



PEOPLE PRIORITIES IN RESPONSE TO COVID-19

By Rainer Strack, Jens Baier, Susanne Dyrchs, Adam Kotsis, Fang Ruan, and Matteo Radice

IN A WEEK OR two, everything could change. That is the challenge posed by the new strain of the coronavirus. COVID-19 is growing exponentially. The pandemic started slowly, but the curve is shooting up—and disruption is following.

This has a major impact on workers and the economy. Companies all over the world are in crisis mode. No one can predict with any confidence how the economy will evolve over the medium term. It's not just a matter of reacting effectively; we must also accelerate up the learning curve and rapidly draw conclusions that will enable us to improve the business sector's resilience in the future.

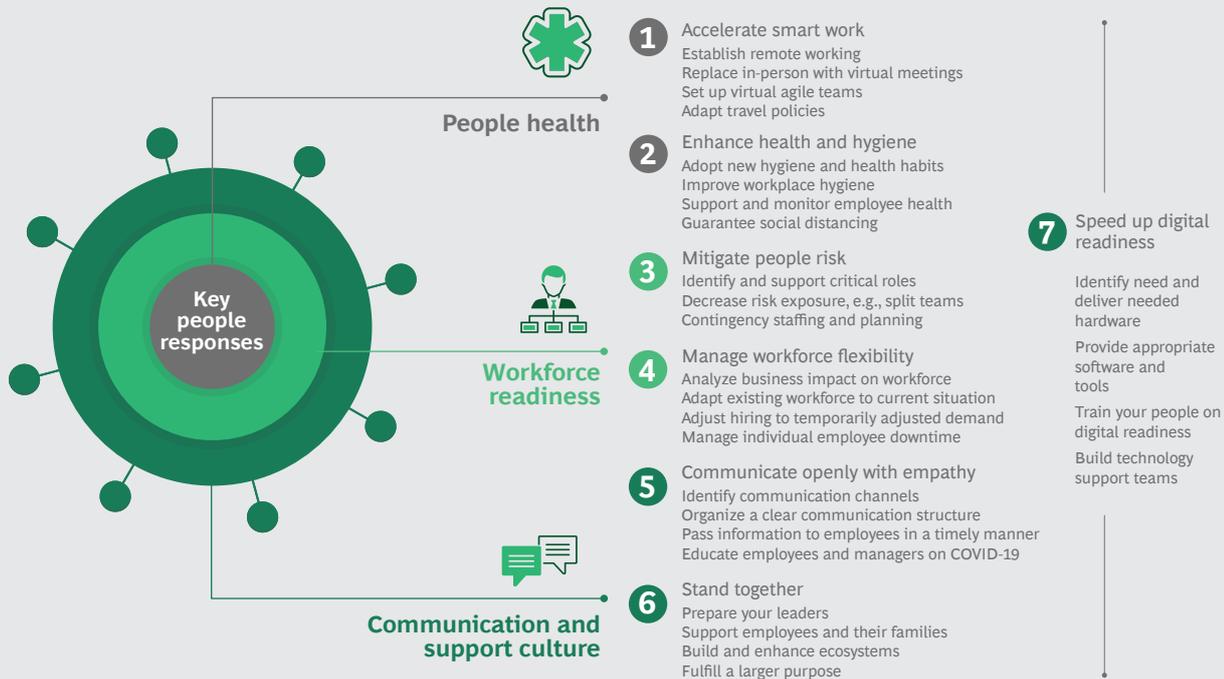
COVID-19 is a fundamentally people-based crisis: individuals are getting sick, and the repercussions for business and society are enormous, and getting exponentially stronger day by day. As leaders attempt to respond, people priorities must therefore be front and center. Seven core priorities are essential to decisively combating COVID-19 now and in the future. (See Exhibit 1.)

1. Accelerate Smart Work

Flexible working models are an important part of the fight against COVID-19 infections because they reduce workplace contact—including for those employees who have to stay onsite. Many companies and organizations—including the European Commission and the European Parliament—switched to teleworking and virtual meetings at an early stage of the crisis.

Establish remote working. If the requisite hardware is not yet available, employees can take such items as screens and docking stations home as an interim measure. Additional VPN gateways must be set up for data access. Collaboration tools—such as Slack, Trello, Google Hangouts, and Jamboard—need to be accessible for virtual meetings. It is very important to note that smart work is based on trusting that everyone will do their job without actually being physically present. This culture is not a given; it needs to be developed and proactively nurtured. However, the investments in technology and culture change that companies are

EXHIBIT 1 | COVID-19 Responses for Seven Key People Topics



Source: BCG analysis.

forced to make now will pay off in the “new normal” after the crisis and provide a benchmark for new models of working.

