

stonecourt

# Welcome to Brief

## **“The faintest ink is better than the best memory” and other stories**

*A summary of leadership, organisation, and change research through COVID*

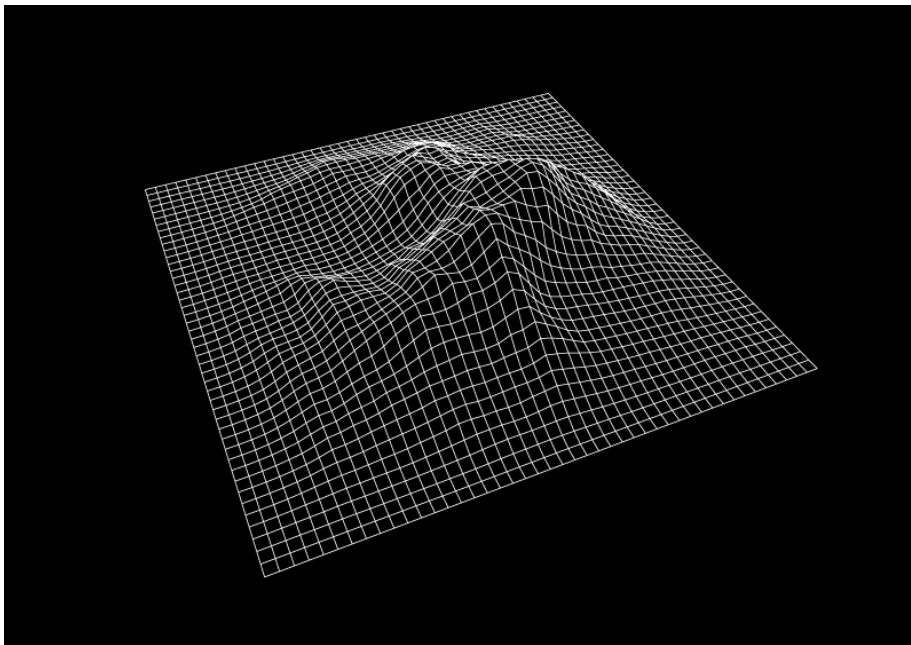
This has been a strange and terrible year and the scale of loss continues to rise. The global economy is in some turmoil. While it can feel like five years since February, now it starts to feel more optimistic – even if we will not be past the worst until well into 2021.

So, 2020 has been a year of extremes for leaders and organisations. This has prompted a great range of real-time research into what is happening. This Brief summarises some of the most interesting and useful – distilled from over 50 sources from around the world into a 10-minute read.

We start with an overall snapshot of the insights with *5 Reasons to be positive and 5 reasons to be worried*, and we look at the research on *Leadership and the pandemic*, and also on *Motivating and engaging employees during the pandemic*. There is a summary of insights on the issues of how *COVID highlights inequality in gender and race*, and a look at *Remote Working*, plus a pull-together of data on *Managing large scale organisational change*.

