

CHRO Global Leadership Board

Playbook for the Future of Work



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About the Board

On August 10, 2017, Gartner announced the formation of the CHRO Global Leadership Board. This board is composed of chief HR officers from the world's top companies with expertise in HR, people management and executive leadership, and aims to play a major role in influencing and advancing the HR community.

The purpose of the CHRO Global Leadership Board is to lead a collaborative movement between the world's most distinguished and trusted CHROs. This movement is based on the core belief that peer-to-peer, cross-industry collaboration is key to optimizing individual and organizational success.

The board is led by Ceree Eberly, former chief HR officer of The Coca-Cola Company, and co-chaired by Kevin Cox of GE, Abbe Luersman of Ahold Delhaize, and Daniel Marsili of Colgate-Palmolive.

About this playbook

The purpose of the first iteration of this playbook, developed by the CHRO Global Leadership Board and Gartner, is not to give CHROs the answers on what the future of work looks like at their organization, but to equip them with the tools that will help them, their CEOs and executive teams navigate a path forward. In this playbook, you will find tools, case studies and other resources to help you:

Anticipate new business disruptions by assessing the business and talent implications of the trends impacting your business; engaging your CEO and executive peers to drive urgency and enterprisewide strategy; and identifying what the challenge of the head of HR is to move the business forward.

Transform work and the workforce by understanding the talent and performance management needs of business strategies; and by identifying which roles are critical to the future of the organization.

Disrupt your HR function by creating a concise narrative of how the business will change and how HR will lead its teams and the organization to achieve strategic goals.

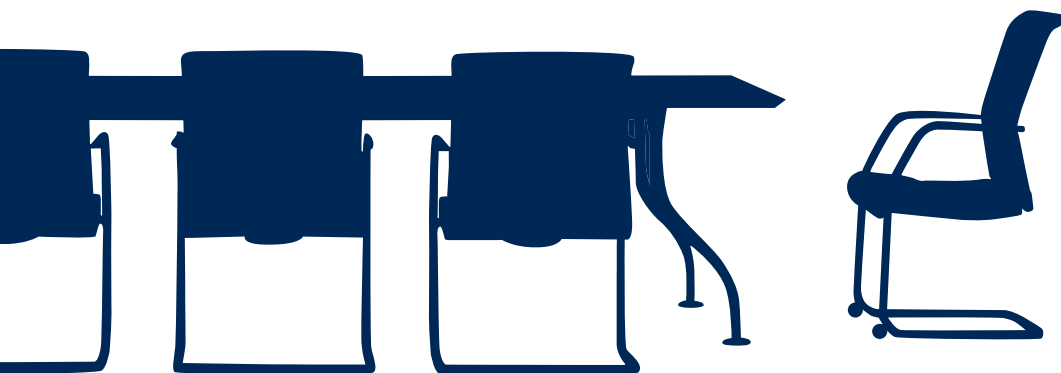
Introduction From the Board

The world is transforming. Smaller, more agile competitors with new business models are disrupting entire industries; new technologies are upending traditional ways of work and rapidly putting large segments of the labor market at risk of redundancy; rising urban centers are shifting critical growth opportunities to emerging markets. These and other trends are changing the way organizations operate, and doing so at an increasing speed and scale.

In fact, 73% of business executives surveyed by Gartner believe that changes will occur faster, forcing companies to go through restructuring, culture changes, and mergers or acquisitions, at times all at once.¹ Together, these trends will soon, if they have not already, radically transform the work that employees need to do, as well as the expectations around employment for those doing the work. In this introduction, we highlight just a handful of trends that are overthrowing traditional assumptions around how work is done and the relationship that binds employees with their employers. We then introduce the work of the board to help business leaders better navigate a path through their future.

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Tectonic shifts in global demographics



Aging: The world population aged 65 and over will move from three times less than those aged under 5 in the mid-20th century to three times more by 2050.² At the same time, the world's population is projected to near 10 billion by 2050. Growth is uneven, however. Japan, for example, will experience a massive “pensioner bulge” as its population ages and is projected to have a decline of 30 million, one-third of its current population size.³



Urbanization: Over the next two decades, 350 million people around the world will have moved into cities, creating new megacenters of economic growth, mainly in Asia and Africa. At the same time, these cities will face mounting natural resource problems and increasing costs of environmental and human health. Some countries, however, particularly in Europe, will face stagnating or declining urban population due to low fertility and net migration.⁴



Migration: The World Bank estimates that a 3% increase in the stock of migrants by 2025 could lead to a 0.6% increase in global income (or \$356 billion), more than the gains from removing all barriers to free trade.⁵ In the U.S. alone, the lack of future migration flows will lead to a net loss of 18 million working-age adults by 2035.⁶

Although 2.3 million net-new jobs will emerge as a result of new technologies by 2020, 1.8 million existing jobs could be wiped out.⁷

New technologies disrupting everything

Automation technologies are increasingly affordable and are putting many jobs, both labor- and capital-intensive, at risk of becoming redundant. Gartner predicts that although 2.3 million net-new jobs will emerge as a result of new technologies by 2020, 1.8 million existing jobs could be wiped out.⁸ These experiences will be different for every industry and region. The International Labor Organization, for example, suggests that more than half of workers in five Southeast Asian countries are at high risk to be displaced by automation over the next two decades.⁹

while research by Citi and the University of Oxford finds that as many as 85% of existing jobs in Ethiopia are at risk of being automated.¹⁰

Gartner also predicts that by 2019, AI platform services will cannibalize revenue for 30% of market-leading companies, relying on a new infinitely scalable currency — data.¹¹ At the same time, all organizations can benefit from advancing their digital strategies, whether by focusing on the customer experience or by digitally transforming the business. Gartner research shows that over two-thirds of executives agree that their companies must become significantly more digital to remain competitive.¹² This does not just apply to IT and commercial units, but to support functions such as finance and HR, which are also increasingly powered by data analytics and operate in more agile, iterative ways.¹³

Organizations that fail to think through how such trends are reshaping the way work is done and the needs of employees who do them will also fail to keep up with their competitors. The following paragraphs quantify the costs of inaction that should serve as a rallying cry for business leaders across the globe.

