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Demographics, recap and key findings

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VUCA is reality

With COVID-19 VUCA has become reality. The world as we knew it has changed radically. There will be no return to the "old world" - instead, the "new normal" will be the context in which people, organisations and industries operate.

But how will organisations position themselves in the future? What are the success factors to convince in the "new normal".

We as the Transformation Alliance have the answer.

Introduction

Before COVID-19 we conducted an academic study that identified: **Purpose, Ecosystem, Adaptability, Real Empowerment, and Leadership** as characteristics that are fundamental to an organisation's continued success, making them more agile, flexible and resilient in the face of future challenges and opportunities:

Purpose: All activities and people are directed by and find meaning in a purpose that goes beyond financial performance to create a positive impact on the world and purposeful advantage for the organisation.

Ecosystem: The organisation is a seamless network of highly autonomous, interdependent units. It challenges traditional notions of hierarchy and the idea that the organisation is a self-contained entity.

Adaptability: The organisation seeks, anticipates and welcomes change, embracing a state of ongoing flux. The organisation employs ways of working that proactively anticipate potential adjustments, ensuring its flexibility and nimbleness to adapt at pace.

Real Empowerment: The organisation carefully manages authority, decision-making and autonomy to bring the best out of each member, fostering a spirit of entrepreneurship.

Leadership: Leaders are 'connective leaders', acting as catalysts and conductors, facilitating connections and creating a diverse environment where people can be inspired and authentic, and where change and people can flourish.

We recently conducted a follow-up to the original study to investigate the key actions organisations have taken to respond to the crisis, and to identify which traits are most fundamental to each organisation's future prosperity.

This presentation begins with an overview of the PEARL framework and its operationalization, leading to the explanation of the survey results. Thereafter the results for each trait are summarized and explained, with our recommendations as closing chapter.

Purpose, Ecosystems, Adaptability, Real empowerment and Leadership are the fundamental traits of connected organisations

Recap of the PEARL framework

PEARL



PURPOSE



ECOSYSTEM



ADAPTABILITY



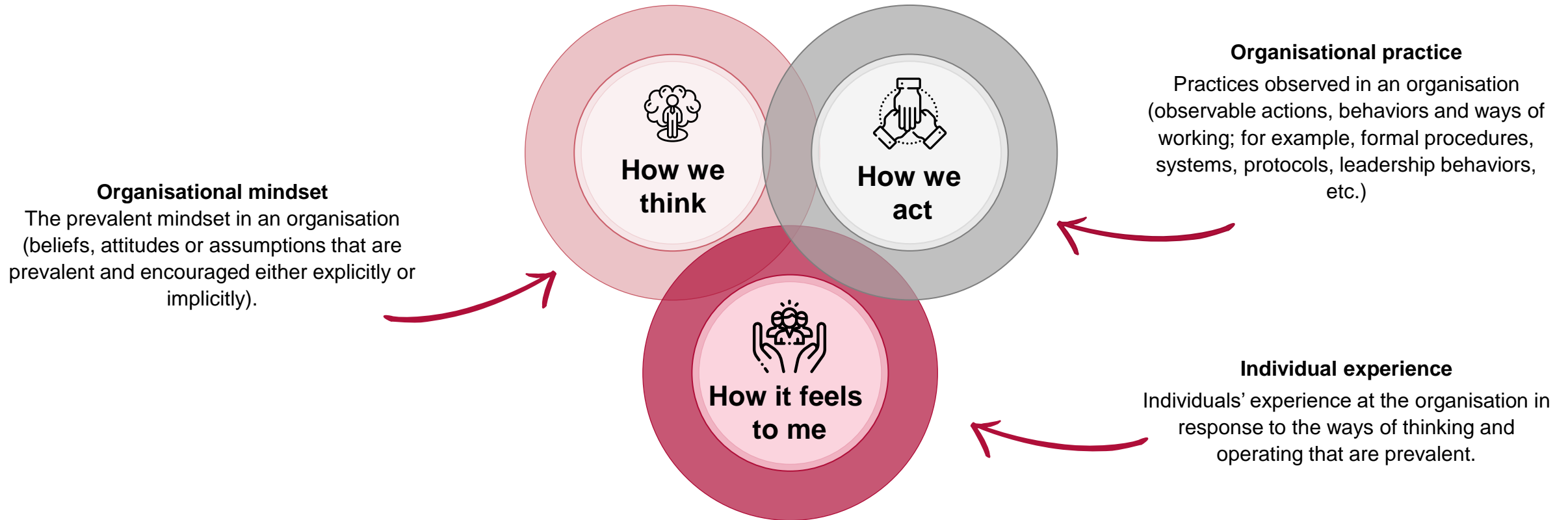
**REAL
EMPOWERMENT**



LEADERSHIP

The traits are embedded in the *mindset* of the organisation, demonstrated through *working practices* and experienced in its *daily operations*

Summary of the PEARL framework



Key findings



We, as Transformation Alliance, believe that **Purpose, Ecosystem, Adaptability, Real Empowerment, and Leadership** are **essential** in crisis management and the ramp-up as we get to grips with COVID-19. Even if further developments cannot readily be foreseen, one thing is certain: The re-start and recovery is ahead. In this phase adaptability, willingness to change and speed will be essential factors in any organisation's success.



The results of the pulse check show that purpose will soon become even more important: **The majority of the participants (73%)** indicated that due to the current crisis there will be an **increased orientation to the purpose**.



The introduction of **agile processes and structures at management level** is the **biggest challenge** for most organisations. **Over 30%** of the participants assessed their **current processes as rigid and inflexible**. In contrast, **89%** of the participants rated the **relevance** of agile ways of working and the implementation of agile management processes as **very or highly relevant** for the future.



It is also crucial that organisations consider the **empowerment and autonomy of employees and teams**. Fluid systems must be created, allowing employees to organize themselves autonomously. **80% of participants see this as a further prerequisite for a successful organisation in the "new normal"**.



