

Redesigning How We Work

We now know the postpandemic transition will take years. Leaders should acknowledge that—and start making plans for how to cope.



HYBRID WORK



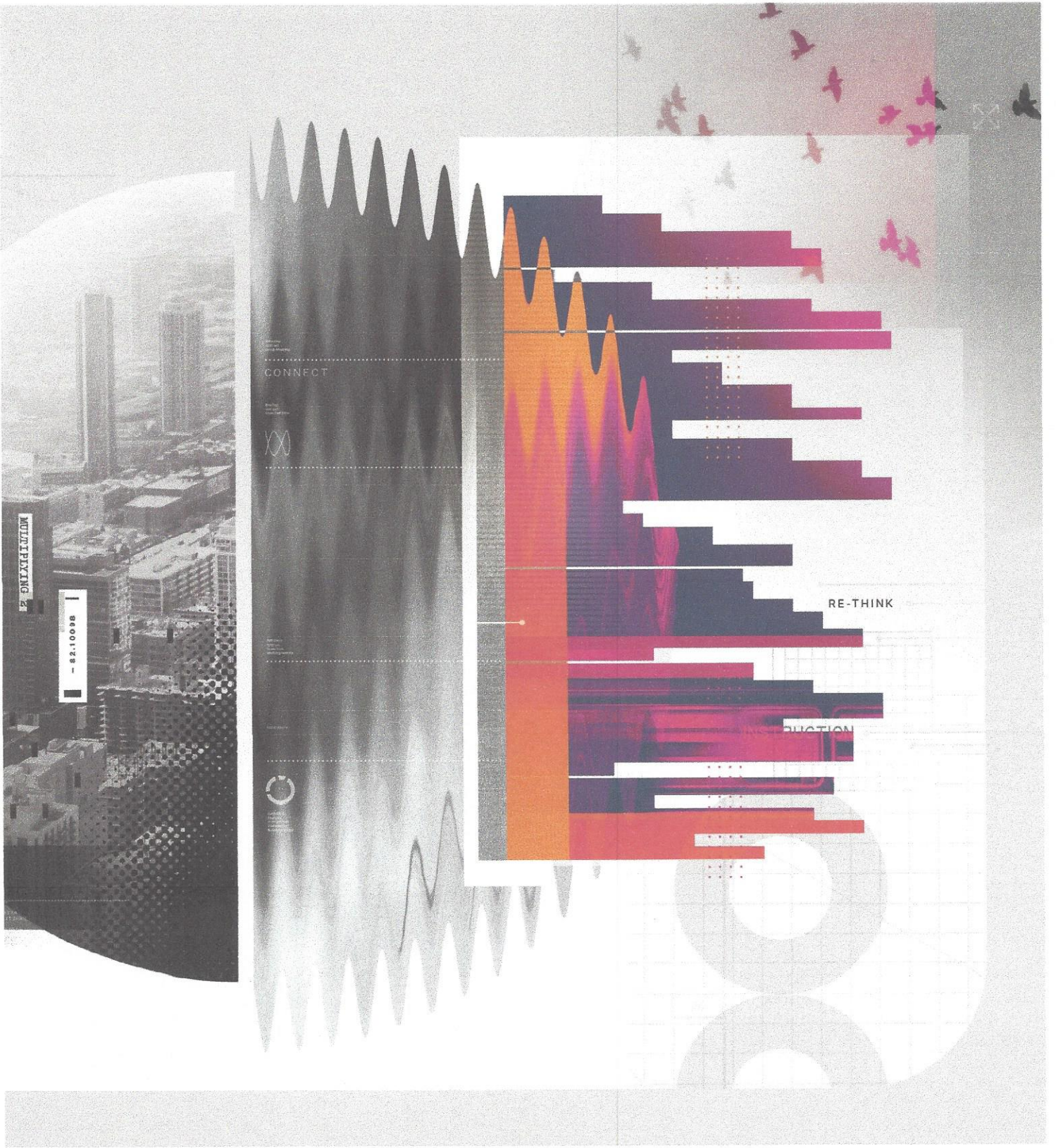
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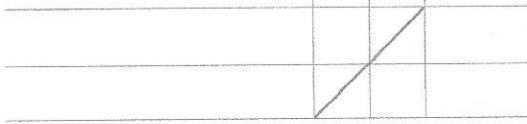
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REDUCTION



HYBRID WORK



Two years ago, as much of the world was gradually emerging from lockdown, I argued in this magazine (“How to Do Hybrid Right,” May–June 2021) that we had a once-in-a-lifetime opportunity to adopt a new hybrid model for work—one that, if embraced properly, could benefit all of us.

I still believe that’s true. But figuring it out will take time—perhaps longer than we expected. That’s because reimagining work is complicated. As we move into the fourth year of the Covid era, organizations and employees alike are finding themselves in an uncomfortably liminal state, unmoored from past ways of working but lacking a sense of how best to move forward. There’s still so much we just don’t know.

