

## “Better than Before”: The New Normal

Covid-19 has generated the single biggest social experiment in history. It has mercifully happened at a time of sufficient technological advancement to make its impact more bearable for many than it would otherwise have been (modern technologies have greatly alleviated some of the limitations lockdown has imposed). Lockdown is tough for many and its disruptive effects will likely trigger [the worst economic downturn since the Great Depression according to the IMF](#).

However, for all its virulence and impact, Coronavirus is very far from being so cripplingly lethal that the population will be decimated. The needs of the vast majority of us may change (sometimes temporarily and sometimes permanently) but we will continue to want living standards and services as close to normal as possible; and both gainful employment and purpose in life perhaps as never before. The New Normal will not look like the world before Covid hit in many ways – for as long as social distancing and the threat of the virus exists, we will be more physically separate from each other, less comfortable with tactile experiences and things will take longer and cost more.

At the beginning of lockdown, I made four predictions (always a dangerous thing to do). I share them on the basis that they are characteristics of one scenario among a host that might be possible in a future that was never certain but right now might be more fluid, uncertain and, therefore, more malleable than at any time in most of our lives. The important element is to recognise that this, almost certainly, will not be the last crisis we face as a society; we will not necessarily return to normal operating models in many walks of life. After Covid, further pandemics and the effects of climate change or other global events may continue to challenge us and demand a more flexible and agile mindset. On a spectrum from temporary blip to a radically changed future, in which everything is dominated by concerns about personal (bio)security, we need to be ready to consider how to adapt and adjust not once but repeatedly.

### Four Predictions: One Scenario

- Resistance to use of technology to facilitate new ways of working will diminish dramatically as a result of force of circumstance and the quality of the experience of working on-line will improve as people make the best of a bad situation and improve their skills. This will become a capability that will make it easier to collaborate on-line than to travel with all that travel entails (and costs). The potential benefits in terms of space efficiencies are already being anticipated in many institutions but the underlying change could well be that on-site experience design becomes dramatically more important. In a post-Covid world, providing you have decent facilities and space in which to work at home, there'll be no need to travel to work to sit at your desk or work in a meeting room but creative processes studio-culture/"war-gaming"/scenario planning/project workshops/training and development initiatives, etc which require more immersive experiences and less transactional/formal processes may become the real purpose of coming to campus. We're already seeing, with clients who have never video-conferenced with us before, a dramatic improvement in the quality and efficiency of meetings as people engage differently via technology. Post-isolation though, the craving for contact and for more meaningful interactions outside the home/home-office will still be there. Through the lockdown we will learn which are the activities that require and most benefit from face-to-face interactions and prioritise those in our post-Covid approaches. We will also learn who amongst our colleagues are genuinely productive and essential; visibly busy is not necessarily productively busy.
- Travel will become less about the commute and more about the experience (after airlines, rail companies might be particularly worried – volumes down and expectations up). This could be a really significant potential change – the grind of commuting is not something that perhaps many of us will miss and it has opened up scope for exercise and spending more quality time with family. How many people will clamour for more flexible working patterns and will leave their desks/offices unoccupied even after the virus passes?

- The change in pace of life will make a number of us wake up and realise the headlong rush is fine up to a point but actually there are nicer ways to spend the day – a 9-day fortnight or 4-day week<sup>1</sup> actually works and it can be sustained especially if social distancing reduces the capacity of our offices, buildings and transport networks dramatically. We could see shift systems and other devices to spread the temporal load on our spaces over a much longer active week<sup>2</sup>. There is the potential that many people will not be so keen to see lockdown lifted if it means a whole-hearted return to the rat race.
- The green dream of a more sustainable planet may come closer but the catalyst will be innovation and enforced changes of behaviour. At the moment, there are few flights, few journeys and we are all consuming less. That may continue. Alternatively, the post-crisis period, including the aftermath of a serious recession, could lead to a resurgence of demand and over-consumption as the pendulum swings back. Consumer behaviour may not change completely when enforced lockdown lifts (although increased personal concerns about biosecurity may well force people to differentiate better between their needs and wants) but it will be strongly influenced by a radically different market in which innovation is much prized (because of the post-virus bills, including higher taxes, and damage to the supply-side as businesses go under). In the middle, surviving firms will have to be leaner, which also means leveraging technology judiciously. New firms will also emerge; crises and recessions are great catalysts for new venture creation and the shifts in supply and demand could be more seismic than at any time. There may also be skills shortages as people give up work or step back from the rat-race or because a very different skills mix is needed.

Without undue speculation on what the future holds, there are three immediate costs we should anticipate having to face:

- First, is the cost of paying for the lockdown itself – this has been effectively financed by a large mortgage on the future that needs to be repaid. Inevitably, this will be funded from higher taxes;
- Second, is the cost of disruption and re-establishing a new normal – this has not been fully ‘invoiced’ yet and we will pay for it in the form of higher costs over a sustained period. Price inflation has so far not been a serious problem, but faced with lower volumes of trade and rising costs, margins will be squeezed and unit prices will rise (although if demand is artificially suppressed by social distancing measures they may not be able to rise far). We may also see a secondary form of taxation introduced as organisations ask those who can to fund support measures for others<sup>3</sup> and as charities call out for support to weather what will be a longer than expected storm and to protect their service/assets. Either way, those who can will find more calls on their resources to help others either directly or indirectly;
- Third, is the hidden cost which we cannot yet count but which is there; the cost that the Chief Medical Officer has so ably described in human terms. Beyond the direct losses from Covid, there are the indirect costs of the measures we take to mitigate the impact of the disease. Just as we may not know the full cost in human lives for some time, we will not know the full economic costs that eventually have to be borne.

At the organisational level, we should also anticipate impacts which may include:

- direct financial difficulties as previous revenue streams come under considerable pressure;
- direct costs of transitioning to a New Normal;
- indirect impacts of the inevitable changes in the wider economy including higher taxes.

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<sup>1</sup> <https://www.theguardian.com/world/2020/may/20/jacinda-ardern-flags-four-day-working-week-as-way-to-rebuild-new-zealand-after-covid-19>

<sup>2</sup> We say active week because the working week of 9-5 Monday to Friday which still largely dominated before the virus will inevitably give way to a new normal of staggered starts/finishes and enable all organisations to spread the load – Saturday and Sunday need no longer be the peak period for leisure as we tidally swing from week to weekend activities and back again. Use of specialist facilities and resources over the weekend will increasingly become the norm as it could easily add 40% to capacity levels that are otherwise dramatically reduced by Covid-secure practices.

<sup>3</sup> The first example of this we noticed is “I+I pricing” of elements of the [BGP Response Programme at Cranfield School of Management](#).

We should also recognise that there may also be a penalty in the future for legacy problems, particularly with buildings and maintenance backlogs. As we become more socially distant, the capacity of our buildings will be cut dramatically. There are clear and obvious challenges in making any aspects of our normal operating models work on a socially distant basis which encompass:

- the simple economics of the problem: vastly over-resourcing activities with effectively no increase in income and steeply rising costs; if margins were slim pre-Covid, they will be far worse (or non-existent) under social distancing;
- the equity of the solution: for many people, access to, and the ability to experience, services will be greatly diminished either by enforced lockdown or by growing concerns about their own bio-security. As a result there may be great pressure to have differentiated fees to reflect necessarily differential experiences.

In this context, even liabilities which looked manageable become much less bearable. The cost of adaptations may not be economically acceptable. Nor, given the dramatic falls in demand, will there be ready alternative uses for sites if they are put on the market (worse still there may be so many released sites that values crash). Most critically, we may find that the basic cost of maintenance is a burden that is hard to shoulder among the other costs. Mothballing may be a necessary concomitant of having much less footfall, even as social distancing seems to increase demand for space.