With best wishes,

**Alaric Mostyn**



## 5 Reasons to be positive about how businesses and their leaders have come through

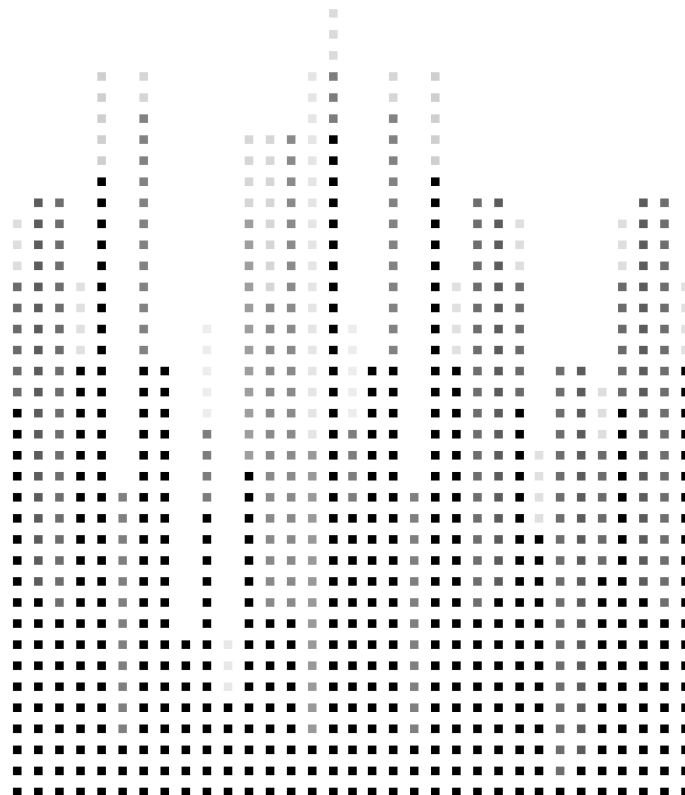
- The 'emergency' shift to working from home gave employees more autonomy which is why so many surveys showed improved productivity and improved engagement.
- The switches between lock-down, working from home, hybrid-working and return to work have proved that even the biggest businesses can be nimble, fast, and flexible.
- At last it is ok for business leaders to say "I don't have all the answers".
- Mental health is being discussed more openly and more usefully.
- The focus on employees' safety, well-being and engagement has encouraged a stronger response by businesses to Black Lives Matter and issues of racial inequality than might have been the otherwise.

Can we sustain all this?

## 5 Reasons to be worried

- The other emergency crisis – global warming - has been almost forgotten, just as momentum was really building.
- Gender inequality at work – especially between partners when working at home – has broken out into the open and revealed quite how far we still have to go.
- Longer term strategic focus has been lost by many – even at Board level.
- The pandemic has prompted people to reflect more on their lives and what they are doing – yet 93% of CEOs could not explain why their company was in business. This is a bigger risk during remote working, where culture is less visible and easier to forget.
- The management of freelancers and contractors – the big grey area of 'employee or not' - has become more fractured, to protect the company but to the detriment of many individuals.

How soon will we have the bandwidth to address these?



## Leadership and the pandemic

**The best and the worst:** Being a CEO during 2020 has been the toughest of tests.

The often-contradictory tensions between keeping employees and customers safe and healthy, and keeping the business healthy, has seen many rise to their best. Glassdoor ranked the best pandemic CEOs – all with scores of between 80% and 95% and comments from employees full of trust and loyalty. But Edelman's trust survey showed that when it comes to return to the office, only 22% of people trust their CEOs to do the right thing for everyone.

**Women shine as role models:** Looking to political leaders as role models, all the plaudits belong to the women who have led effective responses to the pandemic. Angela Merkel, Jacinda Adern, Tsai Ing-Wen, and Sana Marin (at 34, the newly elected Finnish leader) appeared to lead with empathetic rationality, be evidence-driven, calmly resilient, and quick to act decisively. They have been able to mobilise people and to enable coping.

Countries with women leaders have death rates one-seventh of the average. As one leading researcher said: the biggest lesson is that it is too easy for incompetent men to get to the top – incompetent women do not have the chance.

**Different routes to coping for CEOs:** A survey of 300 CEOs showed many overestimate their ability to cope with stress and fail to properly address this. Analysis divided CEOs into:

*'Edgy'* (60%), who had high levels of stress and anxiety, struggled to stay motivated and energised and tended to jump instinctively rather than look for options and invite others to help. These CEOs need to look after themselves better, finding more positive energy through exercise, sleep, short breaks from work, time with family and friends.

