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Building a Resilient Culture to Navigate External Disruption

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Covid-19: A shock to the System



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Covid-19: A shock to the System

Daily new confirmed COVID-19 deaths per million people

7-day rolling average. Due to varying protocols and challenges in the attribution of the cause of death, the number of confirmed deaths may not accurately represent the true number of deaths caused by COVID-19.

Our World
in Data

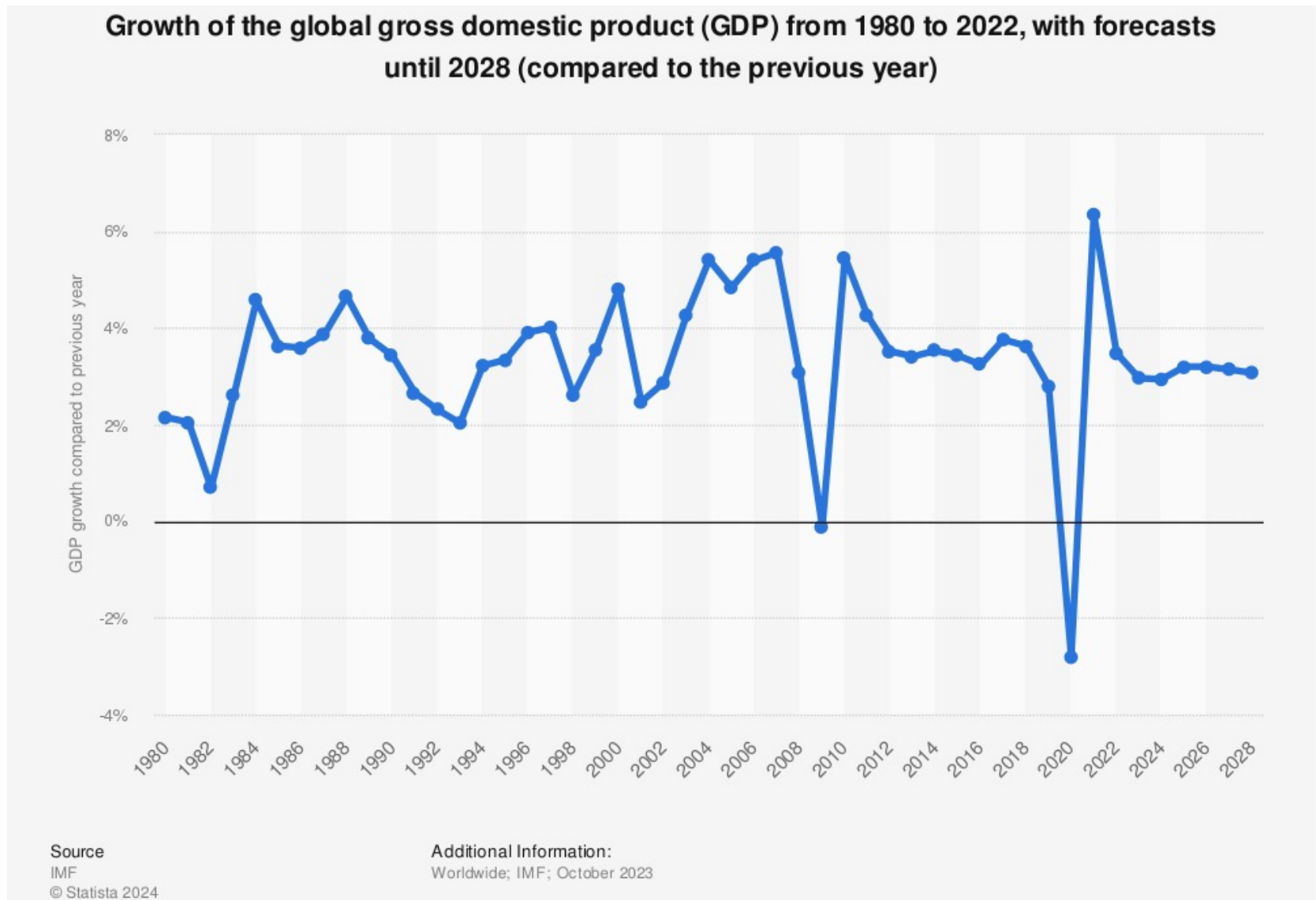


Data source: WHO COVID-19 Dashboard

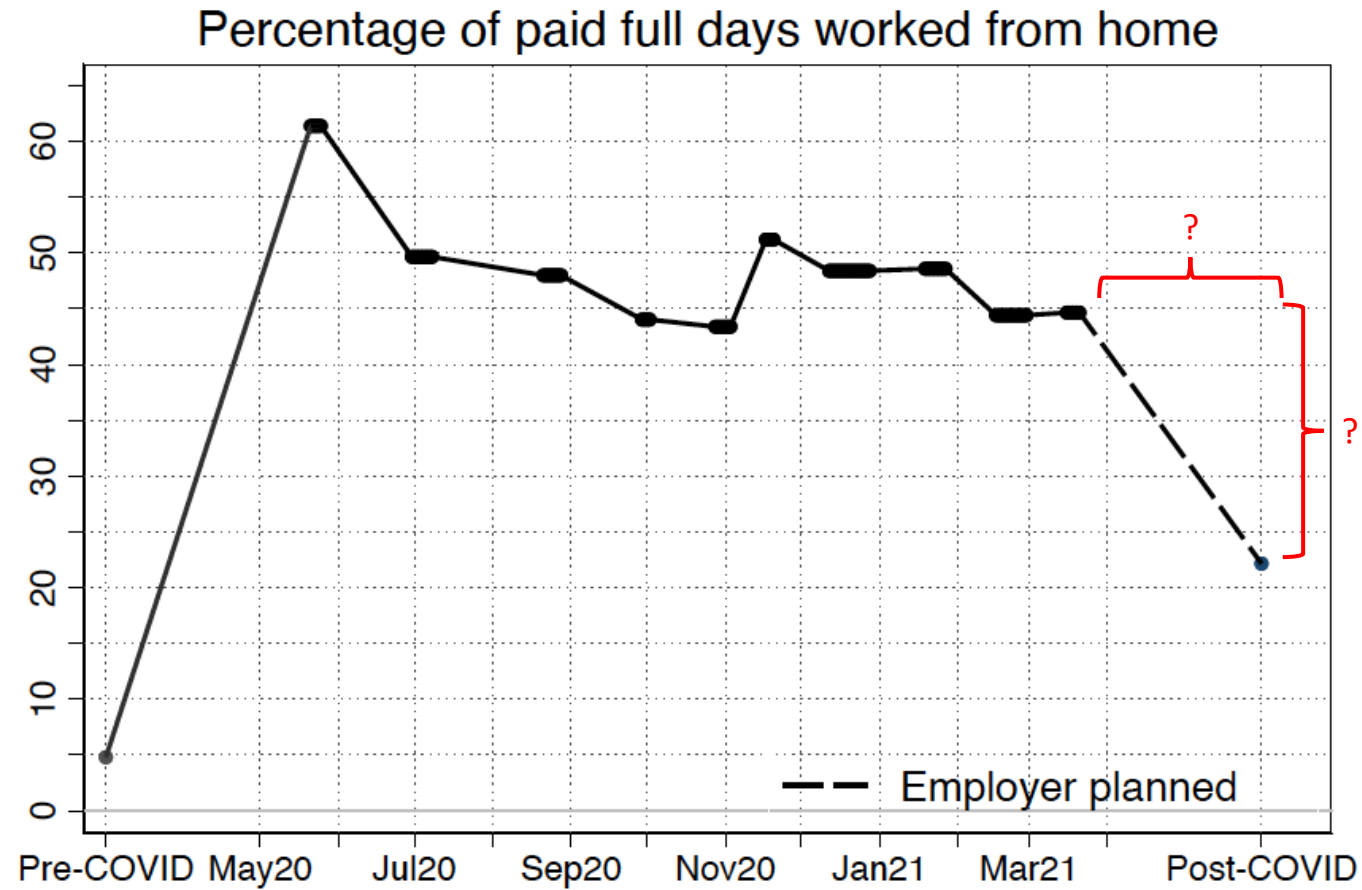
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Covid-19: A shock to the System



