

LEATHWAITE

The EX Factor in a Crisis:

How COVID-19 separated firms that truly *get* Employee Experience (EX), from those that just think they do.



The EX Factor in a Crisis

The Human Capital Specialists | www.leathwaite.com

About Leathwaite



Leathwaite was established with one clear purpose: to help organisations secure the best Human Capital within Support, Enablement & Control Functions.

Guided by our unique company values:

Be Distinctive

You cannot lead by following. We help clients, candidates and colleagues understand why we are different from the competition, and how this makes us best placed to help them achieve their objectives.

Maintain Humility

A culture in which the hierarchy is flat and everyone is open and accessible to others, enables sharing and collaboration. We do not allow title, rank or ego to cloud this thinking.

Compete Together

A great team is bigger than the sum of its parts. By pushing in the same direction and driving towards collective goals simultaneously, we will ultimately achieve more and so will our clients.

Executive Summary



Employee Experience (EX) is the investment by the organization into practices and processes that **aim to maximize the levels of employee engagement**. The inputs underpinning EX can be categorized as the physical, technological and cultural working environments.



The most **progressive organizations now** place similar rigor around EX as they do Customer Experience (CX) and User Experience (UX).



There are **implicit links between EX, Employee Engagement and profitability**, with organizations more likely to have a greater gross margin, the higher they rank as an employer of choice on Glassdoor.



The **COVID-19 crisis rapidly highlighted the stark differences** between companies who understood and invested in EX, and those who had not.



The organizations with the greatest appreciation of the value of EX understood that an effective, **clear and personal communication strategy from firm leadership** would enable them to mitigate employee concerns about job security yet still address cost/headcount measures, where required.



Many companies were quick to harness technology **to design "digital-only" hiring processes**, showing it is possible to hire increasingly senior people without having ever had them enter the building.



COVID-19 also gave rise to the "firing freeze", with some organizations taking an early stance that there would be no headcount reduction measures whilst in the throes of government-enforced lockdown.



Many large companies - historically something of an easy target for not living up to their employee values - showed a clear desire to **"walk the walk"**, with some clear examples from firms such as BT, Tata, Standard Chartered among others, of responses to the COVID-19 crisis that were **authentic and congruent with company values**.

Introduction

The COVID-19 pandemic has presented business with what most now agree to be, its most aggressive and stringent stress-test ever. With the exception of a select few businesses in areas such as (toilet) paper manufacturing and home entertainment streaming, many long-standing enterprises had entrenched relationships, supply chains and indeed entire business models structurally altered or at worst, wiped out as a result of the crisis.

As companies rapidly rolled out Business Continuity and Operational Resilience frameworks, they faced up to the very real problem of keeping an entire workforce connected (literally and metaphorically) and engaged. It was here that an understanding of, and investment in, Employee Experience (EX) yielded dividends for those businesses that truly understood it. In the following paper we examine the role of EX in business and the role it played in helping firms navigate the crisis.

What EX is...

Most leaders in an enterprise of any shape and size would nowadays accept the logic, supported by plentiful research, that an engaged workforce is on average (i) more productive and thus (ii) more profitable and also (iii) less likely to look for employment elsewhere.⁽¹⁾

EX COULD BE DEFINED AS EVERYTHING THE ORGANIZATION DOES FOR THE EMPLOYEE TO MAXIMIZE THEIR LEVELS OF ENGAGEMENT

Against this backdrop, EX could be defined as everything the organization does for the employee to maximize their levels of engagement. Future of Work specialist Jacob Morgan states that “if Engagement is the end, then Experience is the means to get there.”⁽²⁾ McKinsey defines EX as “companies and their people working together to create personalized, authentic experiences that ignite passion and tap into purpose to strengthen individual,

team, and company performance”.⁽³⁾ If this is a little broad for you, Morgan argues that EX is driven by “a combination of three things your organization can control: Culture, Technology & Physical Space.” He goes as far as to assign numerical values to these three components, for the more left-brained among us, saying EX comprises 30% Technological Working Environment, 30% Physical Working Environment and 40% Cultural Environment.

The 30-30-40 view may be simplistic to some who would argue that 40% drastically undervalues culture, when it is seen by many as the “secret sauce” of business (see prior Leathwaite paper “[Culture Club](#)”) and particularly when it might encompass Diversity, Communications, Learning, Values and Purpose, among other things. However, we can agree that it is doubtless a valuable part of the equation.

