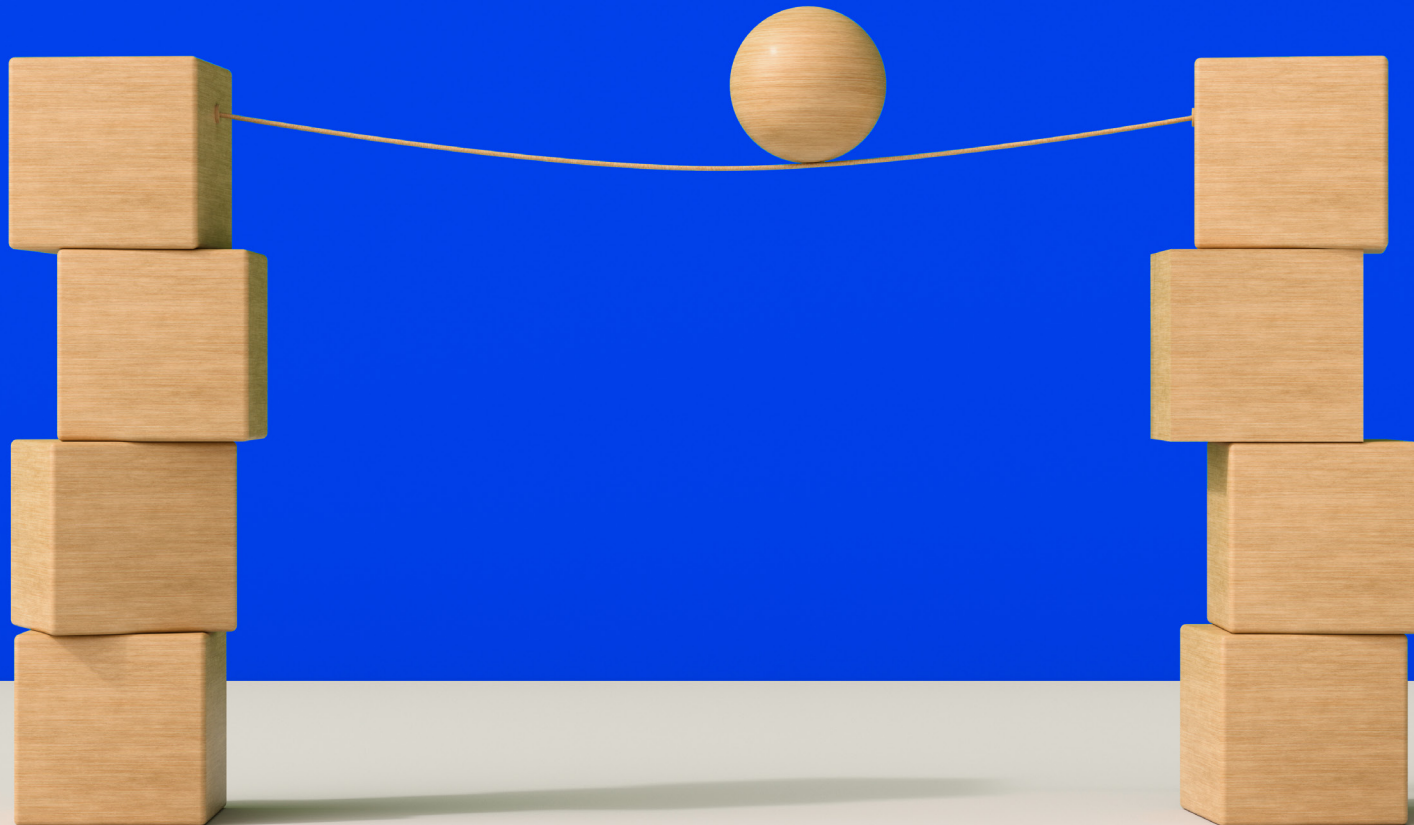


Organization

# What executives are saying about the future of hybrid work

Organizations are clear that postpandemic working will be hybrid. After that, the details get hazy.

*This article is a collaborative effort by Andrea Alexander, Rich Cracknell, Aaron De Smet, Meredith Langstaff, Mihir Mysore, and Dan Ravid.*



## Introduction

In the postpandemic future of work, nine out of ten organizations will be combining remote and on-site working, according to a new McKinsey survey of 100 executives across industries and geographies.<sup>1</sup> The survey confirms that productivity and customer satisfaction have increased during the pandemic.

