



The future is now: How leaders can seize this moment to build thriving organizations

There is no going back: the fundamental changes in ways of working caused by COVID-19 require leaders to change, too. New approaches to agility and inclusion, which helped organizations through the crisis, are at the core of resetting organizations for long-term resilience.

Organizations have radically altered how they work during the COVID-19 pandemic, and, crucially, the changes have shifted perceptions of how work can and needs to be done. Most obviously, because of the need for most workers to go remote, digital transformation efforts that would have taken years were compressed into months or even weeks, jolting entire organizations into a new reality and shattering old mindsets, habits, and business models. One HR leader we spoke with recently described how fundamental the shift in ways of working is: her CEO had been totally opposed to remote workers no matter what business case she made, but with COVID-19 as a forcing function, the CEO adapted—and the top team even concluded that virtual meetings are more effective.

At Heidrick & Struggles, we've talked with some 3,000 leaders since March 2020 about how they're leading now. Among other things, we asked which mindsets organizations have had to shift to navigate this new normal. Through the immediate crisis and continuing into the present, we've overwhelmingly heard the following: control, hierarchy, rigidity, certainty, and silos. When we asked what capabilities would make leaders and organizations future-ready, we heard agility and inclusion. Those priorities are among the few crucial capabilities that we know help leaders, teams, and organizations thrive in the long term.¹

Although some leaders may still hope to go back to the way things were, it's clear that extensive remote working, new health and safety protocols, and hybrid teams of people in and out of offices are the norm for the foreseeable future. In other words, the future is now—and here to stay. The question for leaders is how to take the best of their COVID-fueled agility and digital gains and carry that momentum forward, leaning into the future before new silos arise and performance stalls. Our ongoing work suggests several strategies leaders can use to build agility and inclusion in ways particularly suited to today's challenges.

¹ For more on Heidrick & Struggles' research on leaders and organizational performance, see Karen Rosa West and Megan Herbst, "Managing up isn't enough: Why leaders must develop their own teams," Heidrick & Struggles, December 3, 2020; and Emily Amdurer, "How leaders can help workers thrive now—and build a foundation for growth," Heidrick & Struggles, May 12, 2020, heidrick.com.

New ways of working

Long before the pandemic, many companies had initiated new ways of working to be fast, empowered, transparent, and networked. For most companies, these efforts were aspirational. But the organizations thriving now are the ones that had made at least some progress and were able to leap forward despite the additional focus needed on health and safety.

The baseline for new ways of working is an unprecedented focus on health and safety for all workers. Prolonged uncertainty about the virus and safety measures including social distancing and limited travel have left an indelible imprint. Many employees, high risk or not, are currently uncomfortable going into an office. Technology-based solutions to ensure safety—such as office tracking to see where people are congregating, proof-of-health passes, or advanced scanners that go beyond temperature checks to diagnose potential issues—may help over time. But preventative health screening and early detection will become the norm until vaccines are widely distributed, and sensitivity to workers' physical and mental health as well as consideration for their work-life balance will, we think, remain crucial to leaders' ability to attract and retain talent.

Working together

Given that, it's clear that the nature of work for almost all office workers has fundamentally shifted from physical first to digital first. Virtual meetings and remote collaboration are now the norm: one survey in the United States found that 82% of leaders will allow at least some remote work going forward.² Another found that 76% expect to reduce office space.³ Leaders who embrace a digital-first collaboration style, leverage video and interactivity, and create engaging, interactive meetings and experiences for teams have thrived. Some executives have told us that they feel even more connected to colleagues in a virtual setting because the heightened expectations of video now allow them to regularly see even the most geographically distant colleagues and to see them no differently than the people who used to work down the hall. Many executives who felt disadvantaged because of geographic distance have told us that the playing field feels more equal now.⁴ The same dynamics are at play for most companies in terms of how they reach their customers, whether that means telehealth visits, virtual meetings with advisers, or virtual trade shows. But many leaders and organizations are finding it hard to maintain personal ties over time, and particularly to build new ties with colleagues or customers they did not know before.