Covid-19: A shock to the System



How do Organizations respond to such a Shock?



Brian Chesky @bchesky · Apr 28
Replying to @bchesky

1. You can work from home or the office—whatever works best for you
2. You can move anywhere in the country, like from San Francisco to Nashville, and your compensation won't change
3. You have the flexibility to live and work in 170 countries for up to 90 days a year in each location
4. We'll meet up regularly for team gatherings. Most employees will connect in person every quarter for about a week at a time (some more frequently)
5. To pull this off, we'll operate off of a multi-year roadmap with two major product releases a year, which will keep us working in a highly coordinated way

From: Elon Musk [REDACTED]
Sent: Tuesday, May 31, 2022 1:19 PM
To: ExecStaff [REDACTED]
Subject: Remote work is no longer acceptable

Anyone who wishes to do remote work must be in the office for a minimum (and I mean *minimum*) of 40 hours per week or depart Tesla. This is less than we ask of factory workers.

If there are particularly exceptional contributors for whom this is impossible, I will review and approve those exceptions directly.

Moreover, the "office" must be a main Tesla office, not a remote branch office unrelated to the job duties, for example being responsible for Fremont factory human relations, but having your office be in another state.

Thanks,
Elon

Elon Musk
9:19 PM · May 31, 2022 · Twitter for iPhone

Resilience



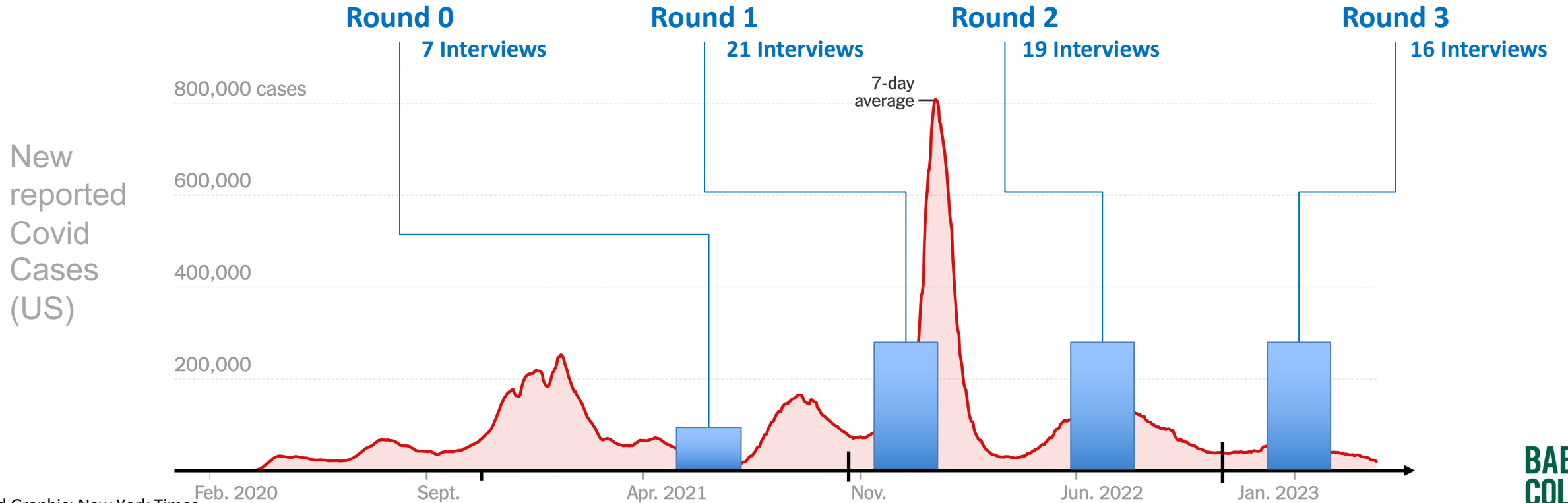
1 : the capability of a strained body to recover its size and shape after deformation caused especially by compressive stress

