

CHROs: The architects of the future of work

By Joyce Gesing, Elke Hofmann and Dirk Mundorf

HR leaders given unique opportunity as they start to shape the new normal

The COVID-19 pandemic has forever changed the world of work. Long-held beliefs have been dismantled. The office as the central place of work has fallen out of fashion. And commuting and business travel are more and more regarded as wasteful, both in terms of time and CO2 emissions.

As one CHRO declares, “We have halved our travel budget and it will never come back – the cost benefit equation is changing.”

As hierarchies disintegrate and the divide between work and private life becomes blurred, leading Chief human resources officers (CHROs) are increasingly reflecting on what our post-COVID working world will look like, they shared with Egon Zehnder in our recent first digital HR leadership conference, attended by more than 150 CHROs and senior HR leaders. How can they take advantage of the insights learned during the pandemic to shape the new normal for the better? How should they best drive the people dimension of the business? And how can they best use this unique opportunity to redefine their role as CHRO?

As we gradually emerge from the crisis, CHROs recognize that there is no longer any black and white – nor right and wrong. “This is a time of exaggerated contradictions, with a certain amount of shades of grey, which we’re having to learn to live with,” says a CHRO. On the one hand, the crisis has caused us to take huge steps forward in terms of digitalization and appreciation of what we have, such as our health, family, and home. On the other hand, it has estranged, even isolated us from others, while not diminishing our yearning for social interaction. And it’s also partially brought out the micro manager in many leaders, killing a lot of collaboration and trust within our teams.

From now on, change will be a constant. “The only thing that’s certain is the uncertainty,” declares a CHRO. “The crisis changed our ability to deal with uncertainty, which was really necessary. But we’re still struggling with this one. From what we know about the future, we had better keep on practicing because it will not get better or less.”

Performing under pressure

In many respects, the crisis hasn’t introduced new trends – it’s merely accelerated pre-existing ones, such as digitalization. The difference is that previously HR leaders thought they had time to deal with these issues. Now, they know they don’t.

Different types of employees are set to experience our new, complex world in different ways. Our experience during the pandemic has already shown that those who continued to work on the factory floor ran into different challenges than knowledge-workers and headquarter employees, who had to shift overnight to working from home. Leaders were challenged the most as they tried to figure out how to lead in a digital format, how to address equity for those in different roles within a hybrid working world, and how to bring all of this together in a way that is fit for purpose for the business needs at hand.

As one CHRO says, “Last year put leadership on the spot, testing how quickly they could adapt and seeing whether their leadership was trust- or control-based.”

And it showed us not to underestimate what leaders can achieve under pressure. “People tend to have a different way of interacting during crisis mode and a lot of leaders just stepped up – we’ve seen real heroes and heroines emerge.”

From a leadership perspective, the crisis largely triggered positive change, encouraging those in charge to really focus on the individual. HR executives now need to help leaders cope with further transformation. “We shouldn’t underestimate the need to come up with dedicated solutions to help and change programs for our leaders,” says a CHRO.

What implications are there for companies?

Repercussions from the crisis span all industry sectors and geographies. And all CHROs expect huge implications for their own companies. Predicted changes point to significant shifts in the business and operating models but also include placing social responsibility even more in the spotlight. And a massive shift in skills and capabilities. Others worry about inclusion and how this will work in a hybrid world.

Vitality will be a major topic in the new normal as the pandemic causes us to be more aware of the importance of employees’ health, be it physical or psychological – and not least for their performance at work. “It’ll take a long time, if ever, before we can totally feel free from fear of the risk of infection,” says a CHRO. “The topics of hygiene concept, risk management and virtual work are here to stay and will be the norm, whether we like it or not.”

One company has created communities to deal with all aspects of health, from standard issues such as nutrition and sport to more serious topics, such as burnout and isolation. “What people miss the most at the moment is the employers’ role for providing a network outside of family and friends – we call this social health,” reveals a CHRO.

How will the new normal transform the future role of HR?

In every crisis lies opportunity. And CHROs are unanimous in seeing the corona crisis as an overwhelming opportunity to redefine the CHRO role and place HR and people front and centre. “We’re in a unique position to help our leaders shape the culture of the company, even if sometimes the answers won’t be what the workforce wants to hear,” says a HR executive.