Competing in a digital age

Digitalization has empowered consumers to demand better experiences from products and services. From instant access to price comparisons on mobile to job transparency on LinkedIn and Glassdoor, all companies are facing greater competition and will need to adapt by appealing to consumers in new, dynamic ways.¹⁴ Research by Gartner has shown that poor customer service led to a loss of \$1.6 trillion in business opportunities in 2016, and that 85% of business leaders say that simplifying the customer experience will be critical to success in their market by 2020.¹⁵

Businesses must focus on their consumers in a way that has never been realized, and this shift will force business models to radically change. Many leaders have put agility and digitalization at the heart of this strategy. In 2016, CEOs ranked technology as the overall business driver, and 77% of executive priorities were technology-dependent.¹⁶ Additionally, as two-thirds of executives agree that their companies must become significantly more digital to maintain competitiveness, Gartner expects several new management styles to emerge. Nearly half of U.K. business leaders, for example, think that their current business models will cease to exist within the next five years.¹⁷

The new war for talent

Gartner analysis of job postings by S&P 100 companies in 2016 found that 39% of all job-posting activity focused on competing for just 29 out of 9,000 different positions, most of which require digital and analytical skills. Meanwhile, the median time to fill critical roles increased by 30 business days from 2010 to 2017, leaving one-quarter of critical roles vacant after five months. Organizations will risk massive disruptions and underperformance as talent shortages loom.¹⁸ That is why CEOs point to the lack of people capabilities as the biggest obstacle to achieving digital transformation goals.

- The undersupply of critical talent will dramatically increase the cost of acquisition strategies, and talent development strategies will face increasing pressure to perform as disruptions become more frequent. A study of over 7,300 managers by Gartner has shown that 19% of skills that managers learned in 2016 were no longer relevant in 2017.²⁰ Coupled with automation risks, businesses could eventually be fighting for a shrinking pool of qualified talent, while at the same time a growing number of people will become unable to face the significant challenges of gaining, or even maintaining, industry-relevant skills. All businesses will then have to deal with the social, political and economic implications of growing inequality.

The median time to fill critical roles increased by 30 business days from 2010 to 2017.¹⁹

Facing a new workforce

- The United Kingdom's Office for National Statistics estimates that by 2025, millennials will make up 75% of the workforce, meaning that more generations will be working together than ever before.²¹ The U.K. is not alone in this regard. At the same time, 65% of millennials view personal development opportunities as the main driver of engagement in their current job,²² yet 70% are dissatisfied with future career opportunities at their organization.²³ Gartner research has shown that focusing on career experiences, similar to personalizing consumer experiences, can more than double employee satisfaction with their careers and loyalty to their business.²⁴ Organizations therefore face a critical opportunity to redefine the meaning and value of careers unlike ever before.
- A Glassdoor study shows that 75% of U.S. millennials expect their employers to take a stand on sociopolitical issues, and are willing to put pressure on their executives to act.²⁵ Similarly, 87% of business leaders believe that companies perform best over

time if their purpose goes beyond profit.²⁶ This has clear business implications, too. Recent research by Gartner has shown that organizations with high-performing cultures can increase their employee performance by 22%, and performance against revenue goals by 9%.²⁷

- Engagement drivers are the bottom line. According to Gartner, over 65% of leaders believe that engagement is critical to driving business and talent outcomes, but 80% of heads of engagement do not believe their organization is effective at acting on engagement data to drive business outcomes.²⁸ Yet research has shown that investing in employee engagement can lead to a \$450 to \$550 billion increase in annual productivity in the U.S. alone.²⁹

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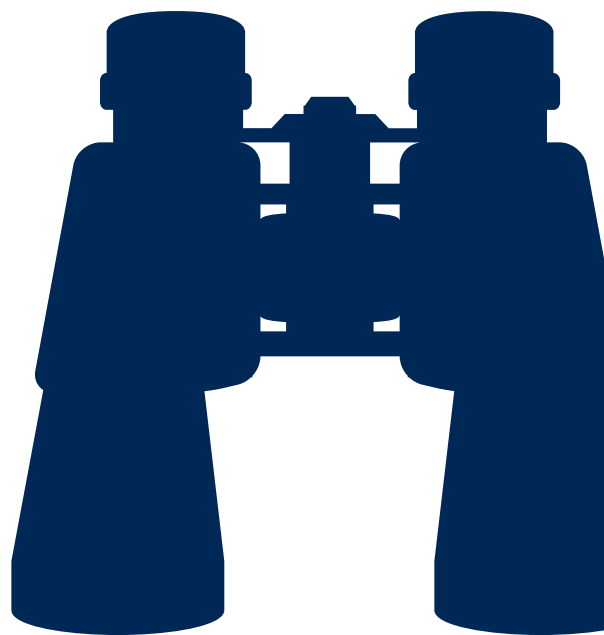
For these reasons, the CHRO Global Leadership Board, in partnership with Gartner, has made “developing the workforce of the future” a central pillar of the board’s mission. To achieve this goal, the board has divided its work into two distinct but inextricably linked initiatives. The first is to create a playbook that will help business executives understand how macroeconomic, labor and social trends are affecting the very nature of work in their organization. Playbook for the Future of Work equips HR leaders with the tools to think through the external forces disrupting their organization, and how those changes affect the people needs and strategies of the business.

The second is to create another playbook that will help HR leaders understand how the expectations people have around employment have also changed. Playbook for a New Talent Deal will equip organizations with the resources to meet these new expectations by changing their relationship with their employees and to attract, retain and engage the talent they will need to thrive in this new world.

It would be difficult for any playbook to be exhaustive on all topics, as the future of work and the relationship between organizations and their employees continue to evolve. That is why these playbooks will continue to evolve through future iterations and may, along with other work by the CHRO Global Leadership Board, cover additional topics and emerging challenges, including artificial intelligence (AI) and changing compensation models, as the workforce becomes more diversified in the gig economy.

Section I

Anticipate Business Disruption



Step 1: Identify the Most Disruptive Trends Affecting Business

The best heads of HR are able to predict how trends will impact their business in the future and engage their leaders to incorporate these assessments as a critical driver for their growth strategies. To help you do so, we've provided a template to help you first understand, and then assess, the trends affecting your business. An illustrative example of a completed template follows.

Assess Impact of Disruptive Trends template




A. Understand: Refer to the Trends section in the Appendix for a basic understanding of current macro trends affecting businesses. We also suggest researching the trends affecting your specific industries and markets.

B. Assess: To help you act on how trends are affecting your business, consider the following questions to complete the impact assessment template below (a blank template can be found in the appendix). This template helps you identify the talent needs.

