

A person is running on a paved road that curves through a hilly landscape. The sky is a mix of blue and orange, suggesting a sunset or sunrise. The sun is low on the horizon, casting a warm glow over the scene. The road has a white guardrail on the right side. The overall mood is one of perseverance and forward movement.

# MANAGING COVID-19 CHALLENGES + IDENTIFYING OPPORTUNITIES

How Does Your Organization Compare?



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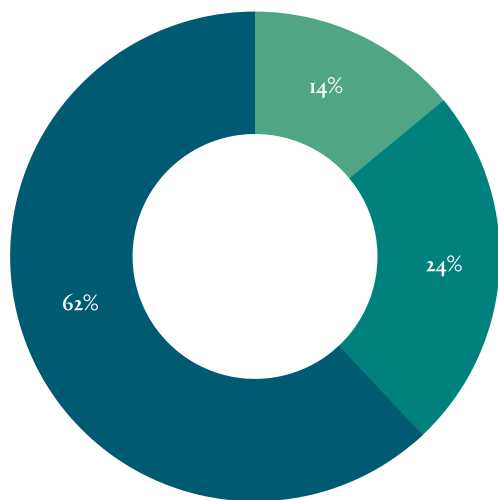


# ABOUT THE STUDY

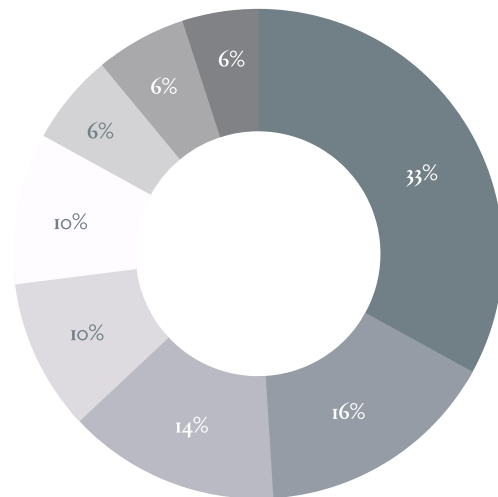
The disruption caused by COVID-19 across the global economy has been formidable. In what has felt simultaneously like the blink of an eye and an endless string of numberless days, exponential change has rewired our lives. New challenges emerge daily for businesses of all sizes and the people who contribute to them. Kotter, in partnership with Entromy, conducted an open survey to gain insight into how organizations have responded to this crisis and to better understand what challenges still exist.

## RESPONDENTS

Of the 850 respondents who completed the survey, 14% identified their role as executive leaders, 62% as middle managers, and 24% as individual contributors or unspecified. While participant industries span across every sector, the majority of respondents work in Education, Consulting, Government, and Healthcare.



- Middle Managers
- Executive Leaders
- Individual Contributors



- Education
- Business Services
- Consulting
- Financial Services
- Government
- Not For Profit
- Healthcare
- Other

# EXECUTIVE SUMMARY

The coronavirus has sent shockwaves rippling across the globe, infiltrating nearly every aspect of our personal and professional lives. While COVID-19 is difficult, complex and beyond the control of any one organization, the more information leaders have, the better prepared they will be to navigate the waves of change now and in the future.

Through this study, Kotter and Entromy have attempted to extract order from chaos—offering insights to leaders who bear the responsibility of guiding their employees through these uncertain times. Our report dives into the key challenges faced by employees and leaders—such as adapting to a new work reality, maintaining social connections virtually and sustaining communication to alleviate fear and anxiety. The study also investigates employees’ and leaders’ confidence levels in the global markets returning to states of social and economic normalcy.

Of note, lower levels of confidence were reported among employees when they experienced greater amounts of change. With the duration of quarantine extending beyond anticipated lengths of time, we can only expect employees’ confidence levels to remain shaky in the months to come.

That said, our report revealed significant opportunities for confidence-building in this turbulent time. There is a critical need for better communication between leaders and employees across industries. While many organizations have established new channels of communication, here remains opportunity to enhance transparency and ensure messages are conveyed as empathetically and compassionately as possible.

It is not surprising that the focus of many organizations and employees is on the short-term, with the obvious question being, “How can we get through this pandemic in one piece?” That said, leaders must remain focused on the long-term vision for the organization, despite the uncertainty posed by COVID-19. This could include developing strategic plans for business continuity and laying out policies for new ways of working.

Only by looking forward and anticipating the challenges to come will organizations set the stage for thriving, post-crisis. It is up to leaders to see the disruption posed by the coronavirus as an opportunity for rebirth and expansion, rather than fear and contraction.

