Essentials

New World of Work

Future of Work after Covid-19

Disruptions, such as Covid-19 will have an impact on biological, psychological and economic dimensions. Decisions made during and after the pandemic could lead to less prosperity, slower growth, widening inequality, increased government bureaucracies and closed borders OR, it could be that decisions made during this crisis lead to a burst of innovation and productivity, more resilient industries, smarter government, and a reconnected world. Neither is inevitable; the outcome is likely to be a mix of the two. Where the world lands will be a function of countless decisions made by individuals, companies, governments and other institutions. Optimism and courage will be needed as leaders make these decisions.

"Optimism is true moral courage."
- Ernest Shackleton, 20th century British explorer

What will work look like in this new world? It is impossible to know what will happen, but it is possible to consider the trends. Digital trends that were already underway before the pandemic will likely continue, perhaps accelerate. New trends will appear; some with short-term impacts, others with long-term impacts. We'll explore these two categories of trends.

Accelerating Trends

1. Digitalization.

   The digitization of work was well underway prior to the pandemic. Unlike automation of past generations in which automation was used to eliminate hazardous jobs today's digitization such as artificial intelligence (AI) potentially affects jobs that require cognitive skills found in many middle skill jobs. The primary barriers to rapid adoption of such technologies has been accessibility, cost and employee and customer acceptance. While recent studies such as McKinsey's Global institute's job report suggests that 95% of jobs would not be jeopardized within the next five years, all that will likely change after the pandemic. Many organizations from schools to retailers to manufacturers restructured work with amazing speed so employees could work remotely to deliver value to their customers and continue cash flow. For example, online banking rose to 90% from 10% with no measurable drop-off in quality or compliance. Some of this restructured work may become permanent. Customers will likely have less resistance to such applications as they grew comfortable with it the last few months, maybe even coming to appreciate the accessibility and cost benefits.

   With more demand for inexpensive, accessible and scalable applications to facilitate digital communication and collaboration, innovation will likely increase and costs decrease making the digital tools available to organizations of all types and sizes. It is estimated that companies that act fast and intelligently to incorporate these tools will see benefits in productivity and quality – the benefits could be huge – as much as $3.7 trillion worldwide by 2025. This will in turn create demand for more technical and analytical skills in the workforce.

2. Remote Work.

   It is estimated that pre-pandemic 30% of employees worked remotely, at least part of the time. Many employers were reluctant to let employees work remotely as it raised many questions about performance management, confidentiality and security. A recent Garner analysis predicts 48% of employees will work remotely at least part-time after Covid-19. Expect that number to be higher in the short-term as employers seek to learn how to return to full operations with social distancing. Remote work will require changes in hiring, performance management and evaluation, including more employee tracking (computer usage and health data), raising privacy concerns and challenges creating cohesive teams.

   You may return to work full-time, but some of your colleagues may choose to work remotely, at least part of the time. Office chatter, rhythms and culture will be different. Informal interactions will be less – no bumping into someone from another department in the break-room. In addition to the impact on the social nature of work, this could negatively impact innovation and build new silos between functions/departments (process thinking essential) In addition, remote work requires more standardization of work, new policies and procedures and access to data bases.

   The work space itself will likely change as well. Best practices to keep workers apart for public health including self-contained work pods, plexiglass to separate workers, staggered work shifts, and virtual shift hand-offs will add to the change in work culture.

   Unless leadership is intentional about creating new patterns of work that create opportunities for informal networking and social interactions to occur, and set expectations regarding office hours, the work-life balance could get more unbalanced (not so much working from home as sleeping at work) resulting in burnout, low productivity, and high turnover.

3. Contingent Workers.

   The recent Garner survey revealed that 32% of organizations have replaced full-time employees with contingent or gig workers for cost savings. Digitization and remote work will accelerate this trend. While in the short-term it provides more flexibility, in the long-term it raises questions about performance management and the employer-employee relationship – productivity, compensation and benefits, knowledge management, sense of contribution and worker happiness (relationship essential). It may create a two-tier system of employees that complicates work schedules and divides teams.

