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HFS' Four Phases of Paradigm Shock drives the people-powered organization

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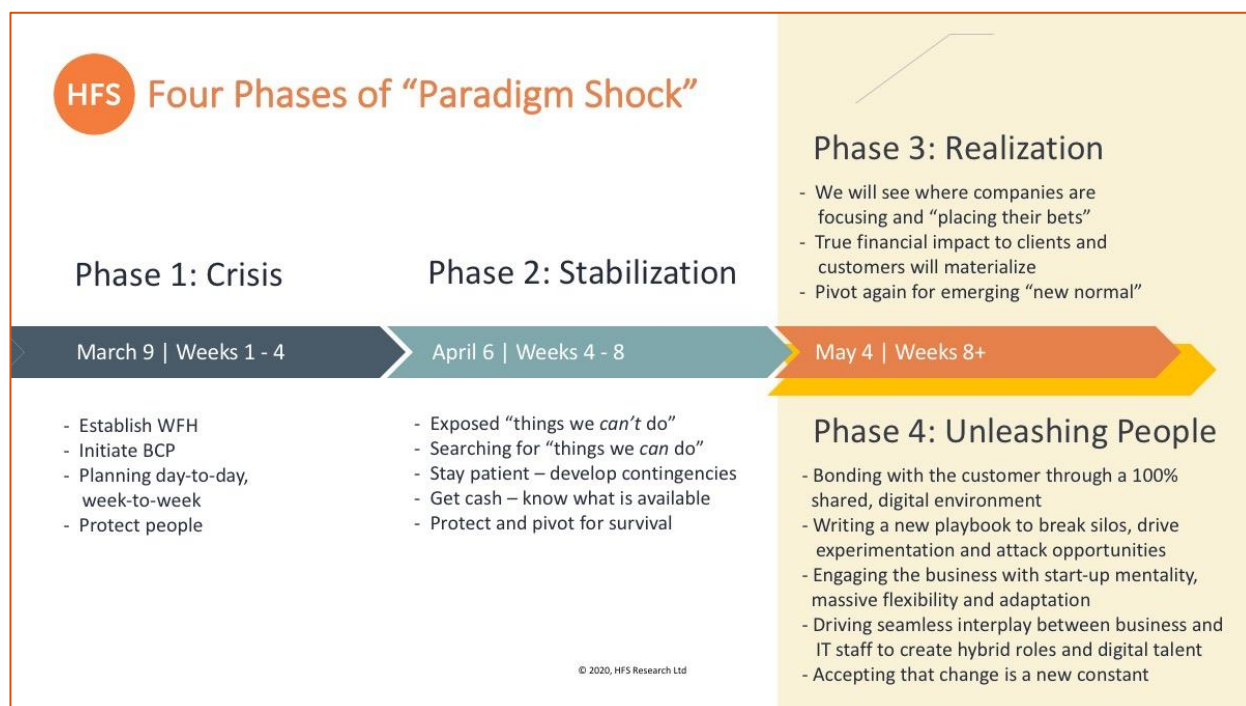
Defining Future Business Operations

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Gone are the days of complacency, where we had years of relative lethargy, where most enterprise leadership were comfortable running their organizations with legacy structures, content to manage age-old processes the same way as long as the profits rolled in. Suddenly, change that had failed to materialize over decades needs to be executed in weeks, coupling extreme creativity with mass mobilization of people and resources. Leadership needs to pivot at a pace many have never experienced, and only time will tell if organizations can ignite their people to turn the tides.

During April 2020, HFS surveyed 631 major enterprises across its global network to analyze the views and dynamics into the immediate and near-term impacts of COVID-19 to their organizations. One key theme arising from the study is a clear desire from leadership to protect their people as top-of-mind dictums for businesses. While protecting people initially unearths resiliency, it should ultimately unleash innovation. However, this is assuming that leadership embraces the Paradigm Shock to create a fluid environment where employees and customers are forever bonded through a shared, touchless, digital environment.