2 : an ability to recover from or adjust easily to misfortune or change

Merriam-Webster.com

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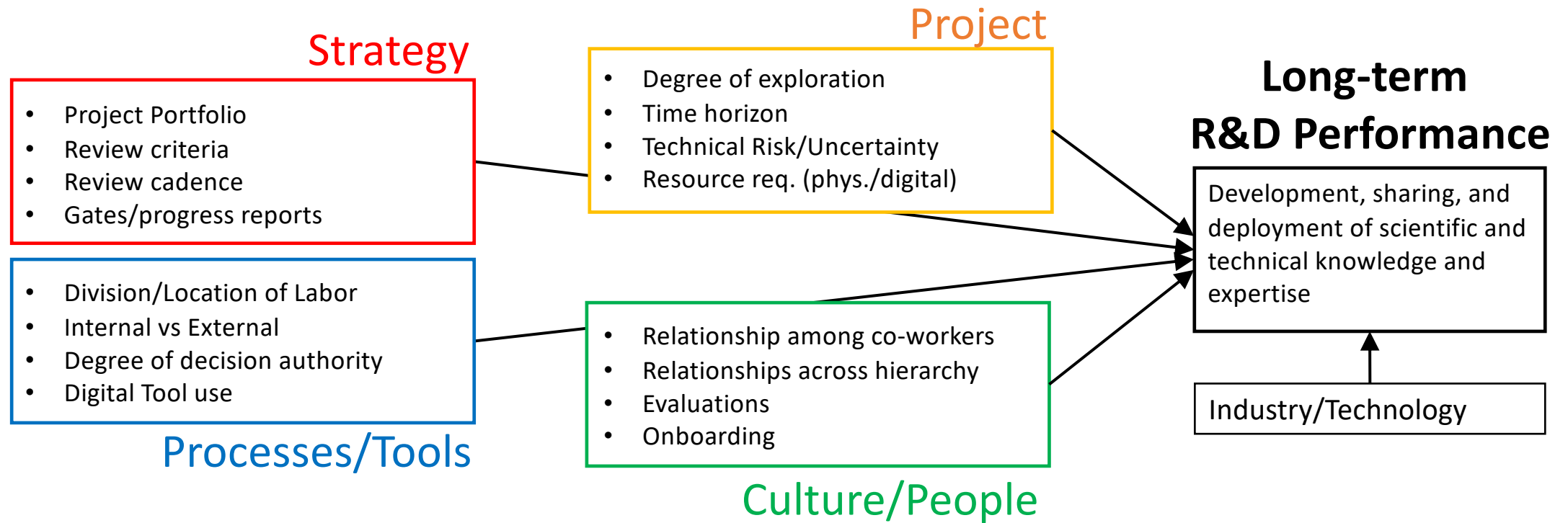
Our Longitudinal Research Project: R&D in the next Normal



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RQ: What is the long-term impact of moving to virtual/hybrid work on R&D effectiveness?





Early Findings



Early Findings

- **Similarities across Organizations**

- 1) **Task content matters** for work location decision (i.e., wet labs, immobile equipment), but large portion of tasks today is digital only and can be accomplished remotely
- 2) **Human need for in-person contact** transcends online connection, but is highly variable across populations
- 3) **Digital tools** are powerful for direct task work, but limited for sensing activities

- **Differences across Organizations**

- 4) Company cultures with a large degree of **informal communication** for coordination were harder hit by Covid
- 5) Existing Company Culture leads to different **response narratives**

Caveat: Short-term effects vs Long-term effects

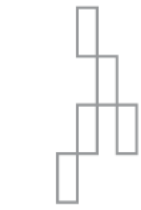
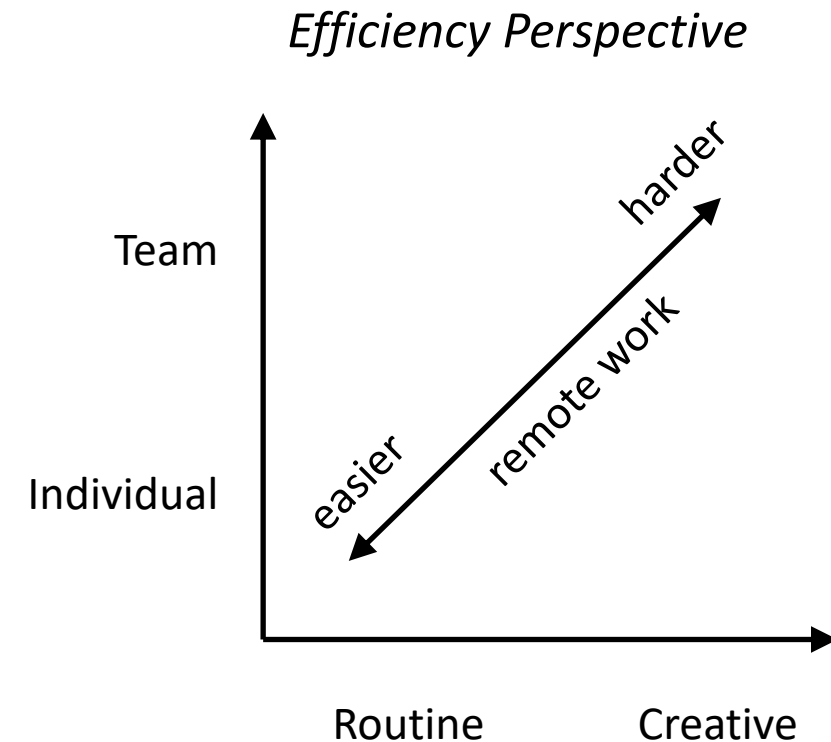
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Similar across Organizations

1) Impact of Task Characteristic

- Large portion of R&D work has become digitized, i.e., many tasks can be executed remotely
- But task characteristics matter:
 - Information-sharing vs Information-generation
 - Individually contributed vs coordinated across people

Caveat: Short-term effects vs Long-term effects



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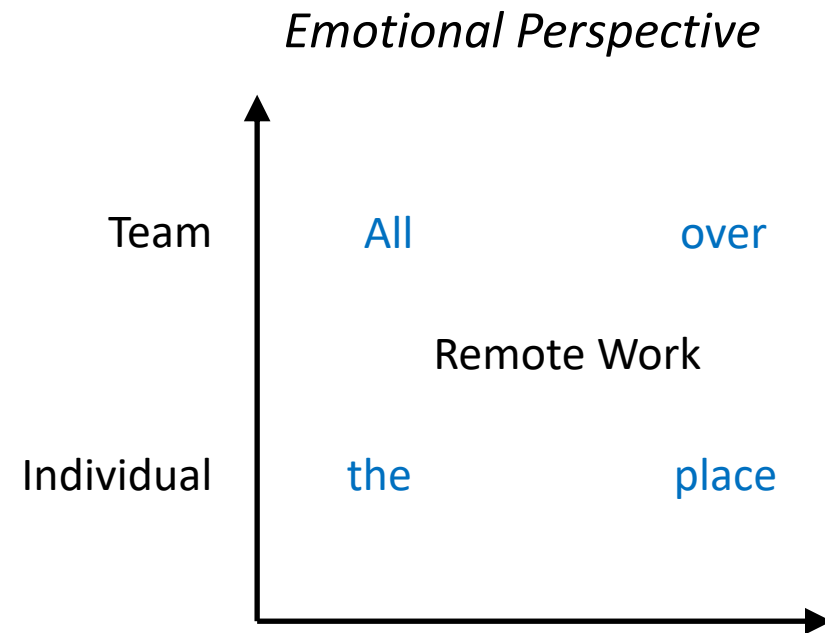
Similar across Organizations