Questions to assess risk level:

- What is the likelihood this risk will develop in our industry? How severe is the impact of the risk?
- How complex is this risk? How pervasive is this risk across business units?
- If we did nothing to address this risk, what affect would it have on the organization's performance?
- To what extent are we already addressing this? Are there initiatives currently underway?

Trend	Impact on Business	Implications on Talent	Likelihood of Risk	Magnitude of Impact	Future Talent Risk (12 months)
Trend A [Answer here: What macro or industry trend is impacting your organization?]	[Answer here: How is that trend impacting your organization? What about your organization must change to address this trend?]	[Answer here: How does this trend impact your role in the labor market? What about your talent management strategies must change to help the business address this trend?]	[Rating]	[Rating]	[Rating]
Trend B					
Trend C					










Rating Scale	 Low: Under control, managed by HR and the business	 Medium: Threatening to reach relevant senior management team.	 High: Escalated to relevant senior management team
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Step 1: Identify the Most Disruptive Trends Affecting Business

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Assess Impact of Disruptive Trends template

To better inform the template on the previous page, refer to the illustrative example below.

Trend	Impact on Business	Implications on Talent	Likelihood of Risk	Magnitude of Impact	Future Talent Risk (12 months)
Technological disruption Upending operating models with new products, new channels, new ways of doing things.	Competitors have adopted AI-enabled systems and are engaging customers far more than we currently are. Our business must digitalize and adopt new customer engagement channels to stay ahead.	Digitalization requires a significant increase in demand for critical talent. "Buying" has become extremely expensive, so we will have to look to "building" or "borrowing" talent. We will have to re-examine how we train and engage our high-potentials to become digital leaders. Digitalization also means new ways of working.	 High	 Medium	 High
Demographic shifts New urban centers of growth mostly in emerging markets, while developed markets are aging and facing relative declines.	Rapid population growth and aging in our market is transforming industries and the customer profile. A growing, aging population requires our business to increase its flexibility to account for these demography changes.	A workforce that is aging and working longer will demand new ways of engagement and retraining, while younger employees will demand continued development opportunities in a flatter organization. To continue to meet our talent requirements, we will need to reevaluate our employee value proposition.	 Medium	 Low	 High
<div> <div> Rating Scale  Low: Under control, managed by HR and the business </div> <div>  Medium: Threatening to reach relevant senior management team </div> <div>  High: Escalated to relevant senior management team </div> </div>					

Step 2: Anticipate Impact of Trends on Growth Strategies

Once heads of HR are able to understand and assess the trends affecting their organizations, they will need to engage their CEOs and executive peers to turn risk into opportunities for growth. To do so, we've created a pre-mortem exercise³¹ that will help business leaders redefine their growth strategies and the talent needs that will drive performance.

Discussion exercise: A premortem of the business in the face of disruption

- Who? CEO, head of HR, relevant executive peers, other contributors to strategy setting
- What? Source reasons for future business failure; meet to form narratives as to why failure occurred; examine current organizational growth strategies and identify the role of talent

A. Hypothesize about a future failure based on the most disruptive trends

Imagine your organization is three years into the future and, unlike other competitors, the company has not kept up with industry disruptors and other trends. What happened? This can be sourced via surveying, email or in a meeting.

Questions to consider:

- What forces are disrupting our business performance right now?
- Which are the old and new competitors threatening our business model? How are they doing this?
- What are the key technologies most likely to impact our organization (e.g., robotics, AI, augmented or virtual reality, etc.)?
- Do we currently have the critical talent we need to execute on our current strategy?

B. Connect the dots

Take an hour or more to meet with your CEO and peers to develop a narrative of how disruptors led to the demise of the organization. This step can also be done in context with your company's strategic planning process. Push participants out of their comfort zones to drive creativity and break biases. Think about parallel stories of successes and failures in other industries and markets.

Questions to consider:

- Are there narratives we laughed at or dismissed because we thought they were unlikely or impossible? What are our assumptions or biases as to why that's the case?
- Would we think differently if we applied this exercise to our competitors instead of ourselves?
- What is the role of talent in mitigating or amplifying the impact of the disruptors?

C. Identify HR's future strategic objectives

Discuss what actions your organization must take to proactively tackle each of the narratives, turning risk into opportunities for growth. Gather these actions and apply them to your organization's current strategic priorities and how it plans to achieve them. Then consider what your company's future strategic objectives may look like in light of this. The future objectives should be forward-looking and match the natural pace of your business. Consider having a conversation with your CEO about what direction you see the function heading.

Questions to consider:

- How different is our strategy now? Is this difference because of how robust our original strategy was, or because we did not stress-test it with sufficiently creative narratives?
- How do these changes affect current organizational or function-specific initiatives?
- What actions require cross-functional collaboration, and which should be led by the HR function?
- What authority and investment will the CEO allow the head of HR and other stakeholders to make?
- How can these changes be encapsulated into a single, succinct corporate narrative?
- If you had to prioritize one to three things that matter most to drive the change you seek, what comes to mind?

Step 3: Determine High-Impact Opportunities for the CHRO

To crystallize the conversations in the previous two steps, CHROs should craft a message that connects disruptive trends to the mission of the business and its strategic vision for the future. This message will help frame a new point of reference that all executives, including the CHRO, can build on to lead change. Use the conversation guide below to frame the unique contributions expected of the CHRO.

• What is the market context?

Using the trends (step 1) and narratives (step 2), craft a one-to-two-sentence message that explains how the market is changing, and how it's disrupting the organization. Communicate a sense of urgency — a call to action for your organization's new strategic goals.

• Redefining strategy

Using the outcomes from step 2, describe what the organization must do to succeed in this new, changing market context. Help stakeholders envision what success for your organization looks like, and what it will take to get there.

Conversation guide on how the CHRO role can lead through disruption

Heads of HR must be able to communicate what their role is in helping the organization reach its vision of success. We've added a template built on "[CHRO Global Leadership Board's Model of a World-Class CHRO](#)" to help you dissect what your priorities should be to communicate your role to senior stakeholders.