Clearly, we do not know any better than anyone else what the future holds and we are only speculating. However, the characteristics described are reasonable based on the growing evidence from, and our shared experiences of, lockdown (accepting that they may still prove to be somewhat wide of the mark). The most important point is that scenario planning and thinking flexibly about working practices is going to be critical.

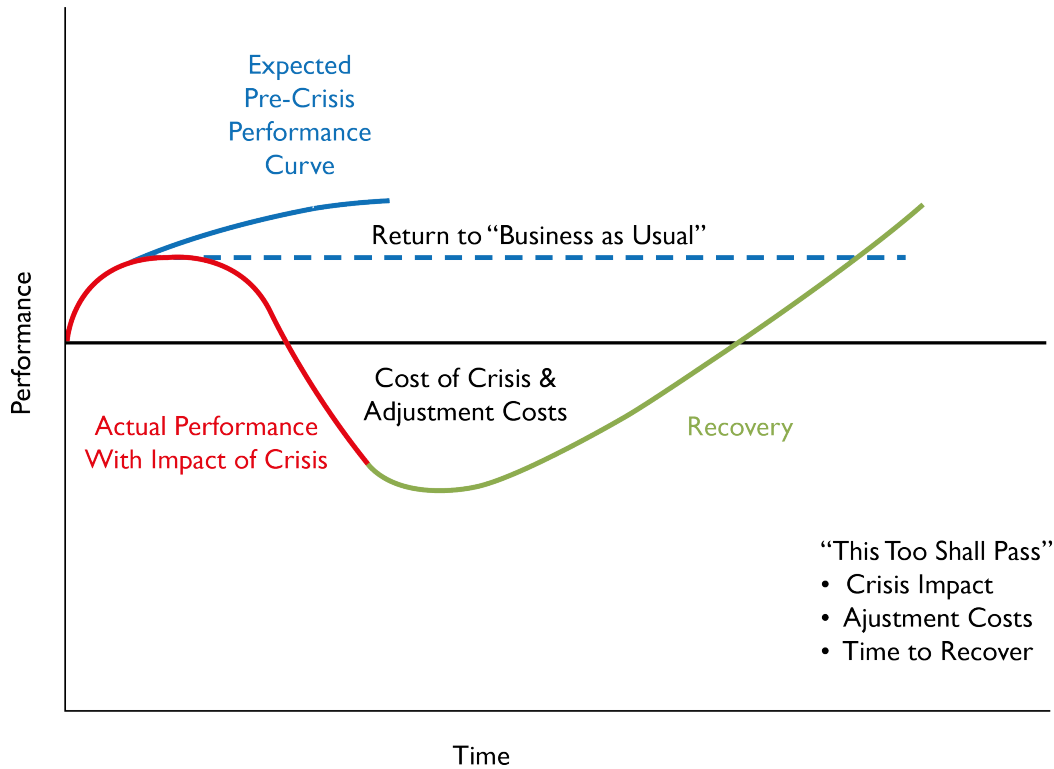
Some of the most interesting work on scenario planning was captured by Arie de Geus<sup>4</sup> during his time at Royal Dutch/Shell where scenario planning work anticipated the dramatic fall in the oil price in 1986. Having considered already what the company would do in such a scenario better prepared the organisation for this seismic event. Thinking of the future without scenario planning will, from this point forward, be rather like gambling; it will be staking the future of the organisation on one outcome to the exclusion of so many other eminently possible outcomes (which may be better or worse than the one anticipated).

### **What might recovery look like?**

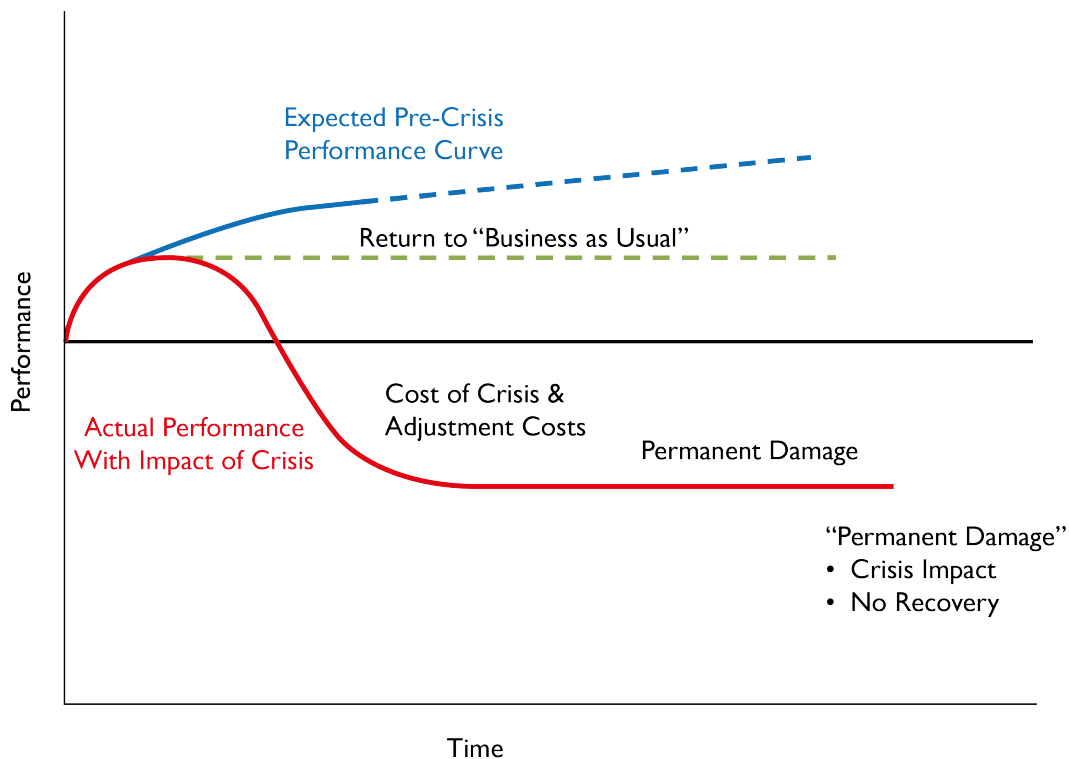
First, it is worthwhile to say that, after a sustained impact, recovery may come eventually on the principle of “this too shall pass”. We could, therefore, view Covid as a temporary inter-regnum between two periods which look very similar. This is the view which many of us probably felt to be plausible before lockdown, before the various job retention, business interruption and other social welfare schemes. At the very least, we may have thought it is only a mild condition for many and its impact will be transient and equally mild. If doubts remain, they will not remain for long. Moving into lockdown proved to be the easy part, compared to the seeming challenge of working out how to lift lockdown without creating a second peak of infections. This “laissez-faire” route to recovery seems implausible, although it might be achievable for those who can effectively hibernate during the inter-regnum itself. On balance, it does not represent a sustainable new normal for planning purposes.