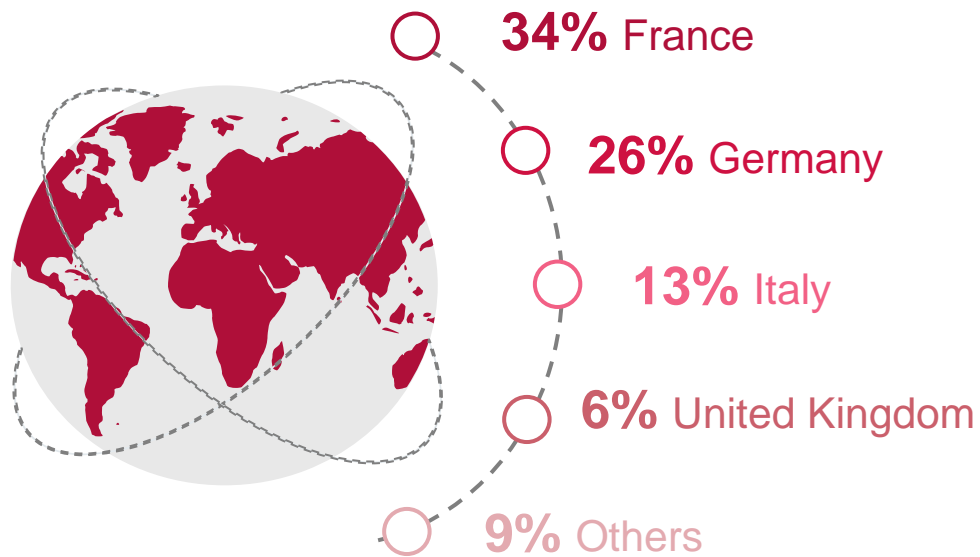
This transformation is essentially characterized by **organisational resilience**. 61% of respondents considered the ability to operate in an uncertain environment to be increasingly relevant. The highly volatile environment caused by COVID-19 makes it even more essential for leaders as well as employees to deal with uncertainty and ambiguity.



The study clearly shows **that the 'connected organisation' is the organisational model of the future** and **COVID-19 has accelerated the need** for transformation. Only organisations that succeed in combining purpose, ecosystem, adaptability, real empowerment in a sustainable way can prosper in the long term.

We received answers from all over the world from companies of all sizes

Geographic split

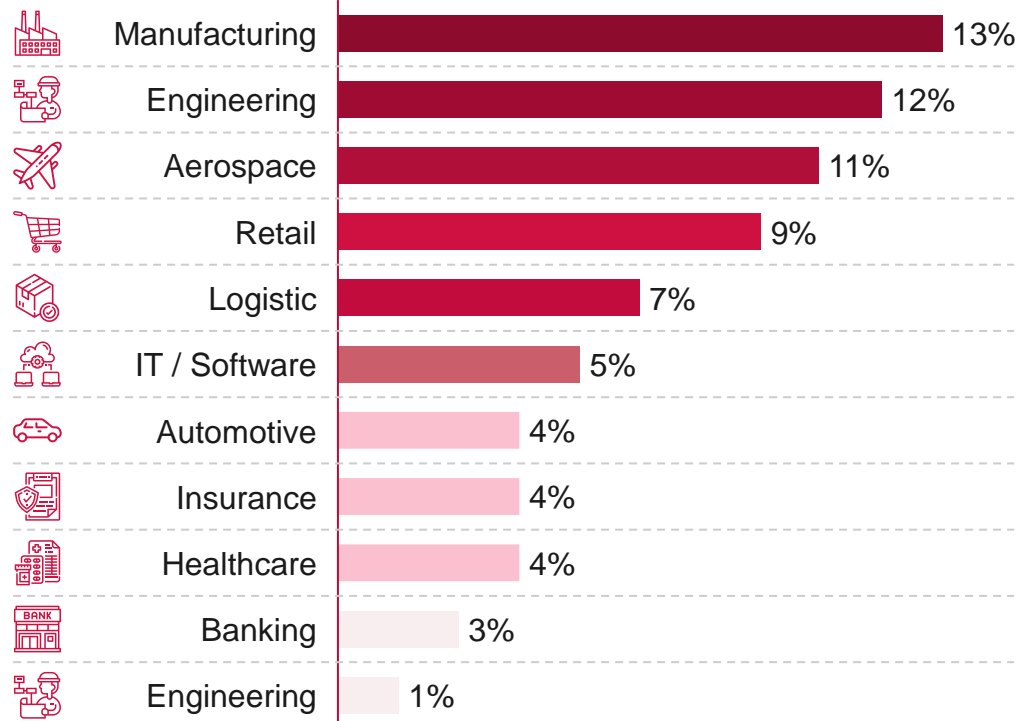


Company size

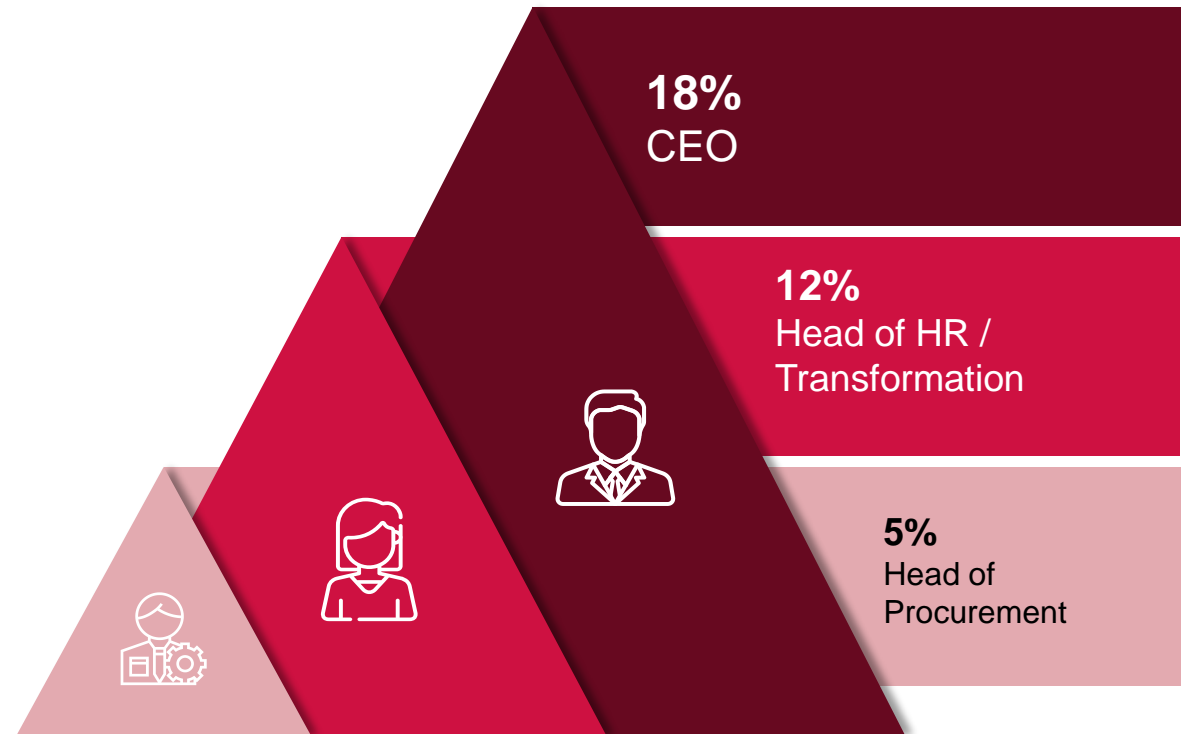


All industries are represented

Industry



Position





01

PURPOSE

The relevance of purpose during recovery and the “new normal”

COVID-19 leads to increased focus on purpose: Purpose will be the central point of orientation for companies



The relevance of the organisation's purpose

Even before the current crisis, purpose driven organisations and their successes were intensively discussed.

