

Reimagining the post-pandemic organization

The organization of the future is taking shape in the moves that companies are making now. Here's what's changing—and why some companies say they won't go back.

It's said that the worst of times brings out the best in people; as it happens, this is true of organizations as well. All over the world, companies are being challenged by the COVID-19 crisis to find new ways to serve their customers and communities. Many are rising to the occasion. Almost every leader we speak with has an inspiring story of radical, positive change in how work gets done and what it can accomplish. Here are a few examples:

- A fast-food chain that had to shutter its operations avoided layoffs by partnering with a health and wellness retailer, thus helping the retailer meet spiking demand in a newly designated “essential business.”
- One large retailer dusted off a pre-pandemic initiative to launch a curbside-delivery business. The work plan said 18 months. When the lockdowns hit, it went operational in two days.
- A financial-services company transitioned more than 1,000 of its global operations staff to work-from-home arrangements, equipping them with new technology within 72 hours to ensure business continuity.
- A retail conglomerate in the Middle East retrained 1,000 people in two days, redeploying them from a suddenly stagnant business (movie theaters) to a booming, critical one (grocery retailing).

Of course, some of these outcomes might simply be from “organizational adrenaline”—heroic efforts that are unsustainable. We know that many people are working harder than ever and risk suffering fatigue and burnout. However, we also see signs that the opposite is happening. Amid the fear and uncertainty, people are energized as companies make good on purpose statements, eliminate bureaucracy, empower previously untested leaders with big responsibilities, and “turbocharge” decision making. As one executive we spoke with observes: “Our senior team meets every morning for 30 minutes. It's incredibly productive. We make decisions and go. We don't have full information, but that's OK—we can't afford not to move.”



About this article

This article is a collaborative effort between **Gemma D'Auria** (a senior partner in McKinsey's Dubai office), **Aaron De Smet** (a senior partner in the Houston office), **Chris Gagnon** (a senior partner in the Austin office), **Julie Goran** (a partner in the New York office), **Dana Maor** (a senior partner in the Tel Aviv office), and **Richard Steele** (a partner in the New York office).

The subtext of comments such as these is a recognition of previous dissatisfaction. Organizations felt too bureaucratic, too insular, too inflexible, too slow, too complicated, and often more focused on profit than on people.

The COVID-19 pandemic and resulting economic shock have changed none of these things and, at the same time, have changed everything. Inertia is clearly riskier than action right now, so companies are mobilizing to address the immediate threat in ways they may have struggled to when taking on more abstract challenges, such as digital technology, automation, and artificial intelligence (all of which still loom). Bold experiments and new ways of working are now everyone's business. Will the new mindsets become behaviors that stick? We don't know. Did it take a pandemic for organizations to focus on change that matters? Too soon to say. Still,

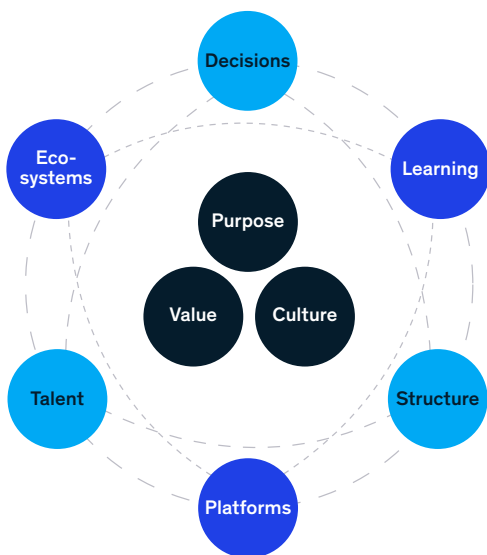
as one leader we spoke with puts it, "How can we ever tell ourselves again that we can't be faster? We have proved that we can. We're not going back."

