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Experience-Led Change

Building high performing cultures



What is shaping today's organisations

We are now seeing how organisations are adapting to the opportunities and challenges they have been presented with.



Nearly a decade ago, we were talking about how megatrends were going to shape the world we live in and the future of work. We are now seeing how organisations are adapting to the opportunities and challenges they have been presented with. 2020 has demonstrated people's capacity to learn new ways of working and embrace change.

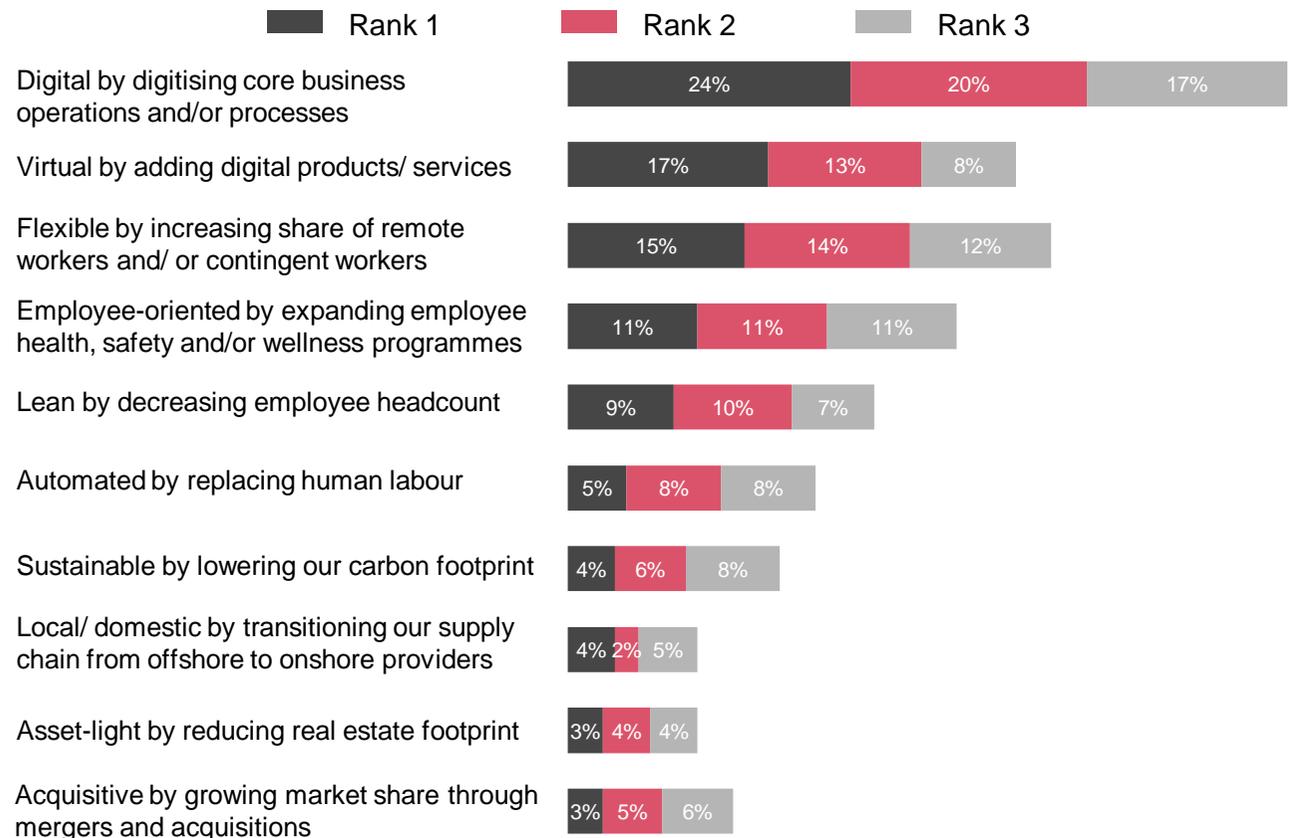
The way we work is changing. The temporary needs that have arisen from the pandemic have created lasting preferences for flexible, remote, and virtual set-ups. This is transforming our perception of a 'high-performing culture'.

CEOs have recognised the need to adapt their operating models, strategies, investments, and support the changing structures of their workforce, and they believe that these changes are here to stay. PwC's latest CEO survey showed a seismic shift in the workforce's relationship to jobs, rest and recuperation, as well as how businesses manage communication channels, employee engagement, strategic direction, and core company values.