2) Impact of Individual Preferences

*“I think I stop earlier actually, because **it feels like more work to me to work from home.** And I've talked to people who have the opposite feeling, **it feels like they can work forever because there's no separation.** Mentally I do feel very isolated and I definitely feel more sad just being at home all the time.”*

Young Employee I

Caveat: Short-term effects vs Long-term effects



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2) Impact of Individual Preferences

- “.. If you do a virtual coffee, it’s not the same. You are not as open as if you go to have lunch and sit together and talk.”
 - Employee X, on social connections
- “I can do long hours writing scripts alone at home, but for some other tasks, e.g., writing reports, for which I find it harder to be motivated, I enjoy the company of colleagues.”
 - Employee Y, on personal motivation

Similar across Organizations



3) Impact of Digital Design and Communication Tools

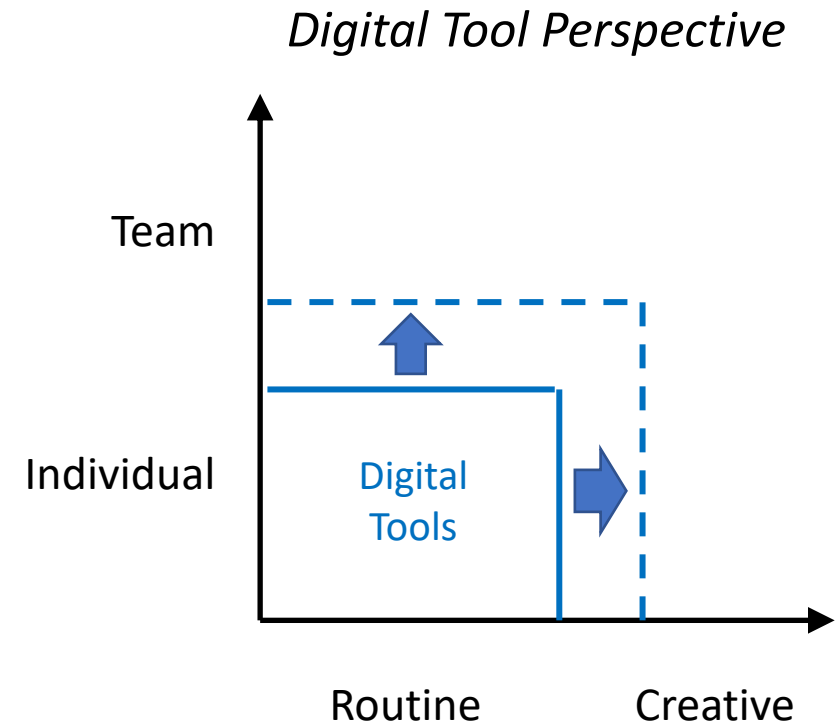
Pro

Accessing known connections now easier “when everyone is in front of their computers all the time anyway.”

Con

Allowing new, unrelated knowledge to collide and percolate is now much harder

You don't know what you don't know



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4) Impact of informal communication channels

• Pre-Covid

- “If I get a coffee at the coffee machine around 9 am, in about 20 minutes I know everything I need to know for the day.”
- “Before Covid, new employees learned the way around here by osmosis: by watching others in meetings, working with others, etc..”

Work coordination/
Project generation

New employee
onboarding

• During-Covid

- “... also if I don't know what's happening in other parts of the company, I don't know if I might be able to contribute to this or they don't know if they would need my support or expertise. So someone has to make this connection, and if we never meet, then someone has just has to know that, there's these people in, within the company and we are so big, that's difficult.”
- “I think they have at least Slack channels where they have social... And I think they have actually new employees mingle events online. I didn't participate in those, but they have a couple of things that they were trying to do there. So definitely, I think there's a Slack channel that supports that mingling.”



5) Covid response narratives differ

- **“Overreacting and Correcting”**

- Once Covid hit, many employees were sent home. Some haven't been back on site in 18 months.
- A company wide ask to self-select into one of two employee categories cut across teams (team member vs team leader). A later change in this categorization scheme was experienced negatively (as somewhat of a bate-and-switch).

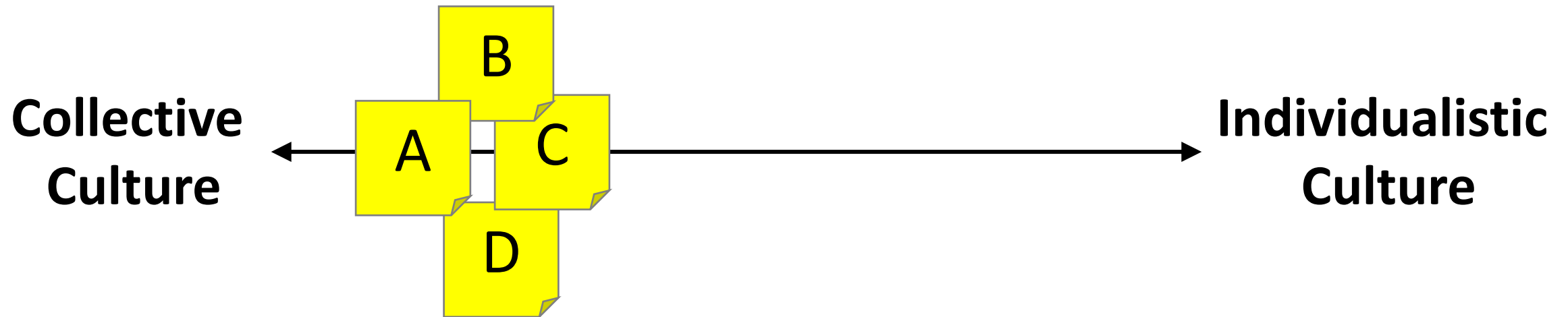
- **“Calm and in Control”**

- “We are dealing with dangerous materials all the time. Covid-19 was just one more challenge that we needed to deal with.”
- “We have adopted flexible schedules, and if they need to finish a report or whatever, I'm very flexible on that. Stay home. I don't care. But 80% of their time, they have to be in the lab and generate data. And so throughout COVID, other than the initial panic in 2020, when nobody knew what was happening and if this was the next Ebola, and the way we were closed for about three weeks, but after that, pretty much everybody was back in the lab on a regular basis. I would say there were maybe some individuals that would be 40% at home and 60% in the lab. The majority of the people was five days a week in the lab.”



