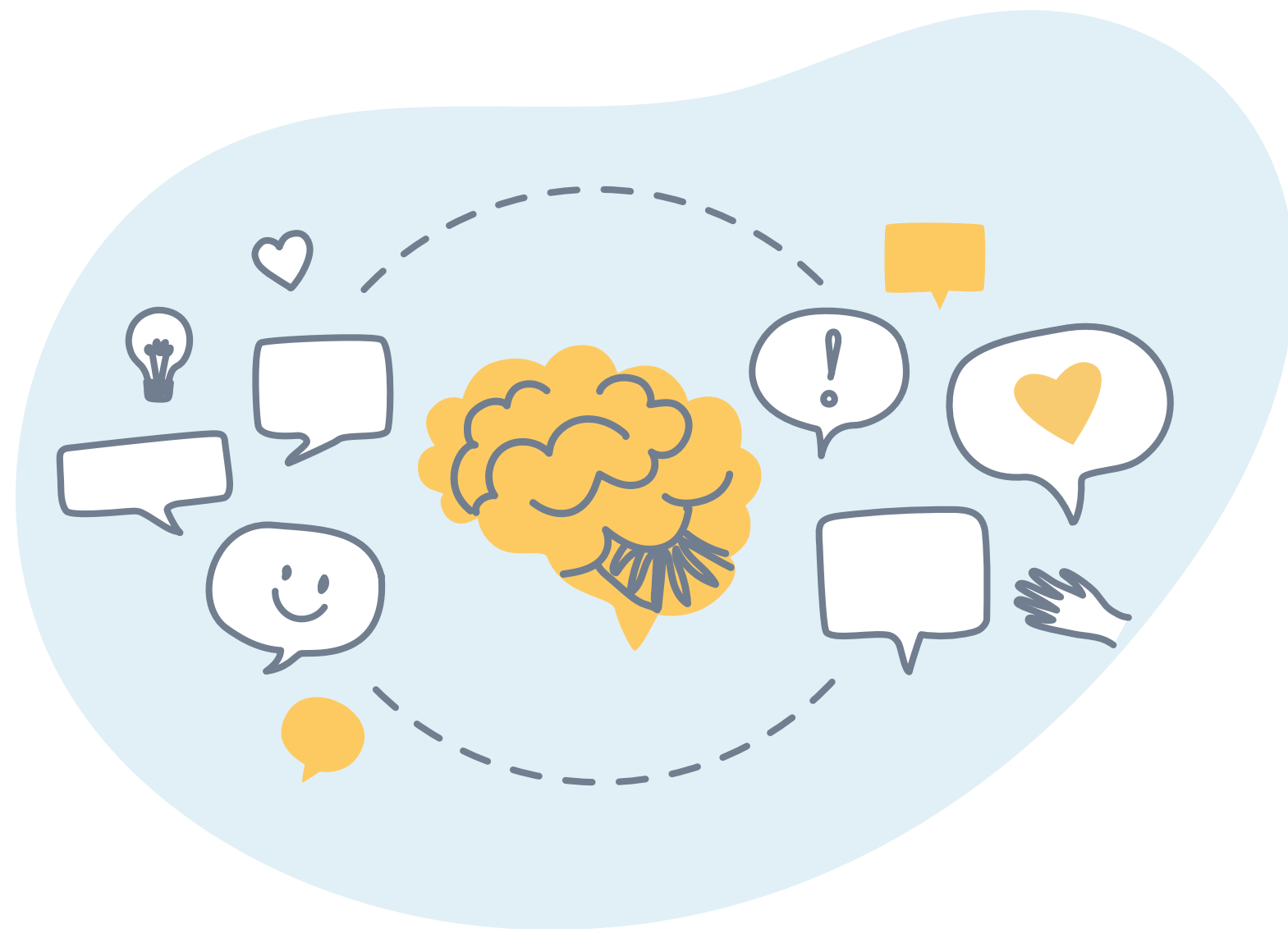
"If you're not transforming the culture as the HR person, what are you doing? As a former HR person, I'd be working out how to make the place better and faster." — Natalie Peters

Agile has helped teams work more collaboratively and create dynamic work environments. And yet, Agile enterprises are still asking employees for feedback through occasional anonymous surveys.

But we know there is
a better way.

We set out to improve employee feedback for Agile enterprises; to transform it into a tool that supports Agile enterprises. Introducing the Agile Employee Feedback Manifesto. By sharing our principles we hope to make the employee feedback process just as flexible and dynamic as Agile enterprises already are.

Get our Feedback Manifesto

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Bios: (In order of appearance)

Natalie Peters

Executive, Domain Orchestration, NAB
Change & Transformation, HR, Customer Operations

Natalie Peters, Executive at Domain Orchestration, has over 20 years of experience in a variety of HR and transformation roles. She previously was appointed MD, Customer Service Group at Sky UK where she led the customer experience strategy and delivery through sales and service teams. Prior to that Natalie worked at Australia's leading telecommunications company where she lead the scaled ways of working transformation.

Dawie Olivier

CTO at Jarden, Board, and Advisory, Investor, Technology and Transformation Leader

Dawie Olivier has held senior-level leadership and Board Executive roles for 15+ years in banking and finance working across three banks on two continents. In his 4+ years working with Westpac New Zealand, Dawie led his team to face into the most significant transformation in the bank's history.

Responsible for a team of nearly 700 employees, this 4-year program of work introduced agile and DevOps practices to the Technology environment initially and culminated in the bank-wide adoption of an adaptive and integrated agile-based operating model, combining Product, Marketing, Digital, Data, CX, UX and Technology functions.

Michael Henderson

Corporate Anthropologist, Cultures at Work

Michael Henderson is an award-winning author of multiple books on organisation culture, organisational values, and leading business culture.

Michael also knows firsthand what it's like to experience culture change having guided three culture changes in his own business practice in the past 20 years. He can empathise with the conflicting emotions, of doubt and the excitement of the possibility that culture change triggers for people.

He was the resident anthropologist at Thought Leaders Business School for five years. Michael speaks regularly at conferences on culture and leading culture.

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