As I’ve thought about this problem and the opportunities it presents, I’ve found myself returning to a model that was described decades ago by the organizational psychologist Kurt Lewin. The model predicts that when organizations are faced with an external threat, such as a merger or a new competitor, their firmly established assumptions and norms are put under pressure and begin to “unfreeze.” What follows is a period of uncertainty and transition, during which new assumptions and norms take shape. Eventually they “refreeze.”

That’s what’s happening now, on an enormous scale. When the pandemic hit, our long-standing structures, practices, and processes all unfroze. Old ways of working fell away; we discovered new options for remote and hybrid work; and as Covid restrictions eased, we began to discern which of those options might be worth hanging on to.

We recognized that making sense of all this would be difficult—and it has been. In February 2022 I polled 266 executives from 68 companies across 36 countries and asked them, “Where do you think you are [with hybrid work] at the moment?” Only 2% chose the response “We’ve implemented and rolled out a final design of work.” The remaining 98% located themselves somewhere earlier in the process by

IDEA IN BRIEF

THE PROBLEM

More than three years into the pandemic era, many companies have yet to settle on new structures, practices, and processes for hybrid work. The transition is harder than they expected it would be, and it’s taking longer.

THE EXPLANATION

It has been so hard and so lengthy because so much is at stake. Adapting to hybrid work is forcing everyone to test long-held assumptions about how work should be done and even what it is.

THE RECKONING

It’s time to start thinking differently about this problem, which will take years to work out. Leaders need to approach it just as they would any other major alteration in how they do business—by asking tough questions and learning from the answers.



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choosing one of these: "We have a design and are beginning to roll out in some places" (40%), "The final design is still under discussion" (35%), or "We are looking at options" (23%). Most companies, in other words, were stuck, often uneasily, in the transitional phase: They had unfrozen old ways of working and wanted the clarity and stability of a refreeze, but they just weren't there yet.

When I repeated the survey the following November, the percentage of executives who reported having rolled out a final hybrid-work design had risen considerably, to 42%. Some companies are at last moving into that phase, but many others remain in transition.

Why has this been so hard? Because so much is at stake. The new world of hybrid work is about more than determining whether everybody should come back to the office full-time, or whether two or three days a week makes more sense, or whether employees should be allowed to work from home. In debating those and other questions, companies have found themselves testing long-held assumptions about how work should be done and what it even is—and have started to realize that the changes they're contemplating to workplace practices and norms may be more significant than anything that's happened in generations. "This is the greatest change to work since the Industrial Revolution," Phil Thomas, the CEO of Ascential Futures, part of a global intelligence and events organization, recently told his leadership team during a discussion of their hybrid future. "We need to acknowledge that."

Perhaps it's far-fetched to liken the convulsions of our present moment to those of the Industrial Revolution. But perhaps not. At the very least, we have to acknowledge that the transformation we're living through will probably take years to settle in. That means it's time for leaders to start thinking differently about the problem. It's time for them to approach it as they would any other major change in how they do business: by asking tough questions and learning from the answers.

Where We Are Now

In navigating the shift to hybrid work, we're heading into a future we know very little about. It's important to admit

that, and to keep in mind some of the fascinating research findings on what works and what doesn't.

When the pandemic hit, the only significant experiment in hybrid work that leaders could rely on for guidance was the 2013 study "Does Working from Home Work? Evidence from a Chinese Experiment," by Nicholas A. Bloom, James Liang, John Roberts, and Zhichun Jenny Ying. In that study workers in a call center were randomly assigned to do their jobs at home or in the office. The home-based workers turned out to be more productive than their office-based colleagues, largely because they took fewer breaks and sick days and had a quieter environment in which to work. They also turned out to be more likely to stay in their jobs. Nonetheless, after the experiment was over, many of them decided to return to the office at least a few days a week, because they felt isolated and lonely at home and were worried that people in the office were getting promotions more often.

In the early days of the pandemic this study gave some support to advocates for a shift to remote work. But it was a small study with a narrow focus. Only as the pandemic progressed did it become possible to consider larger populations, including knowledge workers. And when Harvard Business School's Raj Choudhury and other researchers did so, they found that many workers enjoyed hybrid arrangements. Those workers were more likely to stay with a company if such arrangements were offered, and at times they delivered greater customer satisfaction and retention than did their office-bound counterparts.

But how does working virtually affect connectivity and innovation? It's a fraught question. In 2022 a Microsoft research team analyzed the communication patterns of more than 60,000 of the company's employees during the first six months of 2020, when hybrid work was widespread, and found that collaboration networks became more static, with fewer bridges connecting disparate parts of the company. That finding has been replicated by other studies, which have also demonstrated that when employees don't work together in close quarters, they get less feedback and guidance from coworkers. In 2022 the economists Natalia Emanuel, Emma Harrington, and Amanda Pallais studied this problem at a software company and found it to be particularly acute for young engineers and women engineers.