Exhibit 1: HFS' Four Phases of Paradigm Shock



Paradigm Shock Phase I: Crisis

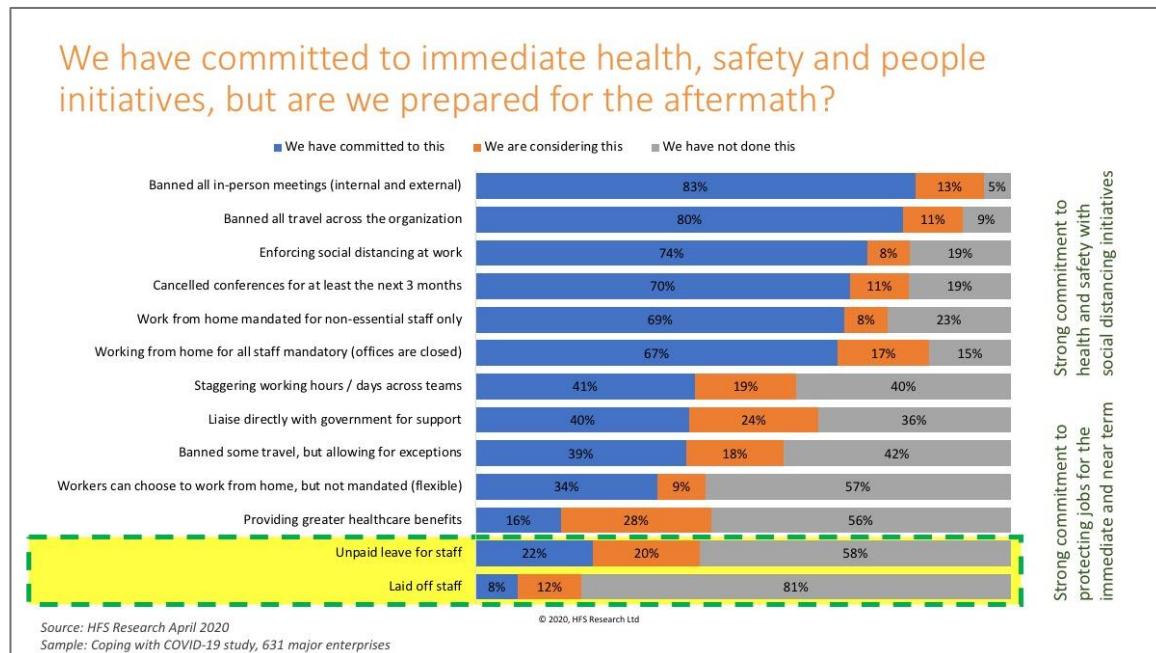
A foundation of trust: protect your people

Q: What message do you need to hear to help calm the noise of the uncertainty?

A: "That all measures [are] being taken, as long as possible, to protect people and prevent job loss."

Navigating the Crisis *en masse* has taken immediate adjustment across organizational, technological and personal frameworks, and in the midst of this, leadership would not be doing its job if it wasn't exploring ways to cut costs. According to the survey responses, a message has been received loud and clear: in the immediate and near term, organizations are focused on protecting their people.

Exhibit 2: Enterprise survey responses clearly indicate immediate commitment to health, safety and people initiatives



Source: HFS Research April 2020

Sample: Coping with COVID-19 study, 631 major enterprises

For enterprise respondents, 22% have committed to unpaid leave and 20% are considering it, whereas less than 8% have committed to laying off staff and less than 12% are considering it. For service providers and advisories, the numbers are even smaller: with only 15% committed to unpaid leave and less than 2% committing to laying off staff. These are clear indicators that most enterprises are not willing to jump straight into the age-old mentality of laying off people as the first sign of economic uncertainty.