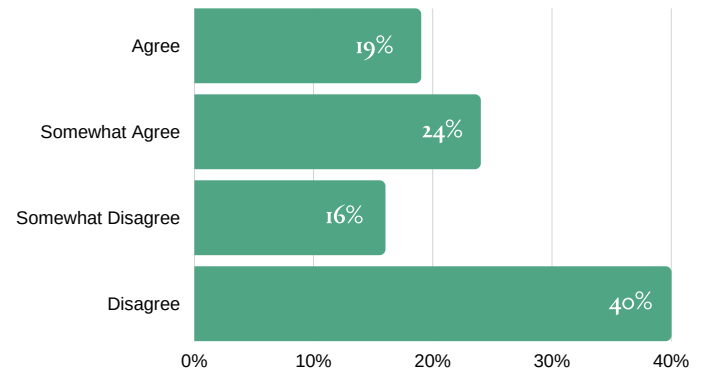
# CURRENT OUTLOOK

The confidence level of quickly returning to a state of social and economic normalcy is extremely low. In fact, only 19% of our respondents believe activity will go back to normal after quarantine mandates end.

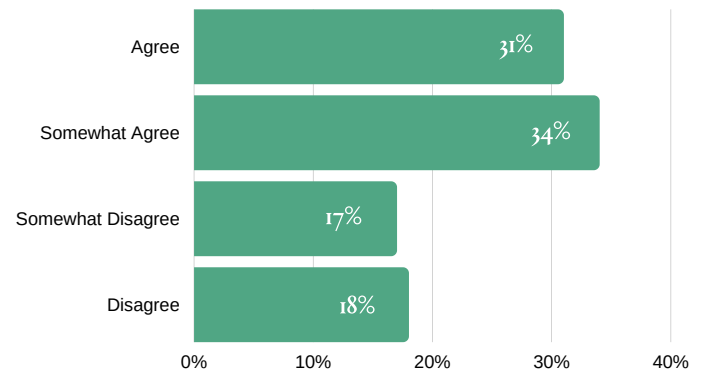
We have discovered the rapid shift in the status quo for employees, coupled with the prolonged quarantine, have been key contributors behind the weak outlook. The greater the change an employee has experienced from COVID-19, the lower their confidence level is. For example, employees who are newly working from home due to COVID-19 expressed lower levels of confidence (an 11% drop) compared to those still working in organizational facilities. The continuation of the quarantine has also impacted employees who normally worked from home prior to COVID-19 who share the same confidence level as newly remote employees.

Employees' outlook on economic activity is not the only area of low confidence. Only 31% of respondents indicated a belief in their organizations to come out stronger after COVID-19 compared with the market. Top-level executives, however, have a significantly more positive outlook about their organizations after COVID-19 compared with the market than other roles: they are 9% more confident than middle management, and 21% more confident than individual contributors.

*"I believe that economic activity will return back to "normal" after quarantine ends."*



*"My organization will come out relatively stronger vs. market as a result of the COVID-19 situation."*



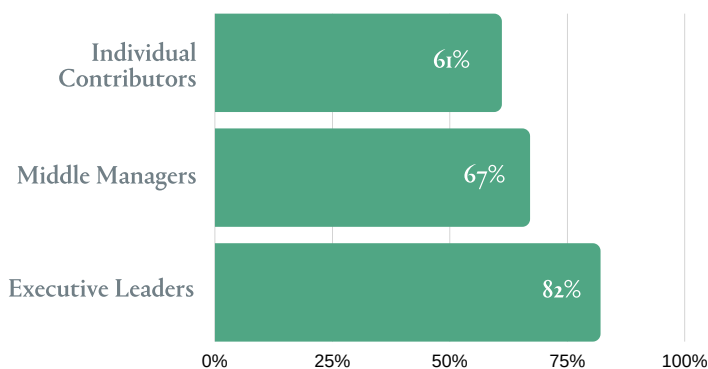
*so what?*

It is clear from our findings that the employees closest to the COVID-19 disruptions have a heightened sense of COVID-19's negative impact. For leaders and organizations, this highlights the need to not treat everyone the same and to tailor communications, and the frequency of those communications, to different groups based on their current experience. Additionally, as the level and duration of disruptions on individual experiences increases, the more people will anticipate negative impacts and be more skeptical of a return to the status quo. In this environment a communication void will have an outsized negative impact.

# CURRENT RESPONSES

The near ubiquitous shift to remote operations and new virtual work environments is having a profound impact on employees. The abrupt departure from the norm coupled with the extended duration and deviation from many projections has surfaced a critical need for enhanced communication from leaders to employees, regardless of industry, that can help manage fear and create a sense of control when uncertainty is pervasive.

To that effect, the majority of leaders have established regular communication channels within their organizations, and all levels of the organization agree that there is a transparent flow of information related to COVID-19 (75-80% agreement).