4. Humanization of Work Relationships – Expanded involvement in Lives of Employees.

During a crisis, the social contract with employees changes; priority #1 is the safety and health of employees and surrounding community. Throughout the pandemic employers expanded their involvement in the lives of their employees – checking in on their health and the health of their families, expanded health and financial support. Zoom meetings into employee living rooms and kitchens allowed everyone to get to know each other at a more intimate level. Many thought leaders, including SOS encouraged this behavior.

"We need to leave three things behind in the new normal - professionalism, perfectionism, and hand-shaking and replace it with humanism; it is the essence of work."
- Patrick Lencioni on CEO Rising Summit, Jun 16, 2020

Organizations that failed to do this well in the beginning received much negative media attention (Amazon, grocery chains). Employer's brand may well be associated with the care and support they provided employees during the pandemic.

New Trends

1. Separation of Critical Skills and Roles.

In the process of sending people home and making sure essential operations continued, organizations were forced to quickly decide what tasks and skills were critical – in many cases they were painfully obvious. The skills did not always align with roles and employees found themselves working with different people in different parts of the organization. Turf battles disappeared and the expertise of workers at all levels was respected (rank disappeared). This is absolutely essential during a crisis – small nimble teams can make decisions quickly. But, as people return to their former schedules and locations, it raises questions about the relationship between skills and roles, training and development as well as succession planning.   Organization charts may change in some cases – upside-down and decentralized. Leaders accustomed to operating in a command and control hierarchy will struggle with this new structure. Patterns emerging in this area include:
   o Focus on skills, not roles or degrees
   o Deeper succession planning
   o Broader candidates for critical roles
   o Nontraditional career paths
   o Customized career paths with employee involvement in crafting roles and career paths
   o Organic organization structure

2. Shift in Focus from Efficiency to Resiliency

Prior to Covid-19 most organizations focused on streamlining operations and supply chain efficiency (low cost, short cycle times, high reliability). Many of the systems/approaches (single source, focused factories, Just-in-time inventory) put in place to achieve such efficiency, however, were fragile and exacerbated the disruption. This is prompting more organizations to prioritize resilience – from retailers to manufacturers to governments. Over time this is expected to lead to more local/regional sourcing, relocation of manufacturers closer to end users, and less focused factories.   In a recent Thomas survey, 64% of North American manufacturers indicated they will re-shore in the near future. Such changes in the supply chain will create new working relationships between suppliers and customers with new expectations concerning risk management, inventory, and public health.

3. Organization complexity

Not all organizations will be able to survive the transition. Those in denial of risk and peril or grasping for salvation prior to Covid-19 will likely not make it. The loss of demand and associated income for weeks will be unrecoverable. Expect to see an increase in mergers and acquisitions with larger organizations with the resources to do so to swallow smaller competitors and suppliers, making large companies larger. The result will be increased complexity. Clarity will be important – leaders across the old and new organizations will need to communicate a compelling vision and align former adversaries into a cohesive team (Cohesive Leadership, Clarity, Communication and Relationship essentials). Process performance visibility (Process and Statistical Thinking) will be critical for decision-making.

So, while we do not know how this will all play out, work will be different from pre-Covid times. SOS is convinced three things are certain:
1. the 6 Essentials will help organizations forge a future that creates the most value for all stakeholders. Call or email us to learn more.
2. Leaders will need to be able and willing to explore new ways of work
3. Employees will need new skills.

Skills for the New World of Work

As discussed above, many expect acceleration of digitization, more remote working, humanization of work, increased focus on skills versus roles and degrees, less focus on efficiency and more focus on resiliency post Covid-19. What does this mean to the individual worker? What knowledge, skills and abilities will workers need in this new world?

More than half of manufacturers surveyed have not experienced layoffs and 31% are actively hiring. Job listings include engineers, machinists, operators, inspectors and many other technical

positions – to be expected with the advance of industry 4.0 and the need for more technically skilled workers in manufacturing.