Model Component	Vision of Success	Key Steps Moving Forward	Priority
Board's Leader of Human Capital Guiding the board of directors on firmwide strategic issues that connect to human capital strategy	Plan and support CEO succession, build shareholder-supported executive compensation, and surface and respond to external trends.	<ul style="list-style-type: none"> Constantly monitor external influences on the company's strategies and performance as they relate to the firm's management of its human capital. Work with the board to manage a comprehensive CEO succession process. 	2
Trusted Advisor and Coach Maximizing effectiveness of board and leaders by providing objective guidance on talent risks and opportunities			1
Enterprise Change Leader Guiding the business through transformations at scale by ensuring agility and continuous learning to drive progress			5
Creator of Talent Strategy Designing a compelling talent vision and executing workforce strategies, serving as a data-driven developer of talent			3
Driver of Culture and Purpose Partnering with the CEO to define, defend and evolve the organization's unique mission and role in society			4

Appendix 1A: Disruptive Trend and Business Implication Matrix

Work Implications Matrix template

Once key trends are identified and agreed upon by executives, business leaders can use this matrix to document predictions on the scope and magnitude of changes in the future of work at the organization. Heads of HR should work with executives to consider how the trends impact current products and service portfolios,

channels, and operations and workforce. They should then consider how the trend can completely transform these business considerations and also how it will push products, channels, and operations and workforce to overlap. Heads of HR can use the outputs from this template to better assess the impact of these potential changes in work on job and skills requirements in the next section. This tool can also be used in context with your company's strategic planning process. Refer to the questions on the following page for guidance on how to complete this template.

A
Product
Changes to the product or service portfolio

B
Channel
Changes to sales, marketing and customer service capabilities

C
Operations and Workforce
Changes to other business capabilities

Enhanced or adjacent products

Enhanced or adjacent channels

Enhanced or adjacent operational process

Transformed or new products

Transformed or new channels

Transformed or new operational process

How does the trend drive the need for change?

A

B

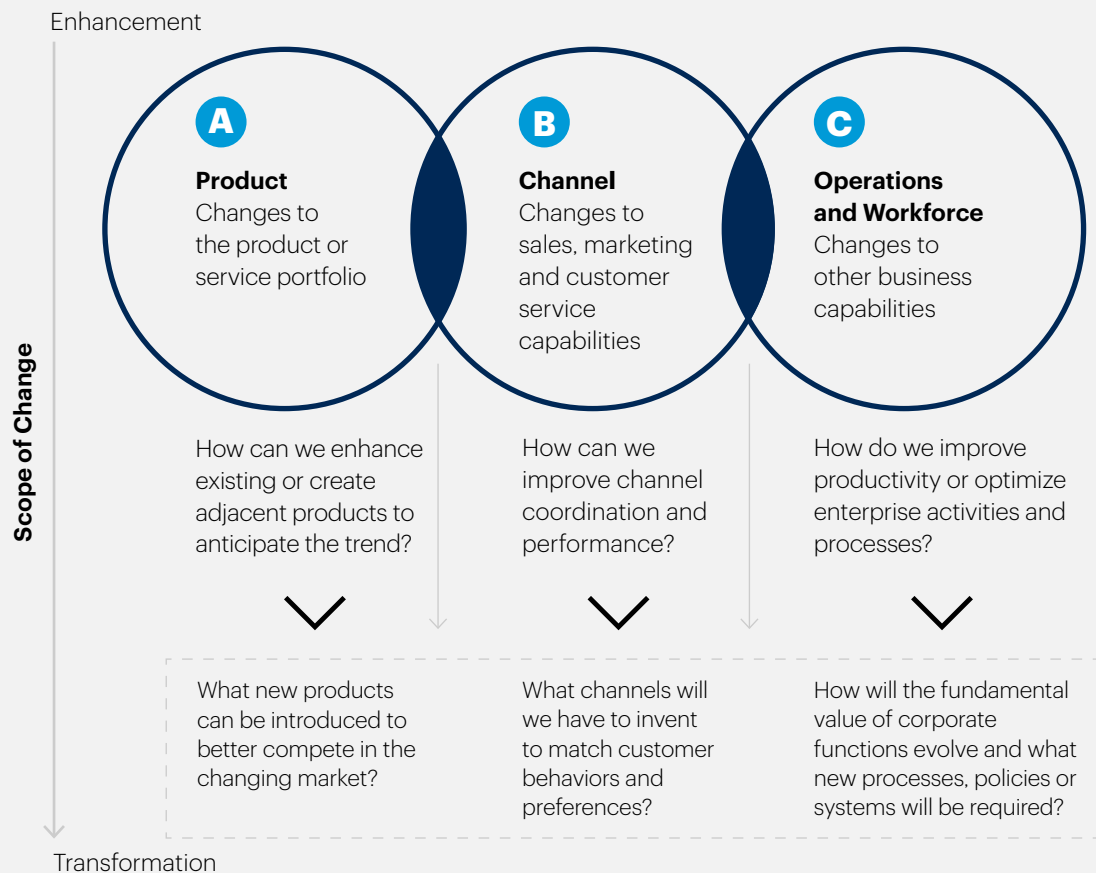
C

[] = Full business transformation

Appendix 1A: Disruptive Trend and Business Implication Matrix

Guiding questions to complete the Work Implications Matrix

The previous page presents a blank template executives can use to understand how a disruptive trend may implicate their work. This page reformats that same matrix to include guiding questions on how to complete the template.



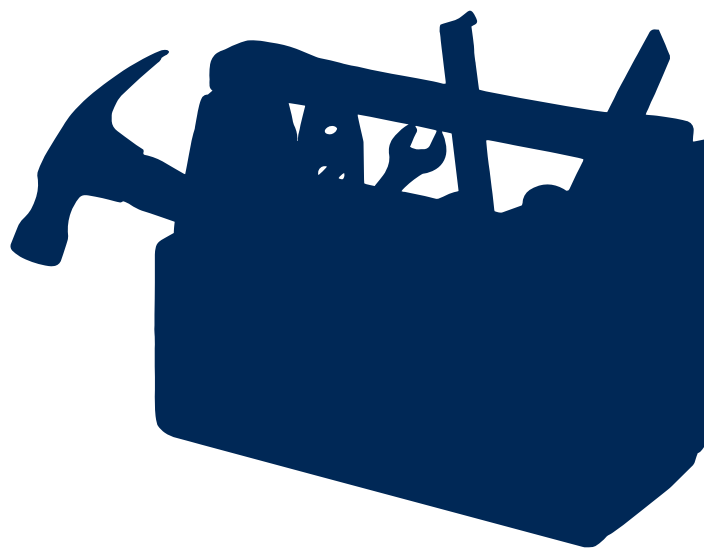
How does the trend drive the need for change?

