



Work Will Never Be the Same—Savvy Business Leaders Are Adapting to Change That’s Already Here

By Bharat Khandelwal, Deborah Lovich, Joppe Bijlsma, Frank Breitling, and Penny Metchev

There’s still time to capitalize on COVID-19’s once-in-a-lifetime effect on business.

Although uncertainties born of the COVID-19 crisis continue to circulate throughout the world, one circumstance has become clear: business has forever changed. Whether we were ready for it or not, the pandemic has fueled trends that were already underway: digitization, remote working, and virtualization. There is progress in vaccine research, testing, and other non-pharmaceutical interventions (distancing, masks, and so on). Yet given supply chain and other constraints, any societal-level immunity will take months or even years. Several new, innovative work models are being created, and the best of these will be retained forever. The transformation of work is accelerating toward more flexible and customized models. This shift is here to stay. If companies don’t rapidly reinvent how they serve customers and support their employees, they will lose in the new reality.

Many companies responded to the crisis by focusing on immediate priorities: guaranteeing employee safety; deploying remote-working tools; evaluating real-estate savings. In emphasizing business continuity, however, many executives are not aggressively rethinking broader drivers of value, such as revenue, customer acquisition and retention, productivity, and talent—nor are they diligently quantifying the opportunity cost of inaction across these dimensions.

To help clients meet these extraordinary challenges and realize the opportunities they enable, BCG has developed an integrated approach to systematically assess each firm’s situation in order to create a customized strategy. When it comes to the future of work, there is no one-size-fits-all model. Instead, leaders need to design their own *modus operandi* intentionally and thoughtfully. For this purpose, we recommend examining four critical areas: how we work, how we lead, how we organize, and what we need. ([See Exhibit 1.](#))

Start with Your Customers

Here’s an underappreciated fact: companies exist because of their customers. As a result, any discussion of working models must begin with customer needs, especially as those needs evolve in the current environment. Specifically, leaders should ask themselves two questions upfront:

- What do our customers need, both today and in the near future?
- How do our customers want to engage with us?

Globally, over the past half-year—across both B2B and B2C sectors—customers have rapidly shifted away from in-person interactions and toward virtual and remote ones.

That's what a novel virus with no known cure does to the world.

Many businesses adapted to the situation in an ad hoc manner. As time goes on, though, many of these adaptations are likely to endure. Smart companies will see this constraint not as an obstacle but as an opportunity. Indeed, for companies with an opportunity-focused mindset, possibilities abound. Since customer interactions will have lower barriers to entry and exit, the potential for more frequent interaction points will grow. And since schedules will become more flexible, customers will expect deeper engagement.

Beyond direct customer interaction, the new workplace that the pandemic has thrust upon us has unlocked several societal benefits. One obvious and potentially permanent change is the dramatic reduction in travel. Less travel reduces climate impact and increases employee well-being—two key dimensions of sustainability. Other changes are more nuanced. For example, location-agnostic models enable companies to boost their employees' geographic and cognitive diversity, thereby spurring increased innovation in problem solving.

Exhibit 1 - Leaders Need to Take a Holistic and Intentional Approach When Designing the Future of Work

HOW WE WORK Embrace disruption	HOW WE LEAD Empower and inspire	HOW WE ORGANIZE Be responsive yet resilient	WHAT WE NEED Smart environments
1.1 Reimagined Customer Relationships Build virtual go-to-market methods Rethink personalized relationships Remove friction; create convenience	2.1 Empowering Leadership Promote adaptation and empathy Train leaders for remote management Empower the frontline	3.1 Ways of Working Embrace agile, iterative teaming Focus on alignment and autonomy Foster virtual collaboration Conduct shorter, effective meetings	4.1 Space, Design, Location Right-size real estate footprint Create safe and smart workspaces Design human-centered workplace
1.2 Employee Work Models Develop new work models Support remote readiness: asynchronous, location-agnostic Balance employee and team needs	2.2 Cohesive Culture Articulate and evolve culture Build affiliation and mentorship in virtual environments	3.2 Adaptive Organization Prioritize employee well-being and wellness Adopt flexible operating models Update governance and policies	4.2 Tools and Technology Implement virtual workspace design Adopt collaboration and remote tools Strengthen cybersecurity and data privacy
1.3 Productivity and Value Prioritize what matters; remove waste; return time to employees Automate; digitize; deploy AI Remodel SG&A/opex	2.3 Societal Leadership Reduce carbon footprint Create inclusion, access, and equality	3.3 New Talent Models Digitize the talent journey Access skills via new talent models Increase access to diverse talent Manage attrition of top talent	4.3 Learning Organization Promote digital learning and upskilling Meet future skills requirement Embrace remote apprenticeship

Source: BCG analysis.