What EX is NOT

EX is not an imbalanced, one-dimensional take on the above. Simply put, well-stocked fridges of free stuff and an indoor slide or two will not cut it if your culture is toxic and does nothing to foster a happy and motivated workforce (See “Disrupted” by Dan Lyons⁽⁴⁾ for an acerbic take on this deficiency). Equally, a purposeful and collegiate culture will only take you so far if your people are operating on sub-standard technology.

WELL-STOCKED FRIDGES OF FREE STUFF AND AN INDOOR SLIDE OR TWO WILL NOT CUT IT IF YOUR CULTURE IS TOXIC

⁽¹⁾ [Gallup & Bolden Barret](#)

⁽²⁾ Jacob Morgan “The Employee Experience Advantage” 2019

⁽³⁾ [McKinsey](#) ⁽⁴⁾ Dan Lyons “Disrupted” 2015

The Business Case for EX

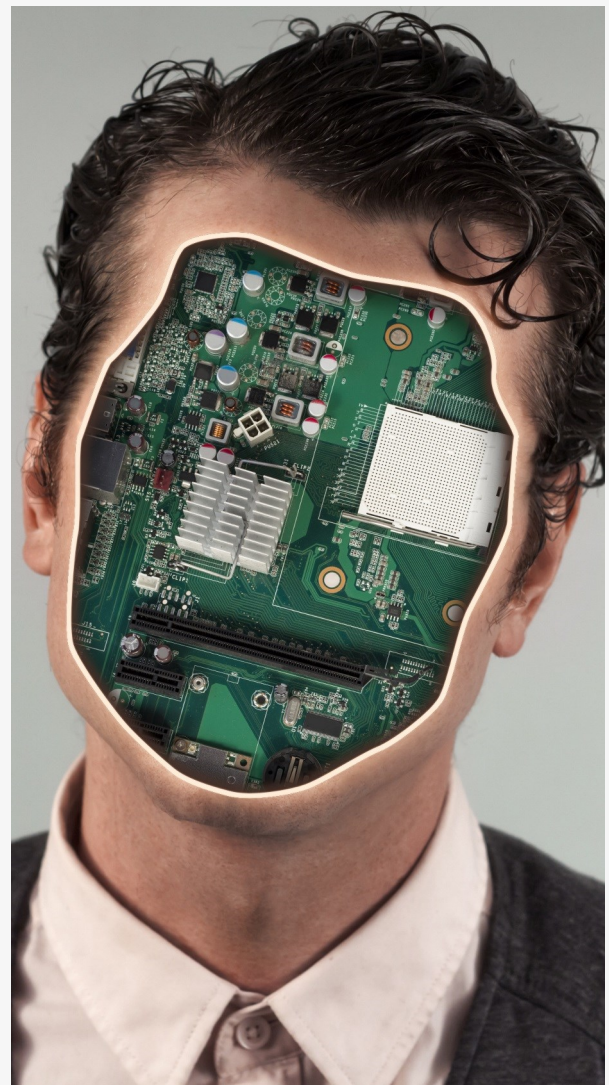
In an ever-faster economic environment in which products, services and entire business models are easily replicated, your people increasingly become the differentiator. As Judith Leary-Joyce stated in her 2004 publication, "Becoming an Employer of Choice"⁽⁵⁾: "The only thing your competitors cannot copy – the only true and lasting thing – is your people".

Customer Experience (CX) and User Experience (UX) have become acknowledged business disciplines with evermore scientific rigor surrounding them, and EX is rapidly moving in the same direction. In basic terms, what works for you may not work for me and, by better understanding and segmenting the working habits and needs of staff in the same way they understand and analyze their customers, businesses can better differentiate and optimize performance.

The HR analytics field is still nascent and requires investment, but the often-over-looked point here is that it can be a cost-saver; why spend money on a blanket benefit that is only used by 35% of staff? A data-driven stance can doubtless improve efficiency and, as Prasad Setty, VP of People Operations at Google is quoted as saying, "All people decisions at Google are based on data and analytics."

