

# Virtual organizations need real leadership: COVID-19 and the virtual operating model

The COVID-19 crisis has asked a whole range of extremely tough questions of employees and their leaders. While most companies are in immediate crisis-response mode, the pandemic will actually leave many organizations and attitudes forever changed, even once the threat has receded. A critical area is virtual working, with many leaders suddenly having to lead virtual organizations in which remote workers are the norm. In the long term, this crisis will likely lead to a wholesale shift in how virtual working is perceived and how it fits with the operating model. It will also fundamentally recast the leader-employee relationship.

Working remotely is not a new phenomenon for many. In recent years, thanks to the advent of high-speed internet connectivity, working and staying connected remotely have become increasingly viable options for employees:

- According to Gallup, in 2016, 43% of US workers worked remotely some or all of the time, up from 39% in 2012.<sup>1</sup>
- Nearly everyone in a study by social media management platform Buffer said that they wanted to work remotely at least some of the time during the course of their career.<sup>2</sup>

The rise in adoption has brought a range of benefits to many organizations. For example, a two-year study conducted at Ctrip – a 16,000-employee Chinese travel agency – found that the performance of remote call center workers increased by 13%. They took fewer breaks, fewer sick days, and found the quieter working environment more effective.<sup>3</sup> They reported improved work satisfaction and attrition rates decreased by 50%.<sup>4</sup> Another study found that remote workers are happier, stay in their jobs longer, and work more hours than onsite employees.<sup>5</sup>

With virtual working a critical part of business continuity and the way society is responding to the crisis, there are three primary questions that every leader is grappling with:

1. How do you lead effectively in a virtual environment?
2. How do you ensure a remote workforce remains motivated and engaged?
3. How do you encourage and maintain collaboration and creativity virtually?

## Leading effectively in a virtual environment

Remote working requires a high degree of trust. In particular, it requires that a mindset and culture exist in which people continue to do their job to the best of their abilities even when there is no traditional “supervision” and traditional communication channels are unavailable. Leading effectively in a virtual environment therefore means putting trust in employees and ensuring that leadership communications are empathetic and authentic:

### Place trust in employees, provide autonomy and accountability

In a virtual environment, employees expect to be trusted and provided with greater autonomy to complete their work and fulfill their goals. And that means enabling managers not to constantly keep checking on the productivity of their team members. Alex Turnbull, founder and CEO of Groove, a software company that has been working 100% remotely for the past seven years, says: “[Badgering your people is a recipe for resentful, low-performing employees.](#)”<sup>6</sup>

Leaders should limit micromanaging a remote workforce, to the extent possible. Zapier, a fully remote task automation firm, believes that if leaders and managers constantly worry about what others are doing, it distracts them from focusing on their customers or the product. Zapier’s co-founder, Wade Foster, says that managers need to learn to manage by expectations rather than physical presence and place trust in those they hire.<sup>7</sup> Providing flexibility to employees also fosters autonomy. DuckDuckGo, a remote internet search engine, follows the motto of letting its workforce to “work wherever, whenever” to get the job done, which allows for flexibility in the timing of work as well.<sup>8</sup>

### Empathize, be authentic, care

The importance of clear and effective leadership communication is heightened in a remote working environment, especially for those who are moving from physical working spaces to virtual ones. As Jeff Robbins, founder of Lullabot, a remote web development company, says: “[If you don’t communicate well at a distributed company, you don’t exist.](#)”<sup>9</sup> Being remote means that employees and managers miss out on physical cues and rely heavily on explicit and intentional communication.

Emotional intelligence (EI) for leaders and line managers has assumed a new criticality. In a pandemic situation, where there is a huge amount of uncertainty and fear, employees are not in fact just looking for clarity from leadership. They are seeking reassurance and encouragement. And if this personal and emotional connection doesn’t happen, communication may feel inappropriate or insufficient. This is why EI is so important – leadership needs to be able to empathize with employees and their concerns and strike the right tone. Yet, our recent study on emotional intelligence found that only 32% of organizations conducted training for middle management on EI.<sup>10</sup> Leaders must learn how to embrace empathy and model this behavior for their teams. Naming the emotions you are feeling, focusing on what you can control in your own life, and only accepting news and information from reliable sources are some examples of emotionally intelligent ways to manage reactions in the current crisis.

In addition, now is the time to be authentic. Employees will quickly see through a leader who is only pretending to care – the need for transparency and honesty is now of the utmost importance. Marriott International CEO, Arne Sorenson, recently posted a six-minute video to Marriot employees, shareholders, and customers that was extremely well received. He was praised for being authentic and genuine in showing his emotions. He received numerous accolades from viewers on social media: “[this is what leadership sounds like](#)” and “[heartfelt and inspiring.](#)”<sup>11</sup>

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## Motivating and engaging a remote workforce

While many of us rely on technology tools, such as Zoom, to make virtual work and networking a reality, the human side of virtual working is more important than ever before. In particular, leaders need to focus hard on battling feelings of isolation in employees and people’s emotional well-being:

### Maintain social connections virtually

Remote workers run the risk of struggling with feelings of isolation. Employees who have never worked remotely before may be particularly susceptible to “virtual distance” – the sense of detachment that accumulates when people rely heavily on technology as opposed to human interaction.<sup>12</sup> Therefore, creating and maintaining social connections in virtual communities is essential to drive team spirit and a sense of belonging. *“People lose the unplanned watercooler or cappuccino conversations with colleagues in remote work. These are actually big and important parts of the workday that have a direct impact on performance. How do we create those virtually? For some groups and individuals, it will be constant instant messaging. For others, it will be live phone conversations or video conferences,”* says Tsedal Neeley, a professor at Harvard Business School.<sup>13</sup> It takes an extra creative effort, but teams can do the activities they would normally do in-person in a virtual setting (e.g., have lunch together, grab a coffee).