Considering the crisis and associated developments there is an even greater focus on the significance of purpose.

It is not enough only to formulate a purpose; it must become **part of the organisation's DNA** and be **anchored in its behavior, mindset and culture.**

COVID-19 has **strengthened awareness and understanding of the need to realise the organisation's purpose.** Conveying this to employees, achieving their buy-in and endorsement are essential to anchoring the purpose.

Focusing on the organisation's purpose will be increasingly relevant – especially after COVID-19 employees must understand the organisation's purpose



69.1%

Stated that employees are already clear about the organisation's purpose, yet

72%

Answered that communicating and demonstrating the organisation's purpose will be more or highly relevant in the future.

Focusing on the organisational purpose

Quotes



Each employee seemed to know what his contribution to the company is.

Focusing on organization's purpose is key. Especially for the new generation as the purpose helps them to make more responsible choices in their daily activities.

CEO, Food industry

Working on the organisation's purpose will be accelerated. [...] We demonstrated to be led by an purpose of ensuring job continuity to everyone, for example by funding support initiatives through voluntary 10 % salary cuts, which managers consented.

Head of HR, ABB Italy



02 ECOSYSTEM

Collaboration and cooperation as a factor of success

Organisations must establish a culture of transparency and knowledge sharing to build strong cooperation



13.9% felt that their organisations' leaders were not sharing information with internal and external partners, **but**

69.4% said that knowledge sharing will be more or highly relevant in the future because of the COVID-19 crisis.

This is underlined by **72.6%** focusing on the establishment of company-wide cooperation as future success-factor.

Internally it is important to establish structures that allow team members to reorganize themselves

In recent months it has been of central importance to rapidly **adapt to new circumstances**. Information that was up-to-date yesterday is obsolete today.

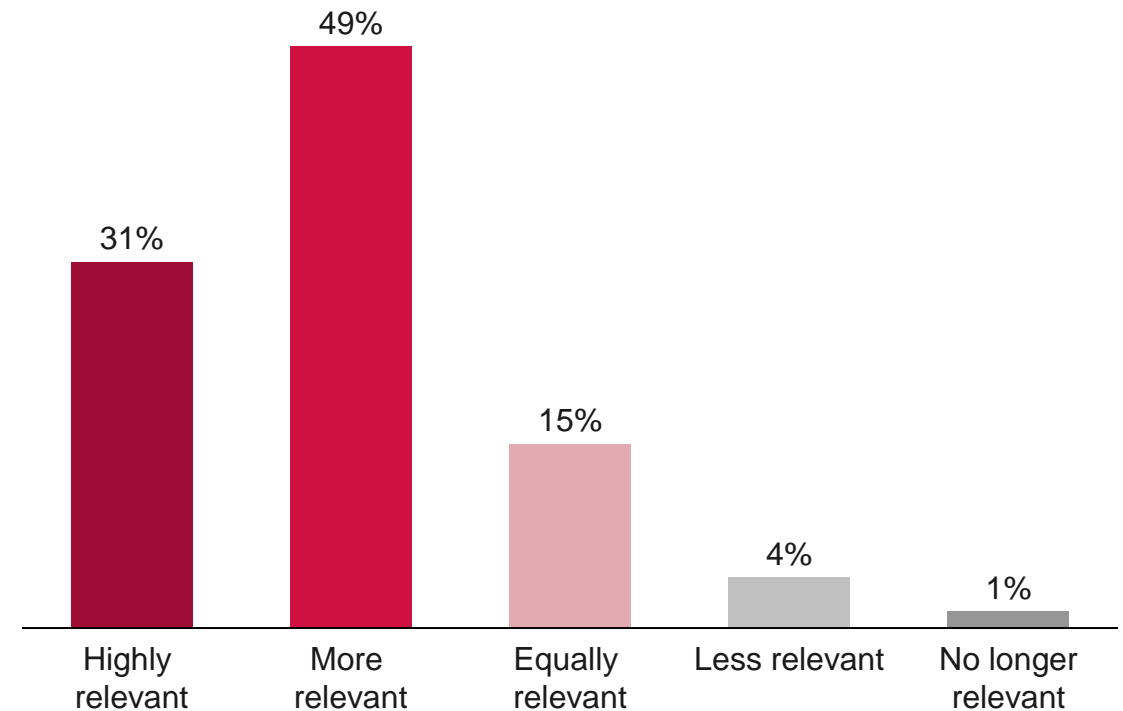
Organisations must counter this uncertainty with structures that allow them to bring together the correct combination of expertise for any given situation. Through **topic-based staffing of teams**, organisations can react appropriately to rapidly changing circumstances.

To achieve this requires a focus on **empowerment, trust and the availability of information**. With these traits teams can cooperate effectively and succeed.

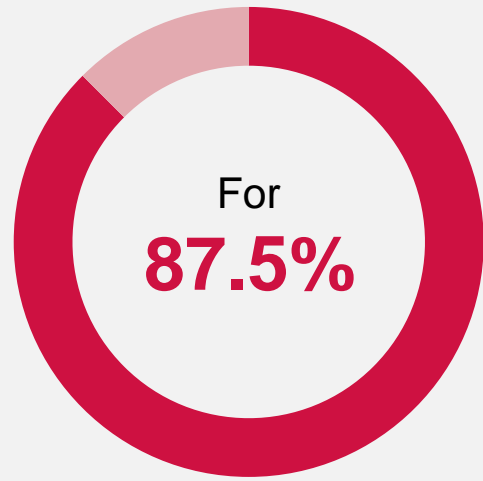
The establishment of **team-of-teams structures** will be even more relevant in the post-COVID ramp up. Preparing for different scenarios and staffing teams accordingly is the best way for organisations to prepare themselves for the “new normal”.

"Teams reorganize themselves as needed based on the demands of the work."

How does this aspect change due to COVID-19?



COVID-19 has forced the prioritization of remote working - challenges of the transition to the "new normal"



working models allow virtual collaboration were highly relevant for managing the crisis

Technology's importance in the workplace has been increasing for decades, but many **organisations have not realized the full benefits of the systems available to them.**

With quarantine, lock down and remote working, the implementation of working models allowing **virtual collaboration** have become **crucial**. Not surprisingly, more than 85% of respondents said virtual collaboration tools and technologies were essential for crisis management. Within the trait of "Ecosystems" virtual collaboration is **most relevant in managing the crisis.**

The challenge now lies in **transferring** these short-term measures **into the "new" working environment**. Organisations must define new collaboration models and structures aligned with new ways of working, e.g. Team-of-teams. In doing this they must clearly define pre-requisites and guidelines for virtual collaboration.

