

The Next Normal
Perspectives
on the Future of
Organizing



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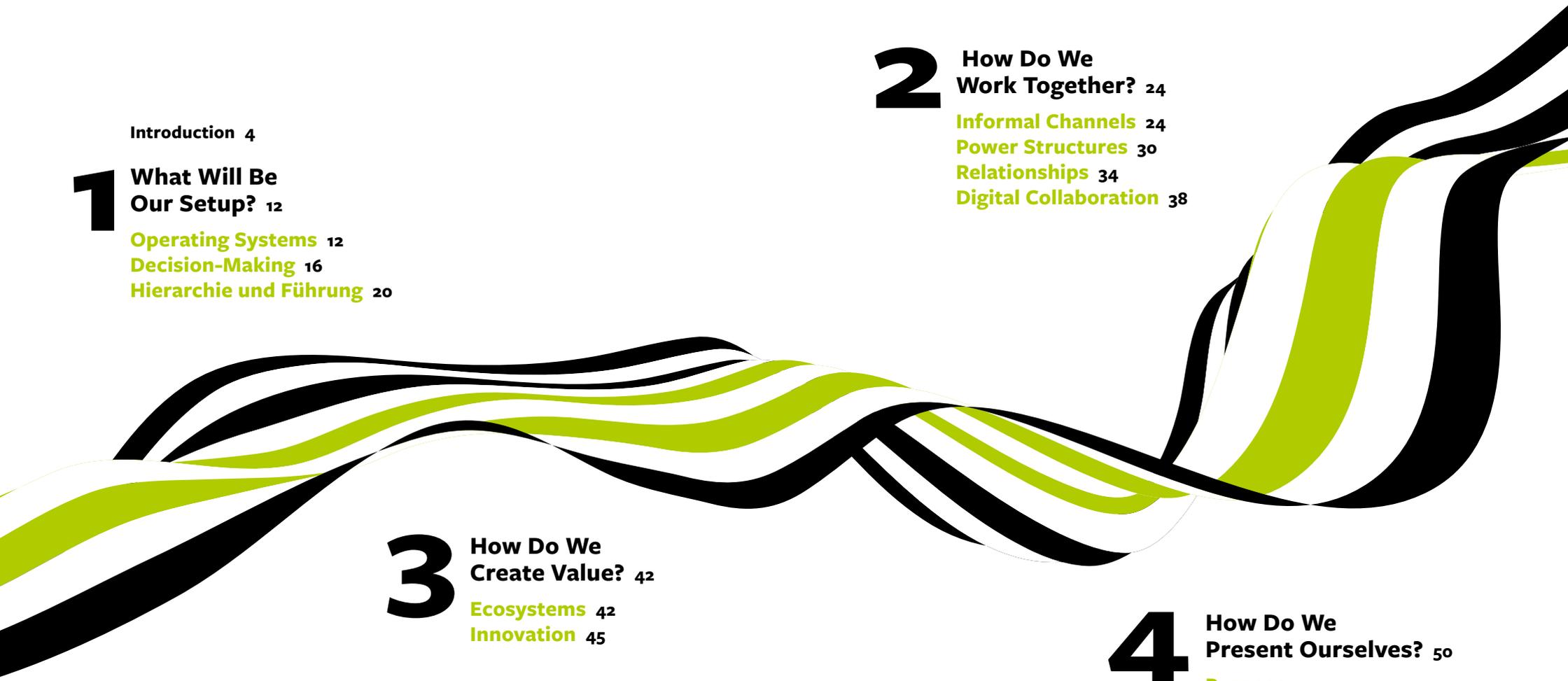
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Introduction

When in February 2020 the Covid-19 infections in Europe began to increase rapidly, many organizations switched to emergency mode: Crisis committees were rapidly set up, decision-making processes accelerated, new rules introduced, and old ones abandoned overnight. There is hardly an organization anywhere in the world that has not had to react to the Covid-19 crisis in one way or another to protect its own employees and customers, to counteract supply bottlenecks, or simply to survive. Every company has responded to the crisis in its own way—yet fascinating patterns emerge when we take a closer look at organizations during this time, as we have done in the present study. Nowadays, the same crucial questions are being asked everywhere. What are the practical implications of the crisis for organizations? Which changes are proving harmful and which are making the organization productive? What strategies are middle and senior management already using—or should be using—to be properly prepared for life after the crisis?

The urgency of these questions for the future of organizations can be better understood if we take a brief look at the past: Whether they are dealing with stock market crashes, major fires, or earthquakes—organizations generally attempt to tackle states of emergency by following routines. And, surprising as it might seem, this usually works. For various states of emergency, they develop so-called alarm programs with the aim of monitoring the outside world for signs of crisis. If these signs are detected, the previously devised routine is triggered and emergency response plans, evacuation measures, or the activation

of reserves come into operation. If these programs are effective, organizations normally manage to ward off crises. But Covid-19 led to a state of emergency that quickly made a mockery of even the best laid plans. In such times of uncertainty, organizations typically look to other organizations for direction. However, there does not seem to be much that is worth copying at present.