However, sharing COVID-19 information is not the same as contextualizing the information and creating context for the business—when asked if organizations are transparent around the impact

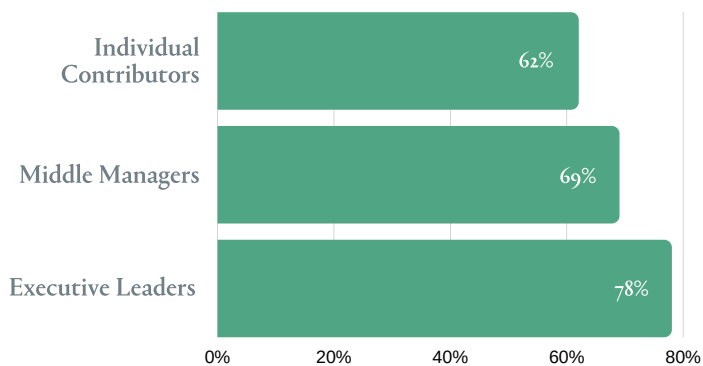
COVID-19 will have on the business, there is a large gap—61% to 82%—between the frontline and executives, demonstrating that sharing information about COVID-19 is not translating into what impact or relevance that information has for the organization.

There are other worrying divides between executives and frontline employees as well. Our study revealed the messages being shared by executives at the top are not being received as transparently by employees or showing as much empathy as leaders believe. When compared to senior executives, 16% less individual contributors agree with the statement, “My organization empathizes with my current situation.” Effectively, this leaves the frontline without an understanding of how COVID-19 will affect the business, nor do they feel executives understand their current situations.

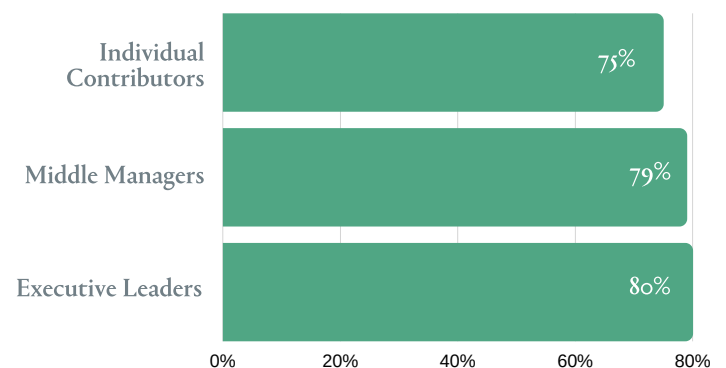
*“My organization is transparent around COVID-19’s potential impact on our business.”*

# CURRENT RESPONSES

*continued*



*“My organization empathizes with my current situation.”*



*“Leaders in my organization regularly update the company with information about COVID-19.”*

*so what?*

Most leadership teams understand what their employees need during times of serious disruption: open, transparent communication. Effectiveness of current efforts, however, is being significantly overestimated and is causing a divide throughout organizations that, if left unaddressed, could significantly reduce trust in leadership and negatively impact a speedy recovery as societies begin to re-open. Leadership teams need to make a concerted and routine effort to understand the impact of their communications on their employees, and modify their communication strategy as necessary to provide a greater sense of transparency and empathy.

# CHALLENGES

COVID-19 challenges look different for organizations than for employees—though both are focusing on more short-term challenges. Understanding the obstacles facing both organizations and employees will be key to moving forward positively through the pandemic.

Organizations are most challenged by their financial situations, with financial concerns twice as likely to be the top challenge. Financial concerns range from interruptions in cash flow and drops in stock prices to drastic (and demoralizing) layoffs and bankruptcy filings.

Tying distantly for the second top challenge are access to customers and employee-related concerns. These could include managing working from home, redistributing work duties due to disruptions or rethinking how to carry out HR functions within this new environment.

On an individual level, social isolation is people's most pressing concern and challenge. This is not surprising given the massive disruption to many employee's working conditions.

Employees already working from home or in smaller organizations are not struggling as much with social isolation—mainly because they are already accustomed to working from home or, in the case of smaller organizations, have enough interactions and personal relationships within their organization to more easily transition to a virtual environment and maintain adequate social contact.

Access to clients, business development activities and fostering relationships with prospects are also critical challenges individuals are struggling with as they navigate their new work realities.

*so what?*

The focus on the short-term is a big shift from the typical 3- to 5-year time horizons organizations typically consider. Furthermore, leaders are much less in a position to “come up with the solution” because the situation is completely new. Organizations will need to include employees in creating the way forward, specifically leveraging employees that have already been “working differently.” Most organizations have employee groups that have been working remotely for some time, but they may not first think of these groups as resources because their work isn't always front and center. They do not “walk the halls” and therefore have had less opportunity for visibility prior to the pandemic.