Industry-wide cooperation and internal networks are building a resilient ecosystem

Quotes



We are working on a scenario that there might be a second pandemic wave this fall, and that it will be combined with the effects of the economic recession, which - as of today - is still to be seen. We are adapting our entire ecosystem to this scenario.

CEO, German branch of Italian multinational

The way we work with our suppliers has changed for the better. We are now collaborating with a **new spirit of mutual support and constant adaption.**

Head of HR, ABB Italy



03

ADAPTIBILITY

Ensuring responsiveness and flexibility with agile structures

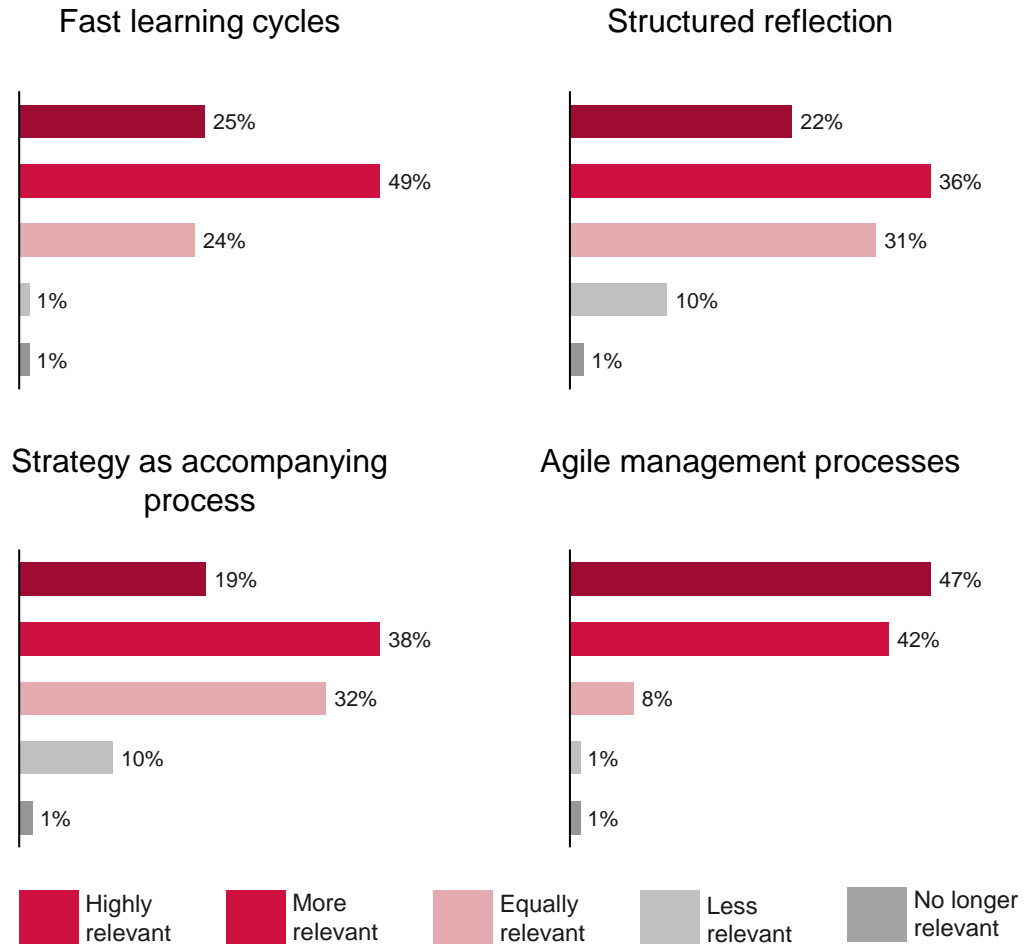
Applying the principles of agile working in the management processes is key to effectively managing the crisis

The vast majority of participants (90%) stated that **agile management processes were essential** for managing the crisis.

To react quickly to changes through an **iterative approach** with **self-reflection** and accompanying learning is indispensable during the crisis and subsequent ramp up.

Organisations that had already introduced agile structures and processes company-wide before COVID-19 now have a clear **competitive advantage**.

These structures must be transposed to the "new normal" to ensure that agile working methods not only optimize management processes but also empower employees and teams.



Implementing agile structures will be a significant but transformational challenge for most companies

Agile management processes and the resulting adaptability will play an important role in the ramp up. Lean and iterative approaches will enable faster decision making, which in turn can be implemented at short notice.

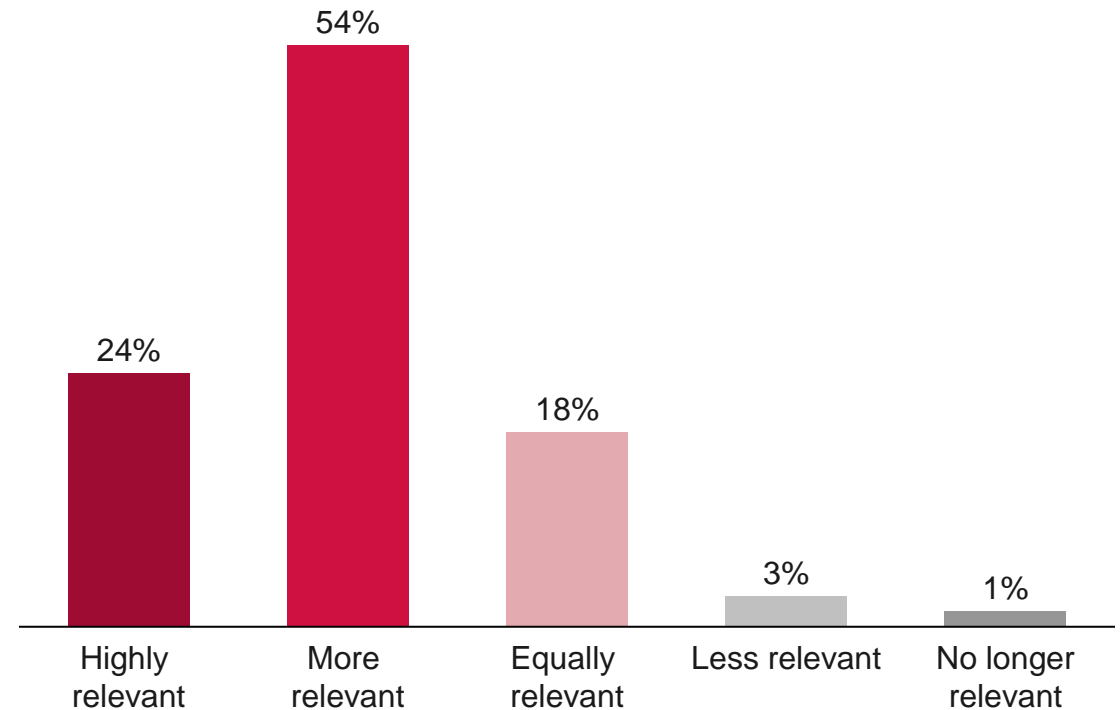
However, this transformation represents the **biggest challenge** for companies. **More than 30%** of respondents **assessed** their **management processes as rigid and inflexible**.