- A Product:** Although most organizations focus initially on improving existing products, more transformational efforts include launching new products and services beyond the core business portfolio.
- B Channel:** Many organizations iterate on and improve existing channel coordination through technology or other resources. Organizations can ensure channel improvements become more sophisticated by integrating completely transforming or introducing new service channels to match customer behaviors and preferences.
- C Operations and Workforce:** Organizations aim to increase the productivity of some business processes. As these efforts progress, they can make broad improvements to one or more corporate functions.

[] = Full business transformation
(e.g., technological disruption upending operating models with new products, new channels, new ways of doing things)

Section II

Transform Work and the Workforce



Step 4: Identify Business-Critical Workforce Capabilities

In Section 1, the executive team identified the biggest emerging trends likely to disrupt the business and shared important information on how the organization must respond to survive and thrive. This next step is using the exercise below to identify how the demand for workforce capabilities in the organization will change based on strategic business opportunities and mitigating the strategic risks created by disruptive trends. For the purposes of this playbook, capabilities are defined as an individual's ability to perform a task or job. A capability is informed by a talent's combined tangible skills, education, and other work or life experiences.

Future workforce capability planning exercise

Directions:

- Refer to step 2 to identify your organization's future strategic objectives.
- Create a capability inventory of your current workforce capabilities, as well as new capability requirements by determining what is missing from your current capability set.
- Based on your strategic objectives and the disruptive trends shaping them, determine if and how investments in your capabilities will need to change.
- Explicitly state the most important assumptions about competitors, industry, customer, regulators, the workforce, etc., that justify how you classified capabilities. If these assumptions can be easily disproved or have a low probability of occurring, revisit how you're classifying capabilities.

The following page provides a blank template of the exercise.

Future Strategic Objectives	Capability Inventory	Workforce Capability Action Categories	Assumptions
	Current capabilities:	Preserve: Which existing workforce capabilities will remain necessary or critical to achieving this strategic objective despite disruptive trends?	
		Enhance: Which existing workforce capabilities will need to change or be significantly improved to achieve this strategic objective as a result of disruptive trends?	
		Eliminate: Which existing workforce capabilities will no longer be necessary to achieve this strategic objective as a result of disruptive trends?	
	New capability requirements:	Add: Which new capabilities will our organization need to achieve this strategic objective as a result of the disruptive trend?	

Step 4: Identify Business-Critical Workforce Capabilities

Template: Future workforce capability planning exercise

Future Strategic Objectives	Capability Inventory	Workforce Capability Action Categories	Assumptions
Strategic objective:	Current capabilities:	Preserve:	
		Enhance:	
		Eliminate:	
	New capability requirements:	Add:	
Strategic objective:	Current capabilities:	Preserve:	
		Enhance:	
		Eliminate:	
	New capability requirements:	Add:	
Strategic objective:	Current capabilities:	Preserve:	
		Enhance:	
		Eliminate:	
	New capability requirements:	Add:	

Step 5: Forecast How Demand for Roles Will Change

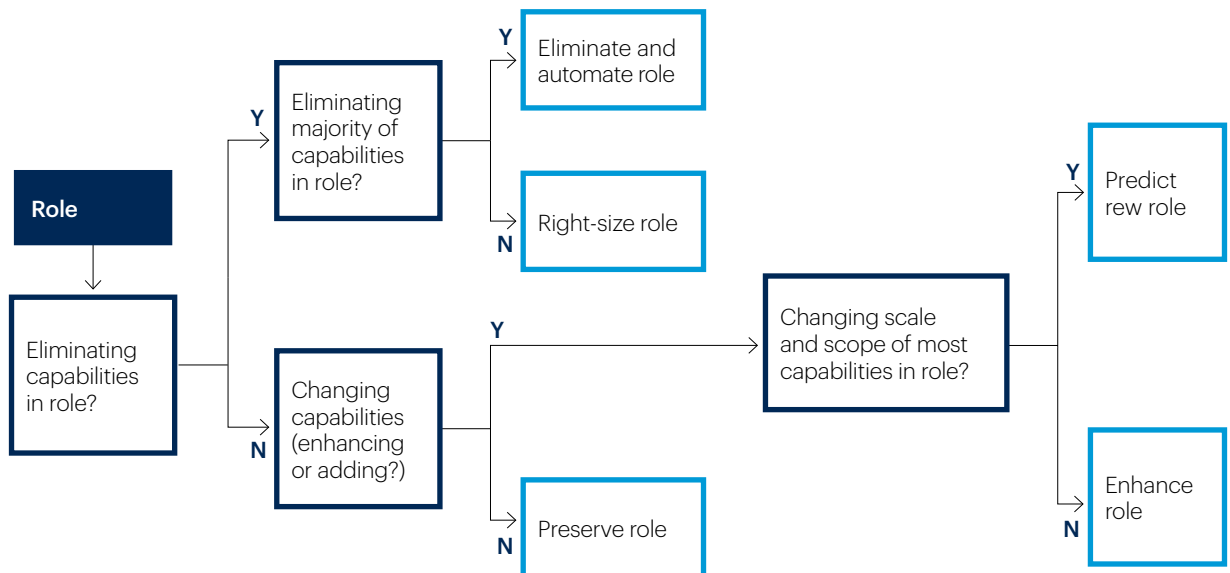
In the preceding step, the executive team identified business-critical workforce capabilities based on the organization's future strategic objectives. This step is about understanding where your organization's existing roles go once trends have disrupted the normal work trajectory. Here, executives can identify the roles most critical to seizing business opportunities created by those emerging trends and which roles are best eliminated.

Role-change decision tree

Directions:

A. Begin with a strategic role. Based on the output of step 4, decide if you are eliminating capabilities from the role.

- B. If you are eliminating capabilities from the role, decide if you are eliminating at least half of them. If so, you may consider eliminating and automating the role. If you are eliminating less than half of the role's capabilities, consider rightsizing the role.
- C. If you are not eliminating them from the role, determine if you are changing the capabilities (either through enhancement or addition). If you are not changing capabilities, consider preserving the role as is. If you are changing at least half of the scale and scope of the role's capabilities, consider predicting a new role. If you are changing less than half of the scale and scope of the role's capabilities, consider enhancing the role.



Refer to the categories below to further understand the outputs of the decision tree.

