The Return: How Leadership is Transforming

By Neill Hunt

Western countries are preparing to ease lockdowns. While many shop-floor employees have worked throughout the pandemic, companies are now considering how to return the others to their workplaces. This is not only immensely complicated, but it will also add to the burden senior leaders already face. Over the last two weeks of April, Egon Zehnder convened virtual gatherings of scores of global executives to discuss the leadership challenges of the return.

Demands on leaders are already immense

Leaders are undertaking one of the greatest sense-making exercises in a generation. Exacerbating this complexity is uncertainty over testing and vaccines, government policy, public sentiment and consumer tastes, to name just a few. Many companies face devastation from the economic fallout of the pandemic. The experience in China, where competition is now more intense than it was before the pandemic, suggests that the challenge could grow as lockdowns are eased and more employees return to work.

The future is unknowable, but leaders need a way to help their teams plan and make decisions. Classic strategic planning tools like pre-mortems and scenarios are enjoying a renaissance. A simple set of three or four scenarios can take just a day to produce but will ground an executive team's planning for months. As scenarios are not predictions, their accuracy is counter-intuitively not that important. Their

purpose is simply to ensure that strategies will be successful across the range of most likely outcomes. Ultimately leaders can only "control their controllables." Scenarios can help get executive teams out of a cognitive doom loop or away from straight-line extrapolations (which are painfully common) and onto positive actions they can be confident in taking.

The leadership opportunity

The gravity of the situation will vary by industry, with some companies facing existential challenges, and others enjoying a boom with management simply keen to get back into the office. Many leaders are nonetheless seeing this as an opportunity to reshape how and where work gets done. For many, working from home has gone well, with some added benefits such as flexibility and employee empowerment. Recognising the need to reconnect, some leaders are now exploring a hybrid model in which offices become a place to collaborate and the opportunity to work remotely is normalised and extended to more employees.

The risk tightrope

Leaders will be rightly focused on the health and safety (H&S) of their employees and customers as they return to their workplaces, fully aware that a single coronavirus case could shut down a facility. There are concrete if sweeping steps that employers can take to improve the H&S of their sites: leaders will need to implement and then role-model these, while accepting that employees will have strong views of their own on what is appropriate. Behind this responsibility sits a potentially immense and poorly understood legal liability for employees who contract coronavirus at work, with lawsuits already launched in the US (recognising of course that the US could be a legal outlier). Changes in public policy here could nonetheless completely reshape a national economy. Carefully following and wherever possible exceeding guidance given by local governments seems prudent.

Corporate reputations may be another casualty of the coronavirus crisis. Some companies have suffered huge reputational damage by increasing prices, releasing employees, or not providing workers with correct PPE. By contrast, others have seen their reputations burnished by producing ventilators or PPE, maintaining or improving customer service levels, supporting NHS workers or pledging not to release employees. Reputational risk will grow as employees return to their workplaces and operations restart.

Striking the right balance between supporting all stakeholders and preserving business performance will be critical: there are steep drops on either side of this tightrope.

The increased importance of leadership

Employees are on an emotional roller-coaster right now: fearing for their health and livelihood; processing contradictory information; dealing with significant non-work issues; caring for others; and feeling lonely and disconnected. Most importantly, perhaps, is the lack of a clear way forward. Returning to the workplace will alter the nature of the challenge, but will be no panacea: necessary changes to the office environment will make it much less warm and engaging, and many employees will see a return to work as a scary development. Leaders will need to bring an immense amount of support, purpose, inspiration and planning to counteract these factors and reconnect with employees. This will be particularly true if a site suffers a COVID-19 case: the importance of leadership behaviour in communicating, building trust and helping employees overcome fear cannot be overstated.

Companies' approaches to leadership may undergo a more fundamental change. Many industries have seen a trend towards centralised, functional organisations, but companies are now realising the value of local leaders during the pandemic; their presence is vital in improving employee engagement, and in responding to unique local conditions. The value of agile, cross-functional teams is also evident. This may swing the pendulum back towards decentralised leadership.

All of this places an immense burden on leaders, and with adrenaline starting to run out—and years of work evaporating in weeks—many executives are starting to suffer emotionally. Leaders must take steps to increase their own resilience for what will be a long and difficult journey. This requires measures like staying focused on their own purpose, taking good physical care of themselves and remaining connected to social support. Leaders must also transition to the new reality with speed, and—while recognising that employees will lag behind them—bring their teams along on the journey. This entails: first, letting go of previous realities and resetting expectations; second, coping with and managing the ambiguity by innovating and experimenting; and third, identifying the new beginnings, with the vision, purpose and new ways of working to match.

A new approach to management

Leaders will soon be working on more levels of abstraction than they are used to: from the strategic, where many will worry about an existential threat to their business model, to the detailed, where a single workplace coronavirus case could shut the site and result in deaths. Managing this spectrum is difficult, and so ideally a separate team should handle the long-term and strategic planning.

Leaders will need a robust "battle rhythm" of meetings to direct their organisations, possibly using an agile management system. For many this will mean more meetings. With so much uncertainty and time being so critical, a culture of innovation and experimentation should replace the standard corporate approach of analysis, debate and planning. Meanwhile, strong managers must develop and execute a whole host of policies, procedures and changes to the workplace. At the same time, senior leaders must continue to "lead from the front," to both set the example and ensure good practice is being carried out.

New people issues will emerge

Mental health has already been recognised as a huge potential issue: humans are social creatures and this level of isolation is unprecedented. Leaders have a responsibility to attack the stigma and address the fear that prevents employees from seeking help, not least because working remotely is likely to persist for some time to come. That said, leaving the home's protective cocoon to return to the workplace will present a new challenge: fear at work. Leading teams through physical fear will be a new experience for most leaders. Some employees will simply refuse to return to their workplace, most because they believe themselves to be in a high-risk category, but some for personal reasons. Leaders will need to start with support, but shift to managing for performance over time.

Other people issues will be sensitive too. In some companies, frictions are starting to emerge between shop-floor workers and white-collar employees working from home. Leaders must find a way to enable open communication between the two; a little recognition and appreciation goes a long way. Diversity and inclusion plans may also come under pressure, as caring responsibilities may put more pressure on women, in particular, to revert to traditional gender roles.

The end of the beginning

Working from home created many challenges but at a certain level these were foreseeable: most knowledge workers already had experience working remotely. As leaders return to the office they will face a curious situation: same business, same people, same building, but different and much more complex problems to solve.

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Covid-19 Micro-Website

We have launched a micro-website where this and other informative pieces are posted. This site will be regularly updated: click here for further details.

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