Throughout history technological disruptions have demanded step changes in the skills organizations need. The first industrial revolution's steam-power, the second industrial revolution's mass production and the third revolution's internet-based technologies all changed the nature of work. The fourth industrial revolution, driven by the convergence of new digital, biological and physical technologies was changing the nature of work pre-Covid-19 and is now accelerating many of those shifts. The challenge is to hire and develop a workforce that will use artificial intelligence (AI), robotics, 3D printing, virtual reality (VR) and the like while working remotely. Research done by Deloitte found that the competencies most needed are not technical, but more interpersonal and business-oriented. These competencies will be true for brick and mortar businesses as well as digital businesses.

 The following 15 skills will be key:
1. Tech savvy
2. Digital coding skills
3. Flexibility/adaptability
4. Ability to prioritize
5. Process and systems thinking
6. Bottom-line focused/entrepreneurial mindset
7. Ethical intelligence
8. Creativity and innovation
9. Critical thinking
10. Data Literacy
11. Emotional intelligence
12. Leadership
13. Collaboration
14. Risk tolerance
15. Communication

Tech savvy and digital coding skills

A 2019 IBM institute for Business Value Study of executives ranked technical capabilities for STEM (science, technology, engineering, math) and basic computer and software applications as the top two most critical skills needed. People who can keep digital businesses running during economic downturns or crises will be on the "must hire" list. While members of Generation-Z are more comfortable using computer apps than older generations, their depth of knowledge of such tools is not necessarily better – it is still a "black box" to many. Thankfully, there are an endless number of free and open courses (MOCCs) available from a variety of sources for anyone who is committed to learn.

Flexibility/adaptability and ability to prioritize

The top two skills sought in 2018 were behavioral skills – flexibility and adaptability to change and time management/ability to prioritize. The world will continue to change post-Covid, likely at an accelerated pace. In order to succeed in such a world, workers will need to be able to adapt to ever-evolving workplaces and have the ability to continuously update and refresh their skills which will require a commitment to a lifetime of learning which will in turn require the ability to prioritize one's time. Technology will provide an explosion of options, making it easy to become distracted by "shiny objects" and lose sight of the big picture. Prioritization and focus on a critical few goals will continue to be important. The Eisenhauer Box, popularized by Stephen Covey, is a useful tool for doing this:

	Important	Not Important
Urgent	DO NOW	MINIMIZE or DELEGATE
Not Urgent	PLAN	ELIMINATE or MINIMZE

Process and Systems Thinking

Employees must grasp key connections between machine and digital systems, between steps of the supply chain and know their customer's customer. They must be able to see the bigger picture (a Work of Leaders Craft a Vision best practice), integrate knowledge across multiple disciplines and navigate complex data-based systems.

Bottom-line focused/entrepreneurial mindset

In a data-driven world, employees need to be skilled at thinking about business models while designing and implementing new systems. They will need to be able to figure out what all the data means for the business and how it can be monetized. This will mean employees must push the boundaries of product and process development, collaborating beyond traditional boundaries with a high tolerance for risk. For example, product designers must consider the type and location of sensors in light of possible revenue streams from the data. This may lead to dramatically different customer- facing roles, including the combining of product development, product management and product sales roles.

Ethical intelligence

Morals/code of conduct/knowing the standards of behaviors held by society and acting upon it will increase in importance as digital systems become more complex. This includes such behaviors as integrity, objectivity, and confidentiality. Machines are innately logical, but lack empathy which can have negative consequences for consumers and society. While tools such as FMEA (failure-mode-effect-analysis) and control plans could help prevent many catastrophes, workers must weigh in through an ethical lens to consider implications for all stakeholders. Consumers are demanding this. Surveys in large US cities cite organization's ethics and integrity as critical when making purchasing decisions.

Creativity and innovation

Creativity is the ability to generate or recognize new ideas, alternatives or possibilities; innovation is the application of better solutions to meet new requirements, unarticulated needs, or existing needs in new ways.

During the height of the Covid and lockdowns, organizations that were able to quickly shift to new products or new ways to deliver service were better able to weather the storm. In a post-Covid world we will continue to need human creativity and innovation to dream up new products and ways of work.