CEOs will prioritise business models that are digital and flexible



Question: Please choose up to three responses and rank them in order, with 1 being the long-term business model change you are prioritising most to adapt to trends resulting from the COVID-19 pandemic. "Our business model after the COVID-19 pandemic will become more..."



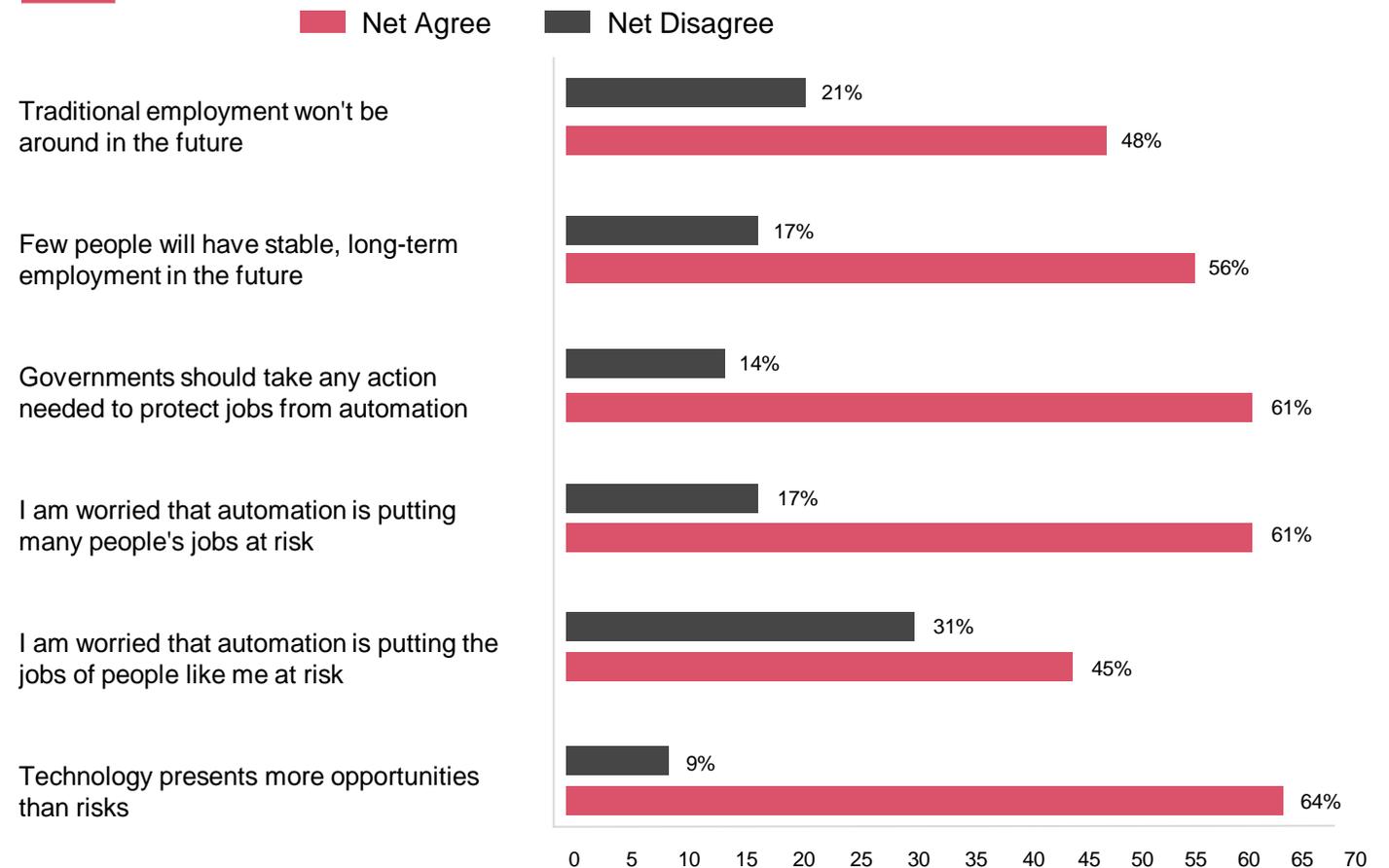
Source: PwC, CEO Panel Survey Note: Only top ten business model changes, by "Rank 1," displayed. Base: 699 respondents

Employees were quick to embrace remote working and digital upskilling. They are also showing an eagerness to continue upskilling going forward and are optimistic about what could lie ahead. However, there are also concerns about job security and access to development and digital upskilling tools. Employees value working for purpose-driven organisations that make a difference for society, as well as being appropriately rewarded and recognised for their efforts.

