



TRANSFORMATION'S INFLECTION POINT

Transforming Forward through COVID-19

For organizations in every industry, COVID-19 is a solemn reminder that “business as usual” is a fragile notion. The global pandemic is leaving an indelible mark on a generation of business leaders called to make bold financial and operational moves in the face of turbulent market conditions that evolve rapidly within a matter of hours—even minutes.

On paper, today’s headwinds show up on balance sheets and liquidity statements. In practice, these headwinds, which appear to be purely financial and operational in nature, represent something much more personal. In past crises, such as the 2008 financial crisis, quantifiable models could paint an objective picture of future outcomes. This time around, COVID-19 is primarily a people challenge. As leaders face immediate decisions about cost takeout, they must show empathy for employees and their constituencies, while engaging and inspiring those employees to progress courageously in the workplace. They must intentionally cultivate, and actively manage, cultures of resilience that thrive and gain momentum amidst disruption. They must model a progress-over-perfection mindset that invites employees to challenge entrenched norms, absent fear of failure. At the same time, these leaders must maintain a careful balancing act, keeping a constant eye on mitigating risk to the balance sheet.

Facing COVID-19, most leaders are operating in a reactive posture, forced to make tough financial and operational choices in response to urgent needs. Instead, we believe today’s climate opens the door for businesses to transform forward in unprecedented ways. This transformation begins with the workforce. Intentionally designing for the role of the employee advances immediate efficiency imperatives while powering reimagined customer experiences,¹ enabling differentiation that lasts beyond the confines of the crisis. Although bleak, the COVID-19 situation presents a pivotal point of inflection to reimagine existing paradigms of alignment, ways of working, and culture for sustained differentiation. **If not now, when?**

A MATTER OF PEOPLE

To understand the role of the workforce in addressing COVID-19, it's important first to unpack the fundamental implications of the pandemic. At its core, the impact of COVID-19 is deeply personal and threatens basic needs. Efforts to contain the disease have radically altered, and in some instances, taken away sources of intrinsic motivation in our daily lives. Whether it be cheering on a son at his soccer game or meeting a friend for coffee, the daily routines that drive and inspire us have quickly dissipated. And for many, feelings of fear and social isolation hang in the balance.

Navigating a crisis with these profoundly personal impacts, leaders must design experiences that engage not only the employee, but also their surrounding ecosystem of friends, family, and loved ones. By borrowing from the tenets of design thinking that consider the emotional needs, experiences, and feedback of employees, leaders can secure buy-in and alignment on efficiency needs and financial imperatives, while doing right by customers. But first, leaders at the top must be aligned, as their mindsets cascade down and shape those of lower-level team members. Our research shows us that design thinking works. 93 percent of business leaders agree that involving employees in the design of change initiatives leads to higher levels of adoption.²

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NOTHING IS TOO SACRED

Organizations must also actively cultivate workforce resiliency. Scholar Nassim Taleb famously maintains that uncertainty is a driver of growth and resilience. He introduces the notion of *anti-fragility*, proposing that setbacks and difficulties can make organizations stronger. Borrowing on this principle, leaders should foster a culture that creates open channels for new ideas, safety in challenging the old ones, and encouragement to fail and bounce back in the face of market uncertainty. In response to the pandemic, many leaders have been thrust into a defensive stance, operating from places of fear that lead to poor, reactionary decisions. Propelled by a culture of resilience, both leaders and employees will be confident and feel empowered to prioritize progress over perfection. This mindset enables organizations to transform ahead in times when panic would otherwise cause them to stall.

Strengthened by resilience, organizations should use this time to call every aspect of the business into question. Leaders and employees who are empowered to challenge the organization's long-held assumptions—especially those involving parts of the business that have historically been considered sacred—are also inspired to believe in a vastly different future that engages customers in new and differentiated ways. Alongside the immediate need for cost takeout, the disruption brought by COVID-19 creates new potential to deliver differentiated customer experiences while creating a more efficient organization and effective workforce. Unlocking this opportunity starts by cultivating employees that question today's norms and feel empowered to carve the path to a customer-centric future state.