If that's so, how can leaders accelerate their companies' journeys toward becoming not only faster but also better for customers, employees, and society at large? In this article, we look at three mutually reinforcing areas (exhibit) that together provide glimpses into what a post-pandemic organization could look like. They are management imperatives in "normal" times. Right now, they are test beds for intense experimentation and soul searching, as they get to the core questions that organizations must always seek to answer for themselves: Who are we? How do we operate? How will we grow?

Exhibit

The post-pandemic organization will take shape along three dimensions.

- Who we are
- How we operate
- How we grow



Who are we?

The speed of the pandemic surprised everyone. So, too, did the fast reflexes of some companies: even their own leaders were shocked at how quickly colleagues stepped up, made dramatic changes, and began performing at new levels. Fear for corporate survival surely played a part, but our conversations with global leaders suggest that stronger motivations were a clear sense of corporate identity and a desire to simply be there for customers and for one another. More love than fear, in other words. How do you know if you're in such an organization? Simply put, you know who you are and what you stand for as a company; this becomes a "North Star" that guides people in times of chaos and uncertainty. You know why and how your company is different from any other: why it exists, how it creates value, and "how we run the place."

Take a stand on purpose

Do CEOs even have time to consider corporate purpose these days? For some, the answer is a quiet no; the urgency of the moment makes it easy to overlook pre-crisis commitments to things beyond making money. This is a mistake. Employees, customers, suppliers, and communities are watching—and will have long memories. If the pandemic is teaching us anything, it's that people and organizations are interconnected and responsible to one another and to society in ways beyond short-term earnings. David Craig, CEO of Refinitiv, a provider of financial-market data and infrastructure,¹ puts it this way: "What will matter is whether you actually took actions to take care of [employees'] health, not whether you just said you care."

Alain Bejjani, CEO of Majid Al Futtaim (MAF)—a Dubai-based conglomerate that includes shopping malls and retail, leisure, and entertainment businesses—cautions against nearsightedness when it comes to purpose. "Some organizations," he notes, "have traded their long-term sustainability for short-term outcomes. When a crisis such as COVID-19 strikes, if you have a strong culture and a shared sense of purpose that your leaders role model every day, you can weather the storm better than most."

Bejjani goes on to describe MAF's vision of "creating great moments for everyone, every day" as "the embodiment of a social contract we have with our employees—not only our customers" and a key part of the company's commitment not to lay off employees or cut salaries during the crisis. Bejjani links MAF's commitment to employees to the Napoleonic legal construct of *affectio societatis*—the willingness to be together. "What underlies the 'yes' is a 'no,'" Bejjani says. "This is totally voidable by either party. It is like a marriage in this way. A company is not a company unless it is underpinned by this desire to be together."

David Schwimmer, CEO of London Stock Exchange Group (LSEG), describes the importance of serving small and medium-size enterprises (SMEs) in terms of purpose, not profit: "We've spent a lot of energy over the years being supportive of the SME sector through our various platforms. For us, that has always been about having a social value as opposed to generating financial value for [the group]. It's an important part of what we do for the broader economies in which we operate. Especially now."

¹ In August 2019, London Stock Exchange Group announced its intention to acquire Refinitiv, subject to regulatory approvals.

As the comments of these CEOs suggest, it's "put up or shut up" time. Defining purpose in slogans and statements is the easy part. What makes purpose real is following through on its implications and letting it guide the choices you make.

Reimagine value creation

Inside the videoconferences that pass for C-suites these days, the economic effects of the pandemic are revealing the extent to which leadership teams knew precisely why, where, and how their organizations created value all along. Many don't like what they're learning.

Choosing strategic responses and priorities is hard enough right now, and it is significantly harder for companies that lack crystallized value agendas that would help them get beyond the overall numbers to zero in on precise actions and opportunities to shift resources effectively. By contrast, companies that have such a view are more likely to be able to pivot operations and reallocate resources swiftly—attributes that will only become more important as a new competitive landscape emerges from the seismic economic shockwaves we're experiencing now.