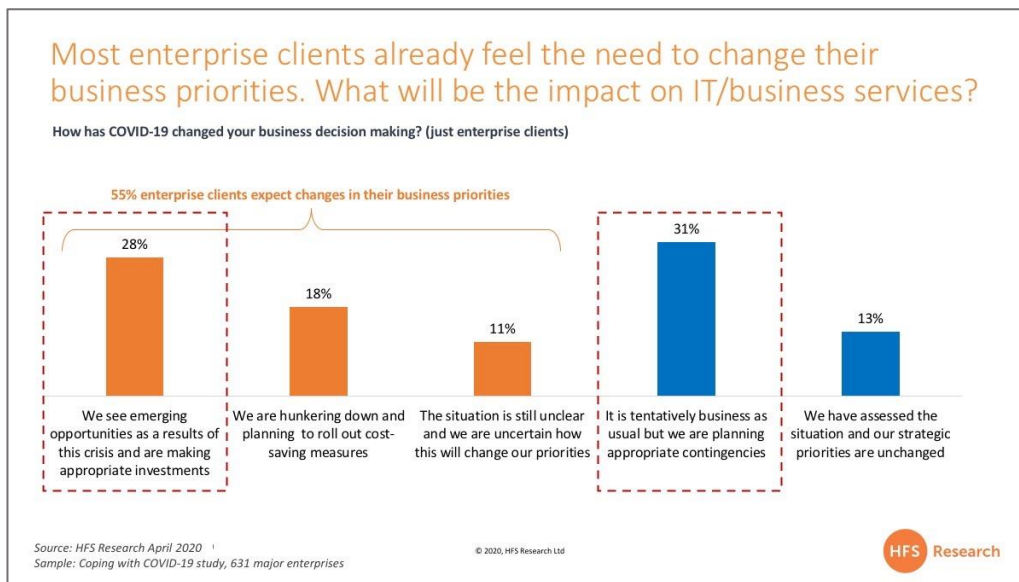
In protecting people, organizations trust that people in turn will take care of their teams, their leadership and the business to which they contribute.

Paradigm Shock Phase 2: Stabilization

As two roads diverge, travel both. Protect what will survive and pivot on concurrent opportunities

Organizations have entered into the Stabilization Phase, where enough clarity has emerged to understand what organizations *can't do* as well as what they *can*. For leaders seeking a clear directive, there is an unequivocal relationship between contingency planning and opportunity. Pay no heed to a fork in the road; commit to travel both paths. As noted by former Chairman and CEO of GE, Jeff Immelt, "You need to work 'two truths' at the same time. What is the worst case, and where are the opportunities? Protect the areas of your company that are not in the danger zone, while also defending the future."

Exhibit 3: Most enterprise clients already feel the need to change their business priorities



Source: HFS Research April 2020

Sample: Coping with COVID-19 study, 631 major enterprises

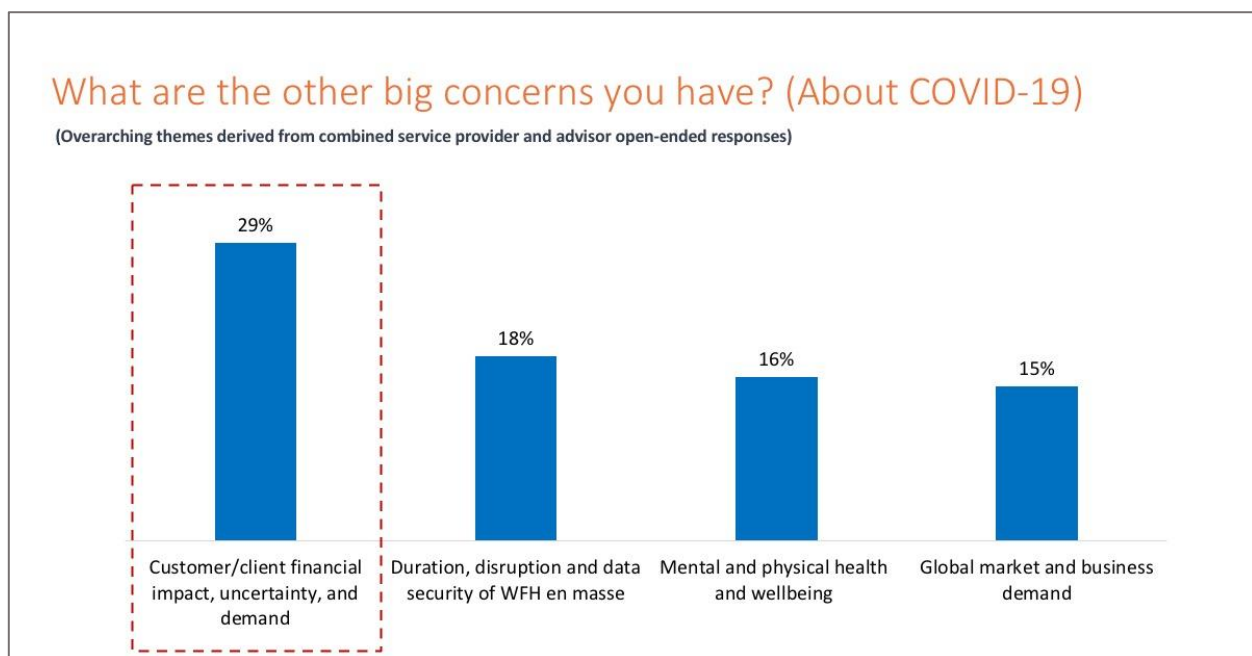
Exhibit 3 clearly illustrates how enterprises are following these “two truths”, with 28% embracing emerging opportunities and at the same time, planning for contingencies at a near-equal level (31%). Changing business priorities in a rapidly changing market may seem inherently juxtaposed to the very definition of “stability”, but the Stabilization Phase fundamentally represents stable ground from which leaders can establish directives on what to protect and where to pivot.