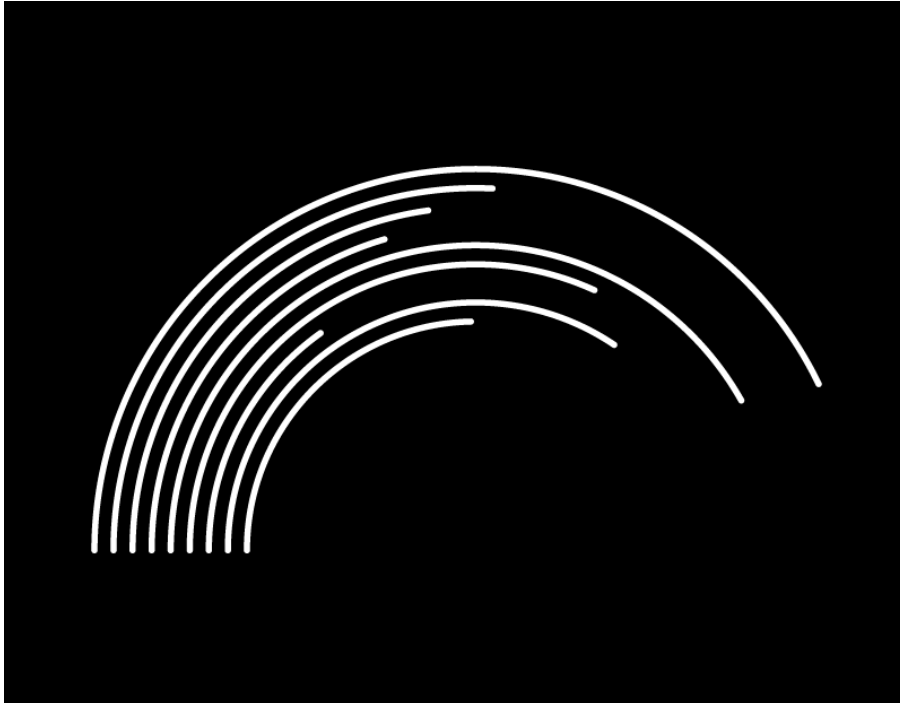
*'Keen'* (10%), who have sleepless nights thinking of new opportunities from the pandemic and how to grab them and push their teams to worry more about these new ideas than ensuring current operations are kept strong. These CEOs need to think more about risk, resilience and maintaining loyalty of current staff and customers as much as possible.

*'Tough'* (30% of the total), who downplay the impact of the crisis on themselves, consider themselves coolheaded, determined to persevere and need to appear the 'strong leader' who is succeeding. These CEOs need to display more humility than hubris, focus on self-awareness, and above all share the burden of leadership more with a wider group.

**A need for more 'meaning':** Lockdown, and the deadly seriousness of what is going on, have led many people to reflect more on life, its meaning, and what their true priorities are. However, another survey of 2000 CEOs showed that 93% could not explain why their company was in business (as opposed to what the company did). Now is the time to fix that.

Embracing complexity, ambiguity, unpredictability: leaders who fared better are those that operate within their organisation in ways that embrace ambiguity and dissent.

**A wake-up for well-prepared Boards:** There was a survey of 300 boards across Europe first in Jan/Feb 2020, repeated in April/May. In the first round 87% said risks have risen in last 5 years and 70% of Boards considered they were set up to cope. By April/May: 47% had set up a new-style crisis management committee, 43% said the pandemic represented a fundamental threat to their operation and 96% said their resilience was good so far. It prompted more boards to revisit their culture and diversity practices, as well as their risk management. But the majority said that almost all other macro risks were being neglected (eg climate change).



## Motivating and engaging employees during the pandemic

**Battling COVID Brain:** Defined by psychologists as the combination of impaired analytical thinking and heightened external sensitivity, COVID brain is a fragile state that keeps our thoughts both on edge and fuzzy. Unlike a traumatic single event – which can cause long-term stress, COVID has no known end – which increases dysfunctional behaviour. This has included: a rise in what UN Sec Gen Guterres called “a tsunami of scare-mongering and xenophobia; strong mood swings; and a sharp rise in poor eating and drinking behaviours.

Our brain changes physically according to how we use it (neuroplasticity). A sudden change is an additional shock to the brain. So new habits gained, or forced on us, during COVID will have implications that will outlast the pandemic. This will require conscious efforts to develop healthy mental habits – now and in the future.