GETTING STARTED

Cost takeout and efficiency remain top-of-mind in COVID-19 response, yet leaders also need to use today's challenges to propel their organizations forward. To get there, business leaders must start with their workforce. *How do we engage and motivate employees, so they emerge stronger post-pandemic? How can we inspire them to power customer experience in new and unprecedented ways? How will these moves ultimately make our organization more efficient and profitable?*

To unlock new efficiencies through the workforce while transforming for a stronger long-term future, here's where organizations should get started:

- **Align your executive team:** Leaders' attitudes and mindsets shape those of lower-level team members. Organizations in our research tell us that "executive leadership team alignment" is the most influential factor in building alignment for change across the organization.³ Your executives must be aligned on the importance of efficiency, and model that to the rest of the business. Alignment also means that all leaders are committed to forgoing individual, function-specific incentives, and rally around operational efficiency as the enterprise's shared metric for success.
- **Apply Operational Efficiency Ratio (OER) model:** Consider how much money it costs your organization to generate a dollar of revenue (costs/revenue). When setting your target for OER, widen your focus beyond cost, and consider relationships with key constituents, such as employees, customers, partners, and more. With this approach, you're likely to find that improved and consistent customer experiences will power top-line growth, ultimately driving a more favorable OER. Setting an enterprise wide OER target ensures that leaders are acting in the best interest of the entire organization, rather than in favor of siloed or competing goals.
- **Nurture continuous improvement through a culture of resiliency:** Resilient workforces thrive amidst continuously evolving circumstances, possessing the confidence that their organizations will emerge stronger post-pandemic. In uncertain times, an intentional culture where employees feel supported to take risks and recover from failure is key to embedding high-performing teams that drive continuous improvement in both efficiency and customer engagement.⁴
- **Design a care strategy for employees:** Culture aside, leaders should show care and compassion for the employee *outside* of the workplace. When employees feel genuinely valued, cared for, and understood, they're more likely to go the extra mile in their interactions with customers.
- **Take big swings:** Navigating turbulence, it's never been a better time to question why you're in the business you're in. Today, we often find that many organizations are slow to evolve existing norms and make bold, "big swings" for the customer—even when confronted with volumes of data validating the case for change. Unfettered by internal politics, leaders should place every aspect of the business on the table—even those things thought to be sacred—and inspire employees to question, innovate, and collaborate cross-functionally in the name of reimagined customer solutions. Resilient employees will be emboldened and encouraged to take smart risks that improve efficiency in the short-term and drive customer experience forward for the long-term.

Navigating the impacts of COVID-19, business leaders across industries must confront the stark financial realities of operating in an uncertain economic climate. For many, this means tough decisions surrounding cost takeout, workforce right-sizing, and more. At North Highland, we believe it's time to flip these challenges on their head. By seeing the realities brought by COVID-19 through the lens of people, organizations will move away from a reactionary position, and towards one that makes continuous transformation and improvement a new normal. It's a mindset that will propel your organization, both today and through future periods of challenge and uncertainty.

1 "[Beacon 2020: Driving Workforce-Powered, Customer-Led Transformation](#)," North Highland, Jan. 2020.

2 "[Driving Change with Design Thinking](#)," North Highland, Sept. 2019.

3 Feb. 2020 North Highland-sponsored survey of > 400 cross-functional employees at organizations with annual revenues > \$1B and that are headquartered in the U.S. or U.K.

4 "[Individual Resilience: Embedding Change in our DNA](#)," North Highland, Feb. 2020.

ABOUT THE AUTHOR

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Alex is a President and Managing Director at North Highland. He leads the firm's client-facing strategy and sales and demand generation activities, including go-to-market strategies. Alex's approach, both within the firm and with clients, transforms organizational and operational processes in ways that support new ways of working, greater enterprise agility, and cultures rooted in collaboration and co-creation.



ABOUT NORTH HIGHLAND

North Highland makes change happen, helping businesses transform by placing people at the heart of every decision. It's how lasting progress is made. With our blend of workforce, customer and operational expertise, we're the world's leading transformation consultancy. We break new ground today, so tomorrow is easier to navigate.

Founded in 1992, North Highland is an employee-owned firm - regularly named one of the best places to work. We have more than 5,000 consultants worldwide and 65+ offices around the globe. Meanwhile, we're a proud member of Cordence Worldwide (www.cordence.com), an international consulting alliance.

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