A successful ramp-up and survival in the "new normal" will not be possible within the old and strongly hierarchical systems.

Organisations must therefore **focus on becoming agile**. The transformation towards new ways of working and the implementation of iterative procedures, coupled with fast learning cycles and accompanying reflection are essential.

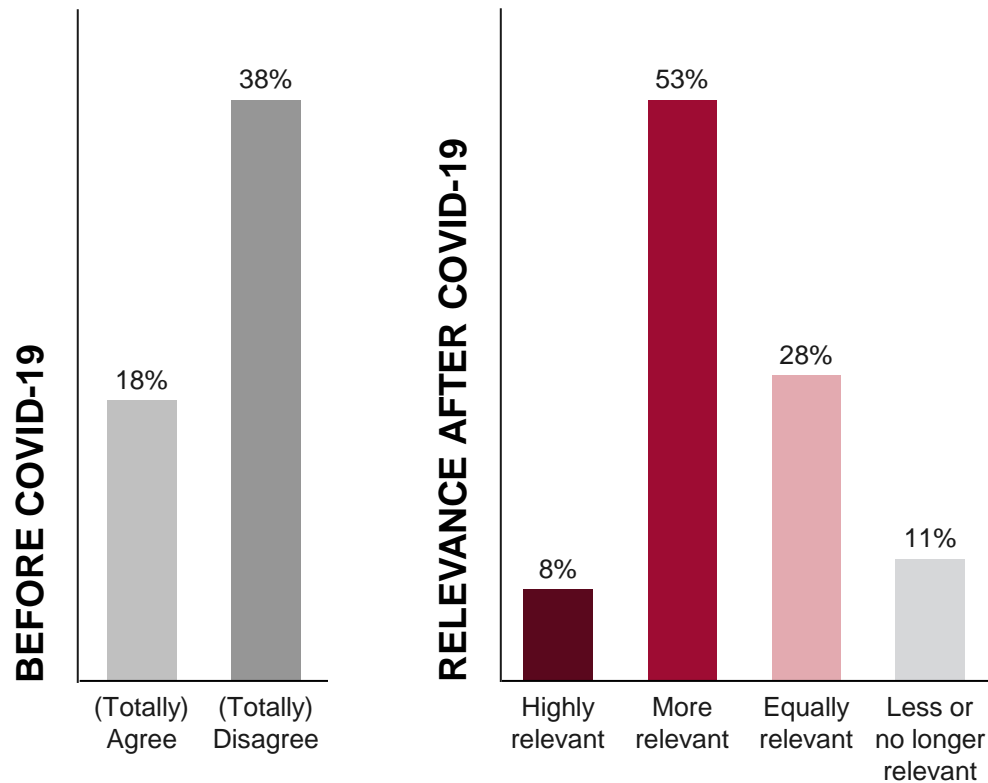
"Our governance structures and processes allow us to quickly adapt to change."

How does this aspect change due to COVID-19?



Increasing organisations' resilience as a necessary ability to survive and prosper in the long term.

"People here are comfortable working with ambiguity."



Resilience refers to the ability to "bounce back", i.e. to **return to the initial stage after stress or disturbance**. However, after COVID-19 there will be no "back" - rather, we must adapt to the "new normal".

Our focus is on the **ability to survive and prosper in the long term**. **Continuous adaptation** under changing conditions is the objective here. This adaptability makes organisations more efficient and durable.

While more than **56%** judged the **ability to deal with ambiguity** and **uncertainty** before COVID-19 as **non-existent**, more than **60%** consider this ability to be **relevant for the future**.

Organisations must therefore direct their focus to the **empowerment of employees and managers**. At the same time **agile structures** are required to enable **operational** adaptation to changing conditions.

COVID-19 as accelerator for adapting and implementing agile ways of working

Quotes



In terms of agile ways of working we are concentrating us on developing cross business initiatives, and changing our perspective on business in order to minimize clusters and silos and seize cross-functional synergies. Organisation agility gave us flexibility during the crisis, but was also strongly coordinated by the top level