Organizations are watching each other search.

This is the starting point for the present study. It aims to provide guidance for organizations on how other companies are positioning themselves in this crisis—and what is considered to be essential preparation for the post-crisis era—the next normal. The study was conducted as a collaborative project between the management consultancy Metaplan and the media and software vendor Haufe. It is based on over 100 qualitative expert interviews with managers from Germany, Austria, and Switzerland. The findings from the interviews have been incorporated into the descriptions—mostly paraphrased or anonymized. Interviews with the following individuals can be seen as representative examples: Martin Seiler (Deutsche Bahn), Åsa Lautenberg (Viessmann), Norbert Janzen (IBM), and Martin Rodeck (EDGE), who have all consented to their interviews being published. We would like to extend our sincere thanks for their collaboration.

The evaluation of the interviews shows: The pressures of the crisis have exposed organizational tensions. Existing tensions have acquired a new degree of explosiveness, others have emerged, and still others have begun to show another side.

We have identified 11 areas of tension characteristic of this crisis. The following questions capture these areas of tension:

- 1. What will be our setup?**
- 2. How do we work together?**
- 3. How do we create value?**
- 4. How do we present ourselves?**

1 What will be our setup?

This is the overarching question that encompasses all the areas of tension where decision-making processes are ultimately determined. In Chapter **“Operating Systems”** we examine the tensions between decentralized units and central management. Centralization offers the advantage of a better overview which, first, identifies gaps and, second, useable surpluses. Conversely, decentralization provides the potential to facilitate faster decision-making locally.

Chapter **“Decision-Making”** describes how, on the one hand, attempts are being made to avoid risky decisions—and, on the other hand, it is more important than ever to make decisions under conditions of great uncertainty and to accept these new risks.

Chapter **“Hierarchy and Leadership”** comprises the tensions between dramatically raised expectations towards senior managers to provide guidance and the fact that, at the same time, the familiar tools for leadership are no longer available.





2 How do we work together?

Not only does the crisis force us to consider the fundamental structure of the organization but it also raises the issue of cooperation. Chapter **“Informal Channels”** addresses how organizations are changed by the increasing use of digital tools, which means that decisions can no longer be made informally in the office corridor. There are winners and losers in this crisis and not only on the market. In organizations, too, through the establishment of task forces or the sudden need for IT support, departments and individuals who never used to be particularly important have suddenly come to power. In Chapter **“Power Structures”** we discuss how these shifts will affect an organization’s next normal. Not only are power shifts a source of conflict but our survey has shown that the relationships within the organization are being completely readjusted. On the one hand, it is possible to put a stop to internal politics because now bigger problems have to be solved. On the other hand, in crisis mode, latent conflicts break out. Consequently, in Chapter **“Relationships”** we discuss, inter alia, to what extent it is productive for the next normal for concealed conflicts to become open confrontations. Collaborating with employees who are all working from home presents massive challenges for many managers. In Chapter **“Digital Collaboration”** we have collected their impressions and identified two primary effects: demystification and stress. The one-to-one translation of brief consultations in the office next

door to video meetings is evidently not at all effective. Anyone who wants to maintain a team in the next normal and has a positive attitude toward digital collaboration needs to be aware of its drawbacks.

3 How do we create value?

Since this crisis not only affects our own organizations, developments in the market are also of importance. Accordingly, there is a high level of interest in how companies monitor their ecosystems, in other words, their customers, suppliers, and competitors. This will be dealt with in more detail in Chapter **“Ecosystems.”** Particularly sensitive issues when it comes to value creation are innovation and new business models—we will address this in Chapter **“Innovation.”** In view of the crisis, many innovation projects are being put on the back burner. At the same time, however, organizations are in fact experiencing a genuine innovation boom: There is a flood of new ideas, processes, and forms of cooperation.