Self-care is the same as always with mental health – including breaks, fresh air, trees, music, pauses to think – to read – to disconnect digitally.

**A reminder of how our brains work during a crisis:** Neuroscientists’ SCARF model summarises drivers of functional vs dysfunctional behaviour looked at in the time of COVID:

*Status:* How can you ensure everyone feels fully heard and valued, regardless of the position in the hierarchy

*Certainty:* In our COVID situation, what certainties can be emphasised despite the broad context of uncertainties, and managing expectations honestly to reduce the surprises

*Autonomy:* how you can maximise people’s sense of creative freedom, flexibility, and control over their work – much more possible in many ways working from home?

*Relatedness:* How can you best maintain a sense of togetherness and belonging in your teams (not just relying on team video meetings)

*Fairness:* Recognising that the pandemic is affecting people very differently, what can you do to avoid favouritism or discrimination, or ignoring individual circumstances.

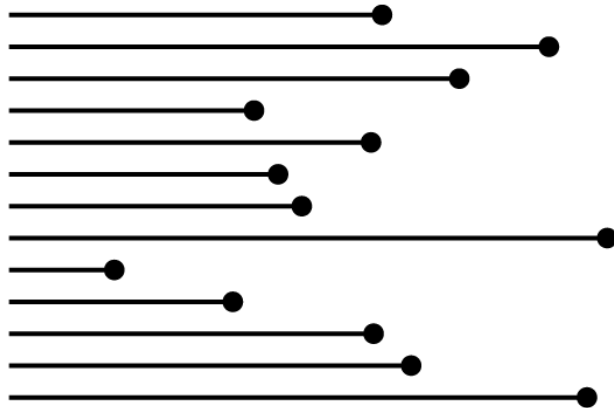
Working from home requires space, trust, and flexibility –especially considering the team members that may have different clinical or personal circumstances.

**Managing work-life tensions:** Meta data from over 3m employees working from home during the pandemic showed: increases in meetings per person (+ 13%), increases in number of persons per meeting (+14%), decreases in length of meetings (-20%). Overall, less time in meetings (-11%) but an increase in the length of workday (+8% or 48 mins).

**Is it time for the 4-day week?:** Is this the answer for managing the economic aspects of pandemic? The New Zealand government is exploring it, as are a range of businesses. David Cann CEO of Target Publishing needed to reduce the salary bill by 20%. After talking to employees, they decided no lay-offs, a 20% cut and a 4-day week. They still produce the same number of magazines.

**Leaders must be visible role models:** Role model leaders are the most powerful enablers of good or bad ways to manage work during lockdown. Leaders can add to the stress, or they can help draw boundaries between work and life, even when working at home.

Leaders can be very helpful by doing more active and visible listening – asking people what they need. It is not as easy, and can take more time, since “Walking the talk”/” Management by walking around” and “Open-door policy” become tougher remotely.



## COVID highlights inequality in gender and race

**The ‘new normal’ is a backward step for women:** 57% of business leaders say the pandemic has affected women’s advancement, with only 19% saying it was positive. 41% predicted it would get worse, 34% said better. In lockdown, a mothers work was more likely to be interrupted than a fathers’: 47% of women had interruptions vs 30% of men.

An in-depth study in Italy showed most women did not address this with their male partners as they were stuck at home with their children and it was ‘not the time to argue’.