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Importantly, leaders must understand the personal circumstances of their employees in a way they might not have before. Every employee’s context for working from home is unique and requires different types of support to create a feeling of “belonging” with fellow team members and the organization as a whole. One approach is to connect employees in similar contexts. For example, setting up a virtual group of those employees who are work-at-home parents, so that they can guide one another through any personal challenges and share ideas. This also demonstrates that the organization understands and empathizes with their particular challenges.

Buffer, a fully distributed web and mobile software application company, is focused on promoting cultural practices that make remote working more engaging. It encourages teams to bring their “whole selves to work” including sharing their feelings and experiences with colleagues. The company also encourages the practice of expressing gratitude on their dedicated Slack channel.<sup>14</sup> Automattic, a 100% remote web development company, uses “water coolers” chats or activity streams created for non-work-related discussions with colleagues. This helps foster a sense of community.<sup>15</sup>

### Account for the (mental) well-being of employees

Given the unprecedented situation that companies and employees find themselves in, the well-being of team members needs close attention. Many will have experienced significant upheaval in their work and personal lives. The non-separation of work and private life can lead to self-management needs employees didn’t have before, such as taking scheduled breaks. Organizations can promote guidance and advice for creating a balanced day. For example, it has been suggested that virtual employees develop rituals and a disciplined approach to managing the day, such as scheduling a start and an end time. And leaders and managers must role model these behaviors.

Employees need to more actively take care of their mental health themselves and leaders must show empathy and respect individuals’ different needs. In a new Gallup study, when asked to consider the recent impact of COVID-19, fewer than half of employees (45%) strongly agree that their organization cares about their overall wellbeing.<sup>16</sup>

Starbucks, in partnership with a mental health provider, rolled out mental health benefits to its US employees and eligible family members with 20 free therapy or coaching sessions per year.<sup>17</sup> At Textio Inc., a Seattle technology company that moved to remote working in early March, CEO Kieran Snyder now invests the initial few minutes of meetings asking employees to describe their state of mind in one or two words. Wanting to encourage an open discussion, she herself shared that she was nervous with three children home from school. *“I’m running a company, but I’m also running an elementary school,”* she says.<sup>18</sup>

## Fostering collaboration and creativity in a remote workforce

With virtual working a necessary response to the crisis, we are going to see the future of work change more quickly than we might have predicted 12 months ago, with virtual working becoming the new normal. Therefore, the ability not just to make virtual working work – but to excel at virtual working – will become critical. High-performance virtual working demands collaboration and the ability to extract value from collaboration tools:

### Use selected collaboration tools creatively

Organizations adopting wide-scale remote work need to pay even more attention to the importance of collaboration. In our [digital culture study](#), we found that lack of collaboration was still a significant issue, with huge divergence between senior executives and employees. We found that 85% of senior executives believed that their organization collaborates effectively across functions and business units, while only 41% of lower-level employees felt the same.<sup>19</sup>

With the plethora of tools and technologies available today, teams have every opportunity to connect, but collaborating is an extra effort. It is important that employees understand the functionalities and benefits of their company's virtual collaboration tools, so they know which ones to use on what occasions, and for which purposes. Stanford University's Nicholas Bloom emphasizes the importance of video conferencing in times like these, both in groups and in one-on-ones. In his view: "This is time-consuming but critical for keeping employees happy and productive through the next few months. In the longer run, it will build valuable loyalty by sticking with your employees through the good times and the bad times."<sup>20</sup> Automattic introduced "text stand-ups" where employees write brief messages in the team chat once they

come online to communicate what was done the day before and the plan for the current day. To facilitate ideation and cross-team collaboration, Automattic uses an open source blog, where people post updates to foster discussion and communicate updates.<sup>21</sup> GitLab, a 100% remote software company with over 1,200 employees in 67 countries, has a Slack channel called "#thanks" that exists solely for the purpose of giving credit where it's due and saying "thank you," a core value of the company.<sup>22</sup> Organizations can also start considering adapting some of the ceremonies that are part of the agile development methodology, such as a daily standups on video conference. That can also help set them up on a path towards [enterprise agility](#).

## Conclusion

Virtual working has become a hugely important part of the crisis response playbook for COVID-19. However, a pandemic like this creates significant uncertainty and nervousness. It creates an extraordinary situation that requires leaders to be extra vigilant in paying close attention to their teams and in steering the business. The move to virtual working becomes more than a change of modus operandi – it requires a deep change in behaviors and mindset for both leaders and employees. These new managerial practices are likely here for the long term. And it is more important than ever before for leaders to define objectives collectively with their teams so that employees are invested in the goals and for leaders to participate in delivery. This will be critical to build leadership legitimacy in a virtual environment and to show empathy for employees' well-being and personal situations.

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