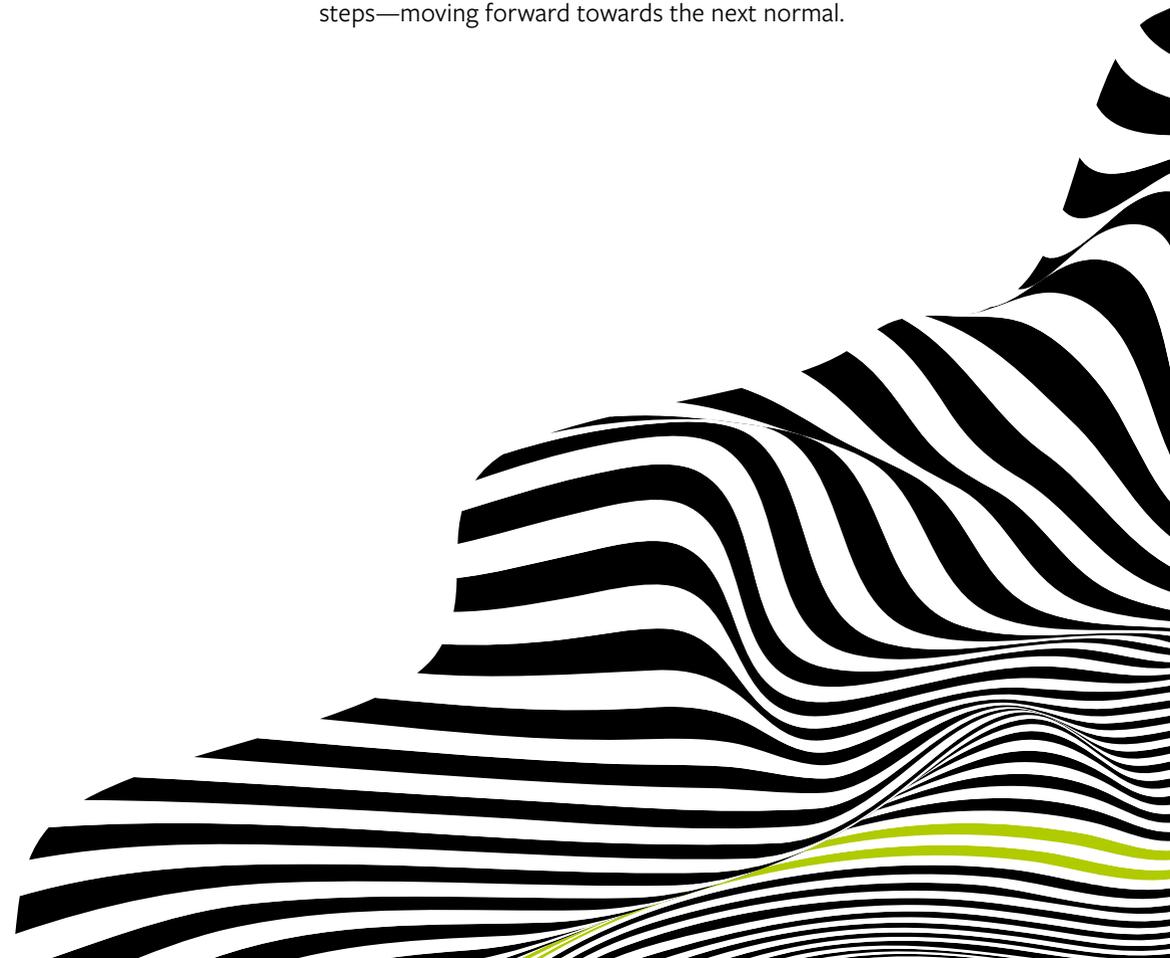
4 How do we present ourselves?

Many of the organizations interviewed report that the information and communication requirements of their employees virtually exploded because of the crisis. Similarly, people are increasingly demanding specific answers to big general questions. Narratives covering a wide range of themes are being rejected as artificial and inflated. This applies in particular to the once prominent focus on a purpose-driven way of working discussed in Chapter **“Purpose.”**

New Work concepts present a similar and just as contradictory dilemma: Before the crisis, New Work was on everyone's lips. It was all about new forms of collaboration, agile organizational models, or non-hierarchical departments. All of a sudden, these dreams are coming to life automatically. One might even dare say that New Work now the opportunity to finally prove its worth. However, that is not how people perceive it: On the outside, New Work appears to be dead. This is because many of these initiatives are called something else now—they have become normal. This tension will be discussed in Chapter **“New Work.”**

All the above-mentioned tensions can be identified in every organization, albeit with different dynamics and inherent logics. The challenge for managers, however, is the same across the board: They need to manage these tensions in a way that best meets the needs of their organization. How successful they are in doing so will determine how well the organization will do in the next normal and what this next normal might actually look like. There is no panacea in sight. It is now becoming more and more apparent that the tried and tested solutions have been exhausted. What is needed instead are the right questions. Consequently, for each of the areas of tension described, we have added some questions to help managers prepare themselves and their organization for the next normal.

Anyone who is willing to reflect on these questions and discuss them with the relevant actors in their organization will find it easier to constructively redefine their position in relation to these tensions. Thus, it is possible to identify a new direction and determine the next steps—moving forward towards the next normal.



1 What Will Be Our Setup?



The decentralized organization wins—but so does the centralized one.

Operating Systems

Establishing the perfect operating system is one of the management objectives constantly strived for but virtually impossible to achieve. This brings us to one of the main sources of tension in organizations—the ultimately unanswerable question: What is better, centralized or decentralized decision-making? Does the strength of an organization lie in a strong hub that ties together all the threads or in a wide network that continues to function as a whole even if an individual thread snaps? Now that organizations are coming under pressure, this question is being voiced louder than ever, and it is important for the organization to determine its own position between the two extremes.

