



Lean. Strategic Planning. Design Thinking. Agile. What does it all mean in becoming Exponential HR?

It is an exciting time to be part of HR. Right before our eyes, HR is transforming into ways of working never seen before. The 1990s are well behind us and it's fair to say that at most enterprises HR now has a strategic role in leading the business. This is a blessing, a challenge, and the biggest opportunity to create value that HR has ever experienced. As HR has moved into the boardroom and solidified its role in the C-suite, visibility to business imperatives is much clearer for HR and the opportunity to shape those imperatives from a workforce angle is

greater than ever. In return, leaders are expecting that workforce programs evolve more rapidly and drive greater, measurable value.

These new expectations drive HR leaders to look outside organizational walls, learn from other functions, and import leading practices that will enable HR to travel at the speed of business, make data-driven decisions, and deploy workforce programs that enable the business to win over the workforce and customers.

**“To win the marketplace,
you must first win the
workplace.”**

Doug Conant, Former President and CEO
Campbell Soup Company

The seemingly never-ending quest continues: how do HR organizations, which are aspiring to enable their businesses and people to excel, operate? And, how do the latest insights about becoming [Exponential HR](#) connect with, complement, or replace the array of practices that have come before in the forms of Lean, Design Thinking, Strategic Planning, and Agile?

Irrespective of methodologies, HR must accelerate its pace to effectively deliver on the workforce priorities at the speed of business today. This demands laser-sharp attention to delivering work outcomes that impact business imperatives. HR should architect solutions that elevate the human experience and apply advanced, digital technologies to generate insights and partner machines with humans to help generate value.¹

HR leaders are drawing from the methods of Lean, Design Thinking, Strategic Planning, and Agile to break away from traditional operating models and achieve work outcomes in an integrated way that enable HR teams to unlock previously unrealized value when applying each method independently.

Integrating Methods for Exponential HR

We observe HR organizations integrating methods as they work toward evolution —perhaps even revolution—of how HR operates. Although integrating methods may not be the result of an intentional effort and, instead, the blending of practices learned and borrowed over the years, the result may be to fuel an HR organization that consistently focuses on outcomes to achieve sustained results.

Four key, interdependent components are coming together, as shown in the visual below:



Design Thinking

The principles and practices of Design Thinking enable anchoring to the real needs of HR customers by continually sensing internal and external workforce trends. HR organizations moving toward Exponential use on-going and dynamic feedback loops to constantly sense HR customer sentiments, going into the “field” for firsthand observation of their customers doing their jobs. They define HR customer personas to tailor programs and communications and create journey maps to highlight and help achieve success on the moments that matter. They iterate solutions, using pilots and release management targets to continuously improve their impact.



Strategic Choices

Once HR customers’ needs are deeply understood, HR organizations can use the proven framework of strategic choices to determine ways to “win” with the workforce.² Michael Porter and John Kotter, from their years of research, summarize strategy as, “...being different.

It means deliberately choosing a different set of activities to deliver a unique mix of value.”³ Applying this view of strategy to HR and using the [Strategic Choice Cascade](#), HR can decide how to best meet the needs of their customer segments and achieve meaningful outcomes. The Strategic Choice Cascade consists of five interrelated and iterative questions that drive HR to make decisions about its ways of working and the value it provides.

¹ Five Top Findings for a High-Impact HR Operating Model Research, Bersin™, Deloitte Consulting LLP, Jeff Mike, Vice President, HR Research Leader and Denise Moulton, Vice President, HR & Talent Research, 2019

² Playing to Win: How Strategy Really Works, Roger Martin and A.G. Lafley, Harvard Business Review Press, 2013

³ Harvard Business Review, John P. Kotter, Michael Porter, Elizabeth Olmsted Teisberg “Leadership, Strategy, and Innovation: Health Care Collection”, 2015

The questions form an HR-specific Strategic Choice Cascade that might look something like the below where each question informs the next and may cause reconsideration of questions that preceded in the cascade, thus driving iterative strategy development:

- What are HR's goals and aspirations for winning with the workforce, informed by a deep understanding of HR's customers; leaders and enterprise's workforce?
- Using the business outcomes and HR customer segments, where should HR play to win for the business?
- Distinguishing where HR can win enables HR to consider: how can HR win through the programs, solutions, and services it can provide?
- Delivering the HR value defined now requires HR to determine: what critical capabilities are required to drive the performance and on-the-job behaviors needed to drive value?
- Finally making these capabilities come to life, HR should decide: what type of people, assets, infrastructure, and metrics need to be in place for sustained results?