Preserve Role	Enhance Role	Right-Size Role	Eliminate and Automate Role	Predict New Role
Keep the role as is, but stay ahead of the curve. Forecast what changes can still impact this role and prepare a strategy plan for how to successfully handle potential transitions.	Keep the role, but enhance it with new or improved capabilities so it may proactively adapt to the changing work landscape.	Keep the role, but re-evaluate your organization's structure to realign the role so it may exist in a new capability.	Eliminate this role entirely, as it runs an unavoidable risk of automation. Keep in mind that elimination of the role does not necessarily indicate elimination of talent.	Predict an entirely new role to replace the antiquated existing role. Step 6 enables organizations to predict new roles.

Step 6: Predict New Required Roles

Once executives have identified the future criticality of current roles, this step helps anticipate new strategy-critical roles that will emerge but don't exist today. Use the questionnaire on the left to brainstorm potential new strategy-critical roles. Use the questionnaire on the right to create sample job descriptions to validate the new strategy-critical role(s).³²

Questionnaires to identify new critical roles for the future

Directions:

A. Identify emergence of future leadership roles:

Filter information from business strategy insight to identify possible job roles critical in the future.

B. Increase forecast accuracy: Validate critical role identification by developing and testing preliminary job descriptions.

Identify emergence of future leadership roles

Sample questions to identify future-critical roles

1. Which critical roles do you think need to evolve to meet the business strategy requirements for the next two to three years?
2. What kind of changes would these roles undergo?
3. A particular role requires skill sets that will be difficult to source. Would you consider the role critical?
4. Are there roles which may not be critical now, but could be important in the next two to three years?
5. If the organization were to venture in a new business direction, will the current critical roles be able to sustain the demands of the new business?
6. Will an existing business leader be capable of heading a new business area?
7. What is the dependency of other roles on this new role? Why is this predicted role critical for making decisions?

Increase forecast accuracy

Sample questions to define future-critical skills

1. What is the primary purpose of this future-critical role?
2. What would be the key accountabilities of this future-critical role?
3. How will successful execution of the role be measured?
4. What are the critical experiences a person will need to have to be successful in the role?
5. What are the key areas of knowledge a person will need to have or quickly acquire to be successful in this role?
6. What would be the decision-making, problem-solving and people impact of the role?
7. What types of skills do you foresee the role needing in the next five years that are not necessary now?



Step 7: Build a Workforce Plan for Disruption

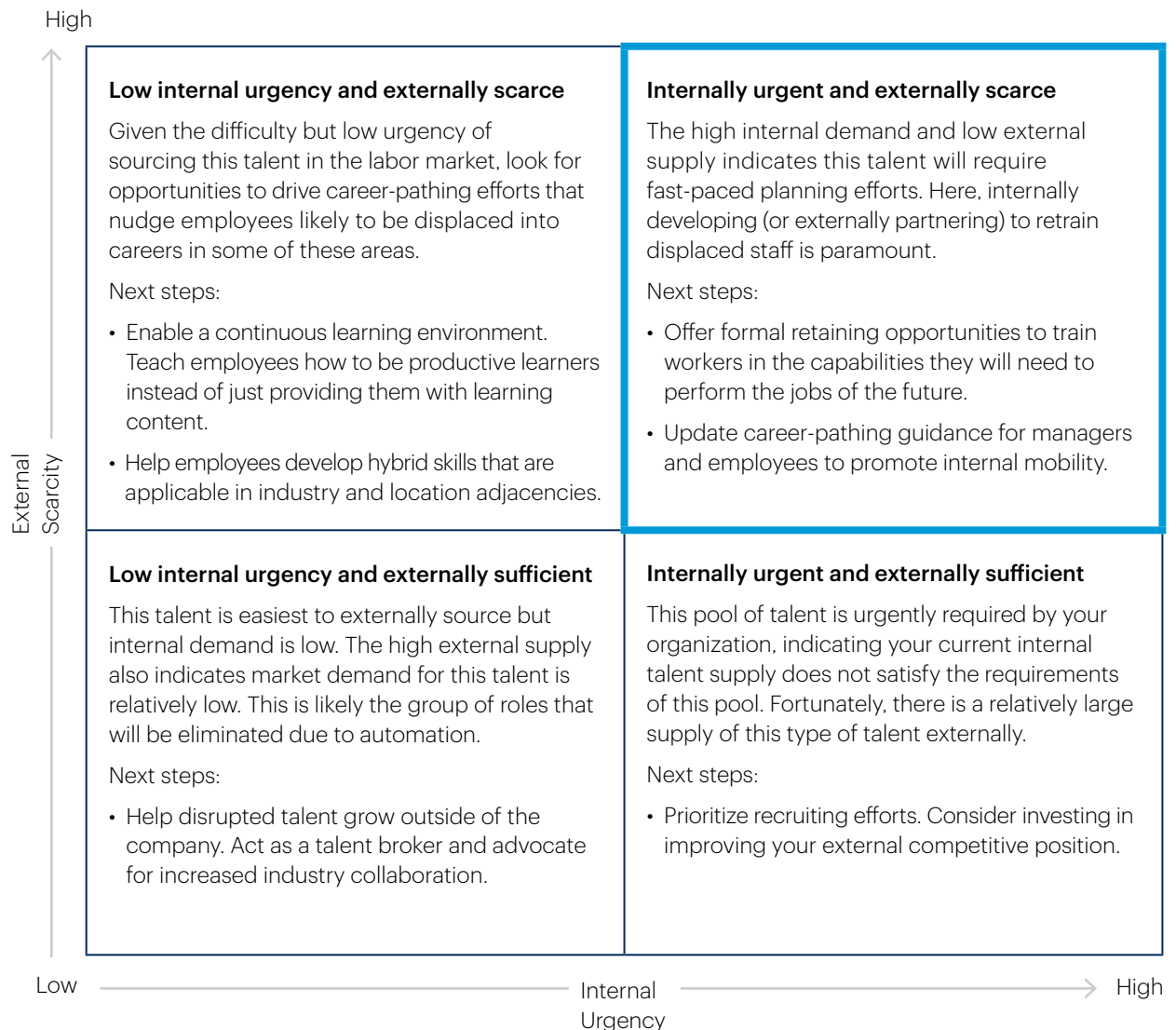
In the previous steps, executives mapped how changes in capability requirements impacted demand for roles. This next step will enable executives to understand which roles will be most urgent or hardest to source externally, as well as how to redeploy employees displaced by disruption into these roles. new strategy-critical role(s).³²

Demand-Driven Workforce Redeployment Matrix

Executives must evaluate their organization's ability to retrain and "re-path" their existing talent toward the newly determined or enhanced roles. To do this, they must plan for changing talent needs. Use the matrix below to identify which talent should be redeployed toward jobs with the highest internal demand and where sourcing external talent is the better option. Here, demand for internal candidates is correlated to how difficult it is to source high-quality people externally.