Despite the embrace of a hybrid model, though, most organizations have only begun to think through and articulate the specifics of how to carry out a more permanent mix of remote and on-site working for all roles that aren't essential to perform on-site. Many of their employees are feeling anxious as a result. The sustainability of pandemic-style productivity gains might well depend on how organizational leaders address the anxiety their employees feel—and the associated levels of burnout.

The following charts, drawn from our survey, offer insights for executives who are sorting out the particulars of the hybrid approach. A notable finding is that organizations with the biggest productivity increases during the pandemic have supported and encouraged “small moments of engagement” among their employees, moments in which coaching, mentorship, idea sharing, and coworking take place. These organizations are preparing for hybrid working by training managers for remote leadership, by reimagining processes, and by rethinking how to help employees thrive in their roles.

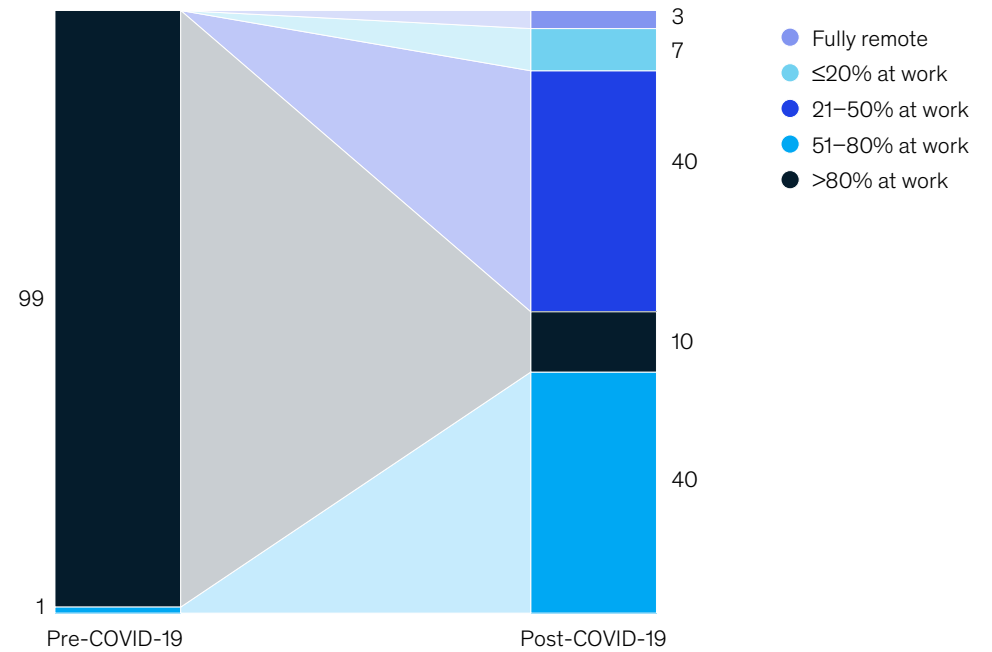
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<sup>1</sup> From December 2020 through January 2021, McKinsey surveyed and analyzed responses from 100 respondents at the C-suite, vice-president, and director level, evenly split among organizations based in Asia, Europe, Latin America, and the United States, and among a variety of industries. Company revenues ranged, on average, from \$5.1 billion to \$11.0 billion per year.

*The future will be more hybrid.* Prior to the COVID-19 crisis, the majority of organizations required employees to spend most of their time on-site. But as the pandemic eases, executives say that the hybrid model—in which employees work both remotely and in the office—will become far more common. The majority of executives expect that (for all roles that aren't essential to perform on-site) employees will be on-site between 21 and 80 percent of the time, or one to four days per week.

