How to lead differently in the workplace of the future

BCG | verizon√

Introduction

This is the third in a series of articles discussing the workplace of the future, and particularly what businesses need to do to enable remote working as part of business as unusual.

The first article discusses the six imperatives for technical leaders, and the second article builds on that by going deep into the must-dos. This third article will discuss the "people implications" that come with the workplace of the future.

The COVID-19 pandemic transformed the way many of us work in an instant, making it clear that a remote working model is now a business prerequisite. In fact, more than 30 million office workers in the U.S., and up to 300 million globally, are expected to be working from home, according to U.S. Bureau of Labor Statistics and Boston Consulting Group (BCG) estimates. As remote working continues and starts becoming the norm, businesses need to enable remote working as part of "business as unusual."

In this article, we will first examine the underlying trends that are informing the workplace of the future, then discuss the importance of complementing technology and data with humanity as we transition to a blended "bionic organization." We will end with a call to action for leaders to focus on Head, Heart and Hands as they build their future organization. We will explain these concepts in more detail in the upcoming sections.

More than 30 million office workers in the U.S., and up to 300 million globally, are expected to be working from home.

Trends of the future

Many forces other than the COVID-19 pandemic are impacting the business world, but it's clear that the pandemic is forcing change at an exponential rate. BCG research has set forth the view that there are already two key underlying trends shaping the workplace of the future:

1. **Pervasive technology and data:** Organizations are seeing new technologies emerge across all parts of an organization, with technology deeply embedded into the business. Technology is essentially "no longer a separate, independent, and siloed entity"

2. **Talent in the digital age:** The talent pool has changed. Candidates have new expectations on engagement, tools and flexibility, meaning talent models need to be adjusted, and organizations will require different skill sets to be successful in the future—with strong technology underpinnings

The additional remote working model trend (as shared in our first article of this series) will complicate the shaping of the future workplace even further.

"Work" needs to be robust enough to function—but organizations must also reflect upon the distinct qualities that have made work efficient during our current crisis.

Business leaders need to consider how they can leverage technology as an enabler to support remote working, but also acknowledge that their future organizational state will—out of necessity—need to be more organic and flexible than in recent years.

"Work" needs to be robust enough to function—but organizations must also reflect upon the distinct qualities that have made work efficient during our current crisis, which includes flexible working models, speed of decision-making, collaboration and (most importantly) human interaction, all supported by technology. But underlying these qualities are human capabilities, and for organizations to make the most of the technological opportunities in the digital age, they must ensure they intertwine new technologies with these capabilities to power growth, innovation, efficiency, resilience and advantage.

As such, we're really looking at transitioning to a bionic organization where technology and data fuse with humanity. And the most important thing to remember is that people are literally the body of organizations—in their transformation journey, organizations need the connective tissue that allows people and technology to work seamlessly, and business leaders to lead their people through this transformation in a clear and purposeful fashion.

"We've been working with our clients to think about what digital transformation will look like for several years already—and there's always been a hesitation about a remote work model. But now that's all changed. If I think about our own business, we've moved customer care, sales, finance, HR, marketing, just about every role we have, to a work-from-home model. Many Verizon employees are working successfully from home today. It's clear that we, and indeed all organizations, now have a major opportunity to rethink how we do business. The question is, what is the right balance between onsite and remote working models? And if teams move to working from home, can they do so effectively? It's not just about enabling employees with technology, it's also about their overall work environment, health and safety, building a sense of teamwork, and much more."

—Tami Erwin, CEO, Verizon Business

Creating your bionic organization now: How, who, where

So how do you go about creating a bionic organization? BCG's Diana Dosik says, "Many things that are done by humans today will likely be done by AI and machines in the future." As a result of human-tech augmentation, many of today's human-operated processes will be more human designed.

It's clear that the nature of work is transforming. It is also clear that what has worked in the past will not work in the future. Previously, organizations have focused on standardization and routines to reduce costs and replace human effort; in the future, they will focus on enabling greater human productivity and creativity to solve problems we do not yet know exist.