Agile

The strategic choices inform HR's direction, aligning with business and customer imperatives. The choices and the HR customer sensing collectively provide on-going input into the type of programs, solutions, and services HR designs and deploys. HR organizations on the path to becoming Exponential are increasingly differentiating themselves from typical HR organizations by powering their designs by agile practices. This means HR leverages applied practices that enable speed, flexibility, experimentation, and learning. To help unlock the potential of Exponential HR through becoming Agile, many HR organizations are:

- Aligning governance and decision rights to enable speed, including:
 - Creating a central HR strategy team that partners with the CHRO and the symphonic C-suite to define problems HR needs to solve
 - Defining clear success factors such that HR teams across the business are empowered to build and test new ideas, piloting concepts while easily determining if they are advancing solutions to the problems HR has agreed to solve
 - Establishing monthly operating review meetings that include all HR leaders (CHRO + 2) to assess the impact of pilots and determining which ones to fund and scale.
- Leveraging product management approaches to manage HR like customer-facing products by:
 - Developing and constantly reprioritizing an HR enhancement and capability list based on business and user inputs. This list should include enhancements to be made across HR programs.

- Deploying product managers to major enhancements initiatives with authority to build and lead temporary cross-functional teams
- Building HR technology and programs using leading practices from agile technology building methodologies, such as using agile project collaboration tools, working in sprints, and leveraging SCRUM where it makes sense
- Building the ability to sense and adapt to the needs of workers and the business by:
 - Leveraging design thinking and user-sensing capabilities as inputs into HR prioritization
 - Building user research and testing capability within HR to test enhancements with leaders and the enterprise's workforce.

Lean

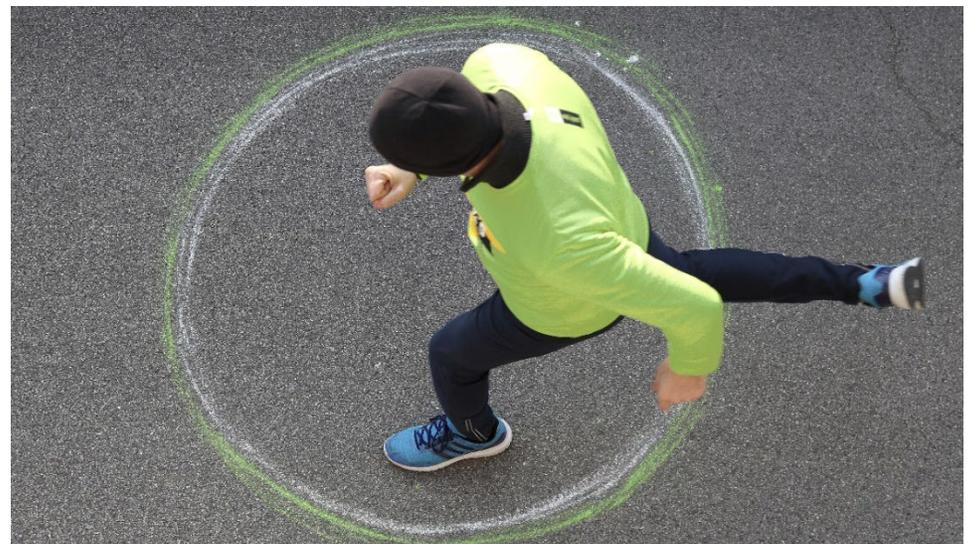
Finally, coming full circle, HR organizations moving toward Exponential are obsessed with meeting business outcomes and their HR customer needs because they recognize this as an imperative to being competitively successful—competing for talent and for business in their markets. When HR employs a lean mind-set and related practices, the processes designed and managed to deliver the HR programs and solutions are constantly under the microscope. HR examines its ways of working in the Lean context with the goal on continuously streamlining to deliver the highest possible quality at the lowest possible administrative overhead, improving the experience working with HR and reducing the administrative drag in getting work done that counts for the enterprise and its end customers.

Lean for HR continuously focuses the core questions of Lean, applied to the policies, practices, solutions, processes, technology, and operating model HR uses to deliver, including:

- Where and when are HR customers spending too much time waiting for HR services?
- Where is HR overproducing services and giving the HR customer more than they need to complete the work?
- Where is HR over-engineering or over-processing and seeking more information than may actually be required to deliver?
- Where is HR managing work too far away from the natural flow of work and where does HR create unnecessary and likely unintended burdens to completing the HR work?
- Where may HR be delivering solutions beyond business demand or need?
- Where is HR, and/or the workforce, involved in rework, correcting errors, or fixing data?
- To whom does HR transfer or escalate work and how can HR minimize these hand-offs?
- If issues cannot be resolved at the point of initial contact, how can HR reduce the number of steps required to deliver for HR's customers?

While many HR organizations continue to apply elements of these four well-known methods, maximizing HR's potential toward becoming Exponential for the benefit of the workforce and enterprise may rest on creating a complementary combination of all four methods. Getting this balance right likely requires a thoughtful extraction of key elements from each method, applied in concert in a way that might look as follows:

	Design Thinking	Strategic Planning	Agile	Lean
Obsessed With	Customers	Decisions	Fit for purpose	Waste
Manages	Requirements	Priorities	Uncertainty	Process
Delivers	Personas	Plans	Effectiveness	Efficiency
Primary HR Groups Using Method	Teams and Scaled	Leaders	Teams	Scaled



What motivates integrating aspects of these four methods to become Exponential?