Crisis responses over time

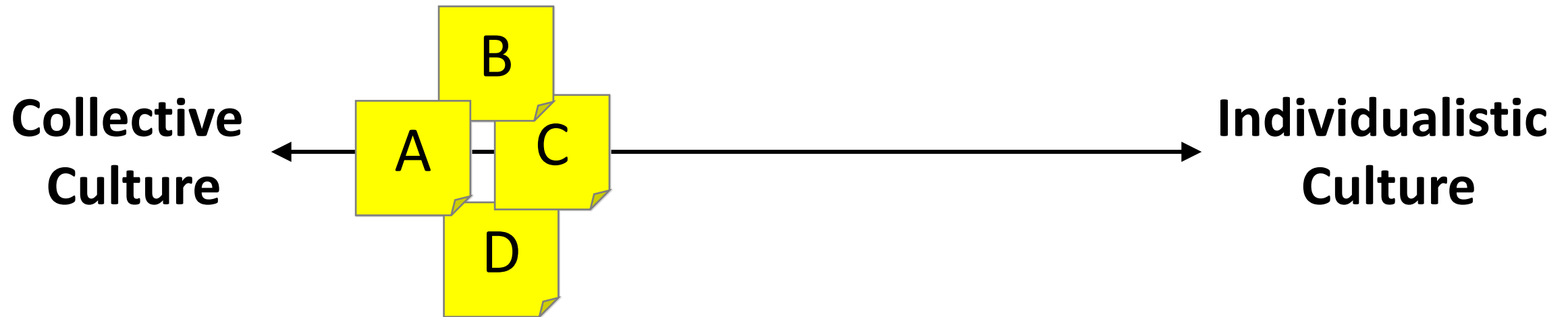
The Universe of R&D Organizations – pre Covid



All organizations exist on a spectrum between “collective culture” and “individualistic culture.” Before Covid, most organizations were thought to have more of a “collective culture” as illustrated by the daily habit to meet and work together at work (cross-location projects notwithstanding).

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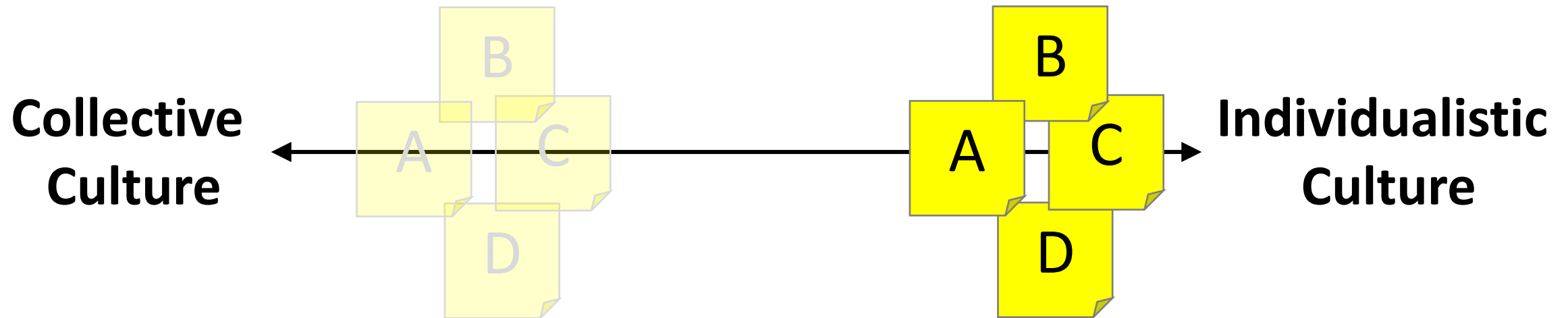
The Universe of R&D Organizations – during Covid



When Covid hit in March 2020, it forced all organizations to at least temporarily send their employees home and have them work from there; temporarily all organizations moved to the more “individualistic culture” end of the spectrum (numerous video calls notwithstanding).

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The Universe of R&D Organizations – post Covid



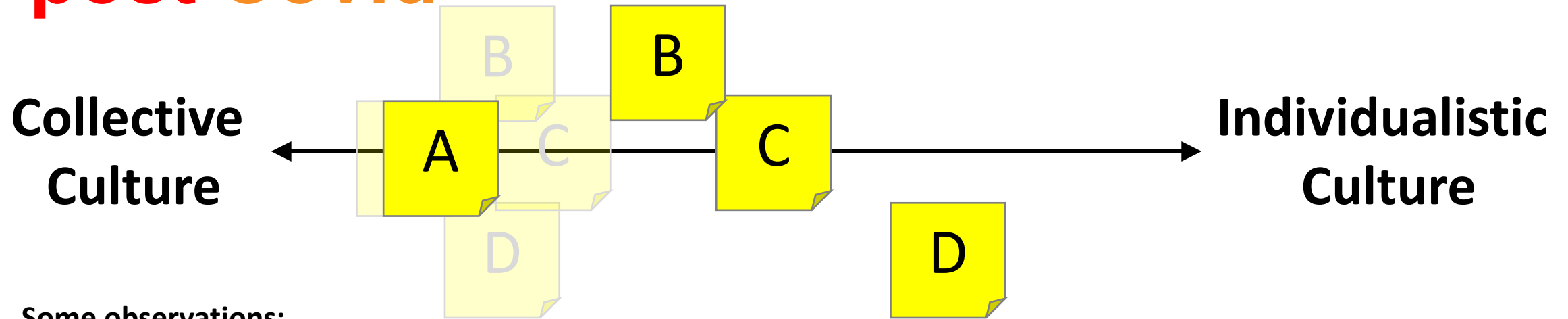
As Covid receded, many organizations – for a variety of reasons – wanted to get at least some collective aspect back. The “progress” (rate and magnitude) varied significantly across organizations.

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The Universe of R&D Organizations – post Covid



What can explain this phenomenon?