## In the post-COVID-19 future, C-suite executives expect an increase in hybrid work.

**Past and future expectations of time spent at work location,<sup>1</sup> % respondents**



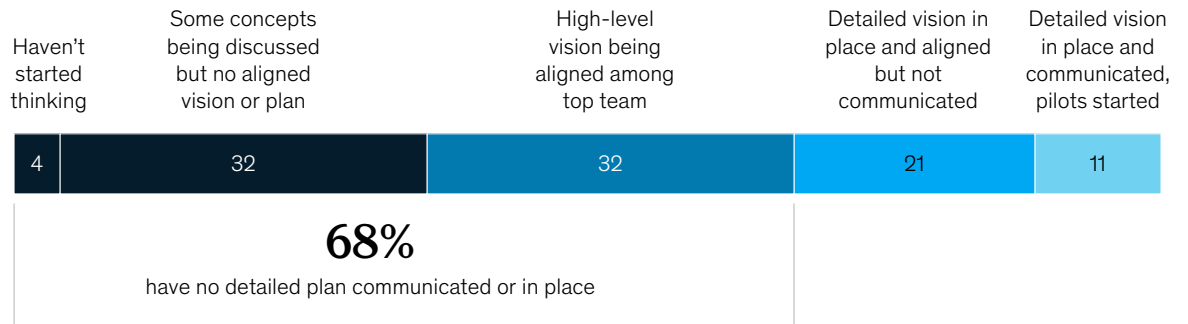
<sup>1</sup>Question: What level of remote working (for roles typically associated with being office-based) does your organization have?

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*Future vision.* Although nine out of ten executives envision a hybrid model going forward, most have at best a high-level plan for how to carry it out—and nearly a third of them say that their organizations lack alignment on a high-level vision among the top team. Although another third of organizations have a more detailed vision in place, only one in ten organizations have begun communicating and piloting that vision.

## Most organizations don't yet have a detailed vision in place for hybrid work.

State of post-COVID-19 return-to-office planning,<sup>1</sup> % respondents



<sup>1</sup>Question: What is the state of your post-COVID-19 return-to-office planning?

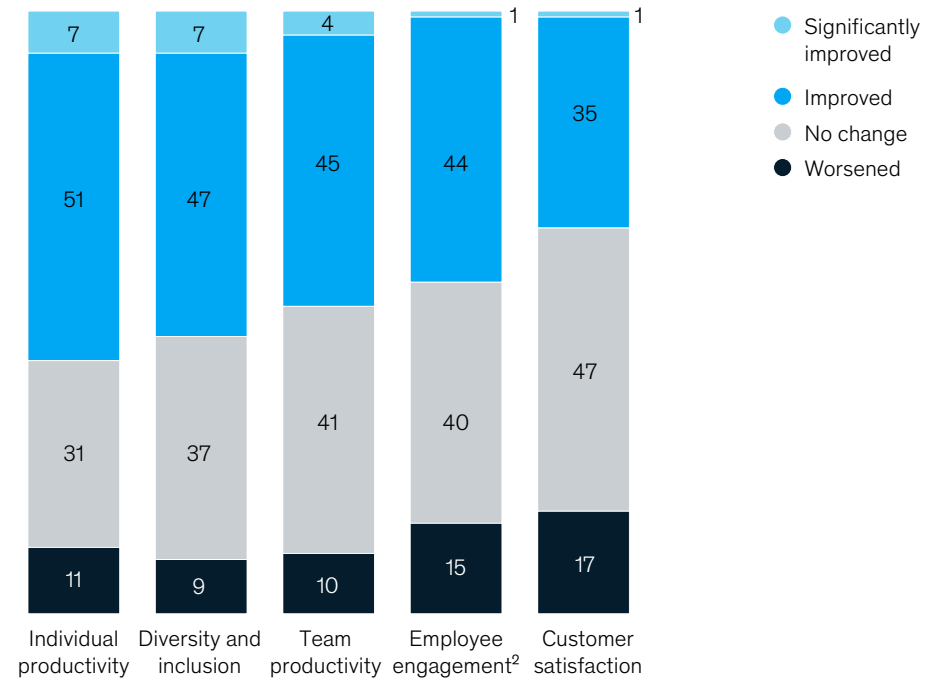
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*Productive nonetheless.* The survey also confirms that during the pandemic most organizations have seen rises in individual and team productivity and employee engagement, and, perhaps as a result of this increased focus and energy, a rise in the satisfaction of their customers as well.