The pandemic has already provided clear evidence of what people can achieve, if they have to and if they’re allowed to. “Just look at how much responsibility our people chose, especially during the first six months of the crisis, when they had the urgency, permission and trust to get things done, under clear guidance from top

management. In 2020, we made the impossible possible and turned a nightmare of a year into a joint success. It would be a catastrophe if we don't build on that."

HR has a vital role to play in continuing to create a culture of trust-based leadership, where employees feel happy to self-manage. In terms of enablement, they now need to determine what employees need in terms of skills and competencies in order to feel confident to take on growing responsibilities. In terms of integrity, they need to establish how to put culture and values at the heart of HR processes. And permission is key: how can they establish a culture where leaders trust their teams to do their utmost and where mistakes are permissible.

One company has started refocussing its culture around the element of care – caring about customers, colleagues and communities. HR can now combine these dimensions and make this culture the driving force behind the company's development. In the words of its CHRO, "If you don't work on and adapt your culture, you will fall short and you won't succeed."

Meanwhile, the HR function is set to become even more data-driven. HR leaders should learn to view the end-to-end employee experience in the same way as the customer experience. "Why shouldn't learning be like going on Netflix, where you are given suggestions based on your job and personal preferences?" queries one CHRO.

Moving forward, the speed of change is simply going to increase, whether for supply chains, technology, or sustainability requirements. "The only way to help our organizations stay one step ahead is to create more organizational capacity and space. Firstly, by the quality of our leadership. Secondly, via technology to give an organization back time to focus on more value-adding things."

In fact, our survey of CHROs attending the conference shows that a large part of the participants see HR as actively involved in co-leading strategic initiatives and shaping the transformation. Again, a similar number of participants are sure that the HR team will "absolutely" need to change to fulfill the new expectations. On a further positive note, the majority personally feel excited about this.

What does this mean for HR leaders personally?

There's no doubt that the recent lockdowns have given leaders, and also CHROs, more time to spend with their families, particularly as business trips have been

practically non-existent. “If I’d said a year ago that we were going to hold our board meeting via Zoom, people would have laughed at me. Now, if I said, we’re going to fly in people from all over the world for a board meeting, people would ask, is that really necessary?” says a CHRO.

Another HR leader sees the pandemic as a huge reminder to “go with the flow, take a step back and focus on your own well-being”.

In addition, the crisis has also introduced a new element of humility as CHROs are forced to admit each day that there are new questions to which they don’t know all the answers. As one CHRO tells Egon Zehnder, “It’s okay to go with the flow and react in the moment – it’s important to show your personal vulnerability and allow others to do so. It’s okay not to have the answers, it’s good to listen, and test and learn together. It’s about co-creation with the team and our business partners.”

Inevitably, the HR role is set to become tougher as it evolves more and more into that of a “Chief Purpose Officer” – spanning strategy, culture & people, as well as the transformation process linked to this. HR executives will have to incorporate humility, reflectiveness, and authenticity – and the courage to sometimes make uncomfortable decisions and facilitate difficult changes.

HR business partners will additionally have to draw on a broad skillset of business acumen, consultancy skills, and data fluency to understand what a company and its people needs and where it wants to go.

Agility will be key. Organizations will need to be agile, based on self-managed teams, lean and democratic business processes, with a flat organisation, free from hierarchy. Moreover, HR leaders will require an agile mindset, capable of handling ambiguity, change and complexity. Meanwhile, software development will facilitate agile HR work practices.

We’re entering an uncertain world. But we know already that it’s one where people will come first and one where the HR role will be more paramount than ever. As one CHRO summarized, “We’re on a journey here – it’s the starting point of something. And I feel blessed and humbled to be in the CHRO role during a time when so much can be done – not only on the people side but also for the sustainability and society agenda. It’s great to have a role in shaping the human side of the future of work.”

For more information, contact:



Joyce Gesing
Düsseldorf
joyce.gesing@egonzehnder.com



Elke Hofmann
Munich
elke.hofmann@egonzehnder.com



Dirk Mundorf
Munich
dirk.mundorf@egonzehnder.com

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