Reallocation means shifting human capital, not just money. MAF, for instance, had already been keenly aware of the potential for value disruption in its cinema business, given the rise of streaming services. When demand for movies flatlined because of COVID-19-related lockdowns, the company moved fast. In two days, it reskilled and redeployed more than 1,000 employees from its cinema and shopping-mall units to the grocery-retailing business, in which demand was soaring. The company's clear sense of how it could preserve value for itself and create it for customers helped it quickly take decisive action, consistent with its purpose.

Similarly, Refinitiv saw how it would have to make better use of data quickly to continue providing value to its customers. Over a weekend, company leaders met virtually to distill the value-creation agenda to a handful of priorities expressed on a single sheet of paper—giving clear direction to its employees about how to support customers through the pandemic. This move had implications for how the company organized its responses, as we describe later.

Get intentional about your culture

One simple yet telling exercise we've conducted with senior executives goes like this: take scraps of paper and copy down half a dozen corporate statements about culture, lightly anonymize them to remove obvious mentions of products or markets, and then see who can pick their own company's statement from the pile. The result is often humorous, revealing the extent to which companies "talk a good game" about culture, often using precisely the same language.

No one's laughing now. Organizational culture may seem invisible during prosperous times, but in moments of crisis, its presence can be seen clearly in the collective behaviors that either help a company pull together and get things done or lead to inertia, confusion, and even mistrust.

Rodney O. Martin Jr., chairman and CEO of Voya Financial, describes seeing the benefits of a performance culture firsthand during the earliest, most bewildering days

of the current crisis. He recounts how middle managers at the company announced its new work-from-home guidelines and encouraged their teams to feel comfortable making the shift—right away, if they chose. The decision came from people who would normally never make it, and it arrived without hand-wringing. But it wasn't a surprise to Martin. It was in keeping with a cultural value the company had intentionally prioritized: caring for one another. "People here do the right thing," Martin says. "The message has very much been 'we care about you.'"

Every successful, high-performing culture has its own unique behavioral recipe for how it runs the place. Still, there are observable patterns, combinations of practices, that companies can use to accelerate performance. Voya Financial's example suggests that one particularly important management practice right now is striking the appropriate balance between supportive and challenging leadership, as this encourages people to step up and lead in new ways. Another is personal ownership, which takes root when conversations within organizations shift from "I'll give you the task; you manage the internal processes to get it done; and I'll challenge you to do better" to "you own the outcome; you do what it takes to make a real difference; and I'll support you in taking calibrated risks."

How do we operate?

The coronavirus pandemic has motivated many companies to amplify and accelerate the small, fringe experiments that were often previously confined to digital and analytics teams. It's no wonder why. Over the past few months, normal approaches to serving customers, working with suppliers, and collaborating with colleagues—or just getting anything done—all failed. As companies adopt new ways of working at speed and at scale, three lessons are emerging: a vindication for flatter, faster, nonhierarchical structures and approaches; the need to turbocharge decision making; and a reminder of the role of talent in making everything go.

Move beyond a 'hierarchy of bosses'

At heart, the move to more agile working structures has always been about two things. The first is encouraging a high degree of autonomy for people close to the edges of the organization (those closest to customers, partners, and communities) to make decisions, innovate, and get things done. The second is getting a high degree of alignment across groups so that the right things get done in the first place. What's always stood in the way of these aims is a reflexive, single-minded adherence to hierarchy in its many guises—for example, org charts, solid- and dotted-line reporting, and spans of control.

Companies that view hierarchy as the only way to map and structure formal relationships—or, indeed, the only way to get things done—are finding the current environment paralyzing. As the normal chain of command gets bogged down and overtaken by events, people start to pull in multiple directions, or they stop pulling. During crisis situations, we have observed alarming delays in communicating with customers, suppliers, or employees exacerbated by hierarchy and the sense that "it must be someone else's job."