But not every organization has experienced the same improvement. Take individual productivity. Some 58 percent of executives report improvements in individual productivity, but an additional third say that productivity has not changed. Lagging companies, which make up 10 percent of respondents, relate that individual productivity has declined during the pandemic. It's important to note the high correlation between individual and team productivity: C-suite executives who say that individual productivity has improved are five times more likely to report that team productivity has risen too.

## Most C-suite executives report improvement in their organizations' productivity, customer satisfaction, employee engagement, and diversity and inclusion.

**Performance improvement,<sup>1</sup>**  
% respondents



<sup>1</sup>Question: How has \_\_\_\_ changed in the remote workplace compared with pre-COVID-19?

<sup>2</sup>Employee engagement was calculated as the average of two questions, one assessing engagement in employees with more senior roles, and one assessing engagement in employees in less senior roles.

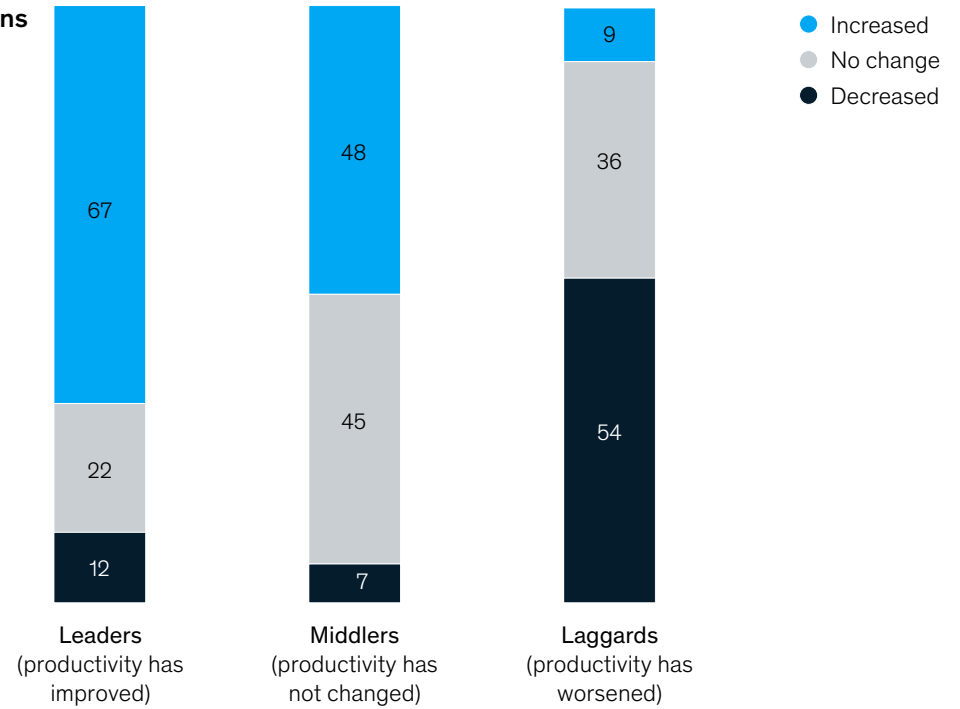
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*Making the small connections count.*

Why have some companies enjoyed higher productivity during the pandemic? According to our survey, they're the ones supporting small connections between colleagues—opportunities to discuss projects, share ideas, network, mentor, and coach, for example. Two-thirds of productivity leaders report that these kinds of “microtransactions” have increased, compared with just 9 percent of productivity laggards. As executives look to sustain pandemic-style productivity gains with a hybrid model, they will need to design and develop the right spaces for these small interactions to take place.

**Organizations that have kept employees connected have also tended to see their productivity increase.**

**Improved connections among employees,<sup>1</sup>**  
% respondents



Note: Figures may not sum to 100%, because of rounding.

<sup>1</sup>Question: How have the number of microtransactions changed in the remote workplace (for example, connecting with colleagues to discuss projects, share ideas, network, mentor, and coach)? For leaders, n = 58; for middlers, n = 31; for laggards, n = 11.

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*Managing differently.* Supporting small moments of connection requires subtle shifts in how managers work. Nearly all executives surveyed recognize that managing remotely differs from when all employees are on-site, but other subtleties may not be as apparent. Nuances can be seen in the more than half of productivity leaders that have trained their managers on how to lead teams more effectively. Only a third of productivity laggards have done the same. The emphasis on small connections suggests that organizations could better support managers by, among other things, educating them about the positive and negative impact they have on the people who report to them, and by training managers on soft skills, such as providing and receiving feedback. Organizations can also explore novel ways to address the loss of empathy that often accompanies gains in authority.