Replace in-person meetings with virtual ones. Meetings in the office are to be convened only when there is no alternative. They must also include security precautions—for example, keeping meetings short, maintaining a minimum distance between participants, wearing protective masks, and providing good ventilation in the room.

Set up virtual agile teams. Direct interaction is important for agile work. With the right technical support and a few simple rules, teams can keep up their agile working models without being in the same room. The first step is to create virtual agile boards and place fixed team events on them, such as stand-up meetings, reviews, and retrospectives. Very large teams should be broken up into smaller teams; necessary discussions among units can then be organized through meetings of the representatives of the smaller teams. It is helpful,

especially at the outset, if participants regularly share their experiences of virtual working to improve the learning curve. Social intimacy during and between meetings allows team members to get to know one another better and therefore to collaborate better when working remotely. The socializing could be over a virtual coffee, for example. The teams should establish clear rules and schedules for their daily collaboration. The schedules should include time for working individually, for one-on-one exchanges, and for smaller group discussions and team meetings.

Adapt travel policies. Internal travel policies must be continually aligned with national guidelines. Specific considerations should be given to those who are considered truly critical to the frontline and who do not require physical presence.

2. Enhance Health and Hygiene

Many companies adopted preventive hygiene measures at a very early stage of the outbreak.

Adopt new hygiene and health habits, and nudge employees. People tend to quickly fall back into their old ways. Companies should therefore keep repeating the key hygiene rules, such as proper hand washing, and monitor adherence to those rules where necessary. That could be done, for example, by adding reminders to screensavers or through push notifications on employees' cell phones. Well-placed posters can also provide useful reminders, such as in the cafeteria, bathrooms, and elevators—places where hygiene is particularly important.

Improve workplace hygiene. Maintaining the proper social distance can prevent infection. That means increasing the space between employees at all workplaces, having fewer people working together in an office, and increasing the frequency of cleaning and decontamination cycles.

Support and monitor employee health. Many companies have already introduced daily temperature checks or close monitoring by company doctors.

Guarantee social distancing. Keeping a safe distance is the most effective way of containing the virus. Companies should close cafeterias, cafés, other social venues, and even workshops and production areas if the minimum distancing requirement cannot be guaranteed.

3. Mitigate People Risk

A company's readiness for staff absences determines the extent of the economic fallout from a pandemic. A company is at risk when enough employees become ill and absent that normal operations cannot be sustained. It is just as problematic when managers or key personnel are absent for an extended period of time—such as the key account manager in charge of major clients, or the purchasing manager with responsibility for one-third of the material costs. A good organization reduces these risks. Goodyear, for example, has identified employees in all operating units and regions who are essential to business continuity and has analyzed whether and how

those positions could be filled in a worst-case scenario.

BCG has developed a scenario tool for Germany that forecasts the number of infections at the district and county level and by different age groups. Companies can identify risk exposure by workplace site and age groups, across points in time, and plan ahead. The early application of the right measures and interventions allows companies to stay ahead of the wave.

Identify and support critical roles. The entire workforce should be clustered not according to the organizational structure but by competency. People who can replace one another quickly form competency clusters, which can be broken down into three categories: critical, replaceable, or exposed. Different measures must be taken for each group

The *critical* category includes everybody whose absence would jeopardize business continuity. These employees are highly specialized or have essential skills. The key question is how important any given person is to the continuation of fundamental processes.

The *exposed* category covers people who are at higher risk of infection through their work. That could include people who have to travel a lot or who have returned from a high-risk area. It also covers internal multipliers through contact richness, such as staff working at reception or in the cafeteria. The priority for this group is to reduce the infection risk.

Decrease risk exposure by splitting teams. All employees in a critical role need special protective measures. Such measures could include exclusively virtual board meetings. Critical staff should not occupy the same space if possible and should ideally be in different buildings. The same applies to key personnel. These employees also need help with child care when schools and day care facilities are closed.

Teams containing many critical employees should be split—that is, team A works from

home for a week, while team B works on-site, and vice versa. The same principle can reduce the risk of infection in production, for example, by organizing several rotating shifts.