Some observations:

Similar treatment – different response

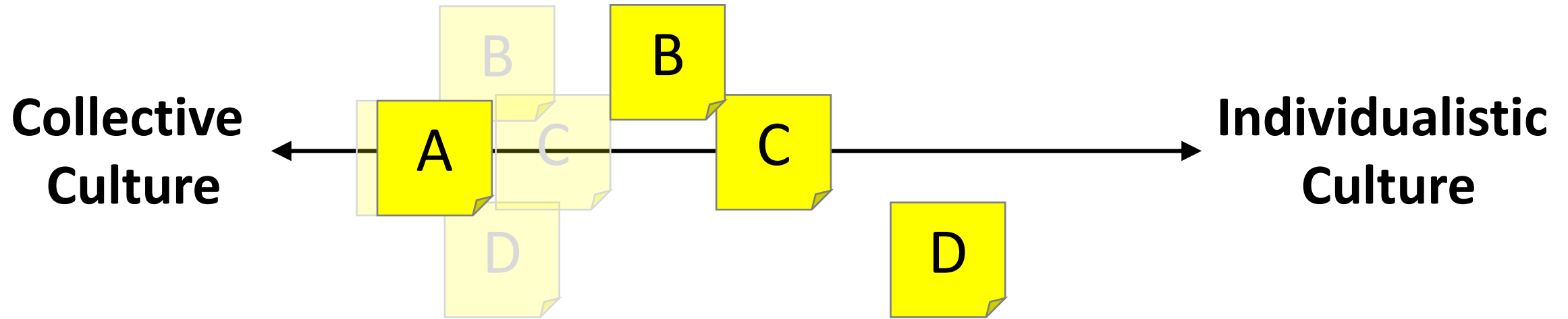
Social benefits such as free lunch brought people to the workplace for lunch. In some instances, it led people to also spend more time in the office/lab; in other cases, people came for lunch only and went straight home afterwards.

Different treatment – different response

It appears justifications to meet in-person that are integrated into work itself are more effective than meetings “just” for social reasons

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The Universe of R&D Organizations – post Covid



Hypothesis: Organizations were never similarly collective - it just looked this way.

Covid has removed this veil of similarity, people have experienced alternative ways of working, and some are making very different trade-off decisions compared to pre-pandemic.

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Mapping crisis response types



Two Views of Organizations

- Mechanistic
 - Routine Tasks
 - Formal Systems
 - Vertical Structure
 - Rigid Culture
- Organic/Natural/Humanistic
 - Empowered Roles
 - Shared Information
 - Horizontal Structure
 - Adaptive Culture

Daft 2004. Organization Theory and Design

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Example for effective mechanistic approaches (Organization A)

- Strong hierarchy, defined processes, and a compelling group narrative
 - “We are dealing with dangerous materials all the time. Covid-19 was just one more challenge that we needed to deal with.” (A1)
 - “We have adopted flexible schedules, and if they need to finish a report or whatever, I'm very flexible on that. Stay home. I don't care. But 80% of their time, they have to be in the lab and generate data. And so throughout COVID, other than the initial panic in 2020, when nobody knew what was happening and if this was the next Ebola, and the way we were closed for about three weeks, but after that, pretty much everybody was back in the lab on a regular basis. I would say there were maybe some individuals that would be 40% at home and 60% in the lab. The majority of the people was five days a week in the lab.”
 - “Throughout Covid, I felt safe.”
 - “I think they really went and got out ahead of it. They put a together a task force here, and they were meeting weekly and making sure they were sending out communications to all of us and keeping us in the loop, and just being very transparent with everything.”



Example for ineffective mechanistic approaches (Organization D)

- Centrally designed digital systems that do not address the underlying problem (or create new ones along the way)
 - “We are still having troubles with the reservation systems, which is just, I don't know if I told you, we used to before the pandemic have physical boxes, so if you wanted to reserve a meeting room you could do it online or you could walk up to there and tap on the screen and reserve a space. And they said as a COVID precaution, because they didn't want shared contact surfaces, that was when we thought it was shared contact surfaces, they ripped all of those out. But the online system never improved to make it easier. So super fun.”
 - “And the worst part is some people, I think possibly because their department was enforcing those rules, they reserved spaces, but then the office is physically empty. So it's even harder for people to tell what offices are and are not available.”



Example for effective humanistic approaches (Organization B)

- Involving employees in developing work rules
 - “We did different workshops within the smaller teams within our lab teams. And ... each lab team did it together with the lab team leader and the lab technicians. They did it together and they agreed how they would like to work together in future. They agreed on, for example, that they will be in one day a week, for example. And all the time it will be the Wednesday, for example. Then they agreed on home office. They agreed on when to meet. How long they would like to meet. Especially, the entire workshops were dedicated on how we would like to work together within the different lab teams.”
- Trusting employees
 - “....I don't have to ask my boss where I'm going to work. And I don't expect my team members to ask me, but if they're not going to be here on a Wednesday, I do expect them to tell me.”



Example for effective humanistic approaches (Organization C)

- Comprehensive employee mentoring
 - “And so, I do follow up on his, we have meetings and I will make sure that he gets fully connected to everybody and takes all the safety classes and knows where everything is and gets connected to the right people to do the job he needs to do and gets connected to the people in recreation. So, he can have the fun part of his life addressed too. So, that's all part of my job as a mentor to see to his wellbeing, both as a person and as an employee to get the job done.”



Example for ineffective humanistic approaches (Organization D)

- Lack of rules leads to deterioration of work processes
 - “I think project leaders and task leaders are really afraid to make a call on that for their staff. I mean, I get that sense like they don't want to make anyone do anything that's going to be uncomfortable for them. So they're not, they're just like do what you will or they'll say something like, it would be really nice if you had your camera on, but there's no pressure. Like, we'd love to see your face, but it's completely your choice.”
- Inconsistent policies
 - “.....most everything is if there's not a policy, it's manager discretion, so it's up to individual management, so you've got to hope that you have a good manager.”