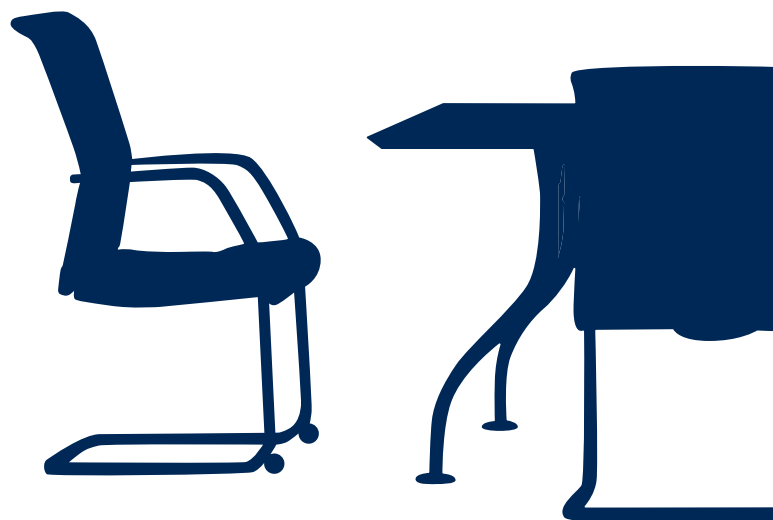
Directions:

- First, determine the internal urgency for your roles. Determine if the changes affecting your organization are increasing the internal demand for these roles or if changes mean these roles are less urgent.
- Then, consider the difficulty of sourcing external talent for these roles in the external market. Determine if there is a sufficient supply of external talent to source from or if the external talent pool is scarce to fit the needs of the role.
- Once you have mapped where you land, determine where it is more appropriate to invest internally versus where you should source externally. Evaluate which members of your workforce have the ability to develop the new capabilities required by the future of work and which talent is best sourced externally.



Section III

Disrupt Your HR Function



Step 8: Question the Assumptions Guiding the HR Function

In light of the external disruptions uncovered and analyzed in this playbook, heads of HR must challenge assumptions that underpin how they lead their functions. Heads of HR can use the thought exercise outlined here to imagine they are independent consultants. By doing so, heads of HR can more objectively assess their HR function and identify the most important ways they must disrupt the “HR status quo” to drive change throughout the organization to create and sustain competitive advantage.

Thought exercise on HR capabilities and structure

Directions:

A. Assume the mindset of an external consultant.

Imagine you are hired into your organization to help senior executives manage major change. As a third party, you do not have preconceived notions about the company. The only information you may leverage is your knowledge of the current HR function and what you have learned from Section I and Section II of this playbook. Using this information, complete parts B through E of this exercise to envision what the ideal HR function would look like for this organization.

B. Evaluate the HR function’s current capabilities to support the business.

Use the diagnostic questions below to evaluate what the HR function will need to do on a “go forward” basis to lead the business through disruption.

Questions to consider:

- **Business acumen:** How connected is this function to the rest of the business? Is HR taking the right steps to measure whether it is achieving strategic business targets? How do we strive to make the complex in business simple?

- **Cultural competence:** Are HR leaders acting as stewards of the culture within their functions? How are HR leaders ensuring HR staff have the knowledge, mindset and behaviors required by the organization’s culture? To what extent do HR processes drive the culture into the workforce? How do they make sure they are not neglecting the employee experience and are valuing the authenticity and voice of employees?
- **Customer-centricity:** How well-prepared is the HR function to support the workforce in creating a compelling customer experience? In turn, to what extent are HR staff collaborating with both internal and external stakeholders to create a holistic employee experience?
- **Data-based decision making:** Does HR treat data analysis as an asset in real-time decision making? Are HR leaders engaging employees through multiple channels? Are they using analytics to track and respond to performance of managers and executives?
- **Flexibility:** How efficient and effective is the function at prioritizing and redeploying resources (e.g., people, budget) to areas of the business facing the greatest disruption? Are HR leaders effectively supporting the workforce at all levels — leaders, managers and frontline employees — with implementing new ways of working?
- **HR staff development:** Based on the capabilities above, are HR leaders incentivizing, coaching and hiring HR staff correctly? How aligned are HR staff goals with employees’ goals? What people outcomes must HR produce to help the business deliver against its strategy and goals?
- **Technological and digital literacy:** How well does HR’s technology enable the function to keep up with the new ways of working? Is the function taking the appropriate steps toward digitalization?

Step 8: Question the Assumptions Guiding the HR Function

Thought exercise on HR capabilities and structure

C. Identify HR processes/systems that create organizational drag. With the impartial eye of an external consultant, identify where the HR function is likely inhibiting workforce speed and productivity. Barriers can be found in but are not limited to strategy planning processes, outdated HR technology platforms, inadequate skill gap analyses, and unaligned KPIs and accountabilities.

D. Evaluate how the organization's HR function will have to change. Once you understand the function's capabilities and barriers it is creating to speed and productivity, draft a list of recommendations to share with the HR function's leadership team to consider further, based on the categories outlined in Part B.

E. Reassume the role of the head of HR and share recommendations with your HR leaders. Compile your findings and then bring your HR leadership team together to share and discuss:

- Which business trends your executives agree will most likely disrupt your organization
- How these will likely affect the organization's workforce capabilities, roles and staffing needs
- Your recommendations for how the HR function needs to get ahead of disruption and create competitive advantage

To facilitate this dialogue, consider creating a condensed presentation that draws together your insights gleaned from completing across all three sections of this playbook, including this exercise.

Advice to heads of HR leading in the age of disruption

As heads of HR move forward in preparing for the future of work, there are a few critical take-aways they should keep in mind. Below are a few pieces of advice from our seasoned CHRO Global Leadership Board members who have tackled these issues and propelled their organizations forward.