Given the significant challenges brought on by social isolation, there is another employee group that could and should be leveraged: people who bring positive energy. This is a highly relevant group for this situation and finding them involves understanding the organization's social network—knowing who people turn to for support, guidance, ideas and positive energy. These are the critical “lifters” in this new reality.



# OPPORTUNITIES

Though the prevailing thought at the start of quarantine was that time was abundant, many people are quickly feeling overextended, burnt out or overwhelmed by the impossible juggle between child and/or elder care, distance learning amid school closures, round-the-clock shared space with family members, among other difficulties. Time and mental margin have become increasingly precious (and elusive) resources in entirely new ways. Questions like, “What does my employer expect of me in this context?” and, “How can I be sure I am spending time on what is most important?” are top of mind. What has become clearer as the weeks tick by is how these stressors and constraints are more semi-permanent than we first believed, begging the question: what can we do?

Not all employees feel supported or understood. Compared to executives, middle managers and individual contributors each feel a full 10% less supported and connected to their teams (73%, 63%, and 52%, respectively). Similarly, there is an “empathy gap” between leadership teams and their frontline employees and managers, as previously explored.

## EMPLOYEES HAVE THREE PRINCIPAL CONCERNS:

### WORK FROM HOME OPTIONS

As societies start to open up, employees remain focused on whether they will be able to continue working from home, given both personal demands (access to childcare, the evolving education decisions being made, etc.) and different risk tolerances for rejoining the in-person workforce.

### FLEXIBILITY IN WORKING HOURS

Similarly, employees juggling multiple responsibilities throughout the day are continuing to focus on “work-life fit,” where employees are able and encouraged to weave personal and professional obligations together throughout the day.

### CONTINUING TO RECEIVE PAY

These volatile times have created economic uncertainty within households with different cost cutting and furlough situations being explored.

# STEPS TO TAKE



I want leadership  
to initiate  
strategic  
discussions  
about the  
long-term  
implications of  
COVID-19.



## EMPLOYEES WANT LEADERSHIP TEAMS TO ADDRESS TWO IDEAS:

### CREATING MORE STRATEGIC DISCUSSIONS

According to respondents, the top priority for leadership teams, by a factor of 1.5 over the next request from leadership, is to initiate discussions and develop strategic plans for business continuity post COVID-19. Employees and executives alike want their leaders to provide both short- and long-term strategic guidance. The sea of ambiguity characterizing this moment in time is so vast and deep that any beacons—even those likely to evolve over time—are helpful as employees navigate today. This is most acute for those who are recently working from home and are feeling significant disruption to their previous work routine.

### INSTITUTING NEW WAYS OF WORKING

The most commonly spotted opportunity, by a factor of 3.5 over the next opportunity, through this crisis is discovering new ways of working—both from an internal operating perspective and in how companies think about serving clients and customers.

so what?

THREE OPPORTUNITIES RISE TO THE  
TOP FOR LEADERS

1

Help people address short-term issues including job stability, communications, and dealing with new working conditions.

2

Engage those in the organization who are volunteering to come up with innovative ways to solving problems and empower them to test and learn.

3

Reevaluate core assumptions. This is a classic *Our Iceberg is Melting* situation. There may not be a return to “normal,” and the dramatic shift—not only to the economy and society, but also to our understanding of what else may be possible—requires that everyone reevaluate underlying assumptions. From how to bring people together in a safe and nurturing way, to how to add value to society in this new context—leadership from never-before-seen numbers of people is needed, right now.



# HOW TO USE THIS REPORT

According to respondents, the top priority for leadership teams, by a factor of 1.5 over the next request from leadership, is to initiate discussions and develop strategic plans for business continuity post COVID-19. Employees and executives alike want their leaders to provide both short- and long-term strategic guidance. The sea of ambiguity characterizing this moment in time is so vast and deep that any beacons—even those likely to evolve over time—are helpful as employees navigate today. This is most acute for those who are recently working from home and are feeling significant disruption to their previous work routine.

## Kotter

### ABOUT

There's a science to change, and Kotter pioneered it. Our consultants work with organizations around the world to solve business problems faster, innovate, drive performance, rise to the challenge created by a faster-moving world, and create momentum for the future.

Transformation. Powered by Kotter.

## Entromy

### ABOUT

Entromy provides a solution to rapidly complete organizational assessments and understand organizational network dynamics through automated collaborative surveys supporting nuanced company-wide discovery — with actionable insights. Entromy helps executives, management consultants, and private equity firms rapidly understand the critical needs of an organization to accelerate decision making. The Entromy platform is a convenient, stand-alone tool, automatically delivering reporting in PowerPoint format or online dashboard.