Another consequence of long-term virtual working, which has become clearer over time, is a reduction in the influence of physical and spatial hierarchy. Buildings have floors, executive suites, elevators—in other words, status—built into the physical workspaces. Even when the CEO and top team are in an open space, everyone knows where they sit. In the virtual world, there is no such hierarchy: in a Zoom call, all of the "Brady Bunch" video windows are the same size. In our homes and comfortable clothes, with our children and pets in the backgrounds, we are more human, with less turf, façade, or status. For some employees, this exposes more than they are comfortable with. But for many, it accelerates the move away from hierarchy and silos toward networks. In a new book, the management thinker Gary Hamel points out that, sooner or later, every executive is going to realize they can't win in a networked world with a hierarchical structure; instead, what's needed is what Hamel calls a "humanocracy."⁵ And COVID-19 caused later to come sooner.

Changed expectations for transparency and decision making

Operating virtually and with less hierarchy can lead to much faster decision making. But it also demands a high level of comfort with ambiguity and uncertainty because leaders can't always get everyone together. And sometimes it just isn't possible to reach a consensus or go up and down the chain of command quickly enough to make effective decisions in the rapidly changing world.

In parallel, however, transparency matters more than ever. Though many leaders and organizations have long tended to withhold or limit information, transparency is necessary to make good decisions quickly. It is also a growing expectation, particularly among younger workers, and one that COVID-19 has intensified. Political leaders such as German Chancellor Angela Merkel and business leaders such as Arne Sorenson of Marriott have been seen as forward thinking because they have been up front with those they are responsible for about what they do and do not know. During our discussions, we've heard from business leaders that sharing more information than ever before on health, safety, finances, and customers quickly and evenly through virtual town halls or other interactive methods—not just email—has helped build trust and relieve anxiety in their organizations.

Given this virtual-first, non-hierarchical, ambiguous world in which leaders share as much as they can but uncertainty is a norm, it's clear why leaders see agility and inclusion as crucial to their long-term success. Organizations must continue to change, and they will need the good ideas and goodwill of all their people in order to do so. Leaders will benefit from taking a step back to think through how they can build an inclusive and agile workplace remotely. Some are leading the way.

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Changing expectations for the future



Digital first



Less physical and spatial hierarchy



Faster decision making



Comfort with ambiguity and uncertainty



Greater transparency

2 Gartner, "Gartner survey reveals 82% of company leaders plan to allow employees to work remotely some of the time," press release, July 14, 2020, gartner.com.

3 Lance Lambert, "76% of American CEOs say they may shrink office space," *Fortune*, October 22, 2020, fortune.com.

4 For more, see Yulia Barnakova and Steven Krupp, "Virtual upsides: Five new ways of working to enhance agility and inclusion," LinkedIn, December 1, 2020, linkedin.com.

5 Gary Hamel and Michele Zanini, *Humanocracy: Creating Organizations as Amazing as the People Inside Them*, Boston: Harvard Business Review Press, 2020.

Agility in 2021

Agility is the ability to pivot quickly—with an open, flexible mindset—in response to change. We define it as the combination of four distinct skills: foresight, adaptability, resilience, and learning.⁶ As leaders adapt to this new world of work, some are finding innovative ways to build agility both personally and within their organizations.



Foresight:

Anticipating and being prepared to pivot in response to rapidly changing dynamics

Leaders with foresight anticipate what's around the bend and prepare proactively for many possibilities. They decrease ambiguity by being curious about future technologies and are early adopters of virtual collaboration tools. Leaders with foresight connect with external and internal networks to pick up early warning signs of change. These leaders share information transparently to encourage open-minded, forward-looking analysis of changing customer and business dynamics—a task that some have found even easier with flexible, remote teams. They employ tools such as scenario planning to embrace uncertainty and create plans that will be successful in a variety of environments.