Example for ineffective humanistic approaches (Organization A)

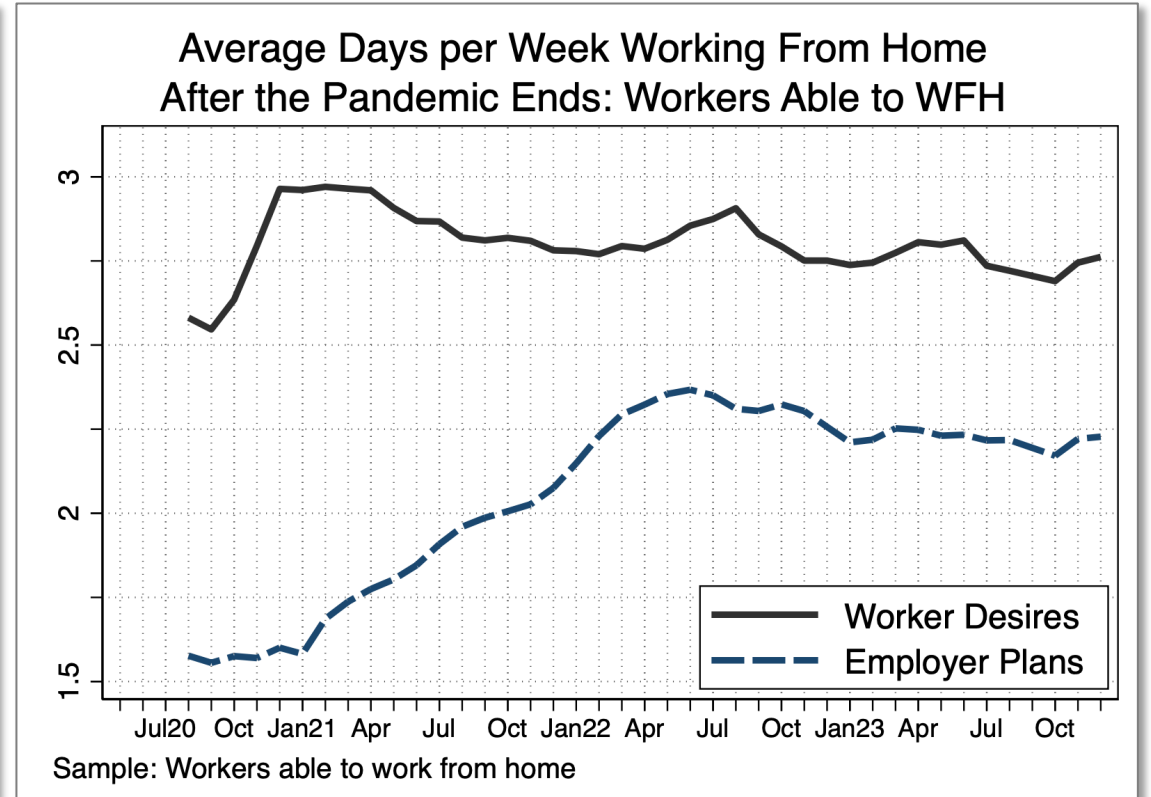
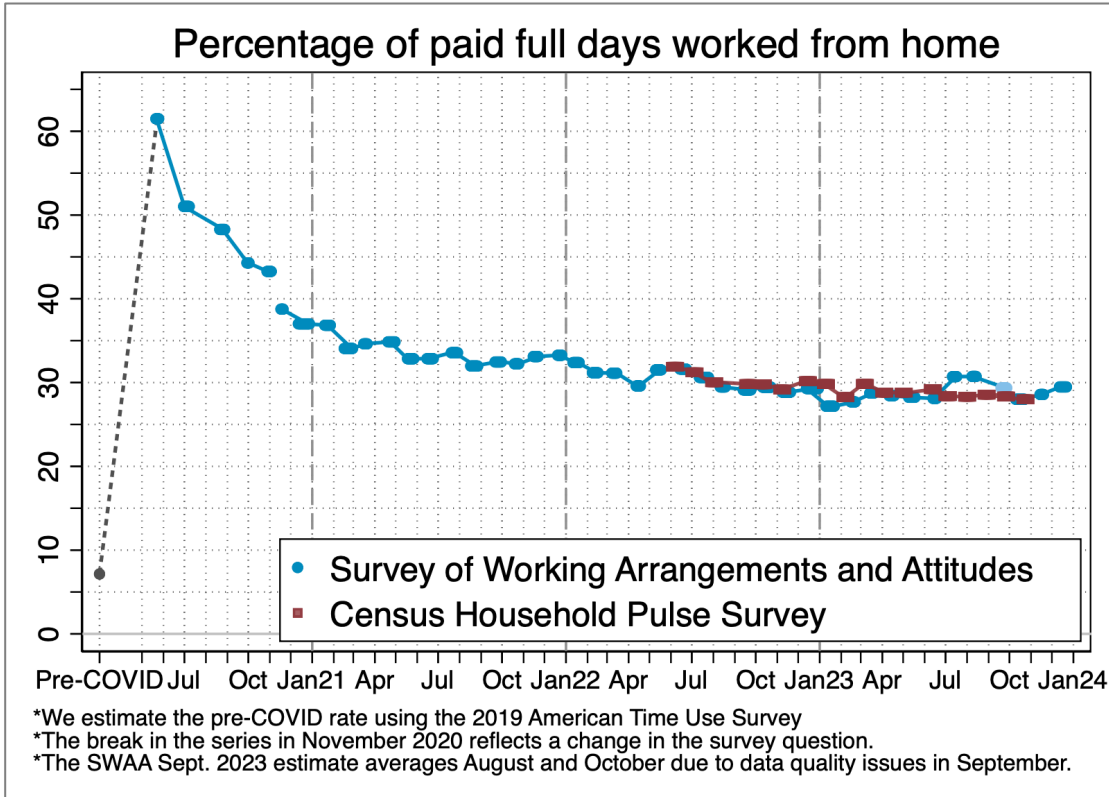
- Pseudo-participatory employee engagement
 - “So, it's very forced. It's very, "Oh. We have to make our check boxes so we look good. And we have action items, so we can say we have action items." But are the action items really solving anything? No. Most of the time, no. And honestly, they end up creating just more work for us because those action items all ultimately get put back onto us.”
- Ineffective online socializing
 - “...if you try and do anything that's too long and social online, everybody gets a bit bored of it. And I think it's also really hard to do that in a group of more than say four or five people, because it's not a real conversation...”



Deeper Analysis

There is a next Normal!