This being said, none other than Sir Alex Ferguson (arguably one of the most successful sports coaches of all time thanks in large part to his tenure with Manchester United) who arguably knows more than most about engagement, provides a sober counter-balance to a blinkered reliance on data, stating it can be "like standing in the hospital staring at the numbers on the bedside monitors while the patient chokes to death on a chicken sandwich".⁽⁶⁾

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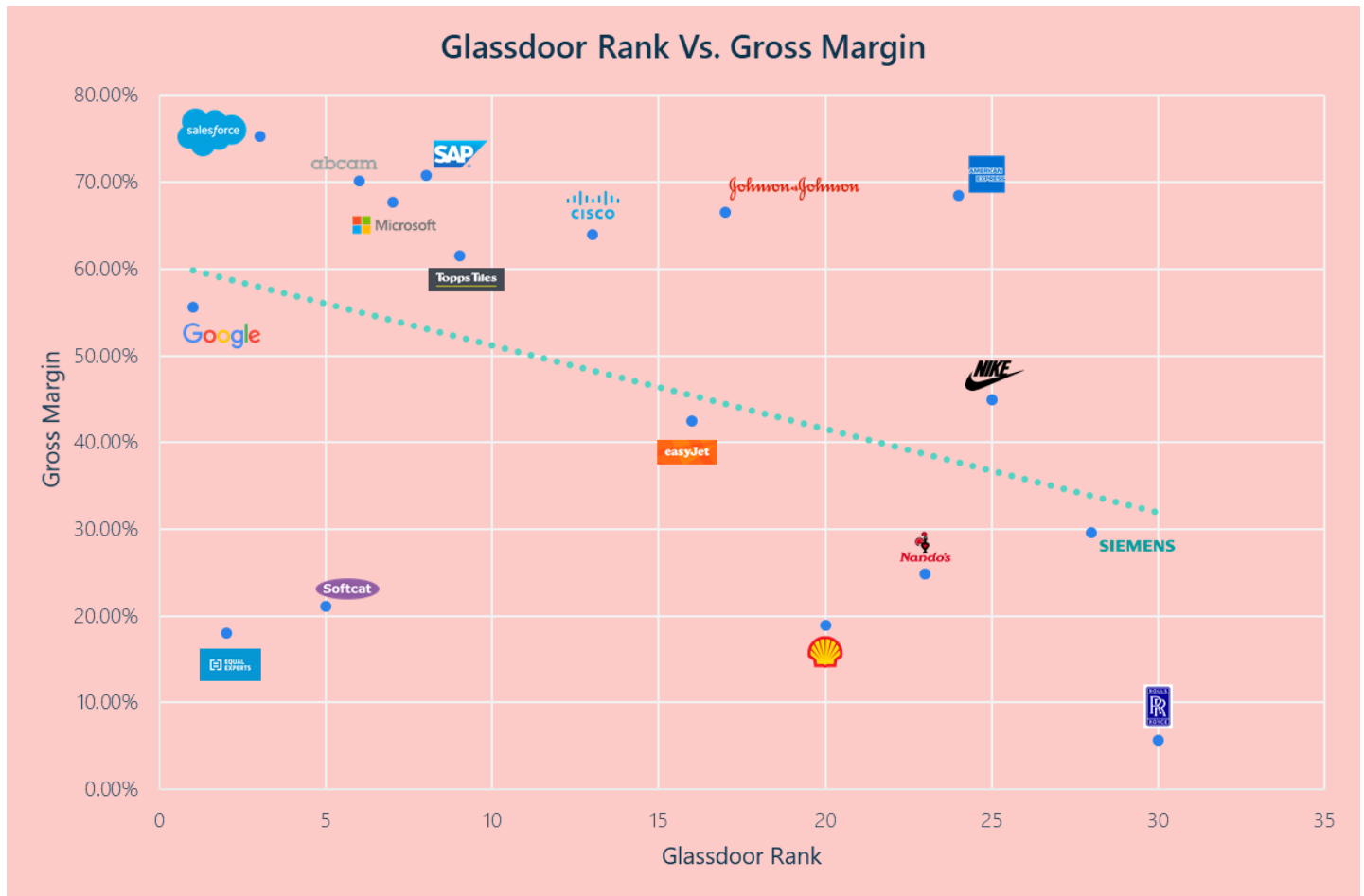


// HR ANALYTICS CAN BE A COST-SAVER; WHY SPEND
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⁽⁵⁾ Judith Leary-Joyce "Becoming an Employer of Choice; Make Your Organisation a Place Where People Want to Do Great Work" 2004

⁽⁶⁾ Sir Alex Ferguson & Michael Moritz "Leading" 2015

The Business Case for EX



Source: Glassdoor/Leathwaite Research

There is, in some quarters, a belief that true EX is easier to achieve for “new and shiny” tech firms, and indeed all 15 of what Jacob Morgan defines as “Experiential” firms (those that achieve highest EX) are tech firms.⁽⁷⁾

However, using scores of the top 20 companies on Glassdoor as a proxy for engagement (and thus EX), it is clear that with more traditional firms such as Topps Tiles and Las Iguanas featuring, EX is not just the plaything of tech firms. Who said bathroom tiles and burritos couldn't be sexy too?