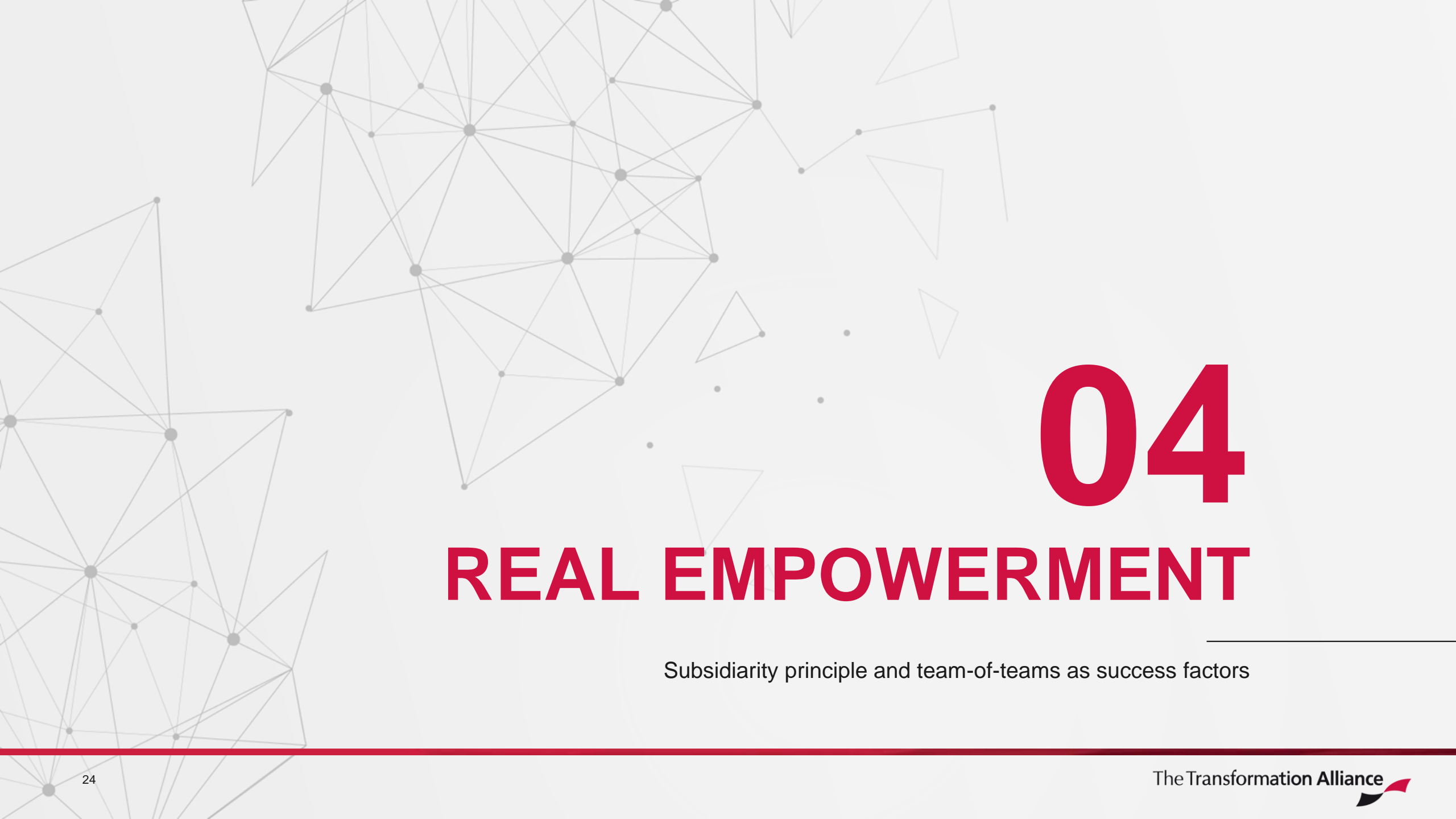
Head of HR, Aeronautic industry

Our company was already involved in developing agile structures and ways of working. The crisis reinforced the awareness on that topic and how essential it is. [...] It also underlines the need for creativity and optimism in the teams to face the crisis, and the need for a quick execution.

CEO, Food industry

We discovered new ways of working in a constantly changing environment. [...] We had to adapt daily to new unprecedented challenges and learned to permanently reprioritize our tasks. It takes a totally new mindset to deal with the current situation.

Head of HR, ABB Italy



04

REAL EMPOWERMENT

Subsidiarity principle and team-of-teams as success factors

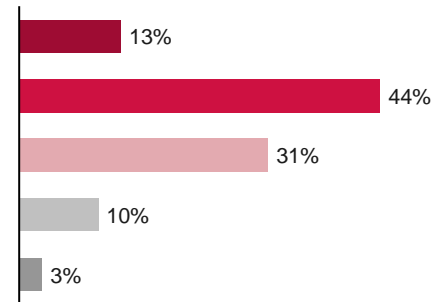
Employees “speaking up” and information availability are key traits within the crisis to empower teams and employees

Real Empowerment is a **crucial trait for all companies** to consider when managing the crisis and preparing for the ramp-up.

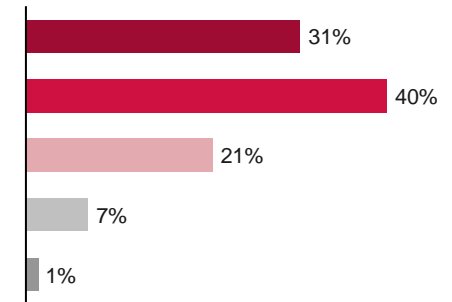
When teams are empowered with the autonomy to make their own decisions, they do not have to wait for decisions taken by the management. Instead **decisions can be taken faster** and the responsiveness of the organisation as well as the **ability to adapt to changes increases**.

Maintaining the ability to react and **empowering** teams will also be **of central importance during the ramp up**. Only organisations which transfer this decision-making power to their teams will benefit in the long term

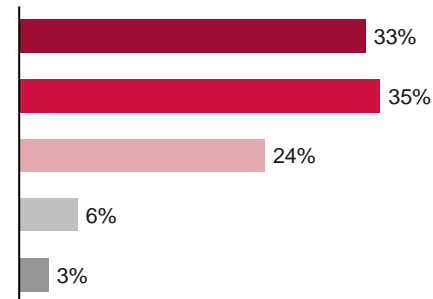
Teams have the freedom to make their own decisions



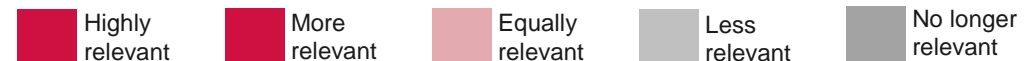
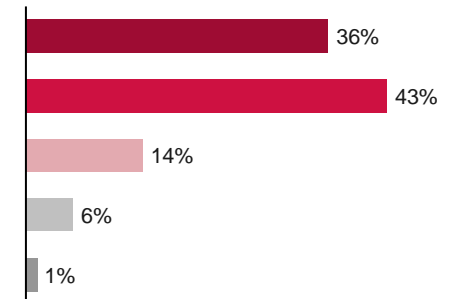
Information are readily available to all members of the organisation



Teams are not slowed down by waiting for decisions from above

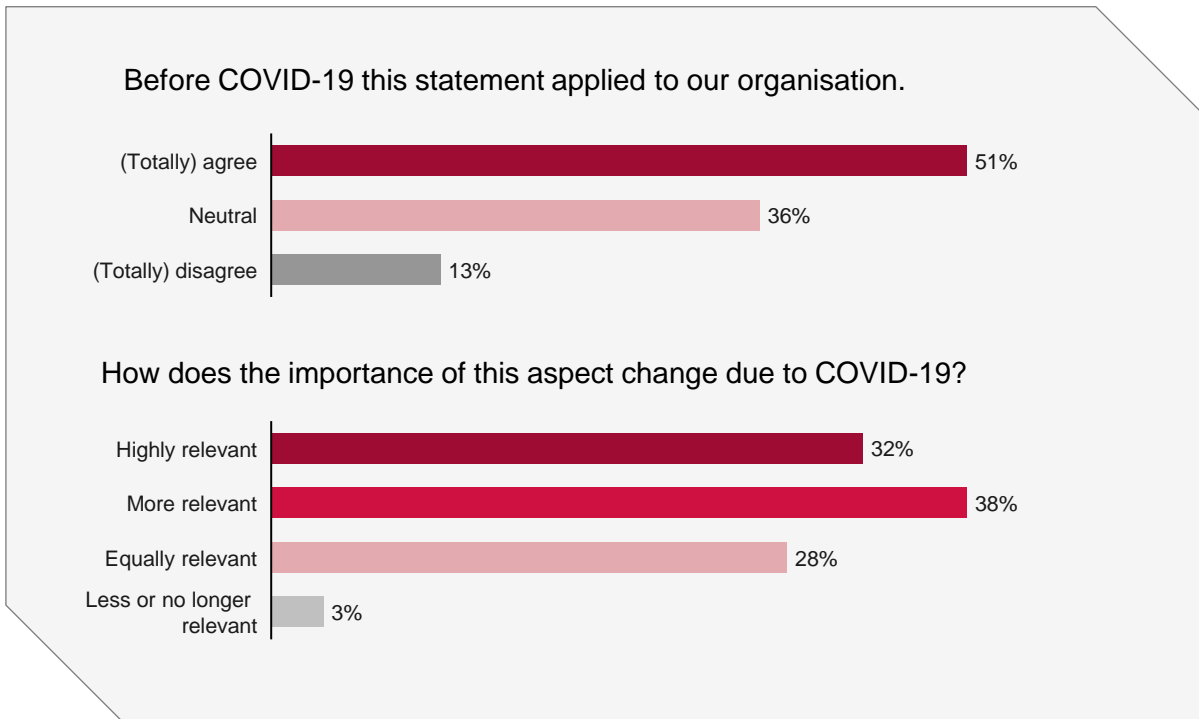


Support a culture where people can “speak up”



Entrepreneurial thinking and seeking new opportunities is already established but will become even more relevant through COVID-19

"People are encouraged to explore new opportunities for the organisation."