Critical Thinking

 Critical thinking is the art of analyzing and evaluating thinking with a view to improve it. A critical thinker raises questions, gathers and assesses relevant information and comes to reasoned conclusions and solutions, testing against appropriate criteria and standards, testing assumptions/implications and communicates effectively with others. People who can objectively evaluate information and use it to inform decision-making will be valued.

Data Literacy

We are surrounded by data. Data are critical assets to every organization to better serve customers, but useless unless employees are data literate.

"Creating siloes of data scientists won't light a path to operational excellence or business success. While there are dedicated data analysts who help people with their toughest data problems, everyone benefits when they have an appreciation for good data analysis."
-Jenn Atlas, Minitab

Data literacy is the ability to derive meaningful information from data for translating problems into solutions.

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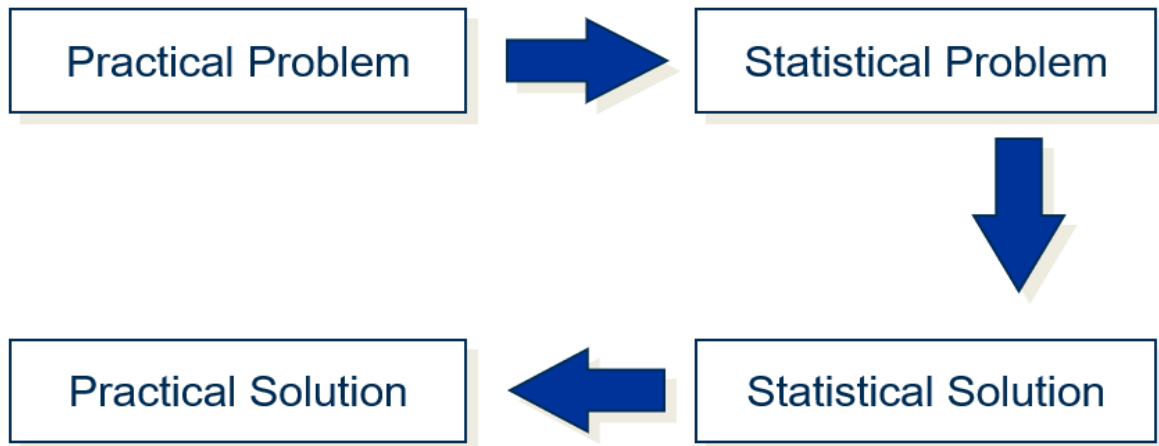
This includes the ability to determine the credibility and reliability of the data, use the appropriate statistical analyses, and interpretation of the results.

Emotional Intelligence

Emotional intelligence is the ability to be aware of, express and control our emotions and be aware of others' emotions (the Smart in Peter Lencioni's Ideal Team Player model). In a complex, ever-changing world people need to be able to connect to others at an emotional level in a way that can be trusted and respected.

Leadership

Remote work, gig work, and the need for nimble teams will put more people in position to lead others. The work of leaders will not change – leaders will still need to Craft a Vision, Build Alignment, and Champion Execution using the eighteen best practice behaviors. It will look different at different levels of the organization – more strategic at upper levels, more tactical at lower levels, but making sure people have what they need to work effectively. See the table below aligning the Work of Leaders best practice behaviors with the remaining twelve non-technical skills for a new world of work.

Skills for New World of Work	Work of Leaders Best Practice Behaviors
Adaptability/flexibility	Remaining Open
Ability to prioritize	Prioritizing the Big Picture
Creativity & innovation	Being Adventurous
Data literacy / statistical thinking	Analyzing in Depth
Critical thinking	Explaining Rationale, Structuring Messages
Emotional intelligence	Exchanging Perspectives, Being Expressive, Offering Praise
Systems & process thinking	Explaining Rationale, Exploring Implications, providing a Plan, Addressing Problems
Collaboration	Seeking Counsel, Exchanging Perspectives, Being Expressive, Being Encouraging
Risk tolerance	Being Adventurous, Speaking Out
Bottom-line focus/ Entrepreneurial mindset	Being Driven, Initiating Action
Ethical intelligence	Addressing problems
Communication with broad audiences (oral, written, listening)	Explaining Rationale, Structuring Messages

Collaboration

Collaboration means working together toward a shared purpose - to produce or create something no one person could create alone. Digitization, the gig economy and remote work do no lessen the need to work together. Just the opposite. They will likely require more coordination across functions and the supply chain, to meet evolving customer needs. This will require workers to clarify expectations, set boundaries, communicate status of shared work, practice good meeting and decision-making discipline, all of which require trust and accountability.

