

McKinsey
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Mastering the hybrid workspace

How to lead in a post COVID world?

January 2022



epicenter

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The impact of COVID-19 has been unprecedented

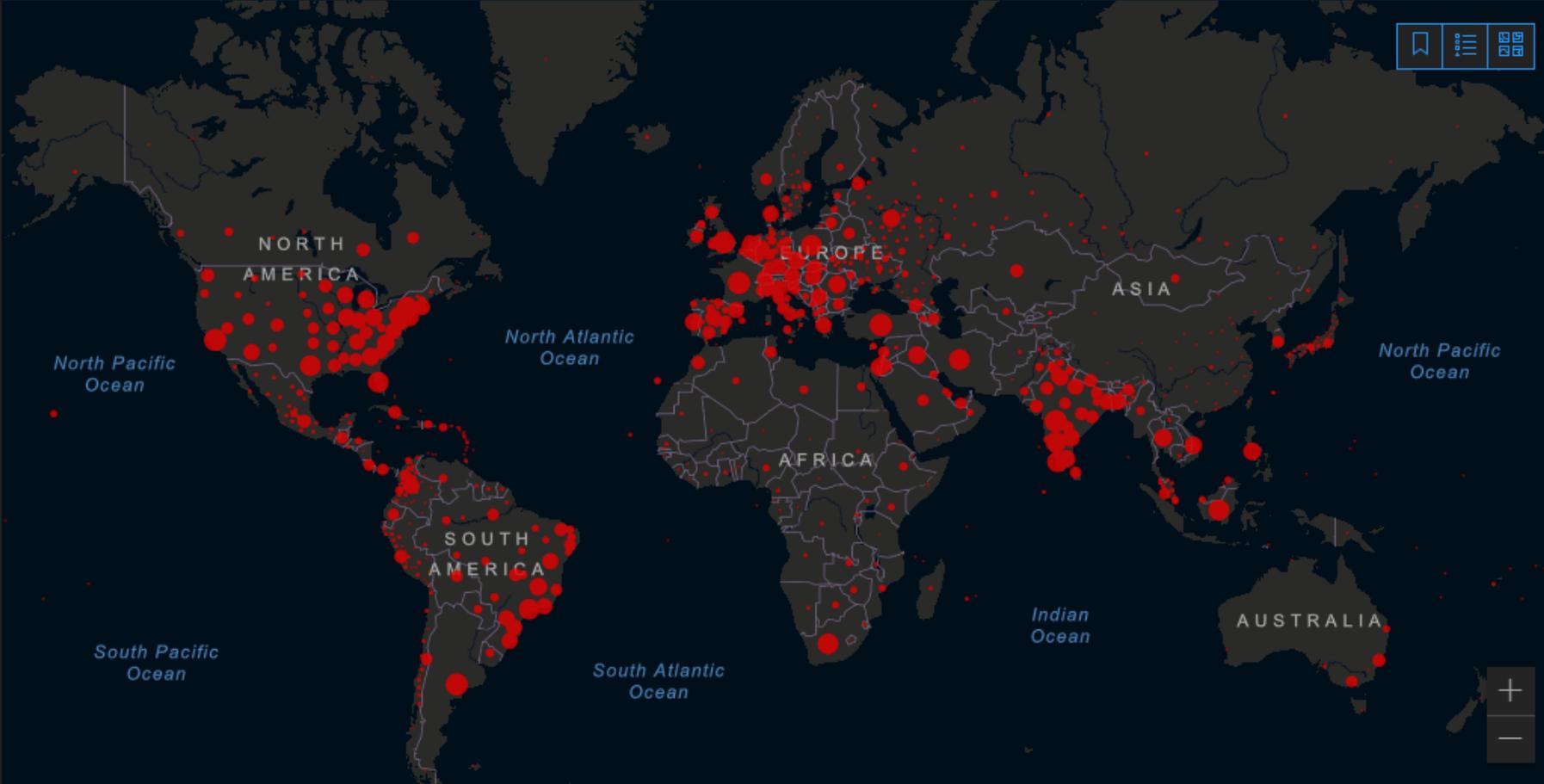
352 million

Total cases worldwide
As of today

5.6 million

Total deaths worldwide
As of today

Case Prevalance (approx. share
of population)