If you want to succeed in the future, creating a bionic company to maximize the potential of digitization by harmonizing technology, employees and organizations is going to be critical. There are two key areas to consider here:
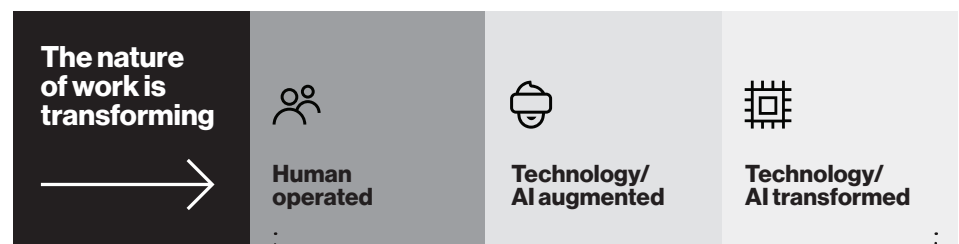
First, it's critical to strengthen your focus on technology—specifically, your data and digital platforms. You need to:

- Embed data-driven business decisions to determine the everyday work routine
- Combine internal and external data sets to derive deeper insights
- Emphasize data integration, analytics and governance as core capabilities of company success

Second, you need to focus on forging the relationships between humans and machines, as well as recrafting the relationships between humans. You need to:

- Design human and machine interactions to get the best out of both sides
- Shift repetitive tasks and simple decision-making to machines
- Enable employees to focus their time on tasks that require empathy, creativity and cooperation
- Redesign teams so that they can work autonomously and nimbly in reaction to quickly shifting business landscapes

If you want to succeed in the future, creating a bionic company to maximize the potential of digitization by harmonizing technology, employees and organizations is going to be critical.

The nature of work is transforming → **Human operated** | **Technology/ AI augmented** | **Technology/ AI transformed**

Source: BCG

From human operated to human designed

How do we organize for change?

We suggest the key here is to develop an Agile way of working focused on collaboration and rapid decision-making—"How" is all about organizing change through Agile at scale.

According to BCG research, Agile is proven to drive success (see figure below). As organizational structures become more dynamic, working in a way that prioritizes collaboration and speed to output will be important. We expect the workplace of the future to be built around decentralization, allowing employees to thrive in tech-enabled and interconnected teams, rather than being reliant on formal reporting hierarchies, rigid job descriptions and processes.

Agile transformation often takes place in response to crisis or urgent situations. But in the post-COVID-19 time, organizations have an unprecedented opportunity to arrest that inflection point to ensure they can use Agile to make considered decisions quickly. But it's critical, as they get started, to think about how to set up Agile within the remote working model platform. This is not how Agile normally operates, but in the new normal of business as unusual, a hybrid mix of virtual and physical teams will need to be trained and scaled across the organization.

As organizational structures become more dynamic, working in a way that prioritizes collaboration and speed to output will be important.

Agile is a key enabler to remote work, as it drives results through an interplay of structural and process enhancements, e.g., backlog planning to continuously structure "to-do" lists and estimate workloads, short working and feedback cycles with rapid decision-making, remote weekly sprint reviews to check out work progress and to inform future planning, and a clear definition of objectives and key results. These are all key elements that are arguably even more important where virtual collaboration is the norm and can cascade even through large-scale B2B organizations.

Success metrics of Agile

↑ **55%**
Acceleration in time to market

↑ **~3-4x**
Speed to revenue

↓ **25%**
Cost

↑ **50%**
Quality
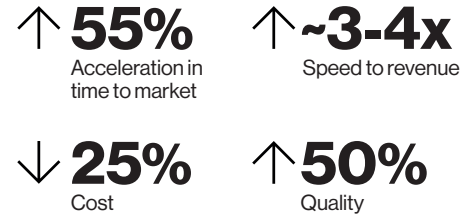
Source: BCG

"We initially used Agile as a model for our IT teams, but over the past year, we've really used this as part of our mission to redefine who Verizon is. Within my organization, Verizon Business Group, we combined our wireless and wireline assets to support our customers—and have had to be really Agile in doing that. We've had to consider the impact of system changes on people and processes and set milestones to ensure we are measuring the success of the overall business as these elements come together. And measuring success resonates across the organization—we are giving people evidence and reason to believe in the transformation."