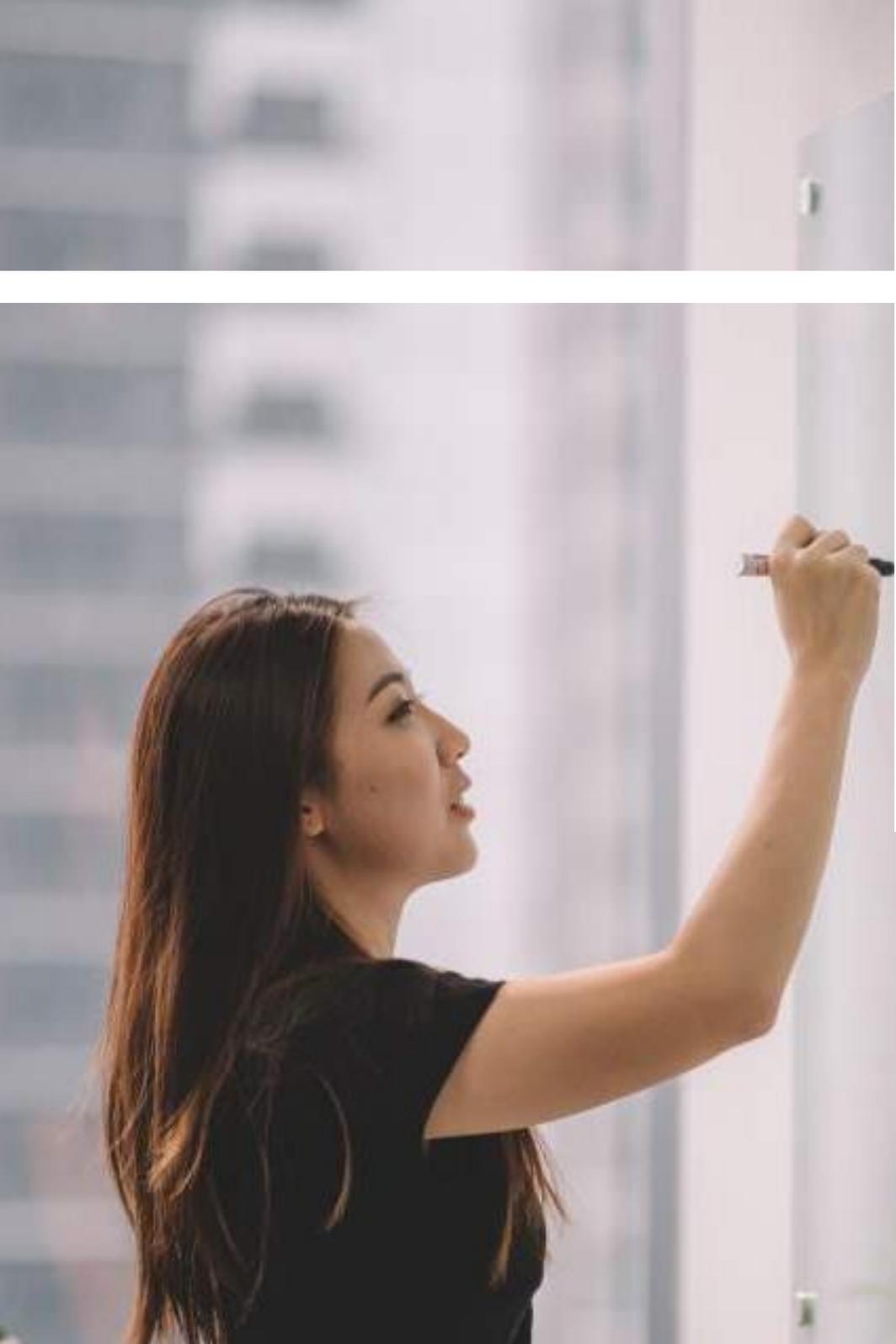
Both employer and employee experiences demonstrate that we must change the way in which we build and support high-performing cultures. HR will be the key driver in the development of this newfound culture. To face these challenges head-on, organisations must take a human-centred approach. This is where Experience-Led Change comes in.