Paradigm Shock Phase 3: Realization

Defending the future: Move from being responsive to being innovative

The great expectation for the Realization Phase is the understanding of true financial impact to organizations, their clients, customers and supply chains. When aggregating open-ended responses to the question, “What are the other big concerns you have? (About COVID-19)”, 29% of respondents understandably noted customer/client financial impact, uncertainty and demand as the primary area of concern:

Exhibit 4: Customer financial impact, uncertainty and demand dominate uncertainly



Source: HFS Research April 2020

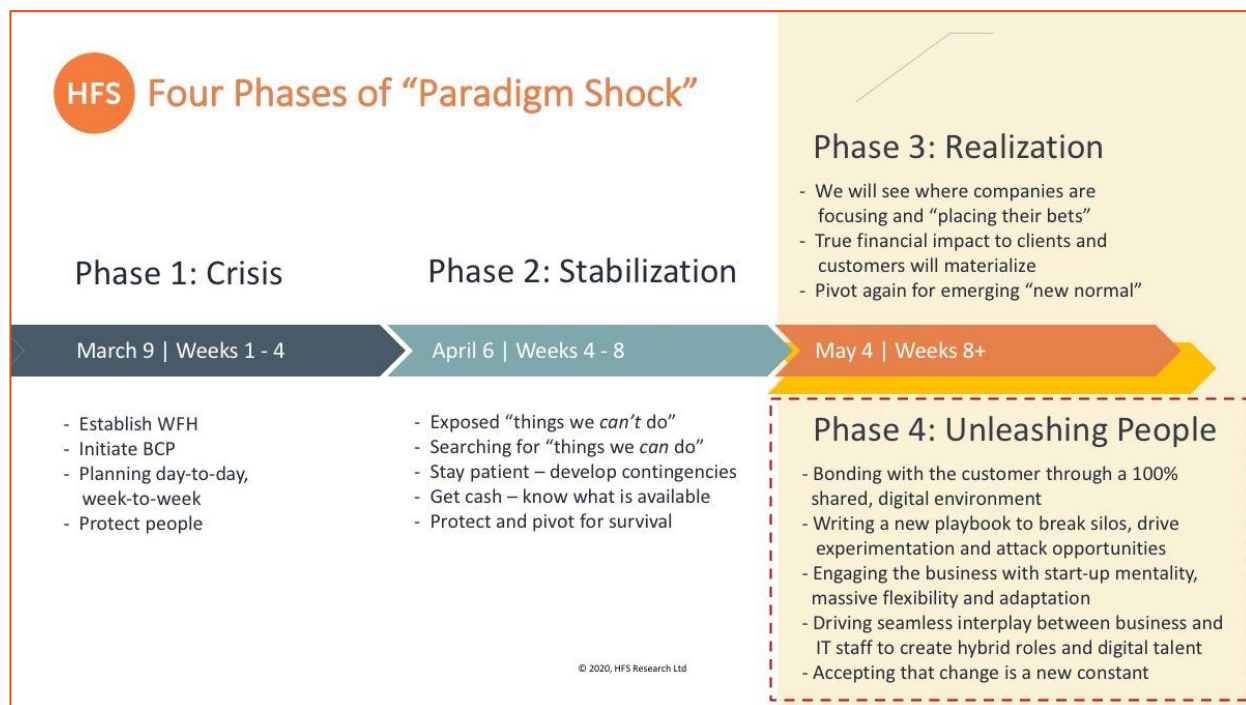
Sample: Coping with COVID-19 study, 631 major enterprises