Risk Tolerance

Risk can mean opportunity, excitement or a shot at big gains (organizational, professional or personal). But it could also mean losing everything. Research by behavioral scientists shows that fear of loss plays a bigger role in decision-making than anticipation of gains. Risk tolerance is the amount of variability/ volatility/uncertainty one is willing to accept. Comfort with uncertainty may change over time as risk capacity (amount of risk able to take on financially, emotionally, physical) changes over the course of life. Generally, capacity and tolerance decrease as you assume more responsibilities (mortgage, children, care of elderly parents, business ownership). The time horizon of goals is also an important factor. If the time horizon is long, it may be possible to spread the risk out to where its impact is negligible or more time to recover from any losses. To manage risk and make better, faster decisions requires understanding the type of decision and applying best practices for that type to minimize risks and make the decision right.

Communication

Communication is not so much an intellectual process as an emotional one. The whole point Is to mobilize people around what is most important; communication must appeal to both the head and the heart. Keys to effective communication are:
- face-to-face communication - gives people a chance to ask questions, hear tone and see the body language in which it is delivered.
- Crisp and structured
- Consistent time to time and leader to leader
- Timely – within 24 hours of a decision

Telling is not communication. Leaders must know how to target the audience, explain rationale, address concerns and meet people where they are. The specifics of how to do this will likely change as more workers work virtually. Good meeting practices, such as using an agenda, setting and using ground rules, capturing action plans and evaluating meeting effectiveness will still be important.

Looking ahead beyond 2021, PSI Talent Management has identified seven top competencies for managers and individual contributors in the post-pandemic world of work:

1. **Critical Thinking** - the ability to appraise the situation with data and information from multiple sources, to quickly understand what is essential for decision-making and question ideas and assumptions.

2. **Learning Agility** - rely less on strategies and approaches that worked in the past; critically evaluate experiences and apply learnings to new situations.

3. **Digital Dexterity** - able to grasp and leverage new technologies rapidly.

4. **Building Relationships** - with more automation, the jobs that remain will focus on things humans do better than machines - such as emotional intelligence and social skills.

Employees will need to be able to communicate and collaborate with others in both face-to-face and virtual environments.

5. **Embrace Diversity** - organizations recognize they need diverse perspectives to create new ideas and solve business challenges.

6. **Resilience** - able to cope with setbacks and change and bounce back effectively.

7. **Change Orientation** - maintain a positive attitude toward change in work tasks, skill requirements and organizational structures by embracing change and appreciating the opportunities it presents.

"Success today requires the agility and drive to constantly rethink, reinvigorate, react and reinvent" -Bill Gates

How do these seven competencies compare to the 15 skills identified July 2020?

Competencies for Next Decade	2020 Skills for New World of Work
Critical Thinking	Data Literacy Ethical Intelligence Critical Thinking Process & Systems Thinking
Learning Agility	Risk Tolerance
Digital Dexterity	Tech Savvy Digital Coding Skills
Building Relationships	Communication Collaboration Leadership Emotional Intelligence
Embracing Diversity	Creativity & Innovation
Resilience	Ability to Prioritize Flexibility/Adaptability
Change Orientation	Flexibility/Adaptability Bottom-line Focused/Entrepreneurial

You will notice several of the skills identified in 2020 are grouped together into one competency. This is a sign that the skills are not independent, but integrated. Those that can bring the skills together in an integrated fashion to help organizations deal with the complexities of our rapidly changing world will be in high demand.

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