—Tami Erwin

What works for Agile in remote working?

Autonomy
Empowerment of remote teams to be autonomous in their decision-making reduces interfaces and complexity.

Alignment
Setting clear targets (ideally as KPIs) for remote teams helps to align on a joint goal as well as to monitor success.

Routines
Agile is robust to environment changes, with adherence to (daily) routines, which help to work remotely as well.

Source: BCG

Who do we organize the change for?

"Who" is about organizing change for and through new talent and skills.

But beyond the employee base experiencing these changes, we also need to consider external factors. With organizations looking to use technology in new and different ways, they will also need to look differently at their talent pool—new, emerging skill sets will be at a premium to enable them to make the most of technology. Digital talent is the obvious area to consider (e.g., data scientist, human-centered designers, virtual reality designers); however, "21st century skills" (e.g., critical thinking, collaboration, design thinking) will also be required—particularly to help prepare for the transition into the future digital workplace.

The challenge for organizations will be where to find this talent—and particularly when it will be at a premium all over the world. Should they hire in, outsource, reskill or upskill? One thing is clear: We expect that the gig economy will have an important role to play in the workplace of the future as organizations turn to "talent rent" alongside "talent buy." The gig economy has led to a proliferation of freelance websites, and there are also a growing number of start-ups and smaller tech firms offering specialist skills and actively looking for new opportunities. To date, these individuals and companies have been fairly focused on certain pockets—for example, coding and design—but as the work-from-home forces continue to strengthen, it is likely that rentable skill sets will continue to expand.

As BCG's September 2018 survey of ~6.5 K business leaders, codeveloped with Harvard Business School, shows, even two years ago business leaders accepted the importance of gig talent as a means of increasing flexibility. In the workplace of the future, everyone will have this need. The challenge for talent teams is to build a talent model and freelance sourcing strategy for the long term, which considers the capabilities, support systems and ways of working within their business both today and in the future. And of course, talent no longer has geographic restrictions—when everyone is working from home, the talent pool is global.

Of course, talent renting may require some trade-offs. For example, how do you successfully embed gig workers within your existing organizational infrastructure, and what impact does this have on culture? Will you need to

think about training or upskilling your existing workforce as well, or risk them being left behind? How will you ensure consistent and high-quality work is delivered by "teams" of individuals? And what do you need to consider from a legal framework in terms of workplace benefits (e.g., health insurance coverage)? However, all of these can be resolved with the right check-and-balance mechanisms in place.

Overall, balancing the internal and external talent equation will still require a common set of to-dos. These include redesigning high-performer support, recognition and rewards; updating career paths to include personal flexibility and defining what career advancement could look like; identifying and focusing retention efforts on existing critical talent; and scaling up digital and personalized recruiting channels (e.g., online forums, social media) to target specialized talent.

Workforce complemented by gig economy

Codeveloped by BCG and Harvard Business School

40% Roughly 40% of respondents said they expected freelance workers to account for an increased share of their of their organization's workforce over the coming five years.

50% And 50% agreed that corporate adoption of gig platforms would be a significant or highly significant trend.

Source: BCG

"Verizon has a multifaceted approach to its talent model, balancing internal upskilling with external talent acquisition to broaden our way of thinking, and working with partners to give us outside thinking to shape and inform how we think about the future. Most importantly, we continue to talk to our customers—understanding their needs enables us to define the skills we will need to meet their future requirements."

—Tami Erwin

Where do we organize these changes?

"Where" is about organizing location changes—whether flexible and tailored remote or onsite working models.

