

Houston HR Leaders Look Ahead At Implications Of The Covid-19 Crisis

On Thursday, April 23rd, Egon Zehnder's Houston office hosted 25 senior HR leaders to reflect on the current state of their businesses amidst the COVID-19 pandemic and to share ideas with each other on how they are planning for the future. The following themes resonated the most:

The “How” And The “Why” Of Reopening

Everything is being reconsidered. “We say we want to go back to the office. However, what we valued in the past about being in the office was the social interaction; one-on-one meetings and catching up over coffee with someone,” said one executive. “Given the need for continued social distancing, many of these in-person interactions will have to be curtailed. So, we need to think carefully about the rationale for bringing people back into office and balance that with the complexity, concerns, and trade-offs of doing so.”

Most organizations are considering a phased approach, prioritizing which roles benefit most from in-person engagement. One executive is planning to bring back only 20% of headquarters employees to start.

Working from home at scale has been more seamless than many expected. This has led companies to consider prioritizing whom to bring back to the office in the near term, and whether more flexible or remote working arrangements become the norm for some roles permanently.

- “Our executive team was historically quite traditional and had a hard time getting on board with telecommuting,” said one executive. “Now they realize employees can be quite efficient while working from home.”
- “Remote working supported by technology has been successful, especially for transactional activities,” said another executive. “But the jury is still out on whether it will really work full-time. For certain jobs and types of decisions, especially those that might be complex, strategic, and/or emotionally loaded,

in-person engagement will still be critical to effectiveness. There are also questions about the sustainability of a remote workforce over the longer term, and the impact on culture and cohesion.”

Companies Are Fundamentally Rethinking Work Practices And Business Models

- “The dynamic changes required to manage the current crisis has opened the aperture to question other work processes in a way we wouldn’t have before,” one executive said.
- Said another: “We held our annual sales kickoff and conference in short bursts, over multiple days vs. typical full three day/night extravaganza in Las Vegas. The approach generated significant support, and may make us reconsider similar events in the future.”
- Another, in the construction sector, recognized what this would mean for their business, “We are evaluating the likely future of commercial real estate,” the executive said. “If companies will ultimately occupy less office space, fewer new buildings will be built and that impacts how we think about our construction business in the future.”
- Said another who leads a retail organization: “We are reorganizing our sales structure and considering how we compensate store leaders, looking heavily at digital and e-commerce initiatives, marketing and advertising changes, and realizing we need more digitally savvy leaders across the organization.”

Human Resources Executives Are In The Spotlight

Employee health and safety is front and center. Said one leader, “In the pie chart of executive team focus, historically energy was split between strategy and performance. Now people topics carry equal weight and time in daily and weekly meetings and are seen as more interrelated to other decisions.”

The crisis has unearthed new skills and competencies required of leaders, informing potential training and development needs.

- “Managing a remote workforce is now a critical skill and has required a mindset change for some leaders on what a productive day looks like,” one attendee commented. “Managers can no longer view their day as a series of meetings. They must be thoughtful about different ways to engage wit, and develop their teams.”
- “During crises, like this pandemic, you often see the best and the worst in people. We’ve asked ourselves, is there an adversity quotient we should be looking for in our future executives?”

Incentive compensation is under review.

- “It is important to stay the course and deliver some level of short term incentive, even if it is not to the level expected for the year.” Said one executive. “We need to be able to motivate our workforce.”
- “We are considering creating new, even shorter term incentives,” said another. “We are asking ourselves, ‘what would a good May look like?’ ‘a good Q3?’ and thinking about designing incentives on a quarterly, rather than annual scheme.”
- “In an industry that has a tough time attracting talent, we are also trying to keep in mind the long term, not letting go of, or losing the entry level talent that will be critical for the future.”

Silver Linings

Despite an increase in virtual interactions, there are pockets of improved connectedness. “Our senior leadership teams are interacting more frequently than ever before,” one executive said. “This has deepened relationships and created more personal connections within the leadership team. Our Friday touch point is a happy hour-like event where we decompress together from the week. There is a desire to capture and continue that connectedness going forward.”

Managing through the crisis has cemented key tenets like collaboration and teaming –across geographies and business units. “No one person or team can make the right call around COVID-19, work from home or even our response to volatile oil prices,” said one executive. “We are forced to collaborate more substantially than we ever have before and are putting protocols around how we share information and make decisions in order to formalize new standards.”

The crisis has revealed some unexpected new leaders. “The COVID-19 response has uncovered some bright rising stars from operations who have stepped up from being local leaders, to truly showing the ability to be enterprise thinkers and leaders,” said one executive. “We’ve leaned into these leaders, leveraging their insights, getting them involved in planning and response teams.”

Relative to our last virtual discussion in late March, the focus for HR leaders has clearly shifted to the longer term. We are hopeful to see some of the innovative approaches necessitated by the dynamism of the current environment turn into lasting positive changes for employees and organizations.

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Covid-19 Micro-Website

We have launched a micro website where this and other informative pieces are posted. This site will be regularly updated: [click here](#) for further details.

About Egon Zehnder

Egon Zehnder is the world's preeminent leadership consulting firm, sharing one goal: to help people and organizations transform through leadership. We know what great leaders can do and are passionate about delivering the best solutions for our clients. As One Firm, our more than 500 Consultants in 68 offices and 40 countries combine our individual strengths to form one powerful collaborative team. We partner closely with public and private corporations, family-owned enterprises, and non-profit and government agencies to provide a comprehensive range of integrated services: Board advisory, CEO search and succession, executive search, executive assessment, leadership development and organizational transformation.

Our leadership solutions cover individual, team and organizational effectiveness, development and cultural transformation. We work with world-class partners including Sinequanon (SQN), a firm we have invested in that uses AI and advanced analytics to improve workplace culture and performance, and Mobius Executive Leadership, a transformational leadership development firm. In addition, we have partnered with Paradox Strategies, co-founded by Harvard University Professor Linda Hill, to develop the Innovation Quotient (IQ), a proprietary culture diagnostic.

Our goal is that the work we do contributes to successful careers, stronger companies – and a better world.

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