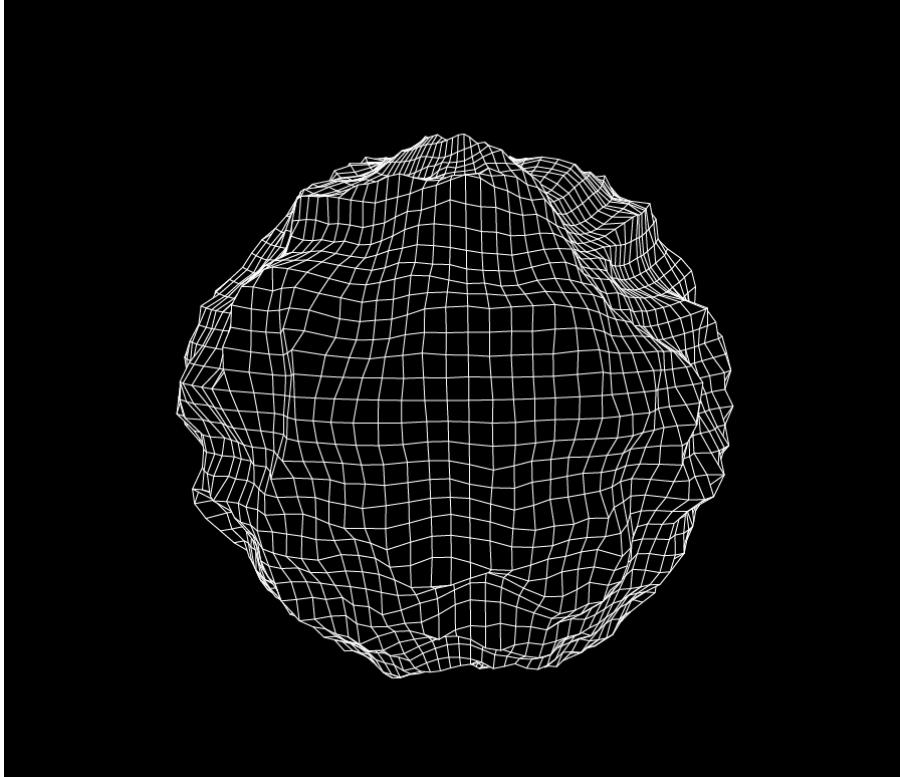
Tackling this will be complex – there will be no silver bullet because there is a range of contexts for women, each requiring different support.

**Looking after the mental health of your black employees:** the evidence shows a range of reasons why this is more important than ever. Black employees are disproportionately found in frontline jobs – often the ‘key workers’ of the pandemic. Black employees are more likely to fall seriously ill from COVID. And black employees are less likely seek help or want to be ‘noticed’ over mental health issues (for fear of further prejudice over the ‘stigma’.

Offer support that is easy to access, allows employees to organise it on their terms, with mental health advisors experienced in racial and cultural issues. Check your providers are ethnically diverse. Outreach efforts are more successful if championed by a person of colour – someone who will share a personal story that helps de-stigmatise mental health issues.

**Why do Boards have so few black directors:** In the year partly defined by Black Lives Matter, it has been pointed out that 37% of S&P 500 do not have any black board members. Despite black directors joining their first board earlier than white ones, with higher educational qualifications, they are less likely to hold Board leadership roles such as chair, lead director or committee chair. All of this is worse for black women.

Some companies are adopting the 'Rooney rule' (the US National Football League idea, that would require a black candidate every time a coach is to be appointed). Amazon has done this for two years and as a result appointed two black women to the Board. Other companies are addressing deep habits like long tenure of directors, the reliance on personal connections to find new members, and the desire for 'cultural fit' (which in any case increases the risk of groupthink) points to the importance of creating a shared understanding about what 'high performance' means in the new context and being clear about whether feedback given is adhoc help, or is part of formal assessments.



### **Support for remote working**

**How leaders support remote work:** In 2019, in the UK, 30% had the opportunity to work remotely, but only 6% did so regularly. In lockdown this grew to 48%. A survey of HR leaders worldwide showed the main ways that working from home was being supported:

47% communicating frequently and well

29% providing emotional and social support

24% investing in maintaining productivity and engagement

45% providing technology for remote working

18% promoting work-life balance – especially by allowing flexibility of schedules