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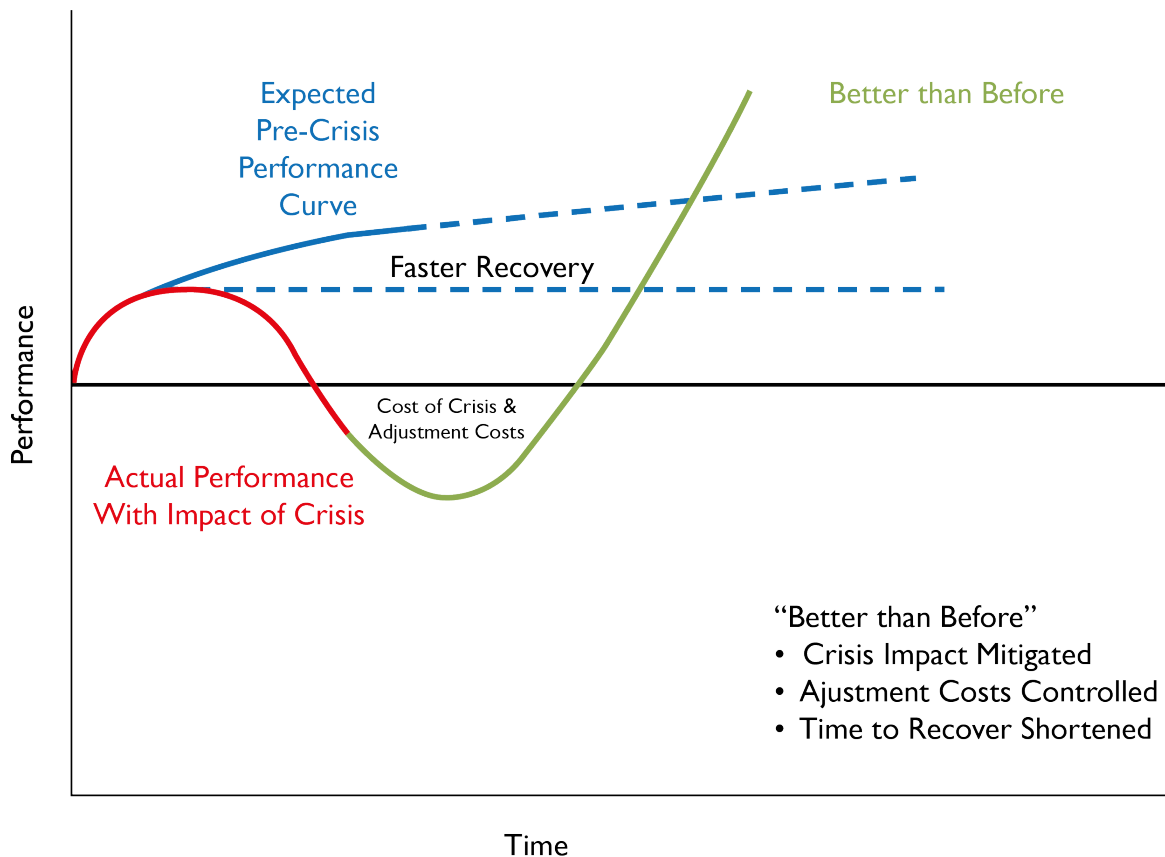
<sup>4</sup> De Geus, Arie P, Planning as Learning, Harvard Business Review, March-April 1988, p 70



Second, is the prospect of permanent damage. This view is all too real for many organisations at the moment and there will be (and indeed already have been) some tragic circumstances in which organisations ultimately fail to weather the storm. In our respective ways, we will be called upon in some manner to help those folks to find a new normal, but it will be a materially different outcome from their original hopes. Behind those organisations will be others that never seriously recover to anything like their previous normal. The permanent damage is akin to those firms after 2008 who fell into a zombie state supported only by abnormally cheap money. These organisations may have the toughest time of all as they grapple with the challenges of seeking to sustain marginal operations over a turbulent and protracted recovery period. The three immediate costs are likely to emerge as a series of increasingly tough hurdles that need to be crossed over a relatively long period.



Third, is the prospect of rising to the challenge. In this view of the future, organisations (some of which do not yet exist) recognise the opportunities implicit in a crisis that has broken previous norms and provides an unparalleled opportunity for a reset. The eclectic choices in designing a new normal which effectively flow from recognising that the vast majority of people have survived and still have a range of vital needs<sup>5</sup>. These are the organisations that either already know or will find very soon their place again in our society and in our economy (probably both because the social and economic impacts of our actions have probably never before been so immediately obvious to so many people). We have all just had an object lesson in what is important in life and in many ways it does not correlate to what we previously valued in pay, esteem and privileges. In rising to the challenge, this scenario opens the prospect of achieving an outcome that both shortens the recovery period and aspires to achieve something better than before.



These are not the only outcomes, but they are the three archetypes we have chosen to illustrate a range of outcomes and to underline the importance of scenario planning. For an entertaining and thought-provoking read on scenario planning as a tool for strategic thinking, we recommend the classic article by Paul Schoemaker<sup>6</sup>.

<sup>5</sup> We might realistically expect shortages to become more acute not only in health and caring professions which seem to be anticipated readily in every scenario we have heard for some weeks but also in: computing (lock-down and social-distancing may be a catalyst for developments in virtual and augmented reality), engineering (rapid manufacture and the potential to re-establish cottage industries for some products) and, indeed, across the sciences. However, we should not overlook opportunities in education (moving provision on-line at pace may be readily followed by recognising that scale economies are possible and that the ability to widen access especially to those newly displaced by the economic shocks is a significant opportunity), nor in design (more biosecure products and products we still don't know we need), nor in arts and culture where the impact of social distancing calls out for innovation in creation and performance. Entrepreneurship and innovation will continue to be huge driving forces but perhaps with a greater sense of social purpose than has ever been needed before.

<sup>6</sup> Schoemaker, Paul J. H., Scenario Planning: A Tool For Strategic Thinking, Sloan Management Review, 36:2 (1995:Winter) p.25

So we conclude that the temporary inter-regnum between largely identical 'normals' is implausible and the prospect of permanent damage must be avoided, which leaves us with an imperative to work actively on shortening the recovery period and aspiring to achieve something better than before.

### What Might This Look Like: A Case Study for Higher Education

This is not a prediction, what follows is a thread of thinking which is intended to prompt more questions than it answers. It is speculative and intended to be challenging. If Covid does have a radical impact, what might that look like and what does it call out for by way of strategies for recovery? Crucially, what does a "better than before" outcome entail?

Like Millennials before them, Generation Z cohorts are digital natives and have highly developed expectations about on-line experiences; but is the University experience for them about the learning, the life-style or both? For the vast majority the balance between the experience and the course is significant – apart from its intrinsic and applied value, a degree offers the prospect of leaving home at a relatively small fraction of the cost of moving out and renting or buying property. There may not be a credible alternative experience for many prospective students. Moreover, these cohorts are also facing the most bleak economic outlook of any generation since the War. Even before Covid, these are the generations who will in their futures face the most challenging burdens of climate change and social care; they could easily be the first generations for decades that do not have the prospect of being better off than the generation before. It is immensely difficult to judge but this could impact their underlying motivation and outlook; and, equally, their willingness to take on substantial debts for a potentially very different experience from anything they had planned/anticipated.

Conversely, demographics are broadly heading in the right direction for a resurgence in demand (or at least expectations of a resurgence). However, belief in a "more of the same" marketing model for Universities could be myopic. The "tyranny of the three-year degree" and a focus on a campus-based/residential experience may tend to blind some institutions to much wider opportunities. Widening access and participation now come front and centre in what will have to become a much more personalised learning model. Covid is forcing an issue which has been bubbling away from some time – value for money.

For the first time, the model of higher education based on living away from home while studying at the expense of building up significant debts may be fundamentally challenged by a model that is more localised and blended. There is clearly much more to the student experience than the digitally mediated and private study element but what happens when campuses cannot be leveraged?

How many institutions are able to replicate even a fraction of their experience on-line?

What of the needs of first generation HE students and others for whom a digitally mediated experience will be far more challenging to access than a campus-based model?

What about the life-style decisions that influence student decisions as much as their choice of course?

What of the revenues that evaporate when footfall on to campus is diminished?

With a precarious ceiling on fees, institutions cannot allow their costs to spiral to address these challenges. Significant numbers of students may view the prospects of not receiving the expected experience as a reason to defer and pursue other opportunities. If even a small percentage do, institutions with already slim margins may be seriously challenged.

To avoid the stereotypes and the myopia, we need to begin to think in potentially very granular segments. For instance:

1. Students interested in the application of their degree for future careers – these are the lawyers etc., those who take an instrumental view and seek the best place to enhance their future prospects in their chosen professions.