Even before COVID-19, the identification of new possibilities and the development of innovations was a competitive advantage.

52% of participants stated that their employees were encouraged to **seek new ways and opportunities** before COVID-19. **With only 12%** of the respondents disagreeing with this statement it is clear that the pursuit of innovation is thriving within many organisations.

Finding new opportunities has become even more important as a result of this crisis. 70% said that this trait will be more or highly important. These characteristics imply **a high degree of interaction with the environment and customer needs**. Only organisations that **analyze their environment comprehensively, evaluate customer data efficiently** and provide the right products and services based on this analysis can survive in the market.

Delegation and taking decisions on the lowest level possible will be highly relevant and also the biggest challenge for organisation

Over 35% of respondents stated that **they do not make decisions at the lowest level possible**. As a result, employees and teams in many organisations are still not involved in decision-making processes.

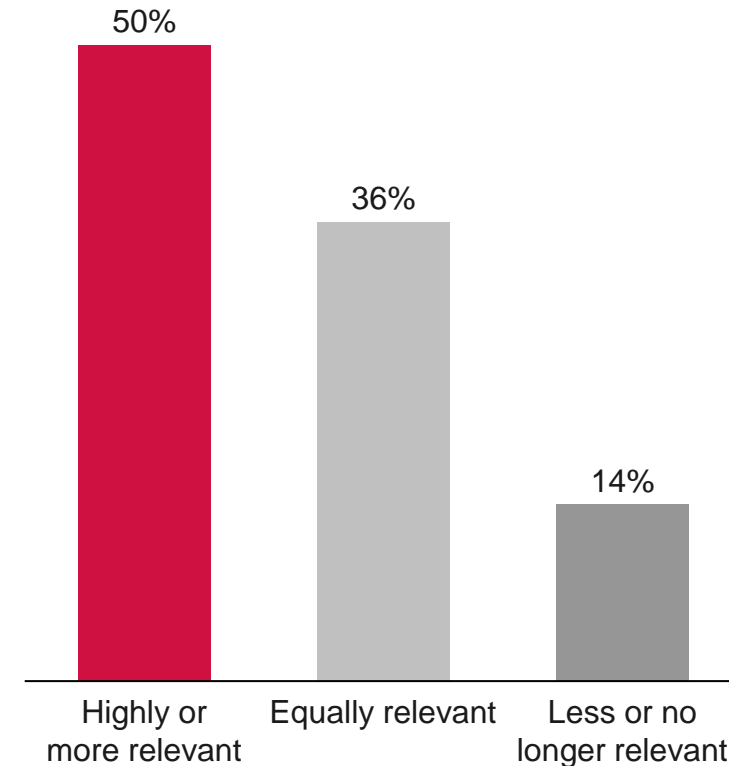
However, the crisis has resulted in **a clear turnaround**.


Half of our respondents rated the delegation of decisions as more or highly relevant. Companies are therefore faced with the need to introduce **new structures and processes that transfer decision-making authority to employees**.

At the same time, guidelines must clearly regulate which decisions can be made at which level of the hierarchy. Only through this **decision-making power in connection with necessary structures** real empowerment can succeed.

"Decisions are taken on the lowest possible level"

How does the importance of this aspect change due to COVID-19?





Empowerment, self-organisation, autonomy of employees and teams Statements



Teamwork, **real collaboration and mutual empathy** helped people to accomplish tasks and take decisions with more autonomy. Thereby **impressive results were achieved.**

Head of HR, ABB Italy

People in my team are more motivated and work relentlessly, since they started working from home. They show **more accountability.**

CEO, German branch of Italian multinational

The **key element to cope with the crisis** is the strong engagement by the teams, especially their care for the company, their strength dealing with uncertainty. They also showed the trust in the leadership and the fact that all that was done was for the best.

CEO, Food industry



05

LEADERSHIP

Subsidiarity principle and team-of-teams as success factors

The attitude and authenticity of leaders and the focus on employees are central aspects in the crisis

Putting people first.

With almost **90%** approval, this is the **most important task of managers** in the COVID-19 crisis. Competencies and skills are still relevant, but the focus is on the **authenticity** and **empathy for employees**.

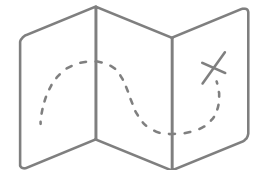
As a manager, it is necessary to formulate **visions** and **goals** in order to provide **orientation** and give employees a sense of security. This is the only way to build trust and to achieve employee commitment.

Operationally, it is important to provide orientation without having comprehensive analyses available. Due to rapid developments, managers must have the ability to **recognize weak signals**, make decisions based on them and give directions.



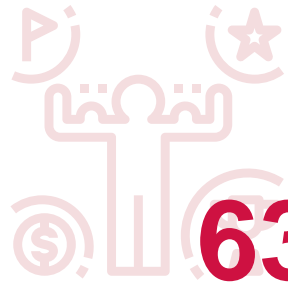
88.9% said putting people first was highly relevant

84.7% stated that the description of a vision is essential for the crisis management



The ability to decide without waiting for data / fact based analysis is for **75%** highly relevant

Leaders providing the environment needed for teams to work autonomous – further building up the relevant competencies for future business

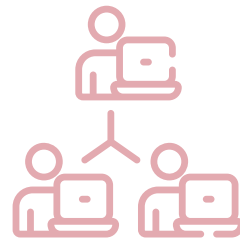


63.9 %

Said that building new capabilities will be more or highly relevant

Bringing team members closer together will be more or highly

relevant for **66.6 %**



Leaders must improve their ability to **delegate** and give employees the necessary **autonomy to organize themselves based on the relevant topic**. By analyzing the environment, identifying changes and describing visions, the necessary transparency and orientation can be created.

Developing and embedding competencies is a core responsibility of the leadership team. Identifying which skills and competencies are required by employees and to promoting these up at an early stage improves the prospects of any organisation.

