



How Agile Principles Drive Successful HR Transformations

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For HR leaders looking to apply agile principles in their HR functions, the pathway to success begins with understanding what agile is, how it applies to HR and what it means to their organizations specifically.

Given the rapid changes brought on by external and internal pressures, CHROs and senior leaders alike realize the way HR delivers products, solutions and value to its stakeholders must evolve to increase alignment and impact. Seventy-four percent of HR leaders believe agile management is a way to achieve that goal, and adopting agile has become a key priority for many HR functions (see Figure 1).

However, most of us don't know exactly what agile is, nor how to interpret or start implementing it for the HR function. In the words of one client: "The broader organization is undergoing a transformation, and we're trying to figure out how to live it in HR."

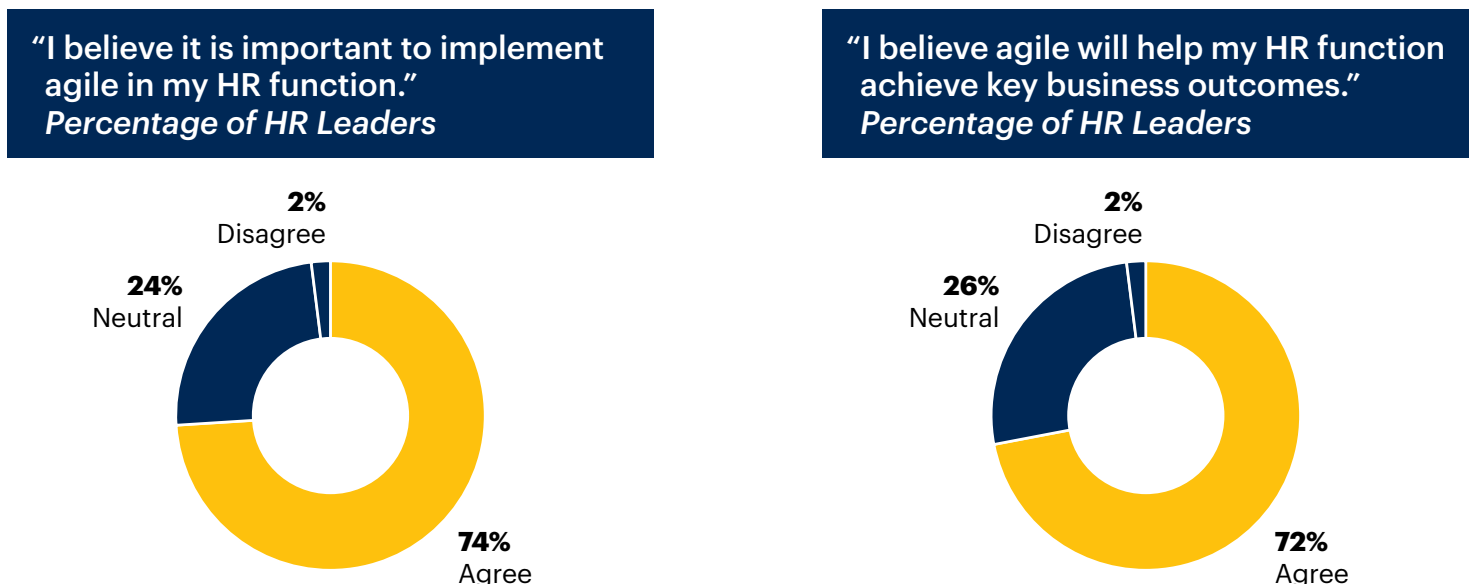
Answering that question starts with understanding what agile is and how it can be applied to HR. Agile is still a relatively new concept in HR, and we don't have one simple set of clearly defined or surefire implementation

guidelines for how to get it done in HR. This makes it intimidating: Where do you start? How will you know when you get there? As one of our clients put it: "We're on the edge of the known world, going into the unknown." Without defining what an agile transformation means for HR, it is extremely difficult — if not impossible — to lead one.

Over the past year, we've spoken with dozens of HR leaders about their agile journeys and have heard many different stories. A majority of our clients believe agile HR is important to implement and will enable better business outcomes:

- Eighty-four percent believe it will increase speed.
- Seventy-five percent believe it will increase quality.
- Forty-five percent believe it will help reduce cost.

Figure 1: HR Leaders' Beliefs Regarding Agile Principles



n = 171

Source: 2020 Gartner Agile HR Function Survey

Even though they believe in agile, most HR leaders don't have a clear strategy for achieving it or a clear vision of what they hope to achieve (see Figure 2). We have found, however, that agile can be applied in many successful ways in HR. Agile is not "all or nothing": HR functions can implement agile to varying degrees and still reap the benefits.

The concept of agile originated in software development in 2001 with a manifesto that argued for prioritizing:

- Individuals and interactions over processes and tools
- Working software over comprehensive documentation
- Customer collaboration over contract negotiation
- Responding to change over following a plan