2. Students interested in the continuation of their studies “out of pure interest” but with less or even no sense of career direction. As above, these folks are primarily interested in the degree or the learning experience.
3. Student interested in the student lifestyle in the round – work-hard/play-hard (possibly keen or gifted in sports but certainly attracted by independence of lifestyle and by extra-curricular experiences) – probably the majority of students.
4. Students interested in the lifestyle above the studying.
5. Students interested in the lifestyle to the exclusion of studying.

If the vast majority of students are interested in the on-campus experience then the on-line experience is largely only geared towards the first two group; the probability of deferrals may be gauged by how far the portfolio of courses offered maps on to specific segments and what those segments will expect as a minimally viable student experience.

It is worth reflecting that a University is not a monolith that has one model of delivery; different faculties and schools address different parts of a complex market in different ways. Any macro change such as Covid is not only a challenge but an opportunity to look at the areas that are threatened and those that can thrive. Given the intrinsic value of higher education, its transformational effects on the life-chances, health and well-being of students (to say nothing of its considerable direct and indirect economic impact), it is relatively easy to see that HE takes on even greater relevance during a crisis than in “normal” times. At this point, it is important to look at the wider market and to identify other market segments that may also have little or no interest in the on-campus life-style but would still benefit from, and perceive the value of, a higher education experience e.g.:

- Career changers – those economically displaced by Covid who may have lost livelihoods and need to rethink their entire careers – these folks would fall within Group 1 or 2 above; they may not follow the professions but may seek a degree to improve their future employability.
- The “no-longer so gainfully employed” – these are folks whose firms have had an economic shock and who embrace a new strategy – they may have a strong desire to retain current capabilities and build on them (possibly as a commercial imperative but also as a moral imperative post-Covid); they will have used the job retention schemes to assess and evaluate their future strategy and have a new plan – these people will be sponsored or supported by their firms provided that the experience offers good returns on investment. It is not difficult to see opportunities here in a range of disciplines with creative and innovative dimensions – this is the grouping where major seismic shifts may be closer at hand because of Covid e.g. creating green infrastructure and de-carbonising the economy.
- The ‘Retiring’ – those who take Covid as an opportunity to step back from full-time work but are seeking a new challenge – perhaps studying for the degree they previously never had time for?
- The ‘Interested’ – those folks who have always wanted to pursue a degree but have not found appropriate opportunities – this group is difficult to reach but may become more obvious if provision is diversified for the “Retiring” and “Career Changers” – pursuing one opportunity may proliferate into others.
- The “entirely overlooked” – there are always some groups who for one reason or another do not participate in HE. These folks may not even realise there are opportunities for them and they are by definition difficult to reach. Again, these groups may become more obvious and accessible if provision is diversified to attract other groups.

All are likely to have a different view of student debt and VFM than ‘traditional markets’ but all could benefit to a tremendous extent from a suitably designed higher education experience.

The key issue is that if the current market takes a significant shock for one academic year because the typical student cohort takes a year out<sup>7</sup> (or even two years if no vaccine is found and social distancing is maintained for longer than 2020/21), that will impact income levels for three years (but possibly longer if Covid rumbles on indefinitely). Capacity on campus will be of limited value and the dip will take a minimum of three years to correct. Some of the most motivated students may even find alternative routes in their careers and professions within existing provision at other more competitive/innovative institutions which may denude previously safe courses of high tariff applicants<sup>8</sup>. Moreover, the sector cannot simply over-recruit thereafter to recover the position in 2021/22 (capacity on campus will allow some increase in intakes (if demand is there) but it will not be possible to make up a whole year of lost intake).

In international markets, it seems that national capabilities have been the default setting for every country when tackling the virus and, with little or no serious cross-border cooperation, this does have huge implications for each nation's brand (UK PLC). The US and UK have been particularly badly hit in this respect; South Korea and Germany conversely emerge strongly. It is difficult to avoid the conclusion that, in international markets, the performance of UK PLC will have some adverse effects on University recruitment; especially if every nation experiences a second peak, if vaccines are long in development (or fail) and personal bio-security becomes a significant factor in the decision-making of even a sizeable minority if not the majority.

It is not difficult to see a series of significant threats to operating models and revenues for a much more sustained period of time and this becomes a critical factor in new normal scenario planning. The student experience is much more challenging to manage in any coherent way with any kind of social distancing in place and a fixation on how to make that work could mean missing opportunities. It may not only be timely but possible and desirable for institutions to change direction and re-orientate themselves towards new markets and opportunities; it may even be essential for some institutions.

At this stage, it is worth acknowledging that "the super tanker is difficult to manoeuvre". If we wish to avoid the permanent damage which could ensue, perhaps the best strategy for some institutions at the moment is to consider the scenario that one whole cohort has a largely virtual (non-campus) experience for the three years of their degree i.e. if a student does not enrol in September 2020, they will not overturn a lifestyle pattern which works in 2020/21 to move city for 2021/22 or 2022/23 either. With, a net on-campus loss of 33% of students approximately, capacity will exist for much more radical remodelling of the on-campus experience and development of the virtual experience to make it more competitive.

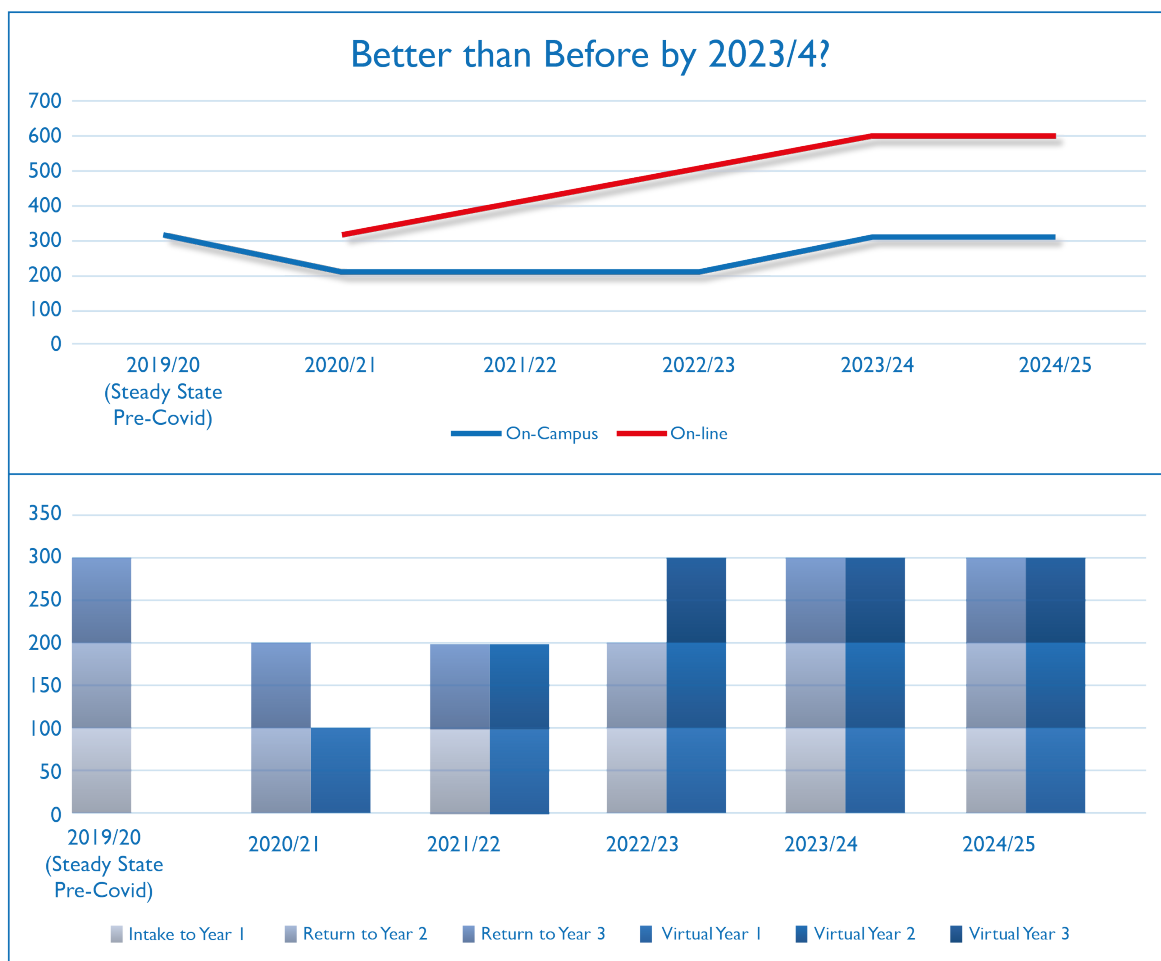
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<sup>7</sup> There is another scenario to consider: many students may be nervous that, if they defer, they will lose out in the longer-term as competition for particularly prestigious places/courses intensifies in later years. While this may offset the risk of a short-term shock, it could mean greater challenges in managing expectations about what a covid-secure experience looks like. It is even conceivable that the expectations on both sides will be unrealistic and that disputes (up to and including legal action) will ensue. In this scenario, the shock is not one of under-recruitment but comes from the costs of over-promising and under-delivering on students' expectations (reasonable or not).