Signs of other, more flexible ways to structure an organization can be seen in the agile and helix-like structures that companies were experimenting with before the crisis, as well as the war rooms, nerve centers, and other rapid-response units that companies stood up in its early days, many of which remain in action. The most successful of these mixed people from different groups and empowered them to set priorities, make fast decisions, and then implement them. Traditional companies that had eschewed agile approaches are now using them out of necessity. The smartest companies will find ways to keep doing so when the crisis passes.

Indeed, we've seen some nerve centers already evolve into cross-functional networks of teams to help tackle the array of challenges that companies are addressing. The teams operate outside the hierarchy but stay connected to leadership via a central hub. They are small, quick to form, and equally quick to dissolve when needs change. Importantly, they are self-managing and empowered to make decisions and innovate.

At Refinitiv, for example, the realization quickly took hold that normal indicators for economic activity weren't reliable or had simply gone dark. "Someone called it an 'infodemic,' and they're right," notes David Craig. "And we see our role as a trusted data provider that can be relied upon for information through the crisis."

To respond, the company formed a data-insights team to help "get data on data" and provide direction. Drawing upon people from different functions, the team quickly began analyzing new data sources that could serve as proxies for economic activity—everything from road-traffic volume and public-transportation use to geospatial satellite data that's normally used to monitor environmental conditions. Increased cloud-data consumption, for example, signaled that small hedge funds were resuming operations. The team shared its insights with company executives daily or, in some cases, every few hours to give management a real-time view.

Among the most significant lessons CEOs can take from these approaches is that the benefits of flatter organizations—speed, flexibility, productivity, and empowerment—derive organically from *acting* flatter, not just moving boxes and lines to appear flatter in principle. When a company's "hierarchy of bosses" becomes less important than other, more flexible structures, a flatter organization naturally emerges.

Turbocharge decision making

As uncomfortable as it feels, leaders are finding that they can make decisions faster than they thought possible—and with imperfect information. The aha moment for some executives is the realization that when urgency and uncertainty collide, the time spent waiting to decide is a decision in itself.

Looking ahead to a post-pandemic world (in which fast will still beat slow), how can companies make sure their decisions are truly better than before? Start by understanding the types of decisions you make and what practices matter for each type. Many routine decisions that used to bubble up the chain of command are rightly happening at the edges of the organization today out of necessity. Keep them there. Other decisions, meanwhile, can only be made by a smaller, more senior team.

David Schwimmer describes what this looked like at LSEG during the early days of the pandemic. “Our [original] crisis-management team is a large team that covers many constituencies. We realized that, for some key decisions, there were issues being raised that this group had not dealt with before. [So] we pulled the right people into a very small group and made some of these decisions very quickly, and I think that while it was somewhat ad hoc, it was also very effective.” Schwimmer also notes the value of having honest debate around big decisions, observing that “in a couple circumstances where there was disagreement, we had a robust, healthy discussion . . . then we made a decision, and everyone lined up behind it to move forward with a sense of unity.”

For big-bet decisions, this form of constructive conflict was vital before the crisis. It, along with other proven decision-making approaches that favor empowerment and speed, will remain so afterward.

Treat talent as your scarcest resource

It may seem counterintuitive to highlight the urgency of viewing human capital as scarce right now, as unemployment rates climb. The economic pain caused by COVID-19 could affect hundreds of millions of workers. Why should CEOs pay more attention to talent right now? Because forward-looking companies know that everything else—such as technology, access to raw materials, intellectual property, and customer relationships—is fleeting and the only sustainable advantage is rooted in harnessing the passion, skills, capabilities, judgment, and creativity that people bring to work.

“With people, we can rebuild,” says MAF’s Alain Bejjani. “The easiest things to slash for most organizations are people. In our case, we’re clear that people are our most precious asset.” The underlying principle behind such views is that a leader’s most fundamental tasks are to organize, lead, and inspire a collection of people to do something bigger and better than any other combination of people can do. This means getting the right people in the right roles to create value, and this is too important to leave to chance.