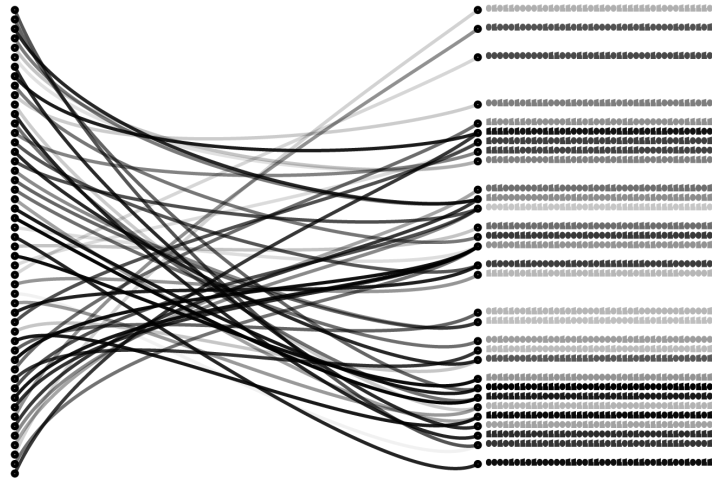
15% ensuring wellbeing

**Collaborative technology has improved team dynamics:** the 'loud' people who dominate in-person meetings are less able to do so in video meetings. Dynamic networks improve decision-making over individuals on their own, or in static groups without feedback loops. "The faintest ink is better than the best memory" (Chinese proverb: it becomes vital to capture the flow of ideas and plans carefully and deliberately between people who are working remotely - to compensate for all the transparent adhoc sharing that happens when people are physically together.

No single network structure is the best as it depends on the individuals, the context and the nature of what they are working on.

**Behaviour during lockdown will shape the culture:** Behaviour that is encouraged and rewarded by an organisation becomes the organisation's values. This is always true, but culture is less visible when everyone is remote, so culture changes easily become accidental, not managed. Good leaders have redoubled their focus and efforts on culture.

**Managing performance remotely:** evidence points to the importance of creating a shared understanding about what 'high performance' means in the new context and being clear about whether feedback given is adhoc help, or is part of formal assessments.



## Managing large scale organisation change

**Large scale change initiatives are a source of stress, uncertainty, and disruption:** Employees' views become more negative the longer a major change goes on, which reduces their engagement. There are two dimensions of the employee view of a big change:

1. The perceived impact of the change on them, and the organisation – The bigger the impact, the more negatively people will probably feel
2. The perceived value of the change (eg is it worth it?) – the more valuable it is seen to be, the more positive people will feel.

As predicted by the Kubler Ross change curve, research shows that in early stages of big change people feel more positive. They get clear messages and have not yet experienced anything tangible. Over time, experience of the impact increases and their perception of the value decreases as they do not see enough of the improvements promised.

The research confirms that enabling a sense of urgency "wanting to change" is important – especially by involving people and by building belief in the value of the change.

**'Machiavellis' drive negativity and infect others:** Machiavellianism is one of the dark triad of personality traits (with narcissism and psychopathy. 'Machs' are cynical, negative, and selfish, focus on maximising short-term gain, and expect the worst from others. The stresses of changes that are big and outside their control trigger their worst behaviour – there are far fewer opportunities for them to gain and they tend to show their stress publicly and react more negatively. They then infect others disproportionately. Identify who they are and try and 'quarantine' them - and keep a close eye on who they are connecting with.

**Discomfort and new experiences can be used to increase creative thinking:** one of the best ways of engaging people is to involve them in solving problems and providing ideas. "Innovation is a team sport. Successful groups elicit and then combine members separate slices of genius into a single work of collective genius" (Professor Linda Hill.

Modest discomfort and surprise makes us more creative. Even sarcasm can make us think as we try and work out gap between what is said, and what is meant. Being in a new situation can open minds, provoking curiosity that leads to new ideas.

We can learn from HCL CEO Vineer Nayar who pulled the company out of a 5-year slump, asking for 360-degree feedback for all leaders from all employees. He set up a portal 'my problems' for employees to suggest ideas about the things in his mind. He told people: "I don't know all the answers".