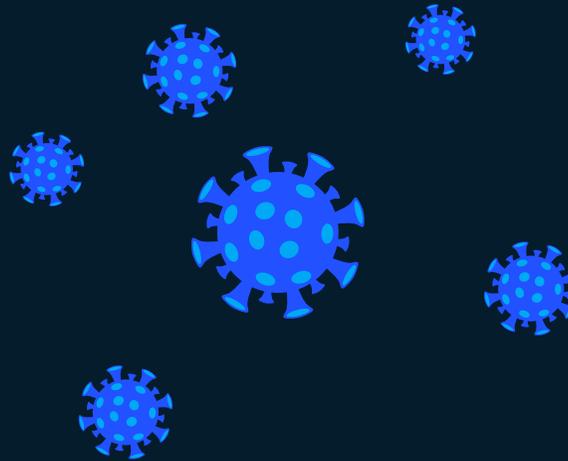
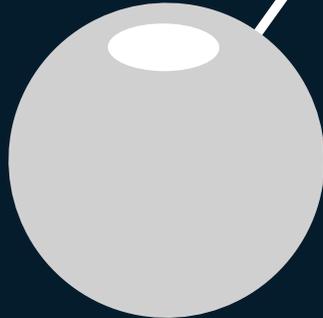


The Hybrid Paradox

COVID hits, first
hard shutdowns
are implemented

Since the onset
of office work

On site



Spring 2020

Remote

First easing of
confinements

2021 onwards

Experiments

Companies respond to the paradox in different ways



Back to the office



Fully remote



Hybrid remote



Innovative solutions

Goldman Sachs

Upwork



amazon

JPMORGAN CHASE

slack

 **Microsoft**

facebook

WELLS FARGO

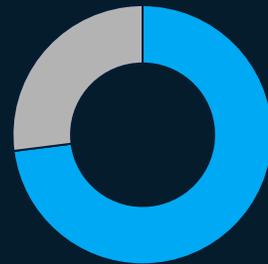
 **Square**



 **Spotify**

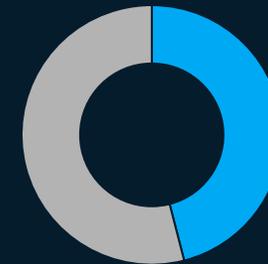
The Hybrid Paradox

Employees have conflicting interests



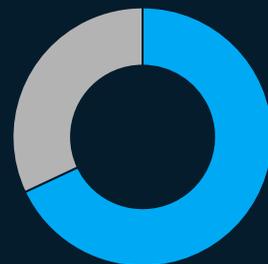
63%
of employees hope for a hybrid or fully remote model

At the same time

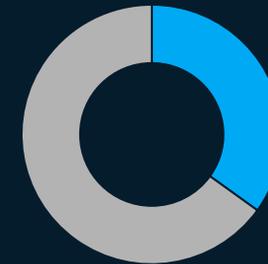


46%
of employees fear that remote work will worsen work-life balance and risk connectivity

Companies are under pressure



68%
of employees are still waiting to hear what their future workplace will look like