Contingency staffing and planning. There should also be preventive backup solutions to replace key staff. That could involve rehiring retired employees or bringing former employees back to the company.

4. Manage Workforce Flexibility

Many companies have to drastically cut production and capacities as demand collapses. It's hard to find the right balance between taking the steps necessary to ensure the company's survival and acting in a socially responsible way toward the workforce. The executive management must discuss this issue and the related potential trade-off between short-term liquidity and mid-term ramp-up after the crisis—explicitly to uphold the main personnel principles, even during the COVID-19 crisis.

Analyze the business impact on the workforce. Many companies already use strategic workforce planning, particularly for the long term. However, the process

quality is not the same across the board. Strategic workforce-planning tools need to incorporate short-term plans in this highly dynamic crisis. For the next nine to twelve months, labor supply and demand should be defined on a monthly, or even a weekly, basis. Different scenarios—worst case, medium case, and best case, accounting for different degrees in length and severity of the crisis—must include pragmatic driver models for all job profiles. They form the basis for modeling staffing requirements and show, for example, the consequences of a 30% reduction in revenues on job profile A or B. The company shown in Exhibit 2 has 2,103 employees. It needs 1,800 employees for the month of May, which means that, on the company level, there are 303 excess employees. However, breaking down this number by job profile and location shows the areas where actual over- or undercapacity should be anticipated. The average of 303 doesn't reveal a lot, so you need to dig deeper. On that basis, companies can develop realistic measures.

A European bank uses advanced analytics to simulate impact and identify crisis management measures. Strategic workforce planning delivers real-time information on highly dynamic scenarios.

EXHIBIT 2 | Analyze the Business Impact on the Workforce



Source: BCG analysis.

Adapt the existing workforce to the current situation. The rapid response team needs to coordinate all crisis-related staff measures closely with the line managers. The workforce can be adapted by employing short-, medium- or long-term measures. The first step is to adopt short-term measures, such as short-time working allowances and exploring governmental support and aid. Companies can also offer staff unpaid leave or the chance to earn overtime compensation. Temporary staff can easily be released from their duties.

Should such measures prove inadequate, the second step is to take long-term action, such as downsizing the workforce. Socially acceptable options, such as early retirement models, should be considered.

Adjust hiring to temporarily adjusted demand. The shortfall from postponing the start dates of new hires can be offset in the short term through temporary staff, such as interns. Any vacancies should be filled internally where possible.

Manage individual employee downtime. Overcapacity can be a good opportunity to organize staff training. It could also be used to reskill parts of the workforce, preparing employees for a digital transformation.

5. Communicate Openly with Empathy

Everyone sees COVID-19 as a massive threat. There is great uncertainty, mainly owing to the dynamic evolution of the crisis. Employee communication is therefore particularly important during this time.

Identify communication channels. All employees should receive regular updates from the executive management. The first essential step is to identify communication channels that can reach everyone. Chinese national hotel chain Huazhu leveraged its own information platform app Huatong to inform its employees and franchises. It's also important to have a feedback channel for employees, for example a hotline for all questions about COVID-19.

Organize a clear communication structure. Crisis management and communication are leadership tasks. That means first and foremost having a designated point person on the executive level—ideally the CEO—sending updates several times a week. It is particularly important to address the staff individually during this phase. Doing so signals reliability, shows everybody that they are valued, and strengthens the feeling of togetherness. Microsoft executive vice president Kurt DelBene personally sent emails to all employees and informed them about remote working, travel restrictions, and prevention measures. Google CEO Sundar Pichai and CFO Ruth Porat called on employees to support one another during this difficult time and to uphold the company's important role in society.

Educate employees and managers on COVID-19. Even if COVID-19 is all over the media, it doesn't mean that all employees have the latest information. The company should provide regular updates, in emails or virtual town hall meetings, on new developments and announcements by health authorities or the WHO, among others. Social media is a big source of fake news that stokes fears. That makes it essential for companies, as a matter of course, to filter the material so that only important and accurate information remains, and to process it for their employees.

6. Stand Together

The only way to manage the COVID-19 crisis and break the spread of infection is for every individual to take responsibility—employees for colleagues, companies for employees and business partners.

Prepare your leaders. It's up to leaders to act as a lighthouse or North Star showing the way through uncharted territory. This calls for understanding and empathy. Many people are scared. Empathetic communication and mindfulness will help employees look forward. Companies have to sensitize managers, who are also under a lot of stress, to this issue through training

or coaching. It is important, particularly when under strain, to show empathy to staff and demonstrate understanding of their problems and concerns, which could be, for example, unpaid leave or securing child care.