Centralization—keeping the various threads together

Covid-19 has heralded an era of task forces. For instance, Martin Seiler, HR Director of Deutsche Bahn AG, reports that his first reaction to the advent of the crisis in Europe was to convene a large crisis committee, which then operated “around the clock, seven days a week, with one member of the executive board responsible for it.” This same reaction was seen across all industries. There are good reasons for pooling competencies into a central entity. “When things become critical, people look up to whoever is in charge,” was the standard pattern of behavior we frequently

encountered during our interviews. By establishing a central body for combating the crisis, organizations send a message that they are taking responsibility for the situation and have it all under control. Furthermore, centralized decision-making in crises maintains the organization’s capacity to act since many directives that governed work in the divisions prior to the crisis no longer apply now. In some cases, a whole division disappears because it is dependent on face-to-face contact; in other cases, the digitalization of the decision-making process has failed. New parameters must be set—fast and ad hoc. So instead of initiating a lengthy change process, crisis teams prepare and make decisions centrally “which are then cascaded down quickly and directly through the management,” said one respondent.

Decentralization—tapping into the network of knowledge

At the same time, Covid-19 makes people aware how quickly centralized control in operational activities reaches its limits. Depending on the region, the crisis has taken very different forms. The severity of lockdown varies from one country to another and is happening at different points in time, government reactions diverge, and supply chains are structured differently. It emerged in our interviews that organizations are increasingly relying on the judgment calls of the country organizations as they are better placed “to gauge market conditions more accurately,” as one of the managers interviewed put it. “It becomes clear that you need detailed information to make good decisions,” said another respondent along similar lines.



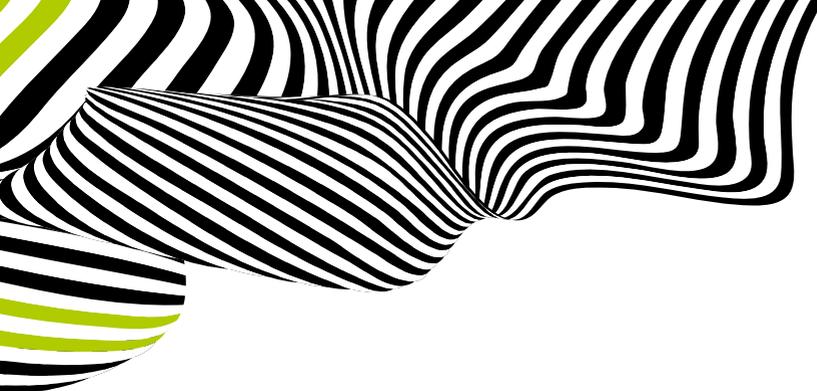
Finally, a growing number of specialists is being brought into the organization who, for instance, can advise on matters relating to corporate financing, labor law, or occupational safety. In light of the excessive pressure being placed on the traditional command and control hierarchy and the fact “that you still need to get products onto the trucks,” as one respondent explained, the traditional reporting lines have been abandoned—at least temporarily. Responsibility is handed over to the divisions, and then it is further divided up between the teams and the staff. Management is increasingly involving the “lower ranks”. The result is that managers on the operational level and staff in general realize that decentralization works, and they can trust their own judgment. This already has some bearing on the next normal, as another interviewee told us: “The fact that it works is yet another argument for more trust-based working when we relaunch our operation.”

The effects of the crisis clearly show that stable operating systems for organizations are not based on extremes but ensure balance between both poles. A strong headquarters to absorb uncertainty and to make decisions that impact the whole company is just as important as facilitating decentralized local ad hoc decisions that enable a fast reaction to questions arising on a daily basis. It is one of the most important aspects of a manager’s role to achieve this balance between centralization and decentralization. In a crisis, it is becoming clear who has given some thought to this responsibility in advance and is now familiar with all the tools and how to

use them. Moving towards the next normal, organizations now need to ask which adjustments to the operating system have proven successful and which, together with the crisis mode, should be deactivated again.

Questions about the operating system in the next normal:

- **How do you control the instinct to turn the operating system on its head again once the crisis ends?**
- **How do you get rid of re-established organizational reflexes such as looking to those higher up the hierarchy again to make decisions?**
- **How do you ensure cautious reintegration after the drive to decentralize?**
- **How can we give back autonomy to decentralized units?**



Decision-Making

Organizations are in fact completely accustomed to acting in the eye of the hurricane. They have always relied on being able to reduce uncertainties in their environment to manageable problems. For this purpose, organizations train employees to act as gatekeepers and each monitor specifically defined areas in the environment of the organization. The sales and marketing department has its finger on the pulse of the customer, the lobbyist stays tuned to political developments, and the legal department weighs up whether the court decision relating to a competitor also has an impact on their own organization. They all have the responsibility of only allowing information and input into their own organization that appear relevant for their own decision-making processes. During the crisis, however, organizations' tried-and-tested decision-making methods have come under pressure: It is necessary to decide quickly and flexibly when faced with increased uncertainty—ranging from missing data to the lack of awareness of the people who are acting.

**Reality not VUCA
voodoo: Decisions
need to be taken amid
greater uncertainty—
and this also presents
opportunities.**

Decisions need to be taken under conditions of greater uncertainty

The crisis makes it more difficult for gatekeepers to make the right decisions. One of the reasons for this, an interviewee explained, is because, at the moment, information is often only valid temporarily or for a small part of the environment. Thus, you only gain a vague impression that is hardly sufficient to justify decisions. Furthermore, organizations were not at all prepared for many of the decision-making needs now arising. Accordingly, there is a lack of blueprints and information reservoirs because these were systematically created in advance. Finally, cooperation among staff members who never usually had contact in normal day-to-day organizational life but are now forced to work together on new issues is proving more complicated than anticipated. One observation was that these untested forms of cooperation often make it take longer to come to an agreement and they are more likely to result in misunderstandings.

