

Business leaders are still failing to lead change

By [Leigh Swartz](#)

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Given today's rapidly changing and fast-moving world of work, there is no arguing that the traditional approach to human resources (HR) within companies is no longer relevant.



Human capital strategies are undoubtedly in need of a fresh look, and the companies that refuse to adapt their strategies will struggle to deliver against demanding new business requirements. Yet it appears that business leadership is largely ignoring the issue - and executives are palming it off to HR departments to spearhead the required change.

This is a flawed approach. It is up to executive leadership, as well as the entire organisation, to drive the required transformation. Without company-wide commitment and participation, any attempt at lasting change will be unsuccessful.

KPMG report

In KPMG's Global CEO Outlook 2015 report, it was revealed that almost 80% of CEOs expect to increase hiring. This is understandable, given that it is critical to have the right skills in place to enable new business strategies. Interestingly, direct human capital enablement did not feature amongst the top priorities under strategy, capital investment or leadership mandates.

The survey indicated that key strategic priorities over the next three years included: "Developing new growth strategies 33%; stronger client focus 30%; geographic expansion 29%; greater speed to market 27%; fostering innovation 27%."

Over the next three years, CEOs intended to devote significant capital to: "Geographic expansion outside the home country 47%; advertising and marketing 39%; new product development 37%; geographic expansion within home country 34%." The following C-level functions will become more important to their organisation over the next three years: "53% chief financial officer; 49% chief operating officer; 40% chief marketing officer; 40% chief information officer."

Top themes

Deloitte's 2015 Global Human Capital Trends report revealed that the top themes regarding HR in corporates included: leading, engaging, reinventing, and reimagining. The report reiterated that the new world of work challenges existing people practices, such as how companies evaluate and manage people and how they engage and develop teams; how they select leaders and how they operate. These are by no means small tweaks and shifts - this approach requires rebuilding most of the current foundation within corporates.

"The capability gap in many of these areas has increased in magnitude, suggesting that the accelerating economy and rapid changes in the workforce have created even more urgency in the need to adapt HR and people practices around the world," the report stated. Sadly, however, despite this purported awareness, business leaders are still failing to lead the change. When it comes to developing a pipeline of leaders within organisations, for example, most companies are failing dismally.

Deloitte's report stated that building leadership remains paramount, ranking as the number two issue in the 2015 survey. "Yet despite the fact that nearly nine out of ten respondents surveyed cite the issue as 'important' or 'very important', the data also suggest that organisations have made little or no progress since last year," the report stated. "The capability gap for building great leaders has widened in every region of the world."

Recognise critical role

As a result, success can only be achieved if leaders recognise the critical role they play in enabling the change required. No single function, department or team can drive the solution. It requires collective action.

- **Choice.** Change is a choice. I am sure you have heard the phrase, 'People (or organisations) change when the pain of staying the same is worse than the pain of change'. Another common question asked is, 'What's the burning platform?' Leaders need to ask themselves if they have consciously chosen to change their human capital capability, and if so, why? This sets the foundation for conviction, commitment and compassion required to follow through on new strategies.
- **Conviction.** Be part of the solution. Every function has value to add in creating the ideal human capital capability of the future. 'A stronger client focus' ranked as the second top strategic priority in the KPMG survey. Consider the alignment between building a customer centric organisation and an employee centric organisation.
- **Commitment.** Think sustainability. Change often takes time. Quantify the value of building the best human capital capability. Recognise the long-term commitment required.
- **Compassion.** Validate the challenging nature of change. Each step of the way requires commitment, and re-commitment. Keep focused on the long-term value and celebrate the successes.

Keep creating and maintaining a culture that puts forward-thinking, dynamic people practices at its core - this requires both investment and long-term commitment on the part of executive leadership.

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