The first consideration here is the inevitability of physical work locations ceding into hybrid virtual and physical models, especially as flexible working models start to gain prominence. We suggest that in the future, the most successful companies will have flexible work policies in place across three dimensions:

1 🕐

When people work:
- Flexible work schedule with variable start and stop times
- Option for longer breaks

2 📍

Where people work:
- Flexible office location
- Remote work from home or any other location

3 💻

How much people work:
- Part time
- Job sharing
- Leave of absence

Many business leaders have grown up in office-based work models, and the concept of flexibility demands a big shift in thinking. However, we already know that the opportunity for flexible work is prized by many employees: BCG research shows that women at companies with no flexible work options are 20% more likely to seek a new job at another company in the next three years, and men in the same situation are 30% more likely to move on.

Aligning on a set of "people principles" as you embark on defining your future work model is the first step. This is all about thinking about the priorities of your business and how that transfers through to your people. It links to your talent model—how important will retention be, or are you going to focus on gig working—as that then defines your approach to flexibility. Do you want to use flexibility as a positive for your employees (and your giggers), or will

you look to use flexibility to simplify your business model, reduce the payroll, reduce the number of shifts on offer or more?

Already, the COVID-19 pandemic has placed a stronger emphasis on hybrid remote working models, and in many cases, roles, functions and skills have shifted as a result. A future model could look at team segmentation with different schedules, shift departmental priorities or even eliminate some roles completely. It is clear that when it comes to introducing flexibility, you also need to ensure the right policies, the right performance measurement mechanisms, and the right support and engagement models (to ensure those who work differently do not feel marginalized) are in place. But it is also clear that all organizations will need to enable more flexible working to attract talent and be successful in the future.

> **"One of the things that we've seen from the get-go of this crisis is the challenges faced by parents trying to educate their children, or looking after elderly parents and neighbors, as well as getting work done. We've created a caregiver leave for people who need it—we realize people are trying to manage through a crisis environment."**
>
> —Tami Erwin

BCG's flexible working model

1

FlexTime
Part-time arrangements to reduce weekly work hours

2

FlexLeave
Opportunity to take an additional block of time off during the year

3

FlexPaths
Access to a large selection of experiences, e.g., social impact secondments, work abroad, leaves of absence or courses leading to advanced degrees

4

BCG Reserve
Leverages skill of alumni and offers opportunities to bring them back to BCG on flexible, project-based work through matching of strengths, aspirations and schedules of the alumni

5

Return to BCG
Support high-performing alumni in their return to the consulting track with sponsorship and mentorship, numerous training and network-building opportunities amongst others

Source: BCG

What does it mean to lead with the Head, Heart and Hands?

The most important consideration in the workplace of the future is how to keep people, and the human touch, at the core of business. Organizations need to ensure that human decisions determine how the workplace will operate rather than getting sucked into a world governed by algorithms.

Technology is important—but people must come first, and people need to be able to control variables and thresholds, overrule any automated interventions and most importantly, preside over ethical and moral quandaries based on human experiences and logical thinking.

For business leaders, perhaps the most critical task in creating the workplace of the future is to make their people feel engaged and involved. This will define their future business success. This means leading from the front with strong and authentic leadership that balances forward-looking optimism with a realistic outlook on what employees can expect from any new working model.

Employees are looking to leaders for empathy, assurance and meaningful action, so leaders need to be fully engaged in what's going on in real time, and be seen and heard. They must show that they are investing their hearts and minds to support their workforce— particularly when physical interactions start ceding into virtual interactions— and focus on the "connective tissue" that binds people together across geographies and time zones.

The most critical task in creating the workplace of the future is to make their people feel engaged and involved. This will define their future business success.

There are three key human-centric and interlocking pillars for leadership: "The Power of Head, Heart and Hands." These pillars must work well together— each supports the others in a cohesive organization:

01 The Head:
What is our vision?

02 The Heart:
What is our purpose?

03 The Hands:
What are our actions?

Three key human-centric pillars
Source: BCG analysis

01 The Head

This is about envisioning the future and focusing on the big rocks. What is our organization's strategy and vision?

Leaders must draw on their strategic thinking, their imagination, their knowledge of customer needs and desires, and their pool of expertise, experience and wisdom to forge an aspirational vision. They set priorities, focusing on the "big rocks" that will deliver results and create enduring value.

02 The Heart

This is about inspiring and empowering people. What is our organization's purpose, values and culture?