<sup>8</sup> We might assume that returning students to second and third years have enough invested in their degrees already to see out the experience in even a sub-optimal format (a disappointment but not necessarily worse than giving up part way through). They might not, of course, if institutions do not make every effort to make them feel there is real scope to complete their studies in a supportive environment. Prioritising the task of recruiting new students should not obscure the probability that returning students will also have anxieties about their futures and will want to see signs their University is taking them every bit as seriously.



From 2021/22, the on-campus volumes may begin to build back up but the scale and scope of the virtual experience could be expanded in parallel such that by 2023/24 the on-campus volumes are restored but the off-campus capability is well-established. A huge prize given how hard the virus will hit in the short-term. Could it be better than before?



## Where to begin?

It is often said that it takes 21 days to break a habit, so with more than 10 weeks of lockdown in hand, many habits may already be broken but, if one hankers for the world that was, it may only take 21 days to re-establish old habits. In this next phase, therefore, the opportunity exists to break with elements of the past and establish a positive new normal. Think of this as being eclectic in designing the “new normal” – we can select from the elements of previous practice that are still workable and incorporate innovations to arrive at a place on the spectrum between ‘old normal’ and a wide range of radically different/divergent possible futures.

## Scenario Planning

First and foremost, it is worthwhile to recognise that Covid will not be the last pandemic (or other global shock) to be a threat; we will likely find emergency measures periodically reintroduced to combat subsequent outbreaks and there will be new pandemic diseases (or other disruptions) in the future. Disruption is an inevitability<sup>9</sup> that we need to learn how to manage better.

Scenario planning as a technique offers by far the best set of tools for anticipating problems and working up solutions. Case studies in this domain are legion, but what is striking is that by addressing biases,

<sup>9</sup> Although it is comfortable to think that the future once looked eminently predictable, the cold truth is that it was never thus, uncertainty was the old normal every bit as much as the new normal; even if many of us periodically, and for sustained periods, lost sight of that fact.

including over-confidence and a tendency to look for confirming evidence (cognitive dissonance), organisations that leverage scenario planning will find that not only is their ability to anticipate and weather future crises dramatically improved, they will also have a much better grasp of factors hitherto overlooked or undervalued.

Crises are a poor point at which to manage strategically and are a dangerous way to manage change, but they are great teachers; controversial and difficult decisions suddenly become easy and are taken rapidly by force of circumstance. While this is often acceptable only in the short-term and has risks in disempowering people that can undermine implementation, the crisis unlocks previously taboo topics. Cashflows and surpluses so often dismissed as merely the concern of the Finance Director, suddenly assume a much more pressing relevance; they always were relevant and essential: how much easier would a crisis be to manage if underlying inefficiencies had been tackled earlier and the cash savings reserved for the proverbial rainy day? A critical challenge in scenario planning is to look closely at all the ways in which the organisation can and does deploy its resources. As a result, some inefficiencies, tolerable on a 'business as usual' basis, look less than wise and much more like costly extravagances.

### The Timeless Questions

Second, this is a long road and it is worthwhile to begin with clarity of purpose:

- Why does the organisation exist?
- Who is it for? Who does it serve? What are their needs in a post-Covid world (and have these changed as a result of Covid)?
- Who values that service enough to want to see it continue and be sustained?

From the answers, flow the essential components of a new operating model. However, it is essential that the organisation works rigorously to determine how its core market has been affected by the virus and whether its needs have fundamentally changed and in what ways. It may, of course, either have ceased to be a viable market or changed so radically as to be unrecognisable as the same core market. For now, we will work on the principles that (a) a clear need exists (purpose/source of benefit/value), (b) a constituency or market can be identified as having that need (one or more segments of the market) and (c) that the constituency recognises the value associated with that need and is willing and able to meet the cost. Accordingly, there is a reasonable basis to expect a sustainable operating model<sup>10</sup> can be designed.

### Engagement and Fair Process

Directive leadership and to some extent diktats have dominated the last few months. Normal rules of governance and decision-making have been suspended during the crisis. This is fair, reasonable and accepted to a large extent, but it cannot be a basis for any acceptable new normal. Like a parent that reacts to a child in danger, the short-term urgency loses impact if it is sustained overlong. A good framework for considering the new normal is Chan Kim and Mauborgne's concept of Fair Process<sup>11</sup>. Over time, engagement and cooperation are critical to improving performance and the traditional/directive approach singularly fails to match the performance levels that can be achieved by leveraging discretionary effort from colleagues in an inter-dependent framework rather than in a command and control structure. The first and most practical step, therefore, is to engage staff and stakeholders in a structured conversation about:

- the timeless questions of the organisation's purpose and its constituencies;
- the direct and lasting impacts of Covid;

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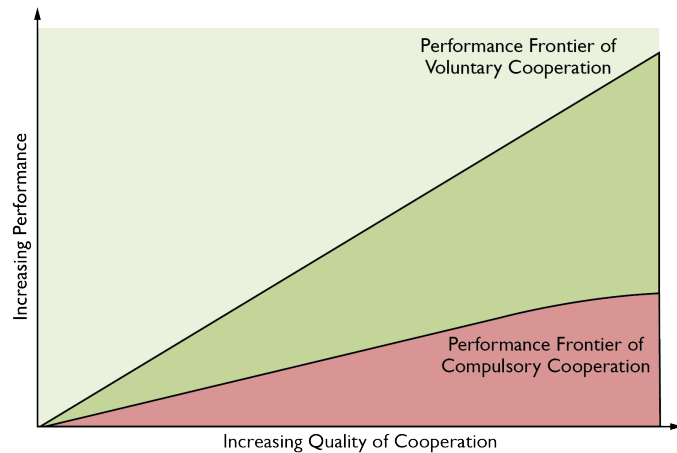
<sup>10</sup> We define a sustainable operating model as one in which an investment will lead to a return and which can be maintained over time from revenues. Excessive borrowing and reliance on external funding are not the hallmarks of a sustainable operating model. We believe this fundamentally applies to any organisation which produces a benefit for others; our definition presupposes an inter-dependency of needs/expectations. We use the term operating model to capture the combination of market requirements and operations resource decisions which have to be taken to fulfil the needs of customers, clients and stakeholders.

<sup>11</sup> W Chan Kim and Renee Mauborgne, Fair Process: Managing in the Knowledge Economy, Harvard Business Review July-August 1997. P65

- the need for resilience to weather future storms; and
- what a 'better than before' outcome would look like.

