

Time to **RESET** MANAGEMENT

Companies can thrive in uncertainty by increasing agility.

It's become clear that 'traditional' management styles have to change and one of the ways to transform for business agility is by changing how managers and executives strategize, organize and lead themselves and others. The integration of these three actions is key. There are three shifts that are particularly relevant to the HR community.

The first shift is towards outer awareness by all employees. Because of their bureaucratic functioning, large organizations tend to become inward-looking. Not only are employees more preoccupied with meeting inner standards, but also managers are busier micromanaging people than they are responding to changes in their environment. In a big pharmaceutical multinational which we studied, agility transformation led by HR was about freeing time for its top 500 executives to really do what they should be doing: looking outside, decoding weak signals, making sense of sudden changes, future proofing the business, etc.

STRATEGIC AGILITY

Agility is a shift towards more dynamism thanks to higher levels of employee engagement and entrepreneurship. It's been proven that the larger the firm, the smaller the total return to shareholders it generates. Strategic agility is all about preparing for the future while innovating in today's business. Agile organizations rely on cross-functional teams empowered to innovate and experiment around customers. Back-office teams work more closely with front office colleagues; the distance with the end customer shrinks for everyone. It builds up employees' intrinsic motivation and their determination to innovate and solve customer pain points ever better. HR will have to consider, though, that in the early parts of the transformation, many employees will fear being empowered. Being made accountable is not a given.

Thus, resetting management cannot take place without a shift in leadership styles. You cannot create the confidence for experimenting and taking accountability without creating the psychological safety employees need.

FROM SWITZERLAND



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Becoming more proficient in the coaching leadership style rather than automatically defaulting to command-and-control matters. In this style, managers ask tough questions that guide employees and help them reach new levels of performance. Coaching involves having the necessary tough conversations, but it's primarily about helping people to meet new levels of performance confidently. Very senior executives, who are usually beyond internal competition, can be spontaneous coaches. But with middle managers, jockeying to go up based on the performance they deliver, is where the trust and agility transformation efforts often break down.

There has been a buzz around the idea of "agility" for a while now, but the Covid-19 pandemic has really demonstrated its importance. During the pandemic, we studied Clarins, the cosmetic giant. In our book, *Resetting Management*, you will find a lot of insights about how they used the pandemic to revise their ways of working by introducing three types of squads: the "What now?" squad, the top management team providing directions

on five key priorities for the whole company, the "What next?" squads, studying market reopening and supply chain implications in the various countries, and the "What if?" squads, planning for different contingencies in their local markets. Those local teams were networked globally to learn from each other. There is no agility without constant learning and this sense of curiosity goes across silos.

The pandemic also illustrated clearly that companies cannot be in rush mode all the time. Paradoxically, agility is not solely about speed. The "what if" squads of Clarins were about detecting and making sense of emerging, unintended changes from the pandemic to allow the top management team to ponder where the next opportunities would come from and plan for the longer term. Good strategic decisions continue to require time for proper maturity.

MISCONCEPTIONS

There are still some common misconceptions about what 'agile' really means. The first one is that agility is all about speed. Rather, we discovered that business agility is about reconciling competing demands. There will be some nimbleness involved, there needs to be some simplification too, but excessive nimbleness leads to chaos and large companies cannot afford to be simplistic. Agile companies find a way to be both stable and nimble, and complex and simple. For instance, you want to empower talent, but this happens within a strategic frame and with disciplined accountability focused on results. In the book, we provide five concrete principles for being more strategically agile and eight principles for organizational agility. We also explain what it takes to reconcile competing demands. This is all very concrete, not "buzz."

I talk more about agility than agile. Too many executives still think that agility means rolling out agile methods. We demonstrate that all companies should be agile but not necessarily do agile. Agility is a capability, agile a methodology. So, each company should define the form and degree of agility that is right for its circumstances. Once you understand the principles and building blocks, you can start transforming.

Agility is also relevant in both B2B and B2C. Agile methods can be used beyond software. Companies driven by the safety of their equipment can also use them. GE uses lean start-up to create new aircraft engines faster and cheaper, but it still delivers zero-defect engines.

KEY SIGNS FOR LEADERS

There are key signs that one can look out for to

see how well – or badly – one's organization is doing when it comes to agility. In the book we provide three assessment tests, each with 40 signs of rigidity or agility but here are three examples. At the strategy level, a symptom of rigidity is when companies tend to want to do everything by themselves and do not sufficiently rely on partnerships and ecosystems to create value. It's more complex to orchestrate partners than to own and control resources, but it is also critical in the digital age.

At the organizational level, a symptom of rigidity is the absence of clearly communicated and easy to remember strategic directions that allow employees to experiment while still delivering on a clear strategy with discipline. Too many companies are tight on what people do and loose on providing purpose, direction and asking for accountability. For agility, the priorities need to reverse.

At the leadership level, leaders' inability to master multiple leadership styles causes rigidity: at some point, executives need to give clear strategic directions, but then they also need to let employees explore and find the path to achieve those directions.

IMPORTANCE OF ORGANIZATIONAL DESIGN

The role of HR will be more important in equipping organizations with common languages and frameworks to understand and practice agility. HR will also have to deal with the question of middle management and providing new career paths in flatter organizations. Ultimately, I see that this distinction between HR being a cost center and operations being profit makers will disappear. In cross functional teams that are networked with each other, everyone will contribute to the results. In a lot of companies, many functions like IT or marketing are already disappearing to be part of the business. ■

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