Where data is publicly available, Leathwaite research shows a correlation between Glassdoor rank and Gross Margin; simply put, the higher a firm ranks on Glassdoor, the more profitable it is likely to be (above).

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⁽⁷⁾ Facebook; Google; Apple; LinkedIn; Ultimate Software; Airbnb; Salesforce; Accenture; Microsoft; Riot Games; Hyland Software; Cisco; Amazon; Adobe; Worldwide Technology

EX in the crisis

Below, we examine some of the key facets of EX, in relation to the COVID-19 crisis:

Physical space & The Office

For many, the idea of capturing their own destiny from home, cappuccino to hand, free of “the Man” and working independently with Tame Impala liltng away on the stereo in the background, was a Zen-like pipedream.

The crisis has also highlighted to a decent percentage of that population that it will stay a Zen-like pipedream. Whilst some futurists have used the crisis to declare The Death of The Office, the reality is that people need people and belonging/social connection is a core need, as flagged by Maslow.

Whilst working practices may be altered in the new environment, many of us have learned that our homes are cramped, noisy environments filled with copious misplaced toys and Wifi black-holes and have yearned for a return to the office whilst we contemplate our *n*th fridge-raid of the morning.

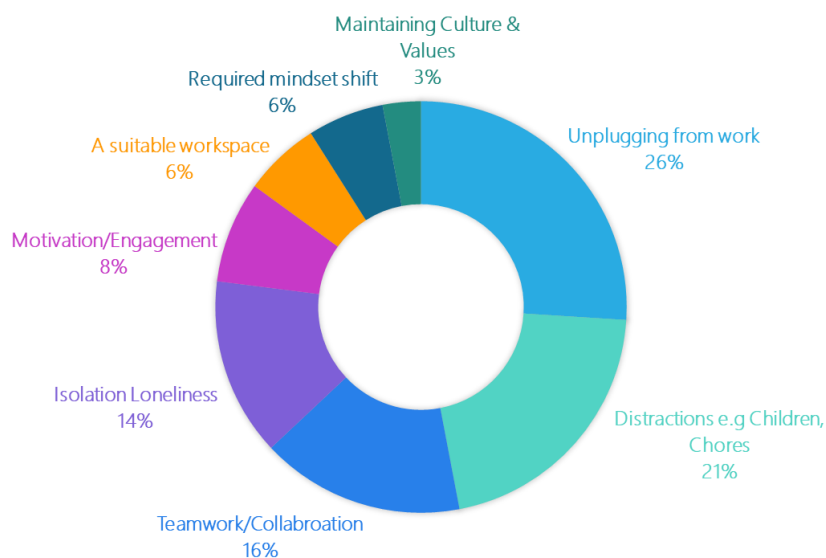
Doubtless, things will be different by way of greater flexibility when we get back to work, but if Physical Space is 30% of EX, the office is here to stay.

// MANY OF US HAVE LEARNED THAT OUR HOMES ARE CRAMPED, NOISY ENVIRONMENTS FILLED WITH COPIOUS MISPLACED TOYS AND WIFI BLACK-HOLES



Working from Home: What are the drawbacks?

Source: Leathwaite 2020 remote working survey



Communication

Just like breakfast, crisis comms need to be early, balanced, substantive and regular.

Employees have a habit of writing their own narrative over the top of silence. No doubt cognizant of this, we saw some strong examples of decisive and early communication from Steven Baert, CHRO at Novartis and UBS CEO, Sergio Ermotti among others, outlining plans and response to the pandemic.









Job security and resultant mental health is a critical part of EX and communication is a cornerstone of this. Sterile, automated, officious comms were out, and authentic, personalized messaging was in.