Adaptability:

Shifting priorities quickly to create new business models and ways of working

Adaptive leaders readily drop old mindsets to experiment with and launch new ways of working. These leaders were able to quickly shift gears to embrace changing health concerns and virtual collaboration tools early on in the pandemic. They thrive on challenging old assumptions and business models and understand how to exploit opportunities in the changes forced by COVID-19. Adaptive leaders have had an easier time than others shifting from guarding information to sharing it and taking risks with experiments and faster decision making.

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Learning:

Testing ideas, experimenting, and continuously iterating in real time

Whoever learns fastest has the advantage in an uncertain world. Successful leaders acknowledge what they don't know, embrace a growth mindset in even the most ambiguous times, and stay inquisitive. They deploy rapid-cycle experimentation and encourage “failing forward” to innovate. If plans go wrong, learning-oriented leaders get curious about what happened and do after-action reviews that they make safe for anyone to speak up about how things went wrong. Learning leaders build tight feedback loops and empower team members to provide candid feedback.



Resilience:

Bouncing back from setbacks and failure

Resilient leaders manage fear, uncertainty, and difficult choices, even in the most difficult and uncertain times, by being able to bounce back rather than get stuck. These leaders are transparent, positive, and honest in the face of tough realities. They promote resilience by leading with purpose, explaining the “why,” and linking strategies or decisions directly to organizational purpose. Companies that faced layoffs during the pandemic saw better employee engagement among remaining employees, some business leaders have told us, when they linked the layoffs to positioning the company to better serve its purpose in the long term. Resilient leaders champion practices that promote health, well-being, and virtual collaboration. They take personal accountability; they do not pass the buck. They empower teams to focus on what they can control and seek small wins to build momentum.

⁶ For more on how leaders applied these at the beginning of the crisis, see Steven Krupp, “From blame to gain: Leading with agility in a crisis,” Heidrick & Struggles, April 2, 2020, heidrick.com.

Agility in action

AmerisourceBergen, a pharmaceutical distributor that provides access to about 30% of the medications used in the US healthcare market, faced a significant challenge in late March when healthcare providers began ordering extra supplies of medication out of fear that drugs would be unavailable during lockdowns. Robert Mauch, executive vice president and group president, noted that volume was nearly 50% above normal, but the company's systems, automation, and people created "the ability for orders to come in in the evening and be delivered anywhere in the United States the next morning." AmerisourceBergen's foresight to invest in technology, even when the short-term payoff from such investment wasn't clear, was crucial.

Mauch also explained how the company's purpose helped it maintain resilience: "Our purpose is that we're united in our responsibility to create healthier futures. The COVID-19 pandemic really created some clarity for us in terms of what we needed to do. Immediately we knew that we needed to protect our associates, both because that's the right thing to do and because we needed to protect the integrity of the supply chain for pharmaceuticals while healthcare itself was being disrupted in so many ways. So, since mid-March, we made sure that everyone who could work remotely or work from home did so, and those who are on the front line, primarily in our distribution centers and infusion centers outside the United States, were able to continue doing their work." Mauch added that "everyone who needed a medication that was available got those medications through the distribution portion of the supply chain. It's an example of being able to demonstrate the value and efficiency of our industry, to remind the public and other stakeholders of the innovation that occurs within the pharmaceutical distribution industry, which often does its work out of the spotlight."

Aptiv, a global auto parts company, relied on its values to support adaptability and learning in its facility in Wuhan, China, the initial epicenter of the pandemic. Working under considerable constraints—and in the face of the fear of a then little-known virus—the team came together in March to manufacture critical components for ambulances. When the city was on lockdown, all roads leading in and out of it were closed, disrupting the supply chains and limiting the availability of critical parts right when the city needed more ambulances built. In response, local Wuhan managers at Aptiv returned to the work site to adapt their operations to include new safe operation protocols. Once they tested the protocols themselves and learned enough to be sure they could bring people back safely, they communicated the procedures to their teams and offered them the option to return.