Talent should underpin every strategic choice and other business decision you’re making right now. Companies that overlook the importance of their people will always miss the upside potential of what their colleagues might have been capable of. They will fail to capitalize on the opportunities that inevitably arise from this or any other economic shock.

One such opportunity will be increased access to new talent pools as a result of remote working. “Being able to tap into global talent has always been a challenge for us in [the Middle East] because people have to relocate,” says Bejjani. “The crisis will change that. In the coming 12 to 24 months and beyond, we’ll be hiring people from Scotland or Maine or Tokyo—and they won’t have to relocate. This was an alien idea before, and while it won’t happen right away, it *will* happen.”

Another opportunity: some companies are identifying which roles matter most and elevating and empowering the leaders in those roles to make decisions, including important decisions that affect customers. Some of the leaders are in the C-suite, but the majority are a few levels below, running operations or engaging the front line. Their experience of leadership during the current crisis will pay dividends far into the

future. The greatest “unlock” in analytics transformations before the crisis involved empowering new leaders—often customer-facing employees—with the skills, data, and technology they needed to engage with customers in new ways. Companies developing these muscles now will have a running start.

None of this will happen, of course, if leaders don’t step up now and connect meaningfully with their people. Leading with awareness, vulnerability, empathy, and compassion is vital to help your teams weather the crisis and can help set the stage for recovery.

How will we grow?

Inevitably, the current crisis will recede. No one can say when this will happen, what form the recovery will take, or whom it will favor. We only know it cannot come soon enough, given the damage that COVID-19 is doing to the lives and livelihoods of so many people.

Three additional organizational characteristics, all of which are proven sources of resilience, are worth noting briefly here because even though the future remains unknowable, it’s a sure bet that resilience will still matter:

- 1. Adopt an ecosystem mindset.** All companies rely on the support of an extensive network of external people, vendors, and partners—all working together to create value. The most successful companies take this to an entirely different level, at which partnerships are more like extensions of themselves. They take bigger risks together, think about value-creation opportunities together, and establish much deeper bonds of trust.² Companies that have these sorts of relationships are relying on them now for talent, know-how, and data to help fill gaps. Other companies are experiencing a rude awakening as so-called strategic partners become distant and transactional just when their help is needed most.
- 2. Embrace data-rich technology platforms.** The crisis is reminding companies of the importance of using facts and insights to drive decision making. Yet many companies lack a “single source of truth” when it comes to data, or they don’t have ecosystem partners that can help them look at problems from multiple vantage points. Instead, some organizations face the unenviable task of connecting complex processes and mining data trapped in antiquated data systems. A step-change improvement is needed. The ability to gather, organize, interpret, and act on data and analytics will be the defining competitive differentiator of our lifetimes. Companies that embrace it will have an edge.
- 3. Learn how to learn.** The working world after the pandemic will be different, companies will be different, and many of your people will themselves be different as a result of their experiences during the crisis. Organizations that equip their employees with the metaskill of learning how to learn, adapt, and change quickly will be better able to thrive and succeed—and very few are good at it today. As companies emerge from

² Consider Amazon’s announcement in May 2019 that it would pay employees \$10,000 to form spin-off companies that help deliver Amazon packages. For more, see Erica Pandey, “Amazon fuels creation of spin-off startups to strengthen its ecosystem,” Axios Media, May 14, 2019, [axios.com](https://www.axios.com).

the shadow of the crisis, they will have a golden opportunity to reimagine every single aspect of how they learn, including the use of online learning as an catalyst. They should seize it with both hands.

The COVID-19 crisis has jolted leaders and organizations into action, accelerating trends that were already in play and triggering new ones. Amid the terrible human toll of the pandemic, some organizations are finding that, by working differently, they can rise to the occasion and help their employees, customers, and even their communities. While no one can predict when or how the pandemic will end, the lessons these companies are learning as they organize for the future will give them clear advantages as the next normal takes shape. Q

The authors wish to thank Elizabeth Mygatt for her contributions to this article.

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