Create De-averaged Work Models for Employees

We don't believe in returning to the past, when work happened primarily with colleagues who were always located in the same place at the same time. Nor do we believe in the opposite extreme, where work is entirely remote. People may still need or want to meet physically in order to collaborate, co-create, and congregate.

Some jobs—such as factory production and lab R&D—require ongoing physical presence, and even employees who can do their work virtually need spaces and times for in-person interaction to unlock apprenticeship, team bonding, and learning and development. We believe that the best approach is to develop a range of flexible work models that conform to each individual and each role.

First, companies must look at all the work in their value chain through the lenses of changed consumer expectations and available technologies to address them, and then arrive at new work packages that will deliver business needs. After that, they must categorize the work along two dimensions: type of work, ranging from routinized to cre-

ative; and level of collaboration, ranging from independent to collaborative. (See Exhibit 2.)

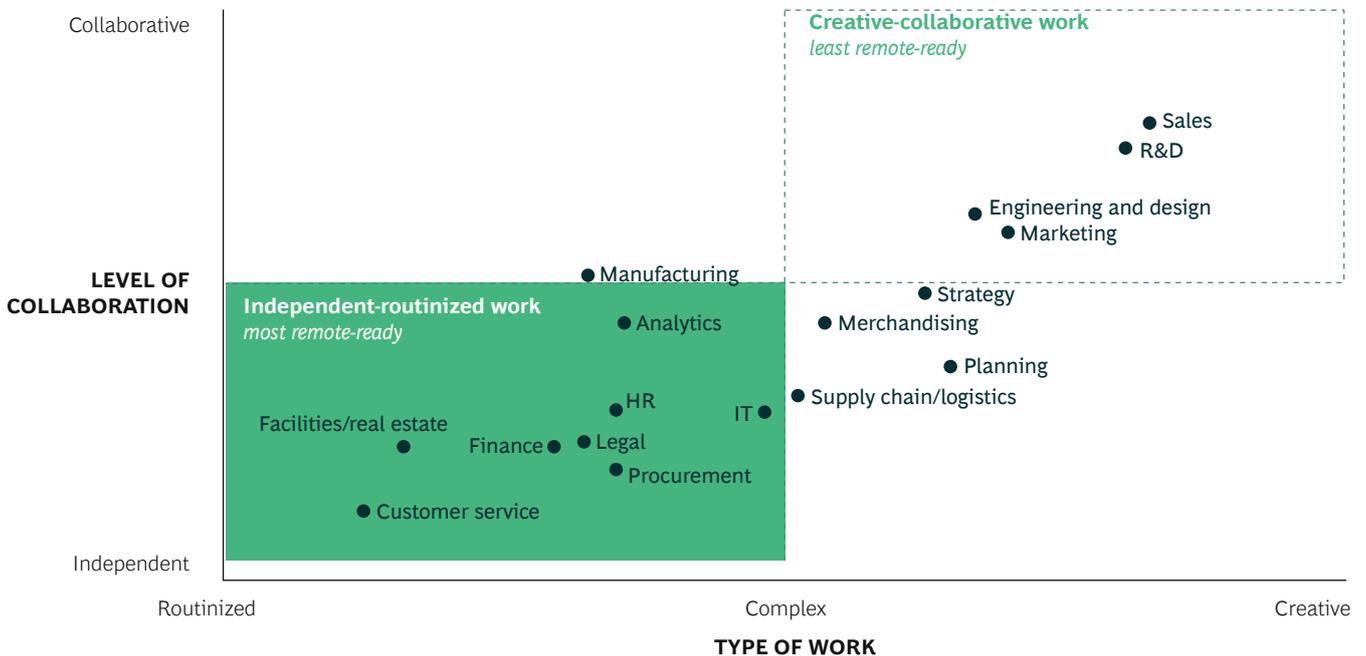
After identifying the type of work that needs to be done in each case, planners should overlay the plot point with the given team (for example, procurement or marketing). To ensure coordination and collaboration, it is important to set expectations by specifying norms and guardrails. More specifically, planners should overlay the work activity data with individual preferences, team norms, and organizational guardrails. This is where the abstract meets the concrete, resulting in a set of personas for which the company can design models.

Unlock Productivity

Finally, the company needs to gauge whether its new models are succeeding. Do they sustain morale, creativity, and productivity?

These elements are notoriously hard to measure. In operational and industrial work, a strong correlation exists between inputs and outputs. Carefully controlling the inputs

Exhibit 2 - Readiness for Remote Working



Source: BCG analysis.

generally ensures the quality and efficiency of the outputs. But in knowledge work, correlating outcomes to inputs is far more difficult. Productivity is less certain, and accurately assessing it necessitates using different lenses.