And the teams did. Enough people returned to the work site that the critical ambulance components could be produced and delivered. Aptiv has now made its safety protocols available to other companies to support the industry as a whole.

Aptiv leaders have told us that the core Aptiv values (doing the right thing the right way, playing to win as one team, thinking and acting like owners, acting with urgency, having passion for results, and operating with respect) drove their commitment to learning how to adapt to the new situation, helped them communicate effectively with their workforces, and bolstered their resilience.

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AmerisourceBergen

Inclusion in a new context

A recent Heidrick & Struggles survey of global executives found that only 27% consider their company largely inclusive today. It also found that companies that are inclusive and take a strategic approach to diversity and inclusion, linking it to business performance, generated a five-year compound annual growth rate for revenue 62% higher than that of other companies in the survey.⁸ Indeed, inclusion is not only the right thing; it is the productive thing. Diverse thinking leads to better decisions, more empowerment, better networking, and more transparency. An inclusive culture boosts employee engagement, positive energy, and morale while making an organization more attractive to talent and consumers. But we also know that building an inclusive environment is challenging when working remotely.

⁷ For more on AmerisourceBergen's response to the pandemic, see "Agile leadership in the pharmaceutical industry:

Insights from AmerisourceBergen's executive vice president Robert Mauch," Heidrick & Struggles, October 9, 2020, [heidrick.com](https://www Heidrick.com).

⁸ Krishnan Rajagopalan and Lyndon A. Taylor, *Meeting the Inclusion Imperative: How Leaders Can Link Diversity, Inclusion, and Accelerated Performance*, Heidrick & Struggles, April 30, 2020, [heidrick.com](https://www Heidrick.com).

So, how do leaders build inclusion? Other work by Heidrick & Struggles shows that inclusive leaders lead with purpose, create belonging, and value differences.⁹



Lead with purpose:

Inspiring with passion, commitment, and alignment to a mission that matters

In any time, thriving leaders are true to their purpose. In uncertain times, leading with purpose is more critical than ever. Organizations were forced to take leaps of faith, radically shifting to virtual business models and contactless customer interactions. One retail executive we spoke with lauded their company's CEO for "not allowing us to let go of the mission. This helped us maintain strong customer and employee loyalty—perhaps even more so coming out of the crisis"—as they shifted overnight to e-commerce, remote delivery, and curbside pickup. Purpose-driven leaders rally their team around a North Star to guide decisions and hard trade-offs that must be made quickly to preserve business continuity. Such authentic leadership aligns people behind even unimaginable changes, large and small, and builds the resilience of the workforce by keeping them focused on that purpose every day, as we saw in the Aptiv example.

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Create belonging:

Promoting openness, trust, and psychological safety

A less hierarchical work environment, in which personal life is shared along with work, creates new opportunities to build connection. Leaders' increased concern for people's health and safety necessarily leads to an embrace of the complete person and his or her needs, rather than just the person at work and his or her productivity. Leaders are building and maintaining a sense of belonging with new policies such as unlimited paid time off, home office support, flexible work hours, and acknowledging that working remotely is a viable option in the long term.

But there is much more: the most inclusive leaders are creating virtual communities, benefiting from the democratization of interactions and reduced separation among those who work in different physical spaces. Wherever we are, we can all jump on a Zoom call or join a town hall together. Many leaders tell us they are communicating with their people a lot more than they did before. Broader participation, wider input, and greater information sharing leads to a stronger community.

It is also critical for leaders to check in formally and, perhaps even more important, informally. One leader set up a regular daily call with her team when everyone went remote. The team quickly found that the real value of the call wasn't to discuss business matters but to have time to chat informally just as they might have in the hallways or kitchens of their office. This informal time has been important, the leader said, in maintaining cohesion and a sense of shared purpose on the team.