Location of Labor: Work from home



Source: Barrero et al. (2024), SWAA January 2024 Updates, Working from Home Research, wfhresearch.com

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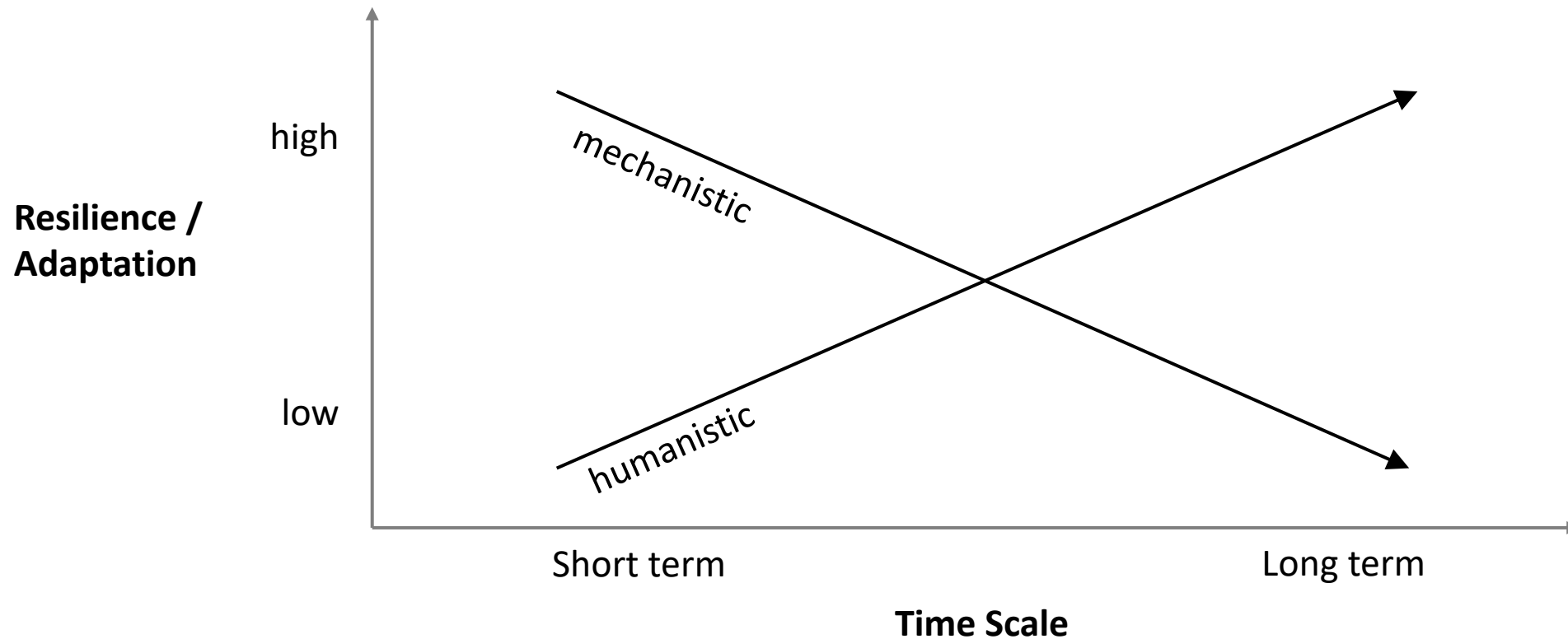
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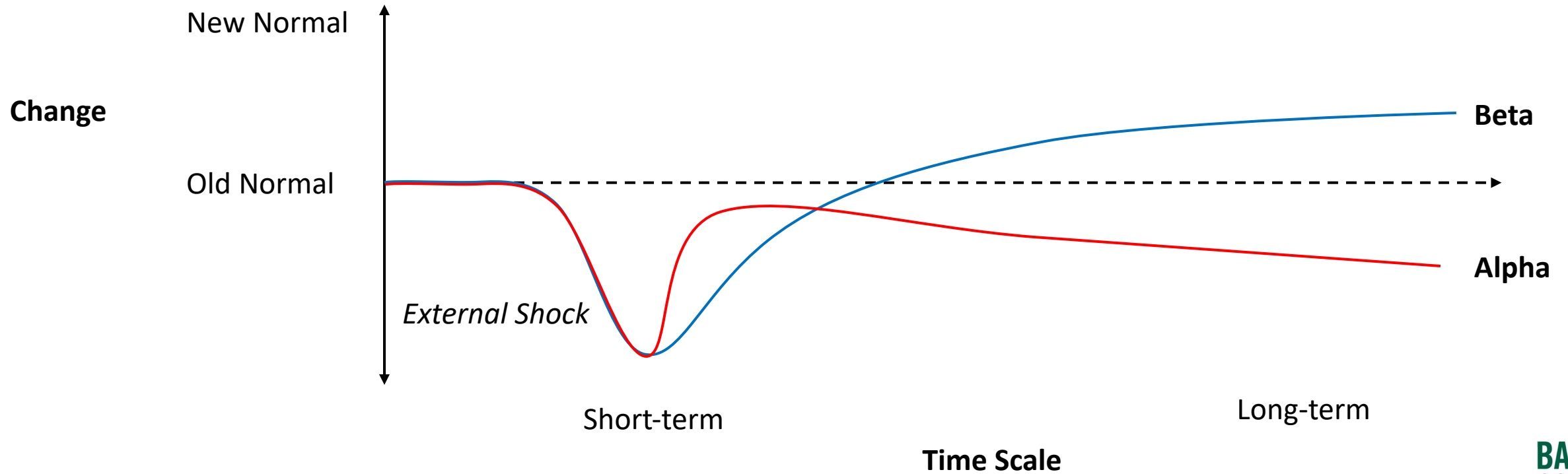
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Range of approaches to respond to exogenous shocks





Differences in Organizational Resilience





Resilience looks very different for the short-term vs the long-term

- Initial reaction

- Rules
- Tools
- Decisions



Sense of safety, security,
calm, organizational
competence

- Finding the next Normal

- Engaging people
- Developing people
- Deliberations



Sense of trust, respect,
loyalty, and feeling
valued



Discussion: How did your organization respond to Covid?

- Initial reaction
 - What went well?
 - What were your challenges?
- Finding the next Normal
 - What is going well?
 - What are your challenges?



How to prepare for the next Crisis?

For the short term

- Be clear on the rules and communicate the reasons for them often, as circumstances change.
- Develop crises plans – and have them ready.

For the long term

- Develop middle management's capacity to engage with and take care of people.
- Explore ways of joint development of work rules and patterns. Make them overall dynamic, i.e., adaptable.
 - Consider the same for tools, such as Gen AI
- Build a structure and culture for mentoring.