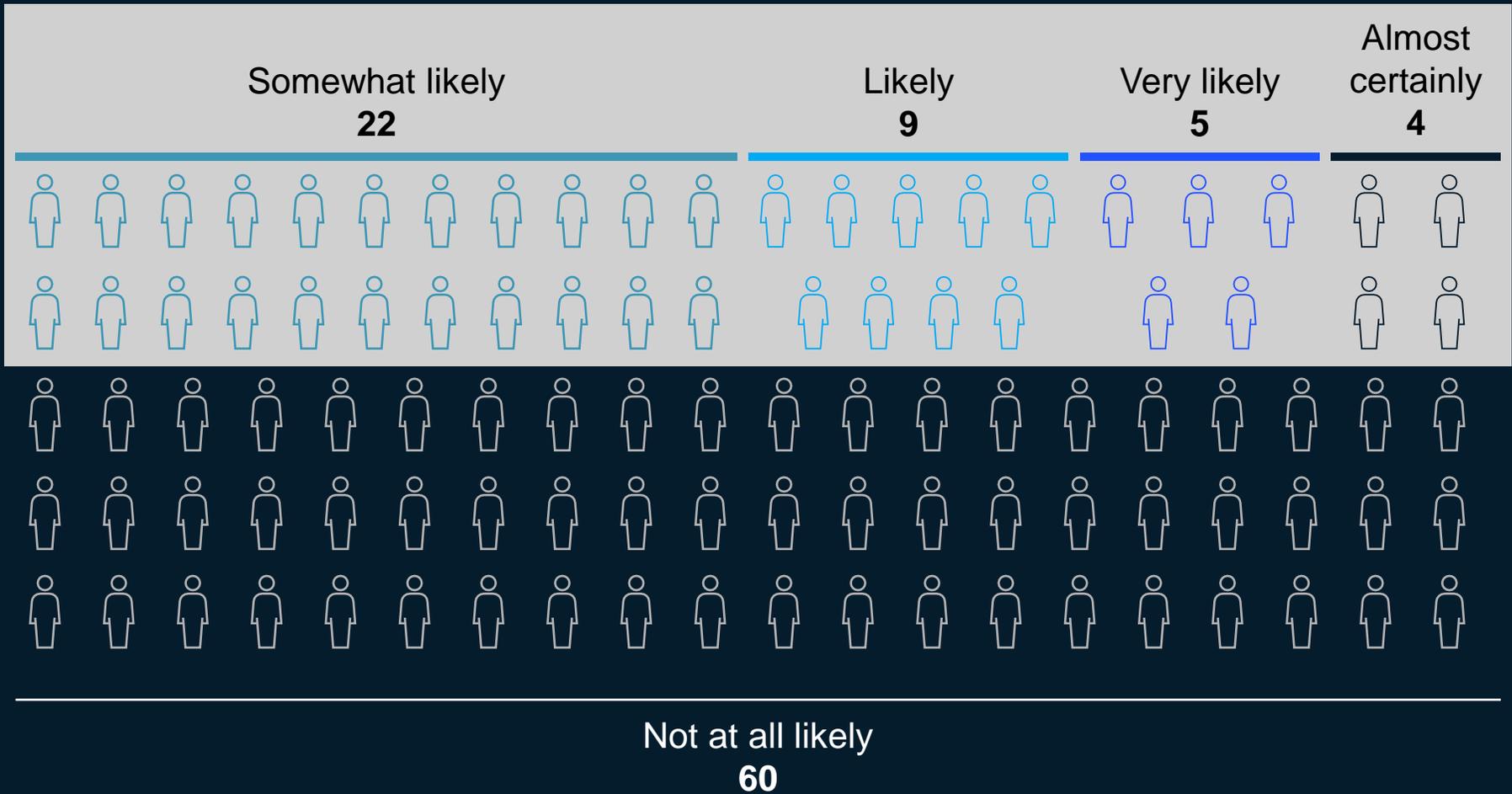


29%
of employees globally would consider switching employers if went back to a fully on-site model

The “great attrition” is real and appears widespread across industries

Likelihood that employees will leave their current job in next 3-6 months, percentage of respondents

40%
of employees stated that they are at least somewhat likely to leave their current job in the next 3-6 months



Source: 'Great Attrition' or 'Great Attraction'? The choice is yours, September 2021

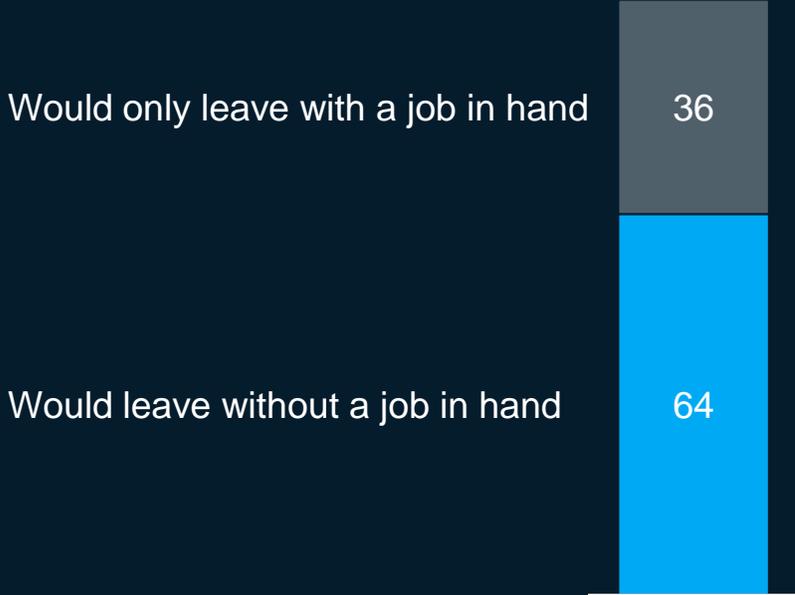
Attrition could get worse, since employees are willing to quit without a job lined up