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Videoconferencing, too, seems to have a negative effect on creativity. When Melanie S. Brucks of Columbia Business School and Jonathan Levav of Stanford studied its use in teams, for example, they discovered that it was helpful for making decisions about known ideas but it narrowed team members' cognitive focus, which inhibited their ability to generate ideas that could result in innovation.

Designing hybrid work to encourage knowledge flows and support innovation requires a level of intentionality that may have been missing in traditional colocated companies. That's what Jen Rhymer of University College London concluded when she studied six successful location-independent organizations. Rhymer identified a range of factors that contributed to the success of those businesses. Among them were commonly understood norms for engagement and information sharing; an emphasis on short, iterative project cycles (two to four weeks); regular organization-wide retreats (every six to 12 months); and up-to-date company histories and knowledge repositories.

Other researchers and practitioners are studying the profound unknowns that remain: Can culture be transmitted effectively in a virtual environment? How well can new employees learn their jobs and understand company culture if they rarely spend time in the office? If young employees early in their careers can't cultivate relationships and networks through face-to-face interaction, what are the long-term consequences?

It's likely to be years before we have enough data to provide useful answers to such questions. But leaders can't just sit back and wait until everything has been figured out. They need to develop a strategy for navigating the long period of uncertainty that lies ahead.

Four Crucial Questions

Many executive teams have begun that process by engaging in a conversation acknowledging that their company is unique, that no one-size-fits-all solution exists, and that determining what's right is going to be a long and arduous process. Those conversations have gone in many different directions, depending on the companies' needs and goals, but what I've learned in talking to leaders involved in the

process is this: Every executive team must ask four crucial questions as it thinks about how best to deal with the ongoing transition to hybrid work.

1 What are our overarching values and principles? This question, a familiar and important one in conversations about strategy, must be answered before you move on to the other three. Make sure that all your answers align with the values and principles you've defined here. That's what the executive team at Ascential Futures did: It established that creativity and innovation were the two values it wanted to adhere to during its transition, and then it moved forward accordingly. Leaders at Mars Wrigley considered the five Mars principles—quality, responsibility, mutuality, efficiency, and freedom—as core to their decision-making to ensure the safety of their employees, known as “associates.”

2 What is special about the people we employ, the jobs we do, and the customers we serve? This question gets at what makes your company unique. Think long and hard about it. Ultimately the decisions you make about the redesign of work will have to do more than just align with your values. They will have to support these specific traits.

Early in the pandemic the executive team at Mars Wrigley grasped the importance of understanding the needs of specific groups of associates. From the outset it focused on factory workers, who make up a significant proportion of the company's workforce. “Our priority,” says Mike Carabok, the vice president of global supply at Mars Wrigley Confectionery, “was to ensure the health and well-being of associates, to minimize spread [of the coronavirus] while maintaining business continuity.”

To that end Mars, like many other companies, instituted companywide benefits that supported all employees impacted by Covid. But it also encouraged its factories to be creative in addressing the operational complexities that the pandemic had created for them. For example, at one factory work schedules were changed to introduce more flexibility; associates were temporarily allowed to work from home for up to two hours a day; and they were offered additional opportunities for digital and other learning experiences.



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Different operational practices at different factories? Factory workers doing their jobs in part from home? Few companies before the pandemic would ever have considered such options. But the Mars experiments, although temporary, were a clear success, and that led to more conversations among the company's leaders about what the future of work for manufacturing could look like. "It invited us to think about possibilities that we have not considered before," says Juli da Silva Domingues, Mars's global supply, people, and organization business partner, "creating a chain of trials that will expand flexible work and improve the way we recruit factory associates."

3 **What isn't working, and what are the problems we're trying to solve?** This question forces you to shine a light on exactly what your company is struggling with so that you can better imagine work configurations that are uniquely suited to your needs. The more specific you can be in identifying your concerns and problems, the better.

Consider how Transport for NSW addressed this question. Based in Sydney, Australia, the company manages the daily travel of millions of people across roads, rail, ferries, and light railways. "As we moved into the pandemic," says Tracey Taylor, the company's chief people officer, "inevitably we encountered questions and problems along the way. We wanted to bring flexibility to everyone. But how does that work with drivers and others tethered to their jobs? How do we ensure that the investment in infrastructure we have made in Sydney does not dominate, and we serve the entire NSW community? How do we align cross-functional teams in a hybrid working model?"

To confront those questions, the company's top 100 leaders met quarterly in all-day face-to-face forums. They also held 90-minute virtual sessions five times a year; established informal, self-led peer-connect groups; and hosted livestream events for employees.