- **Behavioral change.** Travels at the speed of business and meets the new challenges of today's workforces, demanding new ways of working for HR
- **Transparency.** Enables real evaluation of the impact of HR programs and solutions on the business and workforce
- **Regulatory compliance.** Promotes an HR infrastructure that is constantly aware of the changing external market and adapts internal practices accordingly
- **Benefits capture.** Provides mechanisms to track, measure and report on the benefits of HR
- **Service value understanding.** Determines what HR services are most valued by the business and workforce
- **Prioritization.** Enables HR and the business to jointly determine the critical priorities that will make a difference to business outcomes
- **Productivity.** Identifies what gets tracked, reported, and managed so it can get done more efficiently
- **Discipline.** Enables HR and business to implement a focused approach to planning, developing the business case, planning the budget, prioritizing HR initiatives, and managing HR's service delivery performance

What are the potential benefits for the enterprise?

- **HR service clarity.** When the business and workforce participate with HR to determine which programs, solutions, and services matter and which ones should be reimagined or eliminated
- **HR efficiency.** Regular tracking and reporting of HR performance and expenses drives HR to design and implement repeatable, scalable and sustainable programs
- **Critical need identification.** Dynamically designing and improving HR programs enables the organization to identify the hot issues, prioritize resources, and allocate funding
- **Business cases.** Pushes HR and the business to create and forecast quantifiable data points to select initiatives and be able to win funding approvals
- **HR-business partnership.** When HR and the business can work together to plan, budget, design, and track HR initiatives, there is a greater likelihood that a true working relationship will be formed and better solutions developed
- **HR value.** When a business can see the tangible value an HR program offers in terms of effective workforce engagement, heightened work productivity, and enhanced business outcomes, the business is more likely to look to HR as a true strategic partner

What barriers are likely ahead?

- **Business buy-in.** Many organizations have not experienced this type of value that HR can provide. They continue to view and use HR as a transactional function to complete HR tasks
- **Capability proficiency.** This is different. Many HR resources are not accustomed to this way of working. Agile, Design Thinking, and Lean could include new concepts and tools for many HR professionals. Capability building for HR professionals, as a result, will be essential
- **Access to data.** Workforce data is important to identifying needs and trends, analyzing the impact of solutions, and highlighting wasteful and out-of-control processes. Some organizations have strong data governance and tools, others do not. This is a step that cannot be overlooked
- **Perceived time.** HR resources may feel time constrained. For example, a lack of time to observe HR customers at work, to conduct iterative design sessions, to conduct pilots, or to collect data. Don't be fooled. Becoming Exponential HR means making time to change to new ways of working
- **HR and IT organization teaming.** The relationship between HR and IT is key to unleashing the exponential impact these frameworks can have on your workforce, yet often lacks the symphonic collaboration to make this happen. HR and IT must work together to build the tools, culture, and norms for people to be able to thrive

What are the key steps to consider when integrating these methods' components?

- Complete a “voice of the customer” exercise to identify business outcomes, strategy, expectations and requirements of a renewed HR
 - Conduct a Strategic Choice initiative to identify HR’s new identity, direction, and value
 - Understand Agile practices. Determine which practices work for your organization. Design a new HR model leveraging Agile practices
 - Understand Lean practices. Determine which practices work for your organization. Design a new HR model leveraging Lean practices
 - Examine your HR operating model and reimagine it incorporating Design Thinking, Agile, and Lean practices
 - Develop performance metrics, how they will be captured and reported. Keep it simple, straight-forward, and embedded in normal process flow. Involve finance and IT
- Develop a workforce experience strategy and approach to continually monitor customers needs, desires and attitudes, and provide data insights into HR program design and service delivery
 - Develop an HR technology strategy and landscape that leverages the best HR technology to design and deliver HR services
 - Build HR data literacy. Deploy tools, HR resource capability, and the discipline to use data to influence recommendations and design
 - Implement a governance structure between HR and the business to regularly review, monitor and manage HR’s programs, solutions, service performance results and set direction for HR
 - Implement a reporting process. Determine how the results should be aggregated, who should receive the reports, how often, actions HR needs to take, and what business units can expect

Authors

Arthur H. Mazor

Global HR Transformation Leader
Deloitte Consulting LLP
amazor@deloitte.com

Gary Johnsen

US HR Transformation Specialist Leader
Deloitte Consulting LLP
gjohnsen@deloitte.com

Justin Clark

US HR Transformation Manager
Deloitte Consulting LLP
juclark@deloitte.com

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the “Deloitte” name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.