### Fair Process

W Chan Kim & Renee Mauborgne  
HBR, July-August 1997



#### • Fair Process

- Engagement
- Explanation
- Clear Expectations
- “My opinion counts”
- Discretionary Effort
- Exceed expectations
- Proactive / Empowered

#### • Traditional Approach

- Resource Allocation
- Economic Incentives
- Structure / Hierarchy
- “Get what I deserve”
- “Do as I’m told”
- Meet expectations
- Reactive / Controlled

Fair process is not only the 'right thing' to do, it is a critically important element of exercising the organisation's duty of care towards its people. Crises require swift, decisive action but the lack of control felt by those of us who are being acted upon swiftly and decisively by our leaders is a further stressor at a time of great uncertainty, anxiety and fear. We therefore owe it to our people to engage them in a process which is genuinely fair and inclusive. This is not to obviate the need for direction and leadership, but it is to recognise that directive/dictatorial leadership is not the only viable model, even in a crisis. Our people conduct themselves with great professionalism and social responsibility, both as a general rule and particularly during the crisis. They therefore deserve a place in the discussion of what comes next. This is especially true given the scale and scope of change that needs to be envisaged, anticipated and delivered. Finding the bandwidth for such conversations may be challenging but the alternatives are all sub-optimal and there is too much at stake to neglect this critical element.

### Living with Sustained Social Distancing: The New Normal Physical Experience

If social distancing represents even a medium-term expedient, most organisations will run out of space and cash before they can correct their buildings to become Covid-secure and still deliver the same capacity. With estimates varying between 75% and 90%, the net reduction in operating capacity we should anticipate is beyond the resources of most organisations. To take classrooms, for instance, a typical 30 seat room will hold not more than 8 with strict social distancing rules applied. A class of 30 will therefore need a room normally suitable for 120 or more students (of which there typically tend to be fewer on our campuses). We will therefore run out of rooms of the appropriate size very quickly. We could of course disperse the group across four 30 seat rooms but that adds the resource pressure of staffing multiple rooms where previously we would have had only one to resource. In both cases, the costs of delivery are directly affected.

Nor is it easy simply to accept that the experience in a 30 seat room with 8 people will be the same, or that to put 8 in one room and stream the class to other settings will be considered fair or equitable. Social distancing, therefore, fractures normal practices to levels at which they become a resource headache.

However, there is a case for arguing that if we accept reduced demand, we may also be able to accommodate different operating models:

- our classes and physical experiences will become better in quality;
- we will focus more on creative encounters and less on direct delivery of information that can be provided on-line; and
- on-line provision will open up scope for much greater use of media and content, albeit that setting high production values begins to become a much more significant factor with clear implications for costs.

Let us consider, for a moment, that there will be a return to a semblance of normality with little or no need for social distancing at some point when the virus has been defeated. If we have invested in substantial remodelling of spaces to accommodate socially distanced provision, we will not, given the costs, want to remodel all our spaces again to return to a closer more efficient model. Therefore, in the short-term, we should plan for a radical reduction in on-campus loads and respond with re-furnishing solutions to enable existing spaces to be Covid-secure and capable of sustaining socially-distant working practices. However, we should not be creating campuses that are effectively facilitating activities which do not require direct contact, or which could be mediated on-line; the quality and physicality of the experience must not be capable of being replicated by other means. This will be an important test of whether it will be worth the inevitable risks of coming back on to campus.

We should expect greater emphasis to be placed on the conscious design of experiences. Just as there are scale economies to be found in on-line practices, there are limitations too. As these emerge, the need for high quality interactions will drive demand back to more imaginative working and learning environments on campus. Fatigue with on-line experiences will be a relevant factor and, while there may no longer be a demand for the lecture<sup>12</sup>, there will be a natural human need to return to direct forms of social interaction.

On a very practical note, we should anticipate that our view of time in a more socially-distant future could be radically altered. Weekend working and shift systems have the potential to spread demand across more available hours. The tyranny of a tidal 9-5 Monday-Friday working model, which was already being questioned, is even more challenged by Covid. Longer opening/operating hours and additional use of evening and weekend slots provide capacity in labs and other specialist facilities to support Covid-secure working practices. For students who cannot expect to have their full experience on-line, this may be a vital lifeline to complete their studies. Consideration needs to be given to moving to, for example, three lab sessions per day with evening slots added to traditional two-slot lab timetables (adding 50% capacity); if weekends are included we gain 40% by just using two slots on Saturday and Sunday but potentially 110% capacity by introducing both measures). While not necessarily sufficient and very expensive to resource, this model does at least offer the prospect of enabling students to complete work in specialist facilities with reasonably strict social distancing in place.

Much needs to be done on a case-by-case basis to examine the possibility of specific facilities being made Covid-secure in such ways. However, the important principle is that to avoid the capacity losses that flow from social distancing constraints. Extending hours is a critical lever; difficult even to discuss pre-Covid, it may increasingly become a new norm. Many threads of work need not come back onto campus at all and this is the most immediate and practical of the challenges.

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<sup>12</sup> Some caution here is required as its death has been long predicted and yet the lecture has shown remarkable resilience. It remains to be seen whether it will be susceptible to Covid. Most institutions seem, from a range of public statements, to have already plucked the low hanging fruit of putting lead lectures on-line for the year ahead. That might be the easy part and it remains to be seen if subsequent decisions will be equal to the scale of the capacity challenge.

## “Don’t Automate, Obliterate”<sup>13</sup>: The New Normal Virtual Experience

The break with the past is nowhere more evident than in the breaking of the habits we do not wish to re-establish after the recovery. How then to embed the practices we have learned to love during lockdown?

First, it is worthwhile to reflect on all those things which have not been missed and which we need not restore. Think of these as the transactional tasks and potentially non-value adding tasks which people will no longer accept at one of three levels:

- (a) one for which they may be unwilling to take a health risk;
- (b) one for which they may not be able or willing to pay in the future; or
- (c) one for which they may not be willing to travel.

Each of these elements has a direct, and potentially very high, cost for the individual against which they will weigh more consciously the benefit. Any task of a transactional form-filling nature will likely fall into this category and need to be considered as an opportunity for elimination and/or re-design/virtualisation.

This also points to the need for fair process; the people currently engaged in doing this work need to see the logic of the change and be supported through it. This should not be seen as a “turkeys voting for Christmas” problem, nor should it be seen as a managerial ‘no go’ area. We need a mature level of discussion to eliminate these tasks, to prevent them being brought back onto campus and to think about how to re-deploy the people freed from this work for other priorities (hint: there are many). Service levels in many cases could do with radical improvement, the staff released from non-value adding processes may well be needed to field a multiplicity of new demands on the organisation. Sensitive but rigorous handling of such issues is an essential requirement.

Second, there will be virtualised and remote work that can continue as it has under lockdown. While the dislocation of lockdown is disruptive, some functions have continued without being seriously affected. If you work privately and quietly in a study or single office, the transition to home-working has probably been comparatively easy to manage. While it is certain that some people do not have home offices or home environments which they are willing or able to convert to permanent business use, many people will have scope for this. Accordingly, based on a degree of personal preference, the organisation should support the establishment of home offices.

As a practical matter, the organisation has a legal duty of care to ensure that workstations for home-working are legally compliant with relevant workspace regulations and to support employees with the cost of new equipment and reasonable adjustments. Options here may include:

- Establishing a formal home office either by a room conversion or a garden building. This could be as simple as a basic workstation (desk, chair, shelving/bookcases) or fully fitted furniture. Costs may range from less than £2,000 for furniture only to perhaps £10,000 for a fitted office and £20,000 for a suitable garden building. Options would both depend on personal preference, acceptability to the homeowner, and affordability to the organisation (options such as interest free loan schemes could be considered as has historically been the case for transport costs);
- Likewise, working closer to home could be supported by covering the cost of a subscription to a co-working space local to the employee but remote from campus<sup>14</sup>. This may be suitable for any staff members with a long commute and/or those who do not have scope or appetite to accommodate a

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<sup>13</sup> The quote is the title of Michael Hammer’s paper “Reengineering Work: Don’t Automate, Obliterate”, Harvard Business Review July-August 1990. It charts the use of technology to re-design processes but also makes the key point that many of our processes are not designed they are simply the continuation of historic customs and practices. Better than before thinking represents the opportunity to evaluate what no longer has relevance.