Another aspect: In cooperation with external actors, too, new ways of dealing with things often have to be found. For example, due to the crisis, the supply chain in many organizations is more heavily dependent on political decisions in various countries. This requires a dialogue with government representatives, which means not being able to fall back on previous contacts.



As a result, new actors enter the scene, which further increases the complexity of the decision-making and thus the uncertainty as to one's own actions and their consequences. Such decisions which are outside the daily routine cannot normally be made as quickly. This is precisely the problem during the crisis, however, because suddenly a whole host of questions and problems needs to be addressed immediately. Various measures are therefore taken to attempt to save employees from plunging into a state of shock. These range from encouraging them to accept risk to explicitly asking them to deviate from the usual routines.

Still a good time for experiments?

Not a good time to set a long-term course for your organization, you might think. Yet it is precisely these times of uncertainty that are providing opportunities to restructure the organization for the post-crisis era. Thus, in crisis mode, experiments become possible which would barely have been tolerated before the crisis. And the new still unfamiliar forms of cooperation with internal and external actors can also prove to be productive—both during the crisis and afterwards. This potential should be leveraged by choosing and asking the right questions now.

Questions about decision-making in the next normal:

- **What routines for coordinating decisions that were newly established during the crisis should be integrated into the standard processes?**
- **What routines could help your organization to quickly correct decisions made under conditions of uncertainty if necessary?**
- **What experiments can now be attempted and what future opportunities might they open up?**
- **How do you ensure the necessary information is available in future?**



Hierarchy is suddenly all the rage—but there is (more) leadership elsewhere.

Hierarchy and Leadership

Hierarchy is experiencing a renaissance in Covid-19 mode. The level of uncertainty resulting from the crisis is high and there is a growing need for direction. The higher the likelihood of doing something wrong—primarily because it is still not clear what's right and what's wrong now—the more useful it seems to use hierarchy to pass problems up the chain of command. In our interviews, we came across two different ways of adjusting the hierarchy to this uncertainty which are diametrically opposed—but both are still effective.

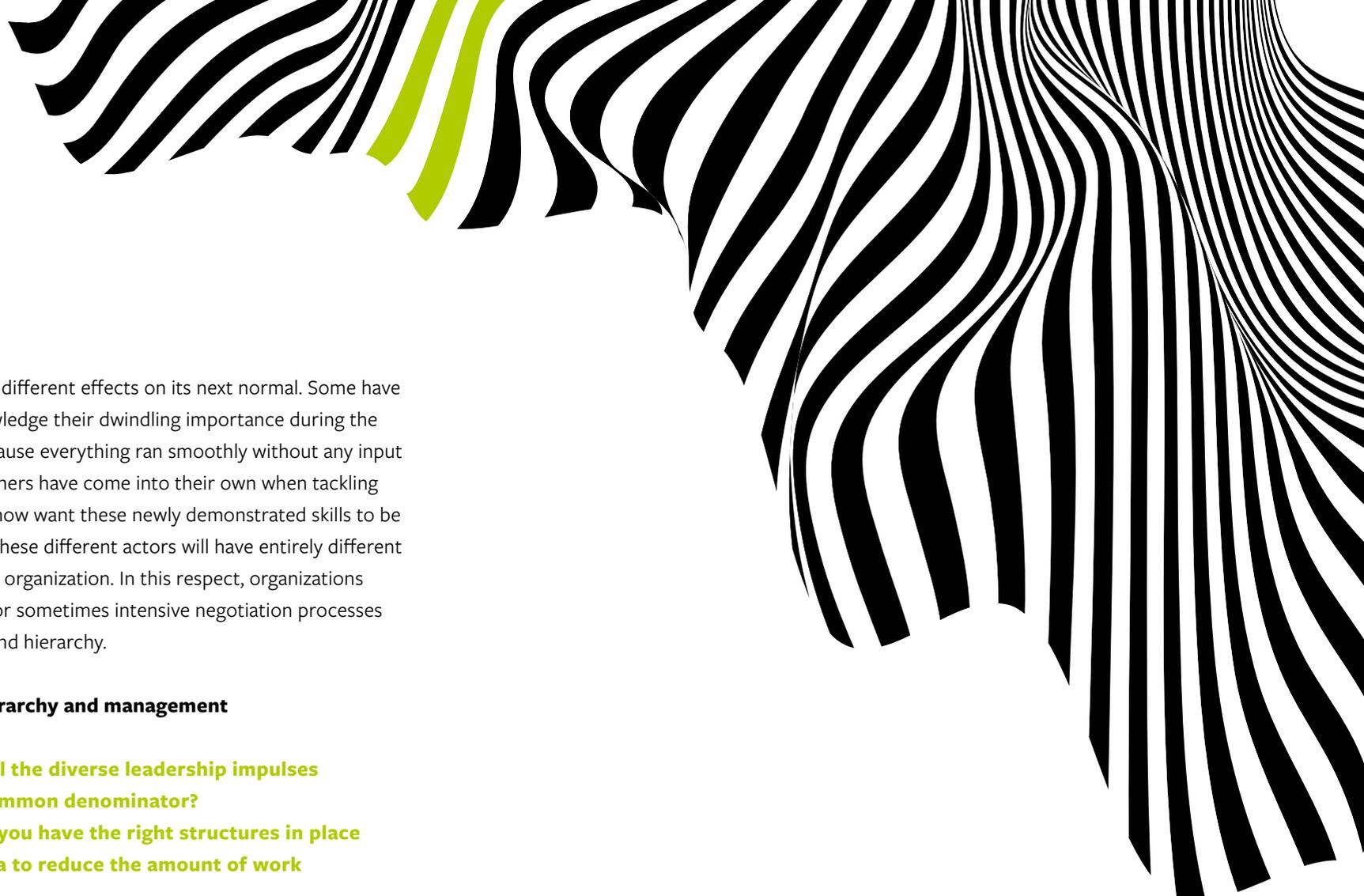
“It is important to provide direction”— the trend towards a strong hierarchy