Support employees and their families.

Mutual understanding is important in any crisis. It is the only way to identify solutions, which should be done quickly and without bureaucracy. Direct line managers must be enabled to make decisions when necessary, such as introducing more flexible working times so employees can look after their children during the day and then maybe work later during the evening. Companies can also help each other by setting up platforms where employees can share best-practice ideas or organize child care.

Build and enhance ecosystems. Common, cross-sector solutions can be established by working with other companies. The Chinese restaurant operators Xibei and Yunhaiyao, for example, are working with Hema, the online supermarket chain owned by Alibaba, to prevent more than 20,000 employees from losing their jobs. Hundreds of staff who couldn't work in the restaurants because of the restrictions were hired by the online retailer at short notice to meet its urgent demand for extra labor and receive rapid assistance to handle the sudden spike in demand.

Fulfill a larger purpose. It's impossible to gauge the extent of the macroeconomic impact of the current crisis, but it will be significant. Corporate social engagement can mitigate these adverse effects. That is a question of purpose. The interests of all stakeholders are inextricably linked over the long term. Companies must work out for themselves what role they want to play in this regard, and their perspectives are changing. Companies are increasingly seeing their purpose as going beyond merely making profits, and their social and ecological influence in society keeps growing. For example, Alibaba set up a fund of \$144 million for medical supplies for the hard-hit Hubei province.

7. Speed Up Digital Readiness

COVID-19 has provided a boost to smart work. This gives companies the opportunity to set up digital working processes. The following points are especially important when enabling many employees to work from home.

Identify need and deliver needed hardware. That doesn't just mean providing employees with smartphones and headsets; it also covers network stability. Stress tests can ensure that systems will continue to operate under a high load. A backup solution is also essential.

Provide appropriate software and tools. Videoconferencing tools and apps for virtual teaming facilitate remote collaboration. It's also important for employees to have secure access to shared files and to be able to retrieve them.

Train your people on digital readiness. Many people aren't accustomed to, or experienced in, working remotely. Digital training and self-learning tools for different cohorts (basic, advanced) should therefore be available to individual teams and departments. The training should be as structured as possible with a digital learning suite and basic curriculum. Employees can share notes in communities of practice.

Build technology support teams. Designated technological support teams must be in place to ensure that working from home proceeds smoothly.

A Rapid-Response Team for People Priorities

The only way to surmount these challenges from a people perspective is to act directly and in a targeted, proactive way *now*. That requires a rapid-response team for people priorities with virtual squads along the lines of the seven action points described above. The rapid-response team members align with one another on a daily basis, have decision rights, and report directly to the C-suite. Global coordination and regional adjustments must be secured for international companies. It is important to look

forward and be proactive in order to act before being overtaken by events.

Rapid ad-hoc measures must be implemented in addition to the seven action points, of course. Companies can and must also prepare for the potential midterm fall-out from the crisis as well as establish worst-case scenarios to stay ahead of the wave and be ready for the worst possible outcome. That is the only way to learn from the crisis and emerge strengthened from these events.

COVID-19 will pose one of the biggest corporate challenges we have seen in recent decades. However, effective people-centric solutions can play a big part in helping individual companies find their way out of

the crisis. The lessons of the COVID-19 crisis can generate a steep learning curve and sustainably improve corporate resilience as a result—introducing smart work, establishing a culture of trust, upskilling, exploring new avenues. All those things can help to avoid being worn out by the crisis and to instead draw strength from it—turning the people response team into a competent partner for business and employees during and after the COVID-19 crisis.

About the Authors

Rainer Strack is a managing director and senior partner in the Düsseldorf office of Boston Consulting Group. You may contact him by email at strack.rainer@bcg.com.

Jens Baier is a managing director and senior partner in BCG's Düsseldorf office. You may contact him by email at baier.jens@bcg.com.

Susanne Dyrchs is an associate director in BCG's Toronto office. You may contact her by email at dyrchs.susanne@bcg.com.

Adam Kotsis is an associate director in BCG's Budapest office. You may contact him by email at kotsis.adam@bcg.com.

Fang Ruan is a managing director and partner in the firm's Hong Kong office. You may contact her by email at ruan.fang@bcg.com.

Matteo Radice is a managing director and partner in BCG's Milan office. You may contact him by email at radice.matteo@bcg.com.

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