## Leading organizations are most likely to have helped managers lead differently.

### Managing differently while working remotely,<sup>1</sup> % respondents

- We do not expect people to manage their teams differently
- No formal definition; managers or team leads determine what they need to do
- Established a clear point of view on how managers or team leads should lead their teams differently but have yet to train people
- Established a point of view on how managers or team leads should lead their teams differently and have fully trained people

Leaders



Middlers



Laggards



Note: Figures may not sum to 100%, because of rounding.

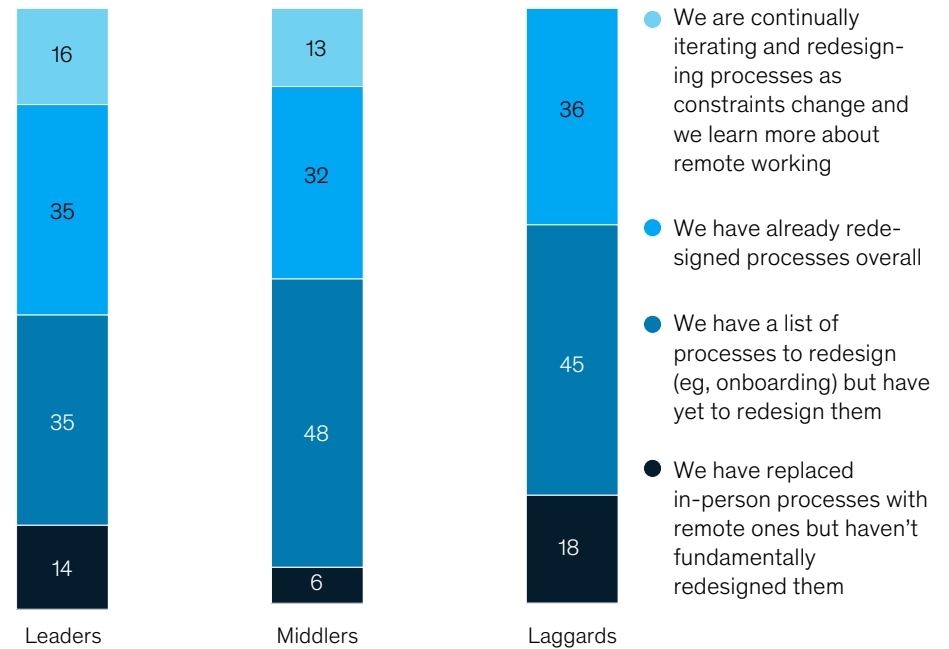
<sup>1</sup>Question: How has productivity changed in the remote workplace compared with pre-COVID-19? Please compare the workplace today with pre-COVID-19. Respondents answered on a 5-point scale (5 = significantly increased; 4 = somewhat increased; 3 = no change; 2 = somewhat decreased; 1 = significantly decreased). Those answering 1 or 2 are leaders, n = 58; those answering 3 are middlers, n = 31; and those answering 4 or 5 are laggards, n = 11.

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*Experiment and iterate.* Across organizations, executives already recognize the need to redesign processes to better support a remote workforce—with the majority having at least identified the processes that will require rethinking. But productivity leaders are more likely to continually iterate and tweak their processes as the context shifts. As organizations look to codify the hybrid model, there is evidence that the test-and-learn approach to process redesign will be an important enabler.

## Lagging companies are least likely to experiment and iterate processes.

**Redesigning processes for a more remote workforce,<sup>1</sup>**  
% respondents



Note: Figures may not sum to 100%, because of rounding.

<sup>1</sup>Question: To what extent have you redesigned processes for a more remote workforce? Respondents answered on a 5-point scale (5 = significantly increased; 4 = somewhat increased; 3 = no change; 2 = somewhat decreased; 1 = significantly decreased). Those answering 1 or 2 are leaders, n = 58; those answering 3 are middlers, n = 31; and those answering 4 or 5 are laggards, n = 11.