<sup>14</sup> This idea works both ways. Just as an employee may work local to their home base and away from campus, so the employees of other organisations may look for space local to their home which is proximate to a university campus. For example, Antenna, <https://antenna.uk.com/member>, is owned by Confetti, which along with Metronome is in turn owned by NTU providing education, co-working spaces and a home for Notts TV – a clever combined use of space to suit several different clients – worth considering for any city-based institutions with spare capacity.

formal home office (there are work-life balance issues to consider among other things). As high street retail continues to suffer now more than ever, local provision of co-working spaces may become a very credible option to bring footfall back into hollowed out town centres. Taking opportunities to support some staff by facilitating access to co-working spaces could be a viable option. The regeneration effect could be considerable and Universities may find there are genuinely appealing investment opportunities (although there is a need for caution and careful appraisal of such opportunities – they may not all contain win-win propositions).

As a further measure, institutions could seek to support staff with a wider range of equipment better suited to their needs and to promote greater interoperability between systems (although standardisation has its attractions in terms of scale economies, we must recognise that home-working fundamentally increases the personal dimensions of the decisions).

Third, there are, of course, roles that must inevitably return to campus and which cannot be delivered remotely. These become the critical focus of Covid-secure working practices. They again must be viewed through the lenses of risk: i.e. those experiences for which people are: (a) willing to take a (limited) health risk; (b) going to value in the future; and (c) willing to travel.

The best approach here is probably based on seeking to find a reasonable balance for each individual in terms of their preferred working style, home circumstances and capacity/willingness to accept and ability accommodate the demands of home-working and the costs of the change. For those who can accommodate a home workstation or home office set up with adequate workspace, proper furniture and room for equipment and storage, the advantages may be considerable in reduced travel time and opportunities for a better work-life balance. Supportive HR policies on flexible working will probably need adaptation but will contain the essential principles and practices already. An important balance to strike is in determining the optimal loading between different staff groups. At one end of the spectrum there will be home-workers who need not attend site at all and at the other there will be many who must return to site to be effective.

The following spectrum illustrates the range. Those in complex peripatetic roles will likely be the dominant group and, accordingly, flexibility and support for a range of solutions will be needed. Significant tolerances in approach will be essential and may extend to a willingness to support multiple technology platforms provided they are compatible and inter-operable with other users of core systems. Permissiveness in supporting different approaches will be essential as the organisation will be encroaching on the home life of the employee much more than before. Equally, the employee will have a greater need to self-support than ever before given the range of demands on the organisations. This balance of rights and responsibilities on both sides will be one of the most complex and sensitive to navigate (and manage on an ongoing basis). One thing is probably worthwhile to acknowledge: “one size will likely fit none”.

Working Location	Suitable for	Home-working Support	Relationship to Campus	Campus Load and Expected Numbers
Home	Private/back-office and individual working models <sup>15</sup>  All staff willing to commit to home-working	Home office or similar Full remote support tailored to home circumstances	None – home-based and will be eligible for expenses when visiting campus	Virtually zero Approximately 20% of staff
Peripatetic	Complex roles with a need for diverse forms of interaction  Majority of staff who are also able to commit to some home-working	Likely to have home office and full remote support tailored to home circumstances but expected to be based on campus for a proportion of time 40-60%	The on-campus experience will be directly orientated towards interaction making Covid-secure practices critical Home-based where travel costs will be manageable/ appropriate	Between 40% and 60% of working hours on campus  As much as 60% of staff population but possibly higher
Campus-based	Service-orientated roles which require physical experience on campus  Any staff member unwilling to commit to home working	Baseline level of remote support but primary workstation is at site – remote support limited	Priority campus users with a need for Covid-secure working environments	Working more than 60% of time on campus Approximately 20% of staff

Creative experience, serendipitous contacts, relationship building are all areas where there is considerable risk that changes to working practices and remote working will radically alter the functioning of the organisation. Recruitment and on-boarding practices for new staff need to go well beyond traditional interviews and inductions; serendipity cannot be relied on, nor the 'osmosis' of just being around the office, which has always had a critical role in how we assimilate knowledge and build effective working relationships. More formal codifying of the ways things are done and more programming of activities and events that help relationships to form and develop will be critical. Jason Fried and David Heinemeier Hansson of 37 Signals (the founders of the firm behind Basecamp project management software), captured many of the essential challenges in their 2013 book "Remote: Office Not Required". It is a good read and insightful about many of the practical issues and solutions which are tried and tested in many organisations already. Many aspects of social programming associated with innovation districts may become much more mainstream now.

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<sup>15</sup> The range of work possible in home-settings is very broad ranging from research, data analysis, writing/editing, data input, clerical work, one-to-one calls/private meetings where these can be conducted via phone or conferencing app, team meetings in many cases, service calls/helpdesk services, any work demanding quiet, private time (provided that the home environment can support these elements and that distractions are manageable and managed) and indeed, any work which can be mediated one-to-one by telephony with no detriment to the experience. It may not be as pleasant as an informal chat over a cup of coffee but it is every bit as workable.

## Technology

Technology has the potential to support changes to working practices but organisations can ill-afford the problems that routinely come with big-tech transformations. This is an area which requires careful planning and detailed expert support but several dynamics are critical to recognise:

1. Workflow technology can replace previously paper-based and email trails. Using shared document management systems (Sharepoint, Box, Dropbox, Google Drive, iCloud, One Drive, etc) enables users to collaborate on documents in real-time, to track modifications and avoid a vast proliferation of copies and paper versions. Keeping the record straight and not over-loading home offices with vast quantities of confidential material will be important to the future functioning of both home and organisation.
2. Data management takes on renewed significance - the costs of poor data are often dismissed or ignored as immaterial, but they become much more significant when greater reliance is placed on remote working. Attention to detail is always a sign of professionalism, in the future attention to detail in data management will be a pre-requisite for remote work and for reaching good decisions. When it is no longer so easy to cross-check facts and spot errors, greater levels of trust and confidence in data systems will become priceless. It is so much easier to spend time getting the data right than to deal with the limitations and consequences of making decisions based on weak data.
3. Virtual communications will become more natural and, while video-conference fatigue may not be a recognised condition yet, it will also have side-effects. A digital detox was already a regularly recurring theme in productivity and well-being literature before Covid, it has not diminished now given our intense reliance on conferencing platforms. However, it is also clear that there are efficiencies to be gained which will help to solve the problem – meetings are more efficient; better chairing and facilitation is a pre-requisite as free-for-all discussions quickly collapse; courtesy and order in speaking is promoted; airtime is scarce and seems in large part to be used very wisely; grand-standing seems to be discouraged. All these elements encourage the use of the technology and mean that time is spent more wisely.

It is also worth reflecting on which of the organisation's processes are the highest priorities for performance improvement in a post-Covid world and whether technology is not only essential to its future delivery but also a source of advantage.

Three principles underpin our thinking:

- Performance improvement is about the integration of people, processes and systems. A 'technology only' strategy can lead to situations in which the "cure is worse than the disease".
- People are the most valuable part of the picture and complex, high value work cannot be readily replaced with artificial intelligence no matter how seemingly sophisticated it may be.
- Automation can be a curse in processes which are out of control<sup>16</sup>. Typically, the tactic of using technology to clean up a process does not lead to improvement; "if you automate a mess, you get an automated mess".