The advantages of management through hierarchy are well documented: It is fast and clear cut. When it is a matter of overcoming the shock-induced paralysis, being guided by someone who has the authority for this on the basis of their role is invaluable: it becomes clear what can be done and what cannot, and all other possibilities—the “what if?” questions—can be ignored. The uncertainties no longer put a strain on organizational processes, thus buying time for implementing the new measures. This is how, for instance, the crisis mode of Deutsche Bahn works: “One of my first impressions was that it is important to provide guidance at times like this,” says Martin Seiler, explaining why Deutsche Bahn has moved towards a stronger hierarchy.

The circumstances of working from home, introduced practically overnight across the board, also lend a new legitimacy to management through hierarchy. Even in structures where it was usual for leadership direction to come from outside the hierarchy, the combination of staff not being physically present and technical barriers might now become an argument for hierarchical decisions. Depending on their workload and the number of video conferences, there comes a point for managers when it seems more convenient for everyone involved if they do not consult with staff about every little thing but simply determine further steps to be taken.

“I don't need someone who just passes decisions on”— the trend toward flat hierarchy

However, not being physically present can just as well unleash the leadership potential of employees that they were previously unable to show owing to a more strictly regimented hierarchy. Since it is common knowledge that having a higher position in the hierarchy does not mean having more time and attention to give their team, leadership opportunities arise outside the hierarchy: Even if someone might be willing to supervise their whole team, this cannot be achieved under these circumstances. “You have no chance of managing hierarchically,” Norbert Janzen states, summing up the situation of working from home. Therefore, you might as well stop trying and instead give everyone more opportunities for initiative and leadership. Whether an organization has tended towards reinstating or flattening



the hierarchy will have different effects on its next normal. Some have been forced to acknowledge their dwindling importance during the crisis, for instance because everything ran smoothly without any input from the hierarchy. Others have come into their own when tackling the uncertainties and now want these newly demonstrated skills to be recognized in future. These different actors will have entirely different agendas in shaping the organization. In this respect, organizations need to be prepared for sometimes intensive negotiation processes related to leadership and hierarchy.

**Questions about hierarchy and management
in the next normal:**

- **How do you bring all the diverse leadership impulses together under a common denominator?**
- **How do you ensure you have the right structures in place in the post-crisis era to reduce the amount of work involved in leading?**
- **What role is envisaged in the next normal for the new heroes?**
- **How will structures established during the crisis be evaluated?**

2 How Do We Work Together?

Informality is more important than ever—but only few can leverage it.

Informal Channels

It is common knowledge that organizations operate on two levels. On one level, you have the official rules and regulations, the agreed strategies, and the formal communication channels. But hidden behind this formal structure, organizations also have an informal side that interprets, expands, restricts, or even abandons the official framework. Sometimes it is merely a matter of deviating from the protocol; at other times informal channels develop their very own form of quasi law. For instance, you might end up with a culture where rules that should be applied are ignored because no-one insists that people comply with them. Conversely, new rules might become embedded due to the culture: For example, it goes without saying that people should help each other, even though this is not explicitly stipulated in their work contract, or that it is best not to bother the boss with certain matters because their decisions will only make things worse.

Informality emerges from the interactions between employees and their behavior towards the formal structures. It is established, inter alia, through conversations in the tea kitchen, watching how others behave, through more or less diplomatic social sanctions in the form of glances or mumbled cues—and through gossip.

The old informal channels have gone quiet

These channels where informal exchanges and culture used to be cultivated have gone quiet now. There are no more walks to the coffee machine and no more smoking breaks allowing you to have a quick chat with colleagues. Martin Rodeck shares this impression: “Before you might have thought: ‘He must have got that. We talked about it last week in the corridor.’ Now it’s clear that he didn’t get it. Because there aren’t any chance meetings in the corridor.” With the focus on web conferences, there appear to be no more opportunities for having inconspicuous discussions and conducting mini straw polls. “Whereas before you could just pop into the office next door, now you have to go through the official channels for every little thing,” one respondent explained. There are no more chance meetings that made informal exchanges possible. An e-mail, a video conference, or a phone call does not happen by coincidence and the person initiating one has to have a reason. At the same time, the chance to address a situation informally and seek to diffuse it has also been lost.