As we shift toward more creative and collaborative work, productivity is harder to unlock and measure. People are not necessarily more productive just because they are exchanging more emails and attending more meetings. A focus on outcomes and outputs rather than presence and inputs will serve companies better. They need to take a controlled and experimental approach to determine what drives productivity, and then they need to alter their inputs and measure the resulting outputs.

Other key ingredients that drive productivity are focus, engagement, and participation in larger and more diverse networks.

Reset How You Lead

Most of today's leadership models were designed centuries ago, when managers and supervisors watched over their subordinates. Over the past 30 years, as a result of globalization, these models have seen incremental improvement. Nevertheless, most of the world's workforce still meets at the same place at the same time, and managers continue to expend most of their energy on managing tasks.

Today, the role of leadership is more concentrated. Leaders must quickly learn how to manage workforces that are fragmented across locations and time zones. Instead of focusing on supervising and overseeing, leaders must set objectives, modularize work, and enable teams.

Although new work models can address these challenges, they also create new ones. For example, building cohesion in teams and identifying and rectifying dysfunctional behaviors have become more difficult. Similarly, integrating new employees and building trust take more time. It is critical to anticipate and face these challenges directly.

Promote a Cohesive Culture

Another critical short-term challenge involves responding to how people are wired. Humans are social creatures who need to connect in some form with others. It's not just that people tend to be happier in social settings; it's also that they gain a greater sense of purpose by collaborating with colleagues.

The pandemic has exerted great pressure on these needs. Indeed, many people will probably still be working remotely, to some extent, through the end of 2021. And in many instances, the shift to remote work will be permanent. Consequently, companies must create opportunities for employees to interact with one another through collaboration, apprenticeship, and training.

The larger—and often overlooked—issue is *culture*. Culture is transmitted and built when we observe and embrace behaviors, see decisions being made and learn from them, communicate ideas and knowledge, and adopt rhythms and routines that are important to organizations. Culture waits for no plans. How people interact and work together is an immediate and natural consequence of the workday. When everybody goes online, building and maintaining a cohesive culture become more difficult. This is a shame. Social cohesion builds trust and understanding, and they in turn foster more efficient and productive collaboration. According to BCG research, workers who are satisfied with their social connectivity are, on average, 2.5 times more likely to be at least as productive during the COVID-19 period as they were before.¹

To achieve these results for their team, leaders must explicitly communicate their company's core values to their staff. They must use the pandemic to reflect on and document what it means to be a member of the company—not only as part of an orientation strategy for onboarding new hires, but also as a refresher for the entire company.

Take Advantage of the Opportunity to Leverage Talent Mobility

Yet another issue that COVID-19 has surfaced is the ease with which companies can lose top employees. When the world is in some form of lockdown, people can work anywhere—and many of them have made big changes in order to find the ideal environment.

Of course, the increased mobility of talent also presents an opportunity. Companies that embrace sourcing across geographies will benefit from higher-quality and more-diverse candidates. Companies that rethink their recruiting requirements and hiring process will gain access to a pool of human capital that otherwise would simply have been disqualified.

1. BCG COVID-19 Employee Sentiment Survey, May 21–June 13, 2020 (N = 12,662 in the US, Germany, and India), unweighted, representative within ±3% of census demographics.

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In working with BCG's clients, we've seen many C-suite hires during the pandemic. These executives have started work in a critical new role without having met anyone at the company in person. If remote hiring is possible at this level, it's certainly doable for more junior roles.

NEW TALENT MODELS

Similarly, companies should invite discussions about alternative labor models, including leveraging the gig economy for shorter-term projects. The film industry has employed this model for decades: Studios rarely employ artists, actors, and musicians permanently. Instead, they assemble a crew with the right skills to complete a specific project.

FOUR CONDITIONS

In order to flourish, a flexible model must satisfy the following four conditions:

- Managers must modularize roles with clear objectives, well-defined handoffs, and accountability.
- Managers must judge workers on performance rather than personality.
- New workers must be onboarded rapidly with well-documented team norms, organizational routines, and rhythms.
- Everyone must be adaptable; when things don't pan out, the whole team must be able to pivot.

In identifying these conditions, we are not recommending or forecasting a massively transient workforce. Rather, we believe that companies will benefit most by availing themselves of both a stable and long-term model and a need-based and flexible model. In either case, companies must create an atmosphere where talented people want to work and can be effective.

Double Down on Learning and Development

Once a company has hired these people, how can it retain and develop them? Learning and development are essential. Most companies already have a vast ecosystem of technology and resources to help employees acquire new skills. In a world where the half-life of skills and expertise is ever shrinking, companies need to develop a structured approach to always-on learning for their employees—reinforcing ambition for learning, ensuring high levels of continued motivation, and creating a learning flywheel.