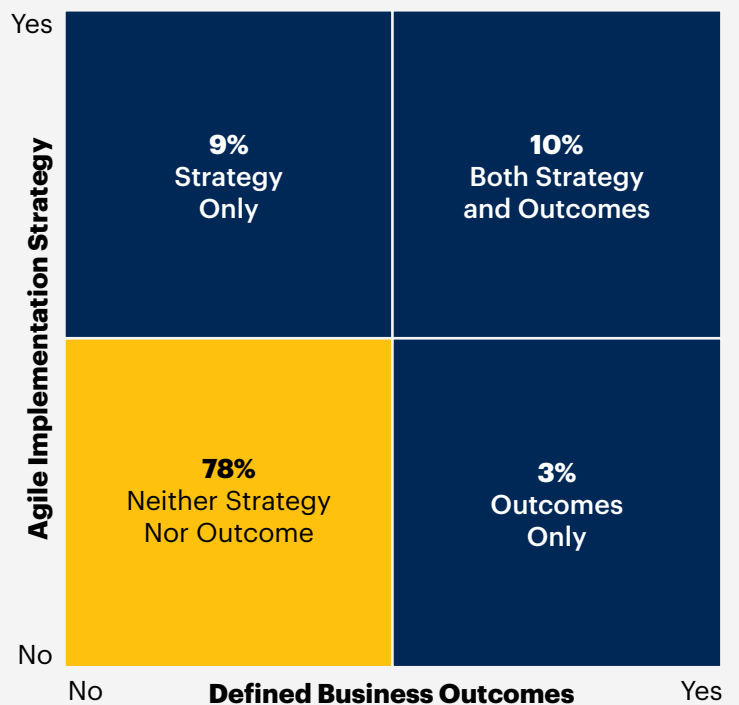
Many organizations have attempted to apply the principles of software design's agile movement to other management processes, including HR. In our research, we have found successful agile transformations tend to start by translating the underlying values of this manifesto into a set of guidelines to help their HR function quickly provide relevant solutions and support for its customers. HR leaders can think of agile as a set of values embodied in project management methodologies, tools and principles that can be translated into both HR projects and the overall HR operating model.

This approach focuses on solving end-user problems and divides work into short cycles with frequent reassessment and adaptation of plans among highly collaborative and self-managed teams. There are many ways to apply it, none of which are necessarily right or wrong; it all depends on the context and needs of the organization.

This underscores one of our key teachings: Agile is a set of values realized, not a set of tools deployed. The fact that HR does not need to implement agile values in one "right way" has been reassuring and motivating to many of our clients. A participant at one of our Annual Executive Retreats earlier this year said, "It's validating to see we are not behind and that there are different ways to implement agile."

Figure 2: HR Functions With an Agile Implementation Strategy and Defined Business Outcomes

Percentage of HR Leaders



n = 171

Source: 2020 Gartner Agile HR Function Survey

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Having this framework for understanding agile has helped our clients reframe their agile journeys in terms of what they are meant to achieve, whom they are meant to serve and what needs to change to get there. “Agile fundamentally is about the customer,” an attendee pointed out at one of our meetings. “For HR, that means, essentially, the employee experience.”


A big realization for many clients, and something they noted from their own experiences as well, is that agile HR means “prioritizing better” and “needing to partner better with others in the organization,” such as IT. Nevertheless, many agreed that “it feels hard to co-create.” In the words of one client: “It’s about bringing people together to think outside the box, and it’s scary to bring the outside in.”








Working with other parts of the organization to better understand their needs and, therefore, how to best help them demands a fundamental shift in the way HR operates. It means moving away from the traditional customer-client relationship that has existed and defined HR and its partners for many years (see Figure 3).

Agile isn’t free. Shifting to agile management involves costs and trade-offs as well as growing pains as HR and the broader organization adjust to new ways of interacting.

For many of our clients, this has meant being willing to make some mistakes, “even failing with our employees on some of their most important priorities,” as one noted. For others, it has meant setting new boundaries: “HR has to say ‘no’ more,” one client said. “IT says ‘no’ all the time, and agile gave us a better way to say ‘no.’”

Figure 3: Key Success Factors for an Agile HR Operating Model



Agile Manifesto Values	HR Projects	HR Operating Model
Individuals and interactions over processes and tools	 Select project teams based on insight into the end user's problem instead of subject matter expertise.	 Create space for strategic thinkers to solve customer problems.
Working software over comprehensive documentation	 Prioritize good solutions over implementation support.	
Customer collaboration	 Co-create with end users throughout , not at the beginning and end.	 Create a proactive customer-sensing HR model.
Responding to change over following a plan	 Use short, iterative project cycles instead of predetermined project plans.	 Manage HR’s work as an evolving investment portfolio rather than as a set agenda.

Source: "Manifesto for Agile Software Development," 2001, agilemanifesto.org

Thinking about HR's work as an evolving investment portfolio rather than a set agenda requires adjusting employees' and leaders' expectations of HR as a service provider. One client summarized it well: "We need to say 'no' to the customer too, so that the loudest customer isn't the winner."

In other words, HR can no longer make excuses for not evolving its role in the organization from transactional to strategic. HR leaders who are making the shift to agile say it is worth these costs in part because the cost of inaction is far greater. "We are changing everything," one client told us. "We used to talk about change fatigue, but it doesn't even matter anymore because literally everything is changing." For this HR leader and many others, not adapting is simply not an option.

One of the benefits HR leaders are seeing from their agile initiatives is greater cross-functional collaboration. It helps them have better conversations with their stakeholders about how to implement agile, if they so choose, and what trade-offs will be necessary. Many of our clients are using agile principles to align business leaders to critical HR priorities in quarterly conversations with their C-suite. By embracing

cross-functional collaboration, the portfolio approach and the concept of business leaders as end users, they are able to present stronger cases in these prioritization conversations. One client said this approach helped them understand their CEO's perspective and vision for applying agile management throughout the organization.

Our research is helping our clients answer their most important questions about agile, from "does it make sense for us to implement agile?" to "what is it going to look like for us?" and "what tough decisions will we need to make?" Implementing agile in your HR function entails a fundamental shift in how you think about project management and organizational structure. Accordingly, a successful agile HR transformation begins with the fundamentals of what agile is, what it can do for HR and what it would mean for your organization.

Once they decide to go the agile route, HR leaders who have internalized these key lessons are better equipped to have the right conversations with their clients about the costs and trade-offs necessary to make their journeys successful.



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