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*Reimagine hiring.* Hiring is among the most crucial processes to reconsider in the hybrid world. Should organizations continue to hire within specific geographies, or should they open up their talent aperture beyond traditional recruiting locations, for instance? Should they conduct more remote interviews? During the pandemic, nearly two-thirds of organizations have moved in-person recruiting events and activities to remote settings, but only one in three have reimaged hiring from the ground up. Forty percent of productivity leaders, by contrast, have holistically redesigned their entire hiring process.

## Most organizations have changed their hiring processes, but leading companies have reimaged them entirely.

**Modifications to hiring process,<sup>1</sup> % respondents**

- We have not changed our hiring process
- Each in-person activity or event in our process is now being held remotely
- We have fundamentally rethought or reimaged our hiring process

Leaders



Middlers



Laggards



Note: Figures may not sum to 100%, because of rounding.

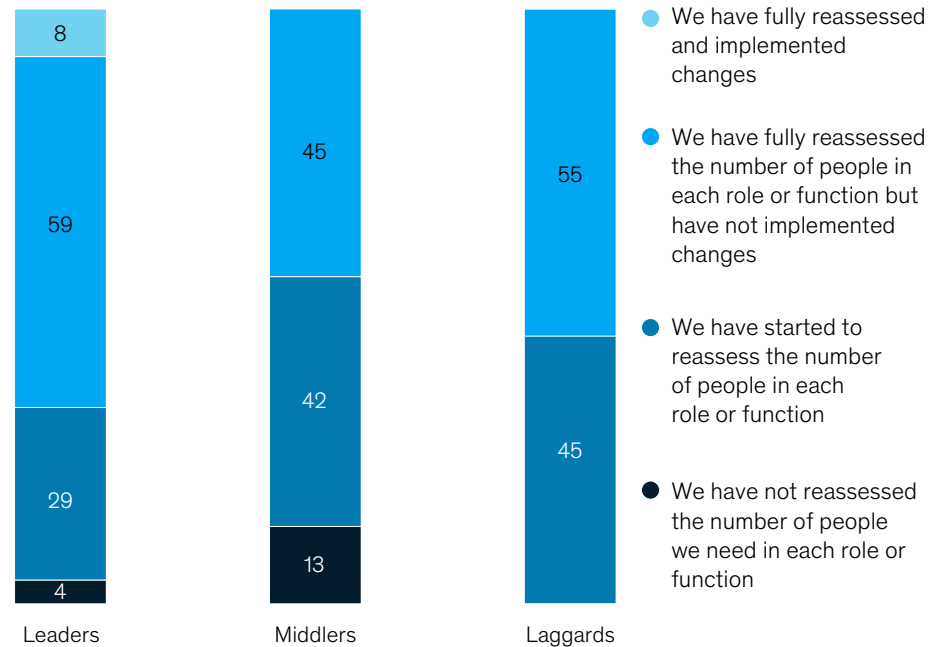
<sup>1</sup>Question: To what extent have you modified your hiring process? Respondents answered on a 5-point scale (5 = significantly increased; 4 = somewhat increased; 3 = no change; 2 = somewhat decreased; 1 = significantly decreased). Those answering 1 or 2 are leaders, n = 58; those answering 3 are middlers, n = 31; and those answering 4 or 5 are laggards, n = 11.

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*Rethink talent allocation.* During the pandemic, nearly two-thirds of organizations have reassessed the number of people in each role and in each function in the company. But productivity leaders are more likely than middle performers and laggards to fall into this category. A select few leading companies have taken it even further and have gone beyond reassessing to actually implementing changes. As organizations redesign their hybrid future, matching the workforce with the right priorities could help spur productivity improvements.

## Many organizations have started to reassess the number of people in each role or function, but only a few have rematched employees with priority roles.

**Reassessing staffing for a more remote workforce,<sup>1</sup>**  
% respondents



Note: Figures may not sum to 100%, because of rounding.

<sup>1</sup>Question: To what extent have you reassessed the number of people in each role or function given the shift to a more remote workplace? Respondents answered on a 5-point scale (5 = significantly increased; 4 = somewhat increased; 3 = no change; 2 = somewhat decreased; 1 = significantly decreased). Those answering 1 or 2 are leaders, n = 58; those answering 3 are middlers, n = 31; and those answering 4 or 5 are laggards, n = 11.

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