Question: To what extent do you agree or disagree with the following statements?



Base: 32,517 respondents



Employee Experience- Led Changes

To better adapt to change, culture is a more important factor than ever before.

67%

of senior leaders believe their organisations' **culture is more important** than strategy or operating model vs. 61% in 2018



72%

of organisations report that **culture** helps **successful change initiatives** happen

69%

of senior leaders credit **much of their success** during the pandemic to **culture**

70%



of organisations that adapted amid the pandemic say **culture offers a competitive advantage**

People drive transformation in their companies, not technology. Success depends on the perfect balance of skills, experience and personal traits. We must commit to change, empower people to take risks, and align on a shared goal and purpose.

Market pressures are pushing businesses to take more proactive measures to drive transformation. To better adapt to change, culture is a more important factor than ever before.

There is no “perfect” culture, but culture must be in sync with your strategy and operating model. An organisation’s culture should enable talent to thrive and drive progress. Change should be driven by leadership throughout the business.

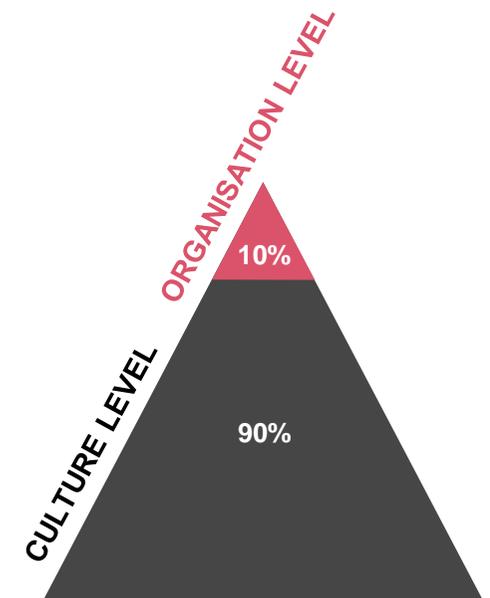
People do not naturally respond well to change, so their reactions need to be effectively managed. Your change management strategy should place its people at its core. Managers often only concentrate on the visible results of the change, but behind that people present the largest and most important barrier.

Apparent factors:

- Logical-rational
- Conscious
- Material
- External
- Facts
- Expertise

Hidden factors:

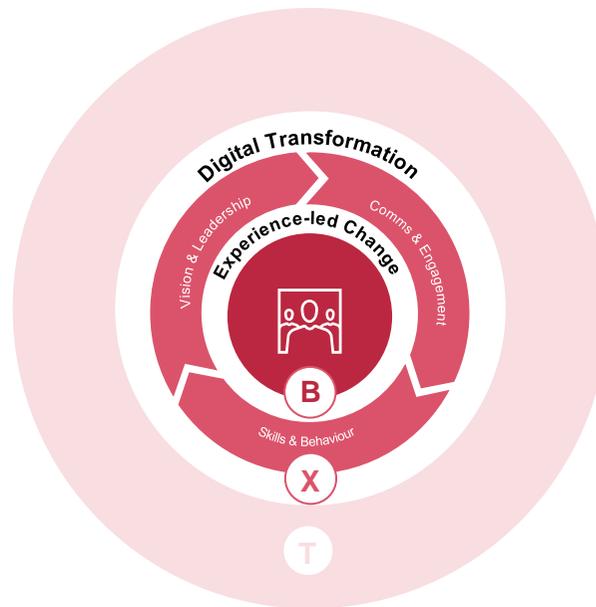
- Emotional
- Unconscious
- Immaterial
- Internal
- Emotions
- Social skills



Our approach to experience-led change maximises buy-in and collective success resulting from new ways of working. By taking a human-centred approach, HR can focus on employee perspectives to understand their needs, motivations, and roadblocks. This allows the organisation to navigate ambiguity through empathy, expansive thinking, and experimentation, to co-design the best solutions and allow employees to have a sense of ownership of the results.

By leveraging human-centred service design, PwC's Katzenbach Centre, and MG Taylor facilitation techniques, our Experience-Led Change methodology will put your employees at the heart of all transformation efforts and accelerate the change needed, generating the excitement and commitment required to make lasting change and enabling people readiness and change mindsets.