A second set of dynamics that puts a strain on informal channels is the increased transparency. You can have a short consultation before a meeting without leaving a trace—but anyone who wants to raise a delicate matter nowadays is forced to describe it in a chat or an e-mail where they know there are functions such as forwarding or copy and pasting. Thus, the situation also serves as an interesting testing ground for those who always wanted to watch every little step of their employees more closely. “There is an increase in overreporting,” we were told. “You try to keep an eye on what’s going on so you can make decisions on that basis.”

“Joining an organization as a newcomer now must be a nightmare”

However, not everyone has access to these means of observation. Our interviewees repeatedly described how difficult the situation was for newcomers to an organization. You cannot write a handbook about an organization’s informal channels and structures, at least not one that is of much practical use. Which rules are taken seriously, which are not, which team leader gives valuable support and who is best avoided—none of this can be put in writing because of the obvious tactlessness of such a document. Learning through observation has also become difficult because you can only see the team in conference situations. There are no more shared coffee breaks where, at the end, you can listen to colleagues speaking openly about what they really think about decisions and there is no substitute for

these. “Joining an organization as a newcomer now must be a nightmare,” was a very vivid summary of this development.

New informal channels emerge

At the same time, the crisis has also opened new informal channels: Fast coordination and brief assessment of the situation is easier without going through the official channels or the long e-mail distribution list. Private cell phone numbers are sometimes shared throughout the entire organization for the purpose of quickly coordinating things. This is the digital coffee machine: In organically developing chat groups, which have been set up to fulfil a similar role as the contact between colleagues who used to see each other on a daily basis, the honest exchange about the meeting has started up again. This means staff no longer even need to wait until the end of the meeting but can comment unnoticed while the manager is speaking or coordinate their own behavior within the chat group and respond ad hoc, which was not previously possible. When there are more opportunities to observe formal work steps, it also becomes easier to come to agreements unobserved and informally. Thanks to the widespread use of digital communication technology, speaking to people you should not be speaking to becomes more discreet. If you have to walk to the office to have a sensitive talk, your exchange will most likely be noticed—if you make a private cell phone call, the interaction becomes much harder for others to observe.



Some insights into informal channels seem almost paradoxical: While digital exchanges are easier to observe, which might make informal channels visible, at the same time, the broad establishment of communication media has paved the way for putting informal exchanges completely out of the organization's reach. The winners include everyone who had already established a functioning network and has managed to maintain it in the digital mode of working. However, new arrivals to organizations do not have this network and depend on someone introducing them to the unwritten rules of the company in other ways. Furthermore, during the crisis many formal channels have been abandoned in favor of speed and ease of coordination. Moving towards the next normal, organizations will need to assess which of the formal processes that were discarded should be reinstated and which can be permanently abandoned.

Questions about informality in the next normal:

- **How do you tap into the informal channels of the digital space?**
 - **How do you create useful forums for informal exchanges within systems of digital cooperation?**
 - **How do you make the informality of the digital space compatible with the organization's official discourse?**
 - **How do you ensure the reintegration of employees who are not part of the informal networks so they can participate in the organization's informal channels?**
- 



Let the
games begin:
The battle over
the future balance
of power is being
waged now

Power Structures

Whenever we talk about organizations, power is always part of the discussion, too. And anyone involved with organizations or wanting to make changes within them soon comes to the realization that the notion of organizations as rational, goal-oriented structures, with cogs neatly locking into one another like a well-oiled machine, simply does not correspond to reality. It is much more complicated than that, even in calmer times. And all the more so now we are in the midst of a crisis. Opinions about what the right thing is for an organization and what the best means are to achieve these goals tend to be divided. And, in this complex situation, the opinion that ultimately wins is not necessarily the one underpinned by the best argument. A better network or a slight information advantage are at least as important here. Who has which form of power at their disposal also always depends on the organizational environment because power is not confined to the position in the hierarchy. In fact, relations of power develop through exchanges—and the main commodity in exchange are opportunities for action. The balance of power is therefore both relational and situational. Budgetary authority is only a power resource if the actor's counterpart is likely to require a budget in the foreseeable future—and if the question of who

the budget should be allocated to remains open. Only then do actors control what have been dubbed “zones of uncertainty” and can assert their power.

The crisis has given rise to a new balance of power

The crisis is shaking up the organizational status quo. Not only is this challenging established power structures but the crisis mode also results in power shifts. In many companies, task forces are being convened centrally and granted decision-making authority. On these new committees, experts are being given more say—irrespective of the organization's actual hierarchy. In the crisis, personal skills and interests, such as an affinity for digital media, can become power resources. “If someone struggles with digital media, this is a zone of uncertainty that will be dominated by others,” one of our respondents explains. Anyone who has ever called the IT department in blind panic, prepared to give anything to recover their hard drive can probably imagine this all too well.