Share of respondents, %

Employees who have recently quit (n = 845)



Employees who are at least “somewhat likely” to quit in next 3-6 months (n = 1,960)



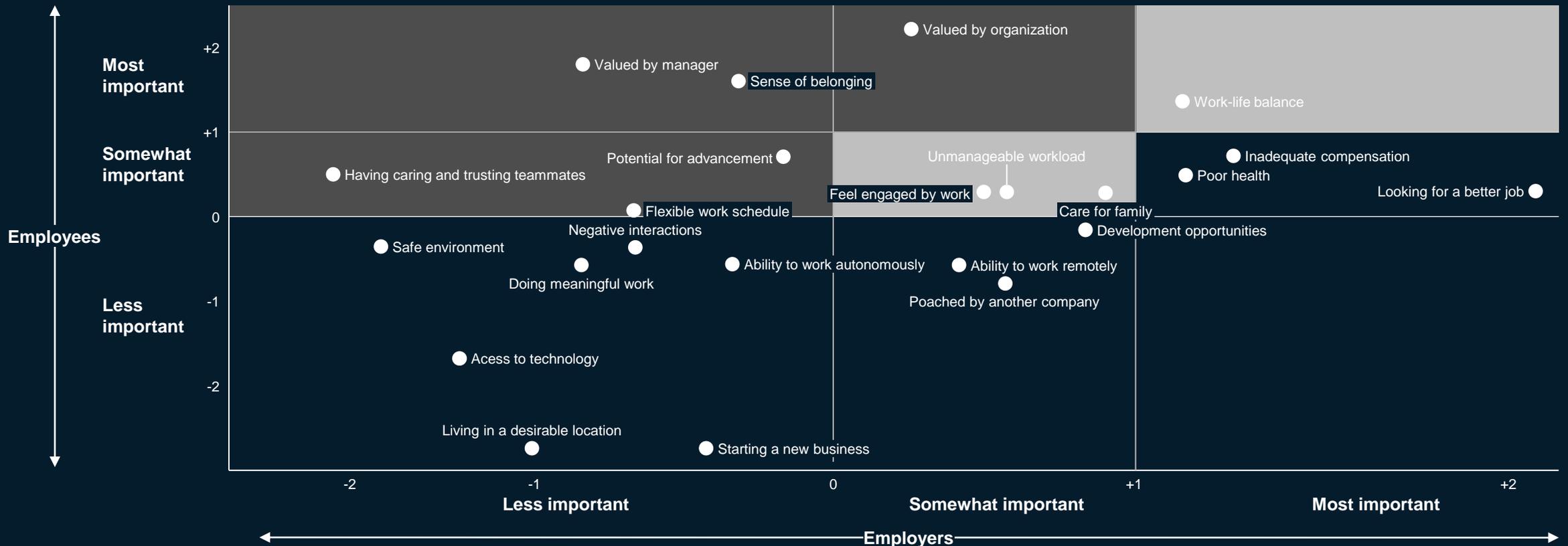
Employers do not fully understand why employees are leaving