As a leader it is therefore necessary to be aware of the need to act as a **“facilitator”** in order to **immerse** employees and teams within an **environment** that encourages **personal growth, autonomous action and empowerment**.

Mindset and skills of modern leaders

Quotes



Leaders have **improved** their delegation skills, but first and foremost their **attitude**: they **proved to be more thoughtful**.

They learned to ask how their team members feel, to be open and to communicate mindfully.

Being authentic as a leader is not a “nice to have” anymore

Head of HR, ABB Italy

There will be a **before and after for the managers** that were not courageous enough to go on the front line. And the crisis helped people to emerge as leader: **competencies and expertise are not the only elements to look at when choosing a leader**.

CEO, Food industry



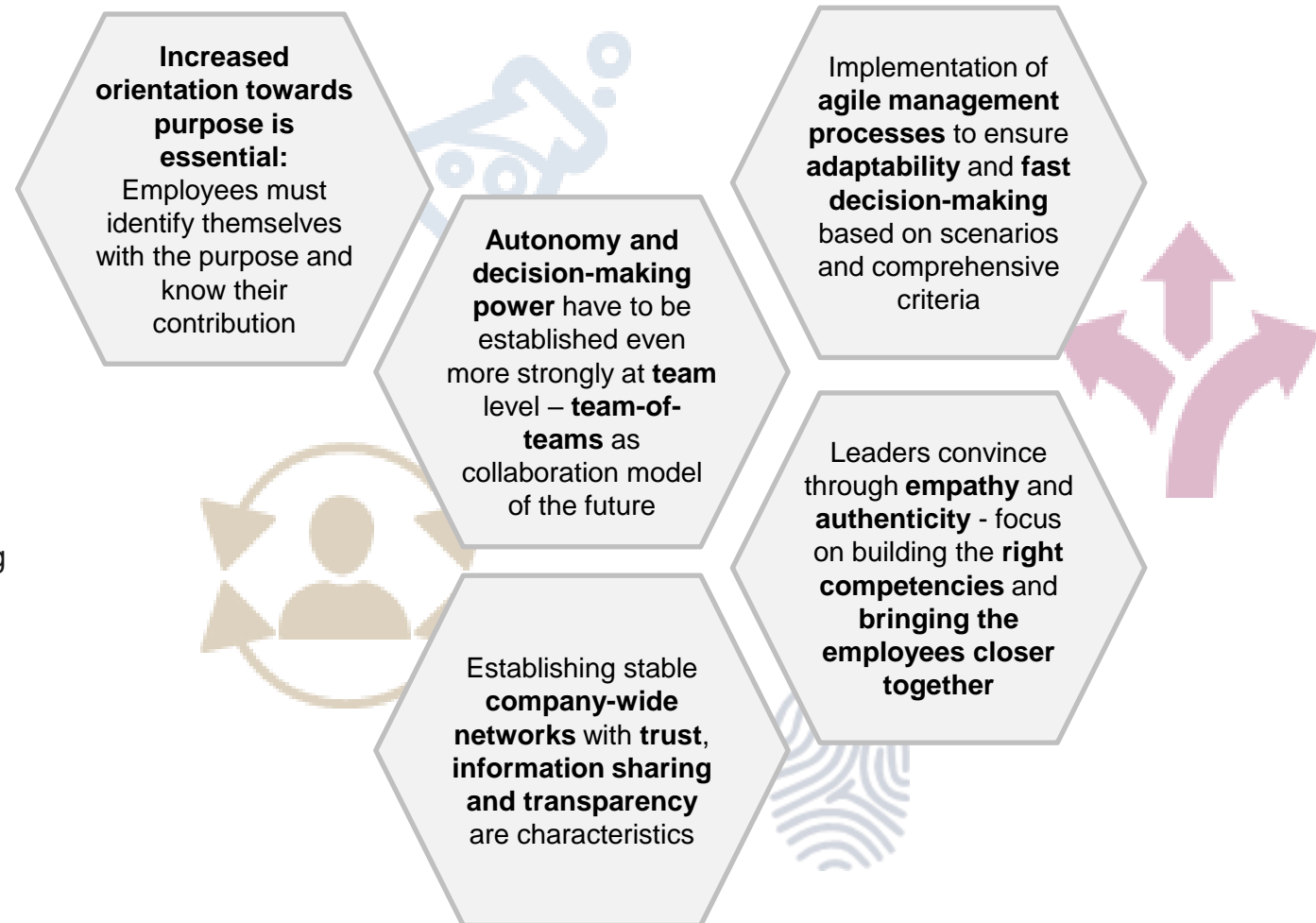
CONCLUSION

Our key insights to successfully navigate the COVID-19 crisis and transform to become a connected organisation

Connected organisation as target operating model of the future:

This statement summarizes our key findings, and it serves as the starting point for our recommendations:

1. Organisations must define and articulate their **purpose**. It is crucial that employees understand its **relevance** and how they can **contribute** to its fulfilment.
2. It is therefore beneficial for organisations to implement **agile processes** at all levels so that they optimize their responsiveness and adaptability. This **empowers teams** to act **autonomously**.
3. In this context the **attitude of leaders** is crucial. **Empathy**, providing **orientation** and fostering the correct environment for employees to flourish are the main tasks of leaders in a connected organisation.
4. When collaborating with **external partners trust, cooperation and transparency** are the key success factors. It's about creating **win-win-situations** for all parties.



What should organisation focus attention on

Our recommendations



PURPOSE

- Showing the link between purpose with projects and activities to ensure the identification and appreciation of employees
- Assess the alignment of the organisation – especially the understanding and commitment of the employees
- Use of KPI's, which are aligned to the purpose, to ensure sustainability, long-term orientation and authenticity



ECOSYSTEM

- Transforming towards flexible, fluid organizational structures
- Project and topic-based staffing of cross-functional expert teams
- Implementation of new (virtual) working methods and relevant technologies to strengthen cooperation and flexibility
- Building strong relationships with external partners - with transparency and trust as cornerstones



ADAPTABILITY

- Combination of scenario-based planning with an iterative processes to allow adjustments and realignments
- Flexibilisation of management processes through agile ways of working, structured reflection and fast learning cycles
- Building organisational resilience in order to act in times of uncertainty and at high speed of change



REAL EMPOWERMENT

- Take decisions on the lowest level possible - define clear responsibilities and accountabilities
- Empower employees to take data-based decisions - ensure data availability and access for all employees
- Strengthening a culture in which employees "speak up" - promoting innovation, new ideas and opportunities



LEADERSHIP

- Awareness of the relevance of a manager's attitude and mindset
- Focus on "people skills" in the development of leaders - moving away from functional experts to connected leaders
- Creating an environment in which employees act autonomously and acquire new, relevant skills