It is important to note that ICT investment is typically accompanied by higher than realistic expectations of performance improvement and lower than realistic expectations of both the initial investment level and overall timescale for the realisation of gains. Under-estimating the level of investment required, may lead to sub-optimal, costly and counter-productive decisions. In the initial stages of implementation, a temporary fall in performance and increase in costs should be anticipated. Where the business case is under-developed, the temporary fall in performance may be unrecoverable as any anticipated cost savings prove either more difficult or more time-consuming to achieve. That said, judicious investment in

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<sup>16</sup> By control we mean the understanding of the performance tolerances of the process and the variability of outcomes. Out of control processes are typically those where performance is largely erratic and there is limited understanding of the reasons for the fluctuations in performance. Control is associated with depth of knowledge about the process and structured techniques to identify and eliminate variability in performance. High levels of process knowledge are a pre-requisite for automation.



technology is highly likely to be a much safer investment than any other in keeping options open and the organisation orientated towards flexible and agile practices.

## Moving Into Practice

Resolving the answers to the questions posed by Covid is just the beginning of the journey. In part we should anticipate that this will be a moving target and not a single transition. Periodic re-adjustments will be vital (especially if Covid re-emerges in secondary peaks or similar disruptions occur more regularly).

This characteristic means that two things are critical:

- a degree of constant vigilance leading to periodic updating of our scenario planning work; and
- a clear and effective implementation programme.

This combines change and transition support with effective project management. Teams may need to form and disband fairly regularly to accommodate changes. Rigid, monolithic structures are unlikely to be able to respond to the inter-disciplinary character of the crisis and its aftermath; nor will they likely be sufficiently flexible to re-adjust periodically. Dictatorial tactics are unlikely to have lasting benefits; any short-term gains in speed of decision-making are to be welcomed as a necessary response to the urgency of the crisis but they are not sustainable or desirable in the long-run and could actively undermine effective implementation (i.e. they are accepted and given tacit consent during the crisis as a necessary evil, but when the crisis eases, they are unlikely to enjoy uncritical acceptance).

This is yet another reason to engage people directly in the transition planning and thinking about the new normal. It is vital that we anticipate the need for change and adjustment and have the opportunities to shape it. Without this, the transitions become “pitches” where the change has to be sold to the unsuspecting. This top down style is a side-effect of crisis management that needs to be avoided. More persuasive and engaging techniques are vital.

That said, there will be no substitute for clear decision-making and disciplined implementation. Project management techniques have much to commend them at any time, but they are often more honoured in the breach. It is unquestionably worth approaching the transition to new normal with an eye on PM methodology; first, because these techniques work and are designed to avoid many of the pitfalls that accompany change; and second because the cost of failure is now so much higher. Organisations that are slow to decide and even slower to act, or act badly, may find the penalties much more severe than before (recall all the costs of the crisis that are yet to be paid). Efficiency in delivery therefore becomes critical.

We suggest the following key steps:

- Set a flexible and supportive policy framework for space and human resources issues to be addressed. This will cover: physical and virtual working experiences; what the organisation can support now and what it will seek to support in future; how home-organisation boundaries will be navigated; and sensitive management of respective rights and responsibilities. Accept that whatever the first iteration looks like, it needs to evolve in response to feedback and experience. If possible, within the economic constraints of the crisis, reassure staff that the organisation will do all it can to protect their livelihoods and jobs and explain that this will be easier to achieve if everyone thinks and acts flexibly.
- Develop an initial classification of staff by work and space needs and work up a preliminary support offer.
  - The former should only be a preliminary classification and used to explain the classification scheme and which characteristics are used to arrive at a decision. It should not be prescriptive or force people into one category (choice will be essential to secure buy-in), but it is necessary to start somewhere. It is equally necessary to be responsive to feedback and willing to adjust. Consequences and impacts need to be tested, so the iterative nature of this process should be stressed. Recall that moving from crisis management to new normal means greater levels of genuine engagement because, as the pressure of the crisis lessens, commitment to change cannot be taken for granted as a passive response to circumstances.

- The support offer should be a reasonable approximation of what the organisation can genuinely support and afford. This needs to be wide-ranging in terms of technical and technological solutions (including computers, telephony, printing, stationery, etc). It should also encompass policy issues around security of data, workstation requirements/furniture/home office layouts and working practices (including leave arrangements and practices to help with motivation, productivity, and well-being). “Always-on” and therefore “always on duty” is not a sustainable framework.
- Personal discussions are vital – while the scale of organisational change is vast, the scale of personal change could be dramatic and even devastating. This is a moment in which line managers have an absolutely critical role to play in supporting and leading their people through a traumatic experience (almost no-one can focus on their work if they are anxious about their own health and well-being or that of those closest to them). What is done next will be remembered for a long time. Based on the policy framework and the initial classification and support offer, line managers need to engage in structured conversations with each of their direct reports. The approach should be personal because it will encompass many aspects of home life as well as the needs of the organisation. Staff will be affected by the virus, new school schedules, partners working from home, and a myriad of other practical considerations (such as the inadvisability of using public transport). The list of issues is extensive and sensitivity in handling is critical. We all need to consider carefully how our working lives are going to be affected and we all need the support of our organisations to transition from short-term expedients to long-term embedding of new working practices.

Finally, it is, of course, essential to work out exactly what the virus means for our students and customers. While personal discussions may not be practical, understanding the needs of student groups beyond simple market segmentation is absolutely critical. Once staff arrangements are sorted out to a reasonable degree, early and urgent attention needs to be turned to questions about how student and customer groups have been affected and may yet be affected in the longer-run. Understanding those impacts will almost certainly require further adjustment of the arrangements being developed for staff, leading to an iterative process rather than a simple sequential one. Questions may usefully include:

- How many different groups can be identified as having distinctly different needs arising from Covid? Students needing experience in labs will have markedly different needs from those whose experience can be mediated on-line for example. While it may not be practical to think of “the segment of one”, much greater attention to the nuances in needs of different groups will become critical – again “one size fits none”.
- How will different groups view the loss of on-campus, extra-curricular experiences relative to the transition to on-line learning? For some students, the defining characteristic of their experience may not be the course itself. What impacts might this have on student motivation, mental health and physical health?
- How will the transitions create side-effects and problems that have not yet been anticipated?
- What are reasonable reactions and expectations about differential fees for differential experiences. It is worth recalling that, whatever the organisation’s cost base, that does not impose a duty on students or any other customers to finance it. If prices do not seem reasonable, the natural logic is that students will look elsewhere. Thinking about nuanced segments may enable the University to think very carefully about how to calibrate its responses accordingly.

Much depends on University strategy after Covid. However, as a matter of pragmatism about affordability and based on principles of effective space management, there is no reason why these ideas could not be developed quickly while more fundamental questions of strategy are also being debated. They may represent solutions that support multiple strategic scenarios.

## Acknowledgements

This paper began life about four weeks ago. It was prompted by a recognition that thinking strategically in a time of crisis is almost a contradiction in terms. The immediate pressure of crisis requires action based on, hopefully, the smooth implementation of prepared contingency plans for disaster recovery.

However, crises are transient, and a form of normality is essential either because the crisis abates entirely or because we come to live with a permanently changed set of circumstances. The world has always been Volatile, Uncertain, Complex and Ambiguous (VUCA) and Covid has brought that home to many of us in ways we perhaps did not adequately anticipate and/or for which we did not adequately plan. The most vulnerable moment comes in believing that a return to the previous normal is only a matter of time but Covid raises the prospect of permanent and radical change. While it is arguable that it is too early to tell how events will actually unfold there is something about the Covid crisis which is remarkable: it has shown that some of the things we took for granted are much more fragile than we believed. Whether they return in full or part remains to be seen but it would be a courageous individual who did not recognise the possibility that some things could be gone for good. As with anything as complex and demanding as scenario planning, many brains are far better than one. While it has fallen to me to draft and marshal the text, this paper is a product of a great deal of deep thinking and discussion with my colleague Daniel Robinson, with our associates Wendy Sammells and Fiona Duggan; and not least many hours of discussion with my good friend Julian Lomas of Almond Tree Strategic Consulting. I am also indebted to Pam Baker for challenging thoughts on an early draft.

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**Bryan Thomas**  
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