// JUST LIKE BREAKFAST, CRISIS COMMS NEED TO BE EARLY, BALANCED, SUBSTANTIVE AND REGULAR

EX in the crisis (Cont'd)

Living your Values & “Walking-the-Walk”

A company that lives its values authentically generates significant goodwill and is a valuable part of the Employee Experience. The crisis threw up some head-turning examples of businesses showing up and “walking-the-walk”:

		ACTION	VALUE
	Standard Chartered	Launched \$50m fund to support victims of the pandemic.	Do the Right Thing
	Coca Cola	Awarded \$13.5m in grants to not-for-profit organizations responding to the coronavirus in North America and Canada.	We Value Workplace & Human Rights
	Pepsico	Distributing 50 million meals to at-risk populations.	Responsibility & Trust
	Tata Group	Pledged \$200m for affected communities, free education software and a COVID-19 patient tracker.	Responsibility
	Nationwide	Shortened supplier payment time to 10 days for small businesses.	Act with Honesty & Integrity
	Lego	Pledged \$50m to support victims and launched website enabling families worldwide to connect to play-based learning across social media.	Learning & Caring
	Unilever	Donated free sanitizer, soap, bleach and food worth €100m.	Positive Impact & Continuous Improvement
	BT	1.5% payrise for all 58,000 non-management staff to reflect efforts during the pandemic.	People First
	Citi	Awarded an additional day of vacation to all 200,000 employees to reflect efforts during the crisis.	Act Responsibly

Source: WHO/Leathwaite Research

Mental Health & Wellbeing

Isolation is not a natural human inclination and the abrupt (yet doubtless correct) lockdown measures created significant mental challenges for many of us. Thoughtful organizations provided extra counselling and support for people struggling and, in one extreme example, the CEO of games developer Activision Blizzard, Bobby Kotick, shared his personal phone number with all 10,000 of his employees, actively encouraging people to call him if they had health concerns and were struggling. Elsewhere, Lloyds Banking Group provided access to its “Your Resilience” tool, providing COVID-19-related content, animation and infographics, and 10,000+ signed up.

Learning

Learning is a basic need and a contributor to mental well-being. Organizations with fully digital learning capabilities and dynamic curriculum curation were positioned to seamlessly cater to the needs of a workforce that suddenly had time on its hands. Conversely, companies with a traditional classroom-based approach found the majority of their learning capabilities obsolete overnight. Thoughtful learning efforts kept staff connected and engaged. Some of the world’s largest consulting firms and the “Big 4” accountancy firms, for whom the workforce is already distributed, and knowledge is a competitive advantage, were very well-placed from a learning standpoint.

EX in the crisis (Cont'd)

Technology

A core piece of the Employee Experience. While stories of 1000s of laptops being bulk-ordered for overnight delivery or even being heroically ferried out individually by hand to staff members are eye-catching, they miss a fundamental question – why wasn't the company prepared? Technology comes at a cost, but at the very least a Bring-Your-Own-Device (BYOD) policy would have been more effective. The best firms were prepared and could mobilize at speed. Equally, the right seniority, quality and availability of support was critical. Many will see their IT support colleagues in a very different light post-crisis.

Hiring Firing

EX starts before the individual is even an employee and many firms have harnessed technology to maintain continuity, with some showing increasingly senior examples of end-to-end "digital" processes, closing candidates without the individual having ever entered the building. Additionally, certain forward-thinking banks have been able to harness digital account-opening capabilities (and associated facial-recognition technology) to overcome the usually onerous on-boarding process and, in some instances firms, have used Virtual Reality/Artificial Intelligence to give a "virtual office tour" to in-bound staff.

Furthermore, whilst the classical enterprise response to uncertainty on this scale is a hiring freeze, COVID-19 also gave rise to the "Firing Freeze": Firms (including BNY Mellon, BT & UBS), cognizant of the fear-factor associated with releasing staff into a highly illiquid job market, took an early, positive stance in announcing a no-redundancy policy whilst on enforced lockdown. Clearly this assumes a deep-pocketed company that is confident of navigating the crisis, but even if companies have had to make tough decisions involving redundancy or concepts such as furlough (UK) or "kurzarbeit" (Switzerland/Germany), treating employees gracefully and respectfully has ripple effects internally and externally, unlike horror stories of furlough-by-text or mass redundancy by video call.



TREATING EMPLOYEES GRACEFULLY AND RESPECTFULLY HAS RIPPLE EFFECTS INTERNALLY AND EXTERNALLY, UNLIKE HORROR STORIES OF FURLOUGH-BY-TEXT OR MASS REDUNDANCY BY VIDEO CALL

CONCLUDING THOUGHTS:

Companies' behavior during the COVID-19 crisis will echo into the future long after we've returned to offices, shops and factories the world over.

Many of us have seen employers' true colors during this period (for better, for worse).

If this happened again, who would you be more likely to agree to a 20% salary cut for: the CEO who gave you his phone number or the one who furloughed people via text?

Meet the team

Please click on photos for bios



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