Factors that are important to employees vs. what employers think is important

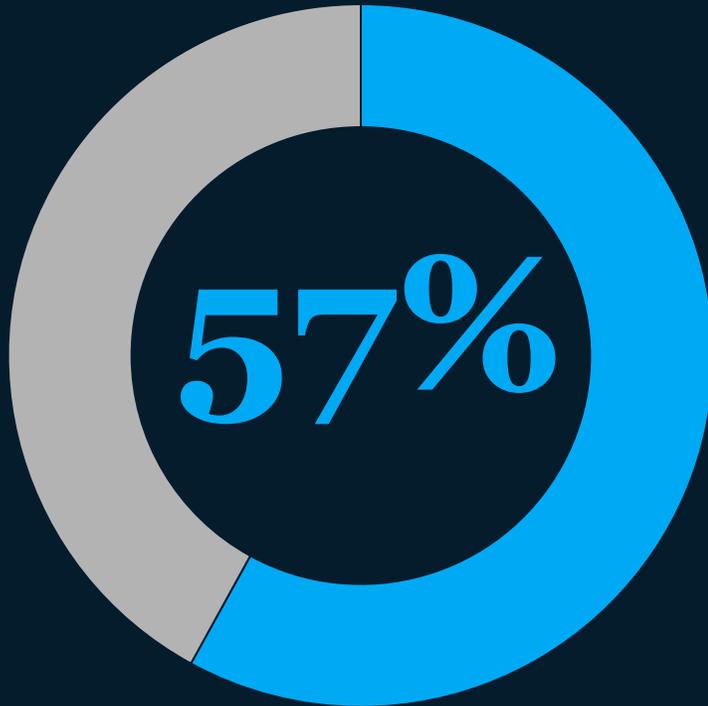
■ More important to employees than employers appreciate

■ As important to employees as employers think

Employers seem to overlook the relational elements that are key drivers for why employees are leaving such as lack of belonging or feeling valued at work



Leadership in remote setting becomes competitive advantage



Of most productive organizations have fully trained their managers on how to lead teams more effectively in remote settings

Facebook introduces dedicated role ("Director of Remote Work") to facilitate leadership in a new, virtual environment

Many key leadership activities are expected to change significantly

Leadership activities	What it looked like pre-COVID	How it's evolving in the current context
 Strategy development	<ul style="list-style-type: none">• Annual planning cycles that take ~9 months• Top team closed door annual meetings	<ul style="list-style-type: none">• Two-week sprints to reflect customer-centric developments• Ecosystem mindset to evolve strategy based on broader connections and business implications
 Business performance management	<ul style="list-style-type: none">• Quarterly business review cycles that are too far removed to course correct• Data scattered across the organization	<ul style="list-style-type: none">• Daily top-team stand-ups to address mission-critical decisions• Single source of truth data that unites business priorities
 Organizational leadership	<ul style="list-style-type: none">• Large organizational transformations taking ~2 years to complete• Large in-person conferences and leadership retreats• Stale leadership development rotational programs	<ul style="list-style-type: none">• Virtual global roadshows (e.g., share one thing you're proud of and one you want thought-partnership on)• Company-wide, virtual "fireside chats" with leadership• Leadership development focused on new capability building (e.g., analytics, digital, omni)
 Customer relations	<ul style="list-style-type: none">• Annual, in-person top-to-top sales meetings• Siloed insights	<ul style="list-style-type: none">• Remote check-ins to keep pulse on key customers• Ecosystem relationship mindset (e.g., dedicated comms channel – Slack, Teams, WhatsApp – to stay close)
 External relations and board management	<ul style="list-style-type: none">• Week-long industry-wide investor conferences (e.g., CAGNY)• Quarterly board reviews requiring 2 months of prep work	<ul style="list-style-type: none">• Virtual go-and-sees (internal and external lens) to bring business to life (e.g., show, don't tell)• More frequent check-ins to provide transparency and mitigate risks

Certain leadership behaviors have become increasingly important since the onset of COVID-19

Leadership behaviors exhibited by the most effective leaders, change post vs. pre-COVID

Rising in importance

Being supportive/caring, i.e., demonstrating explicit empathy (+25pp)

Being employee focused (+23pp)

Being creative and entrepreneurial (+15pp)

Empowering, i.e., delegating to others and “standing back” (+15pp)

Promoting an open and trusting work environment (+25pp)

Embracing rapid decision-making (+14pp)

Having comfort with ambiguity (+13pp)

Remaining in importance

Challenging, i.e., being provocative to inspire others to go above and beyond

Managing consequences and accountability

Showing operational excellence

Establishing performance contracts

Taking a holistic view of specific outcomes

Focusing on competitive insights

Focusing on the customer

Falling in importance

Consultative leadership, i.e., involving / empowering employees through communication / consultation (-26pp)

Authoritative leadership, i.e., leading from the front (-18pp)

Promoting internal competition, i.e., fostering competition within teams in pursuit of greater performance (-15pp)

Making fully informed decisions, i.e., having all the facts before acting (-13pp)

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Thank you!