As foundations for fiscal clarity arise, we will see organizations pivot again for the emerging post-COVID environment – placing bets more firmly into strategic opportunities for improvement and growth. At this time, the organization and its people can move from being responsive *to the immediate* to being innovative *for the next*.

Paradigm Shock Phase 4: Unleashing your people

People must engage the business with a lean start-up mentality where change has always been the known constant

Exhibit 5: Four Phases of Paradigm Shock



Organizations that will survive this Paradigm Shock require massive flexibility and adaptation across business models, technology architecture and execution, and its people must engage the business with a lean start-up mentality where change has always been the known constant. When people feel protected and connected in this "new normal," they can move flexibly between resilience and innovation, linking processes in new ways, cutting redundant connections, and writing new playbooks to attack opportunities.

But here's the catch: the organization must consistently eschew complexity for the singular purpose served through its work – connecting the business, *through value*, to its customer. And the customer has never been so close. People across the organization are bonded with the customer through a shared, 100% digital environment - with common purpose and common outcomes. The new duality between who is servicing the customer and who *is* the customer has never been so readily apparent.

The Bottom-Line: Surviving Paradigm Shock is all about the ability to pivot the business around the customer and unleashing people to make it happen

Whether forced or fluid, customers change – all of them – and companies must place people first, not only to change with them, but to unleash the enterprise. It's not about a framework per se, *but a mindset*, to reengage your culture and empower people to break silos, drive experimentation and advance business delivery. The danger of the current environment is getting lost in protecting without the pivot, where coming out strong into the new normal will be driven by key capabilities:

- To understand the business application of technology and use it as an accelerant to growth
- To reimagine change methodologies and leverage digital relationships
- To drive seamless interplay between business and IT to create hybrid roles and digital talent
- To rethink roles across the organization and break down legacy stovepipes
- To use data to make decisions instead of grappling with old messy methods
- To engage customers, employees and partners within the centerpiece of the strategy
- To cultivate culture and an experience architecture as vital ecosystems for success

As noted by Thales Teixeira in his 2019 business book, *Unlocking the Customer Value Chain*, today's leaders can "deliberately engineer business model innovation." When the vision is strong and the model is agile, leaders can harness the business application of technology to flex in new directions. We will emerge with a new wave of digitally-agile, data-savvy and super-energized businesses that are freed from the legacy infrastructures of old. Welcome to the new era of the hyperconnected, people-powered enterprise.

HFS Research authors



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[Phil Fersht](#) is a world-renowned analyst, writer and visionary in emerging technologies, automation, digital business models, and the alignment of enterprise operations to drive customer impact and competitive advantage.



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Sarah Little supports research, content and strategy on key “big industry” themes such as leadership, culture, and change management in addition to focused research on Employee Experience and the HFS OneOffice experience.

A nighttime cityscape with numerous illuminated buildings. Overlaid on the image is a complex network of glowing orange lines connecting various points, resembling a digital or data network. The lines are most prominent in the foreground and middle ground, creating a sense of connectivity and technology.

2020 DEFINING BUSINESS OPERATIONS IN THE NEXT DECADE

About HFS Research: Defining future business operations

The HFS mission is to provide visionary insight into major innovations impacting business operations, including: automation, artificial intelligence, blockchain, Internet of things, digital business models, and smart analytics.

HFS defines and visualizes the future of business operations across key industries with our Digital OneOffice™ Framework.

HFS influences the strategies of enterprise customers to help them develop OneOffice backbones to be competitive and to partner with capable services providers, technology suppliers, and third-party advisors.

Read more about HFS and our initiatives on www.HFSresearch.com or follow @HFSResearch.

The HFS logo consists of the letters "HFS" in a white, bold, sans-serif font, centered within a solid orange circle.

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