Value differences:

Encouraging diversity of thought, talent, and teams

When people feel a sense of belonging and trust, they are more able to take risks, speak their minds, and consider others' points of view. Different points of view may also be more visible in a less hierarchical and more transparent environment.

During the early months of the pandemic, for example, several companies increased crowdsourcing to generate a range of views quickly from diverse stakeholders on critical issues. Some companies are experimenting with hackathons for innovation and empowering teams or networks in order to promote breakthrough thinking that can address the realities of the new ways of working.

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⁹ Karen Rosa West and Megan Herbst, "What inclusive leaders do—and don't do," Heidrick & Struggles, April 27, 2020, heidrick.com.

Inclusion in action

One global apparel manufacturing business with 19,000 people on six continents focused particularly on valuing differences as it sought to expand the agility of the executive team to the rest of the organization during this year. The company has faced a number of supply chain challenges, which it traditionally would have solved within individual business units. This year, however, leaders set up cross-functional working groups with people at all levels of the organization to look at how to solve these issues. The leaders are quite clear that they will not succeed in revenue terms if they make decisions without hearing a diverse group of voices.

Leaders at Nebraska Medicine, a US healthcare provider and medical research center and one of the first places to treat COVID-19 patients in the United States, have focused on purpose and creating a sense of belonging to guide their actions. The organization works jointly with the University of Nebraska Medical Center College of Medicine, but for years the two organizations had been working in silos, with little trust between them. Leaders defined a set of mutually acceptable values (innovation, teamwork, excellence, accountability, courage, and healing) in service of the collective goal of “leading the world in transforming lives to create a healthy future for all individuals and communities.”

The focus on working together on those terms led to a more aligned and resilient organization and was, leaders said, at the heart of why the organization was able to respond to the COVID-19 crisis effectively as early as February. The hospital has the country’s most secure biocontainment unit, but it had been required infrequently. And though fear of and uncertainty surrounding the virus and the surge in COVID-19 cases in the fall took a significant physical and emotional toll on the staff, at the end of the year, their shared purpose and ability to support each other were important sources of resilience. Nebraska Medicine has also been very agile throughout the crisis, and its ability to learn and adapt has helped shape healthcare protocols across the country.

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Although COVID-19 has dealt a huge blow to global health, economic stability, emotional well-being, and performance across sectors and organizations, some companies have been able to thrive nonetheless, and, as new ways of working become the norm, other companies can learn from how they are adapting with agility and inclusion. The crisis has tested leaders, and it is clear that disruption will continue. Upheaval will test our agility. Discontinuity and working from home will require us to deploy more strategies for inclusion. In this moment, we must all be learners—figuring out not how to simply make the best of it but how to make it the best it can be. Leaders who make that mindset shift can propel themselves and their organizations forward to optimize their success now and in the future.

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About the authors

Yulia Barnakova
is a principal in Heidrick &
Struggles' Philadelphia office and
a member of Heidrick Consulting.
ybarnakova@heidrick.com

Steven Krupp
is a senior partner in the
Philadelphia office and a member
of Heidrick Consulting and
the CEO & Board Practice.
skrupp@heidrick.com

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CEO & Board and Team Acceleration	Alice Breeden London abreeden@heidrick.com	
Organization Acceleration, Culture Shaping, and Diversity & Inclusion	Rose Gailey Costa Mesa rgailey@heidrick.com	
Leadership Assessment, Development, and Coaching	Sharon Sands London ssands@heidrick.com	
Digital Acceleration and Innovation	Yulia Barnakova Philadelphia ybarnakova@heidrick.com	Adam Howe London ahowe@heidrick.com
	Jarrad Roeder Philadelphia jroeder@heidrick.com	Chris Uhrinek Singapore cuhrinek@heidrick.com

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