Backup

... and the government economic response has been immense

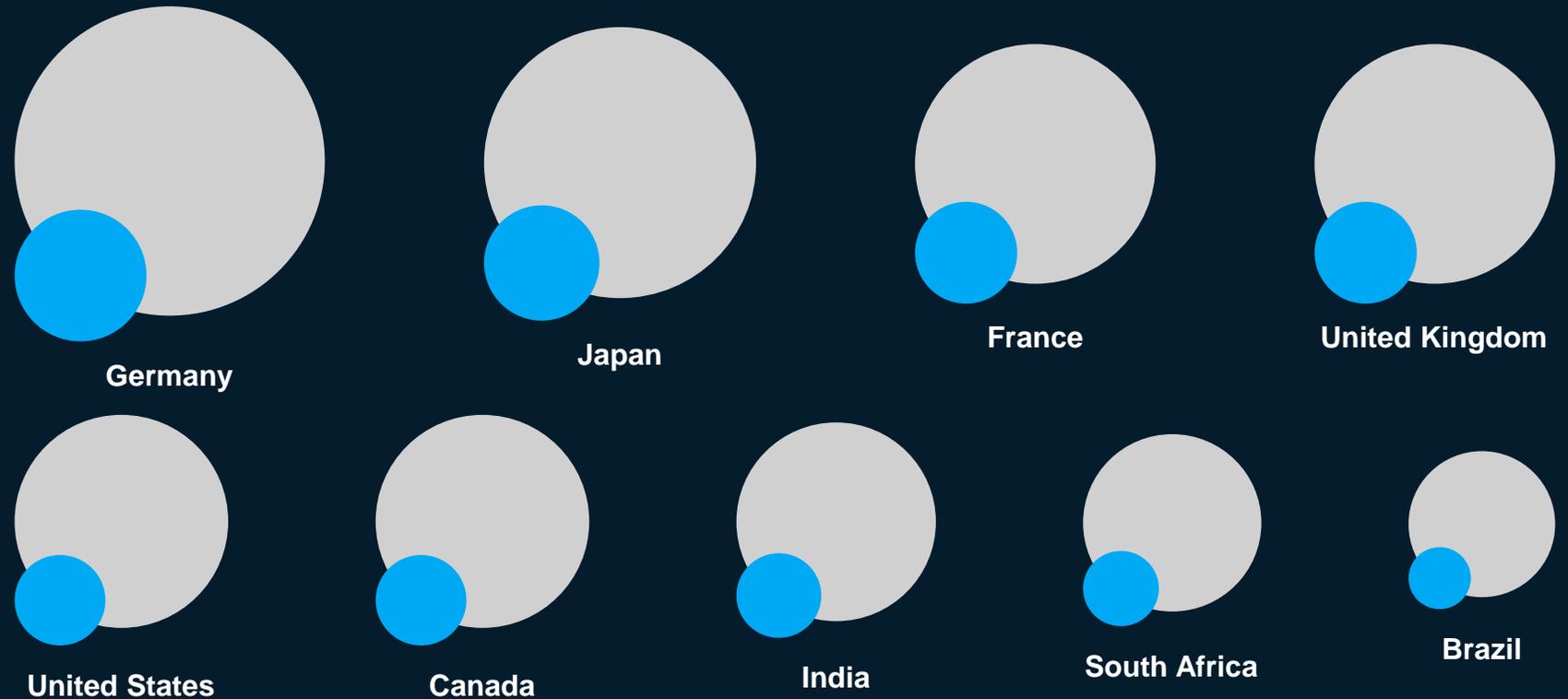
Governments throughout the world realized early that health-related lockdown would lead to widescale economic damage. With business shut down and - in some countries - record unemployment, they moved quickly to prop up their economies and support their people. Globally, governments allocated a stunning **\$10 trillion for economic stimulus** in just two months. That was triple what they spent during the entire 2008 - 09 financial crisis.

(Published in June)

Across countries, economic - stimulus responses to the COVID-19 crisis outsize those to the 2008 financial crisis

Economic - stimulus crisis response, % of GDP¹

● 2008 financial crisis² ● COVID-19 crisis



1. GDP taken into account for values related to COVID-19 crisis

2. Data published by International Monetary Fund in March 2009; includes discretionary measures announced for 2018 - 10