Leaders must invest time and energy in articulating, activating and embedding this purpose across the organization. Companies must create an empowering culture, shaped by leaders, that allows people to do their best work.

> **"When it comes to Head, Hearts and Hands, Verizon has traditionally been really good at the Hands (we're known for our operational excellence), pretty good at the Heart, but less effective on the Head—or at least we were until about 18 months ago when we defined Verizon 2.0 and established 5G as our North Star. That led us to take a step back and really think about our strategy to become a 5G leader. And that's what we've done—for Verizon and our different business units."**
>
> —Tami Erwin

> **"We've also spent a lot of time thinking about our culture. We've defined a new purpose—to create the networks that move the world forward—which gives a nice nod to our network leadership but also recognizes the networks of people, customers, partners and communities that are part of our world."**
>
> —Tami Erwin

03 The Hands

This is about executing and innovating with agility. What is our set of actions to make that happen?

Leaders ensure disciplined execution by equipping teams with the resources they need to make sound, prompt decisions. Companies also apply innovative methods and digital tools, and institute Agile ways of working, to accelerate output, remove impediments and enable end-to-end focus on the customer.

We believe that the COVID-19 pandemic gives leaders the opportunity to deliberately reflect on and seize the opportunity to reset their organization's pillars—defining their recovery strategy (Head); their culture, values and purpose (Heart); and the capabilities needed to get there (Hands). It's particularly important to focus on organizational culture at this time—while markets eventually recover, cultures often do not, and BCG research (November 2018) has shown that companies with a strong and authentic culture outperform their peers at every turn.

They need to think about where the business has been strong and where it has missed the mark; which new practices might they want to keep, and which initiatives or capabilities they want to continue, stop or start; and are decisions and actions aligning with the company's purpose? And then, more importantly, they need to translate theory into actions. How can these pillars be communicated, (re)articulated, activated and embedded into the post-crisis organization in order to fuel recovery? This will establish the path forward.

Strong cultures outperform vs peers

Talent metrics

↓ **49%** Turnover

↓ **41%** Absenteeism
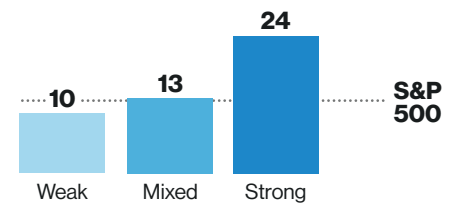
Output metrics

↑ **21%** Profitability

↑ **10%** Customer outcomes

↑ **17%** Productivity

↓ **40%** Defects

Overall performance: Average five-year Total Shareholder Return %

Weak	Mixed	Strong	
10	13	24	S&P 500

Source: BCG analysis

> **"This purpose also led us to redefine our key stakeholder groups—we've always had customers, employees and shareholders, but we have now also added in society. And that means society from a philanthropic giving standpoint, but also when we think about how we build products, where we source talent and where we build office locations. Society has to be part of our decision-making."**
>
> —Tami Erwin

Call to action: The time to act is now.

As business leaders think about their future workplace, they need to understand the importance of creating a business environment that is underpinned by technology to support flexible working, Agile decision-making, collaboration and human interactions.

They must lead from the front with strong, authentic and committed leadership; they must lead with their Head, Heart and Hands to bring their organization with them; and they must carefully consider the how, who and where as they create their future organization state.

It goes without saying that many organizations have already experienced a big shift in how they work. As we move forward, this shift will continue. But the time to act is now. The COVID-19 pandemic transformed the way many of us work in an instant, and a remote working model is now a business prerequisite. Those who make this transformation with consideration, keeping their people front and center, will be best placed for future success.

Authors

Tami Erwin, CEO, Verizon Business

Sampath Sowmyanarayan, President, Global Enterprise, Verizon Business

Allison Bailey, Managing Director and Senior Partner, Boston Consulting Group

Deborah Lovich, Managing Director and Senior Partner, Boston Consulting Group

Valeriy Elbert, Managing Director and Partner, Boston Consulting Group

Diana Dosik, Partner, Boston Consulting Group