To establish this comprehensive change management approach, PwC's Katzenbach Centre recommends identifying your "critical few" behaviours. The "critical few" are high impact, easy to implement behaviours that influence how employees behave, think, and believe in the organisation's vision. They provide HR teams with a powerful base that can support a self-sustaining, fit-for-purpose, high-performing culture.



As well as recognising different employee experiences, journeys, needs, and roadblocks, you must account for both physical and virtual communication and engagement channels. You must understand what inspires your people, and design creative ways to engage them. This should be founded on clear metrics, such as employee retention and satisfaction, to measure and inform each phase of change.

Leaders rethinking & reconfiguring for the future

Leaders must rethink how things work today with the future in mind and start to reconfigure how the business operates to sustain high performance in the future.



ORGANISATION-LEVEL CHANGE FACTORS



No clear strategy or vision from management



Digital transformation does not focus on the values being generated



Unrealistic about what can be achieved in a timeframe

PEOPLE-LEVEL CHANGE FACTORS



Limited focus on delivering user experience



Lack resources to find talent or develop the new skills required



Employees do not see the direct benefits to them

Within our approach, it is crucial to gain strong and visible commitment from leadership. Leaders must rethink how things work today with the future in mind and start to reconfigure how the business operates to sustain high performance in the future. Setting a coherent and strong tone from the top will encourage adoption.

Leaders must drive and own the change management process. HR must start by designing the experiences of leaders, incorporating their ideas, concerns, and objectives. From here, take a forward-thinking mindset, identify the 4-6 “critical” behaviours that resonate with your desired future state.

When considering how best to leverage technology, leaders must bridge the gap between the potential of technology and their people’s needs as well as reassess the structures that will support their people in the future. Delivering effective change calls for leaders who know how to leverage their influence and pull operational levers where appropriate, whilst nurturing the trust of their workforce.





Quantify, monitor and reinforce the levers for a high-performing culture

In order to galvanise your team, quantifiable goalposts setting our 'what good looks like' must be set early.



In order to galvanise your team, quantifiable goalposts setting our 'what good looks like' must be set early. Defining tangible Key Performance Indicators (KPIs) or Objectives and Key Results (OKRs) are fundamental to demonstrating impact.

There are some key considerations to ensure changes are measurable and sustainable. Firstly, leaders must hold themselves to these metrics. KPIs that reinforce the high-performing culture should then be embedded into the rest of the team, with individual scorecards to facilitate greater ownership and accountability for change. For the leaders, it guides their own development as role-models in the organisation and to support their high-performing teams.

To measure the impact of upskilling and reskilling, a balance of performance indicators across external (societal, market, digital, Emerging Tech trends that the organisation should be keeping up with), commercial (business service impact as a result of upskilling, e.g., customer satisfaction, digital app deployments, digital intrapreneurship) and people (employee engagement, turnover, promotions, redeployment). A balanced and flexible scorecard approach across these elements will help keep upskilling and reskilling efforts strategically on track.

According to the [Massachusetts Institute of Technology](#), companies that measure and innovate their employee experience are 25% more profitable than companies that do not. Monitoring employee experience against their journey and critical touchpoints allows HR departments to fail fast and adjust, ensuring that they provide the environment, skills and leadership that employees value and appreciate in the long-run.



Lessons learned



Businesses of all sizes and structures can implement experience-led change. SMEs must take advantage of their size. A nimble size provides opportunities to involve all stakeholders to share input at every stage of the transformation. They can also prioritise areas to upskill, and take a staggered approach so as to not rush into too much too fast.

In larger organisations, there is power in enlisting influencers. Establishment of a high-performing culture will be accelerated through the championing of multiple informal influencers across the organisation. Additionally, opening up and crowdsourcing leadership efforts can be a game-changer. Leaving the rethinking and reconfiguring to a small group raises the risk of forming the wrong structures and ways of working. HR must facilitate the inputs across the business to shape the culture collectively.

In closing, despite recent challenges, organisations have demonstrated impressive resilience. With the correct foundations in place, organisations, and society as a whole, are well-positioned to take these efforts further, and PwC is supporting SMEs and large organisations alike to build high-performing cultures that set people up for success in the New Normal.



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