To understand as fully as possible the nature of the problems they were discussing, they conducted a series of investigations. In one case the company asked teams to complete detailed "ways of working" surveys: Each week for two months 900 employees answered questions about work demands, work/life balance, well-being needs, culture

and belonging, and ideal flexible working arrangements. The surveys exposed some primary concerns that leaders were encouraged to address, such as which tasks could be performed virtually, how to create "doing nothing" time in the office to enable informal connections, and where best to bring teams from multiple locations together.

4 **What experiments have we tried that we can share with others, and what are other companies doing that we can learn from?** This question forces leaders to think about collective learning both inside and outside the company.

Years before the pandemic, Accenture began piloting metaverse-related technologies—including extended, virtual, and augmented reality—to create immersive learning and collaboration programs for its own people and its clients. The pandemic induced its leaders to reimagine how to onboard new hires (it onboarded 150,000 Accenture employees in its metaverse in 2022), how to train them (for example, by creating realistic simulations with fictitious clients), and how to connect its workforce in ways it could never achieve in the real world at a global scale. "When you hear colleagues' voices right next to you, and you walk the virtual halls together, it's much more intimate, energizing, and memorable than hours of video calls," says Ginny Ziegler, the chief marketing and communications officer at Accenture North America. "It is a powerful way for a geographically dispersed workforce to collaborate, learn, build communities, and even socialize. The metaverse is also an equalizer of sorts, because it helps us create more-inclusive realities."

Companies can learn from the outside as well. That's what Phil Thomas and his team at Ascential Futures have done. Thomas began by asking various executives of other companies what challenges the move to hybrid work had presented for them and what principles they had adopted to guide them through the move. He then chose six of them, from companies that had adopted very different approaches, and interviewed them in depth. Using what he learned in those interviews, he created a 30-minute film that he used to launch a very specific conversation about hybrid work with his own leadership team. "What resonates with us?" he asked his colleagues after they



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had watched the film. "What do we want, and what do we absolutely *not* want?"

Each company will have different answers to such questions, of course. But the approach that Thomas and his team adopted—collective, methodical, thoughtful, and drawing on the experience of others—is one that organizations should consider as they think about their long-term hybrid future.

Next Steps

There's a great deal we still don't know about the transition to hybrid work. But to manage that transition successfully, almost every organization will need to take two important steps.

Give more support to teams and their managers.

In the early stages of the pandemic, companies focused—properly and understandably—on the well-being and productivity of individual employees. But since then it has become clear that focusing on individuals is not enough. Leaders must also consider the well-being and productivity of teams and their managers, because it's there, in the relationships among people, where many connections fray under the novel strains of hybrid work.

Leaders will need to be intentional about this—as they have been at the Sage Group, a UK enterprise-software company. Recognizing the need to educate and support their teams, Sage's executives launched a learning program devoted exclusively to that goal. "Our internal colleague data showed that managers were really struggling to lead in a hybrid environment," says Aoife Fitzmaurice, the chief of staff and VP for organization design and workplace futures, who led the initiative. "So we developed a series of 'e-learns' to help upskill our managers in how to manage team agreements, navigate time and place, manage boundaries, and establish effective communication flows. It is still early stages, but the response has been positive. We are now creating a real-time problem-solving community for our managers to support one another."

Use data as your guide. Now that we know the transition to hybrid work will require a long period of constant experimentation and learning, companies should gather

and analyze high-quality data if they want to understand what they're learning, how work is getting done, and how employees are feeling.

Karen Kocher, who manages Microsoft's Workforce of the Future team, reflects, "A lead indicator is data from the daily employee polls with two questions: How are we doing with our flexibility hybrid pledge? and How are managers doing? That has created important insights that have steered actions—around, for example, the importance of one-on-one conversations between managers and team members, and the need for managers to have confidence and clarity about hybrid work."

Similarly, when executives at Tata Consultancy Services studied internal data on productivity, meeting frequency, engagement scores, and attrition, they found that flexibility provides incontrovertible benefits. For instance, the learning hours of employees with hybrid work arrangements rose by more than 35%. The executive team used the findings to illustrate specific actions that managers working in a hybrid environment could take to support sustainable productivity.

WE'VE KNOWN FOR a long time that the pandemic would have a lasting impact on the way we work and how we think about work. Leaders are starting to see this for what it is: a period of learning and experimentation. Early on they found that employees often prefer working in a hybrid way and that doing so can build engagement and agility. But now they're also seeing the negative effects that hybrid work can have—on networks, on innovation—and they recognize that such problems must be acknowledged and addressed. The leadership teams best equipped to meet those challenges deeply understand the DNA of their companies, are open to learning from within and outside their organizations, and take a positive view of experimenting with new ways of working. © **HBR Reprint R2203D**



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