As you create a learning flywheel, it will be clear that simple training is not enough. To drive real learning, companies must create opportunities for apprenticeship, repetition and feedback, and peer-to-peer interactions. They may even consider letting employees shadow others within the company who work in different departments. A creative and flexible company can use this extraordinary time to allow its employees to gain all of the advantages of L&D without many of the disadvantages (for example, the friction of needing to transfer between offices or countries).

Redesign the Physical Workplace to Create Smart Environments

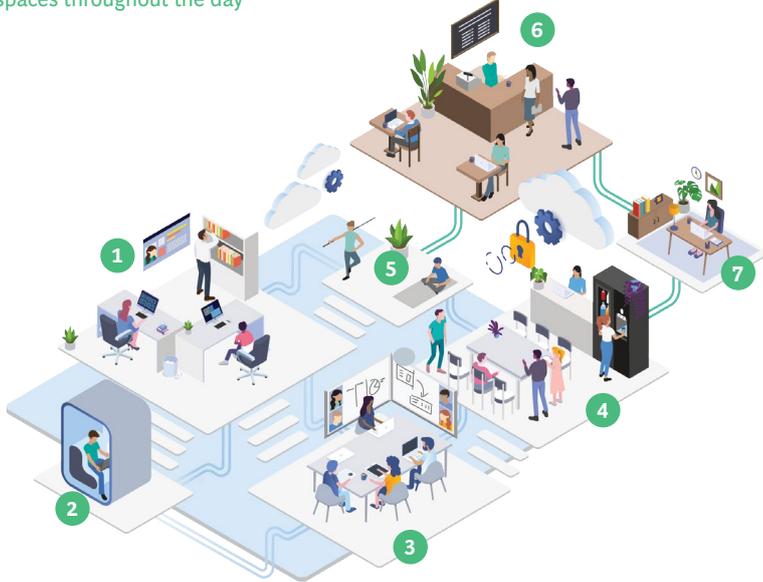
Not surprisingly, the pandemic has revealed opportunities to rethink the workplace. For example, many companies are right-sizing real estate, enhancing collaborative spaces, and providing remote-work allowances.

However, getting the workplace right entails looking beyond the short term. Now is the time to fundamentally reset and retool the whole notion of work. The role of the office must evolve from a place to sit into a space to connect. For example, businesses with a distributed, activity-based work model can facilitate a culture of customer centricity, where empowered employees champion innovation, focus on net-new creation, and solve complex problems at speed. (See Exhibit 3.)

To realize these values, offices need a supportive ecosystem of technologies, including sensors, booking systems, and digital collaboration tools. As employees flex between telecommuting and a centralized office, digital tools will make interaction seamless across space and time.

Exhibit 3 - Distributed Activity-Based Work Enables Empowered People and Right-Sized Real Estate

A distributed activity-based workplace provides purpose-built zones to support employees as they move between tasks, work modes, and spaces throughout the day



- 1 Neighborhood work zone**
Workstations and phone rooms available for individuals and team activities
- 2 Focus zone**
Quiet areas to support and signal time needed for heads-down time
- 3 Collaboration zone**
Well-equipped teaming areas for group work, digital connections, and formal meetings
- 4 Work cafe**
Social spaces blended with productivity enablers to promote a casual work setting
- 5 Wellness zones**
Rejuvenation zones to support healthy work cadence
- 6 Third place**
Semisocial environment for “alone together” time
- 7 Home office**
Ergonomically supportive home office with limited distractions

Source: BCG analysis.

Follow These Five Lessons

Businesses today have a rare opportunity to start anew. Using their experience before, during, and after COVID-19, they can create a work model that promotes employee well-being while driving customer value. To these ends, leaders should focus on five lessons:

- **The shift is here to stay.** Many customer and employee behaviors that took root during the pandemic will become desirable—and even permanent—even after vaccines and herd immunity.
- **Be holistic to create competitive advantage.** Many companies are consumed by short-term thinking right now. Smart companies will be holistic in how they embrace the business model changes driven by the pandemic. They will take advantage of this time to expand their ambitions and create competitive advantage.
- **Start with the customer.** When designing new work models, companies should think like their customers and anticipate how the work will change.

- **Elevate the employee.** Companies need to purposely create culture and connection. They should build all employees’ capabilities to thrive today and in future work models, and they should balance the needs of the organization, teams, and employees.
- **Act now.** Companies that delay will find that their competitors have not stood still. The key is to embrace experimentation and then scale what works.

The COVID-19 crisis has generated a wave of human ingenuity and productivity. The next revolution is being built on technology that breaks the constraints of human capital. In short, the future of work has arrived. We are optimistic and pragmatic about the potential for companies, individuals, and society. It’s now up to each company to shape it. Or get shaped by it.

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