- **Recognize that your function or organization is not immune to change.** Part of what makes disruption unnerving is its suddenness. HR leaders should be careful to not fall into the trap of complacency and assume they will not be affected.
- **Go digital.** With new technologies emerging almost daily, heads of HR will need to become comfortable working within a digital ecosystem. This means embedding digital processes into their cultures, as well as a serious mindset shift on the part of leaders and employees.
- **Keep HR as part of the business and keep the business in every HR decision.** Despite the assumption that HR can operate remotely from the rest of the business, HR leaders must actively attempt to break this myth. This means pushing for insight and a voice on organizationwide decisions, while also taking into consideration organizational objectives when making HR-specific decisions.
- **Do not neglect the employee experience in favor of business-strategic objectives.** While the strategic objectives of the business and of the HR function require a great deal of energy and attention from HR executives, leaders must point to talent as the ultimate vehicle for success.
- **HR leaders are the key agents of change in their function.** They must embrace external disruption and not simply adapt to it. If leaders can emphasize innovation in the face of external disruption, the function can challenge the status quo.






Step 9: Align the HR Function Around a New Vision

Heads of HR now have an understanding of what disruptions are likely to occur and how these disruptions will impact their respective HR functions. To credibly and effectively lead the workforce through this volatile time, heads of HR must also understand how to align their functions to a common vision. For many organizations, aligning employee priorities to those of the organization's during times of continuous change can be especially difficult. To anchor employees and leaders alike, heads of HR must create an inspiring and unifying goal. Use the tool below to keep your function aligned from top to bottom, focused on priorities and accountable for reaching goals. Think of this tool as a continuous chain, where each component naturally feeds into the next. This also means the tool should be updated whenever priorities shift to ensure it remains relevant.³³

V2MOM tool for the HR Function

Directions:

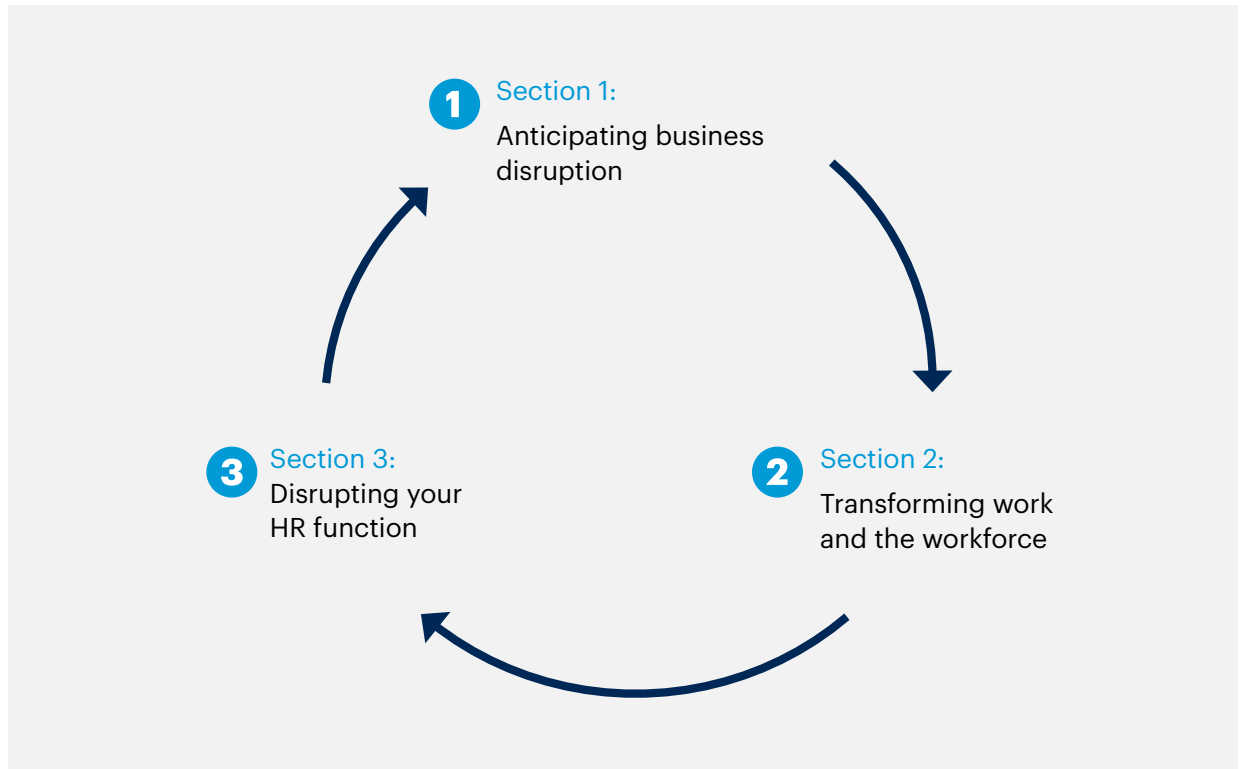
- Heads of HR must first look to the current state of their function and identify where they stand for each given ambition. Heads of HR should use this step as a way to gain clearer insight as to what their function might look like to their employees.
- Using the directives in the second column as guidance, HR leaders must then identify what their function's vision, values, methods, obstacles and mission will look like in light of the future of work changes previously identified. HR executives are encouraged to keep in mind the experience of employees as they consider what these new ambitions will look like.

	HR's current goals	Guidance for CHROs on crafting new goals	HR's new goals
 Vision		A clear vision helps inspire and communicate purpose to your team. Identify what you want to accomplish within your function and what collective impact your team will have.	
 Values		Values guide your function's everyday decisions and trade-offs on priorities. Identify at least three values that are important to pursuing your vision.	
 Methods		Methods define the high-level actions required to achieve your vision. Identify at least four things you want to accomplish and prioritize which are key.	
 Obstacles		Obstacles describe the challenges you must overcome to complete your methods and achieve your vision. Identify at least one obstacle for each method.	
 Measures		Measures specify the end result you are hoping to accomplish. For each method, identify one way you know you have been successful. Focus on measurable outcomes versus activities.	

Preparing for the Future of Work: Continuous Re-Evaluation

Having gone through the Playbook for the Future of Work, CEOs and heads of HR should now have a robust understanding of what trends are likely to affect them, how they will be impacted by disruptive change,

and how they should appropriately act in response. However, this is not a “single-use” playbook. It is designed to be a reliable, reusable framework for many years. As new trends emerge, you will need to revisit the playbook every so often to ensure your strategy is adapting to changes over time.



Appendix

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