Accordingly, we are seeing new players enter the field who were previously only on the sidelines, or even completely unknown. Departments that, prior to the crisis, were seen as playing a purely supportive role dramatically increase in importance during times of great uncertainty. We need only to think, for example, of the IT department, which provides the solutions and digital tools for remote collaboration, or the management control and resource planning department, which keeps a



close eye on all the figures and possible scenarios. “All eyes are on our finance guys now,” another of our respondents told us. In contrast, there are other actors whose power base is reduced in times of crisis. When information has to be disseminated more quickly, gatekeepers tend to be circumvented. When sales activities are only being conducted to a limited extent, access to the customer—under normal circumstances a clincher in internal negotiations—carries much less weight. And when management, particularly middle management, are unable to impress, whether with their detailed knowledge or by being part of central control, they lose their relevance as a point of reference.

It remains to be seen who will end up holding on to power

Precisely what the new balance of power will look like in the next normal is not yet clear. But one thing is certain: If power is only on loan for the duration of the crisis or the importance of issues, departments, and actors fails to endure that crisis, this new balance of power is on shaky ground. When the crisis mode comes to an end, old claims to power will re-emerge—to precisely the extent that the new structures resemble the old. Those who were unable to gain from digital business models, will do their utmost to reinstate the modus operandi that prevailed prior to the crisis, while those who promoted the new business models during the crisis are unlikely to relinquish these without a fight. All of this will inevitably lead to tensions. This is especially relevant at the level of the individual

actors. It is imperative to find a new balance between the old and new holders of power, and at the same time to find a way of interacting with those who acquired power during uncertain times, a power that they will struggle to hang onto in calmer waters. And thus, in the transition to the next normal, a new balance will have to be struck in this intricate relationship between relevant actors. Particularly in large organizations with their complex webs of interests and zones of uncertainty, a long-term change in relationships as a result of short-term upheaval is not a foregone conclusion; the persistent tendencies rooted in the old relationships must be taken into account. Whether and how the balance of power can be successfully redefined as we move toward the next normal, depends, to a large extent, on how organizations structure this balance of power and whether they at least tend toward putting it on a permanent footing.

Questions about the power structures in the next normal:

- **How can constructive power shifts be secured for the post-crisis period?**
- **How can we ensure that power struggles remain productive for the organization by keeping the right things at the center of those struggles?**
- **Where should unproductive tensions be eliminated and where should new productive tension be fostered?**
- **Who will be the winners and losers in these post-crisis power struggles—and how should we handle them?**



Of friends and foes:
The crisis reshuffles
relationships.

Relationships

“One for all and all for one”—who could fail to find this an attractive idea? An organization where everyone sticks together, colleagues get along like the best of friends, and departments support each other during times of crisis. These are values that can be found in almost every job description and company advertising brochure. However, reality is usually quite different. Organizational life is shaped by competition, internal politics, and a silo mentality. But the current situation shows that even these constellations are not set in stone.

Local rationalities: The silo mentality serves a purpose

In sociology, a silo mentality is usually attributed to what is referred to as ‘local rationalities’. Through the division of labor, individuals in each position and each department are assigned a different task and set specific objectives. On the basis of these objectives, the relevant actors each have their own ideas about which course of action would be seen as “the right thing to do” in the given circumstances. The sales and marketing department, for instance, would be keen to make sure that products are, as far as possible, tailored to meet their customers’ needs, while the production department, on the other hand, is more interested in standardization. As a result of these partly contradictory objectives, conflicts of interests arise. These conflicts

of interest are highly functional for the organization: If departments act on their own local rationalities they ensure that their perspective does not go unheard and thus prevent one-sided decisions. However, the conflicting positions that result from these local rationalities can lead to turf wars, which come at the expense of efficiency—simply because it is sometimes productive for sales and production to be embroiled in debate does not mean that this should happen all the time. Even though it is sometimes painful, the following generally holds true: Since conflicts between departments are rooted in the division of labor, they are a necessary part of day-to-day organizational life, and as such are a more or less constant feature.

On the one hand, a crisis settles turf wars

In the midst of the crisis, previously established constellations are being called into question. Many organizations are seeing a wave of solidarity that transcends country borders and departmental divisions. One of our respondents described it as follows: “So far, we’ve had a very pronounced silo mentality—all 56 establishments worked quite separately. Now establishments are lending their staff out to the others.” Similarly, it is evident how, in many organizations, negotiations between management and employee representatives are nowhere near as tough nowadays. There are several reasons for this. The achievements of departments previously perceived as not being very valuable are now visible. One respondent told us: “The IT department is now feeling highly valued internally. Because of costs



and constraints, we always used to be the target of a lot of criticism.” Finally, organizations find themselves confronted with problems for which there is no delegated responsibility. According to one respondent, “This means that agreements have to be reached involving many different departments.” Although new ways of working are being tried out, there are still “a large number of unresolved issues, which can only be resolved in cooperation with staff in other positions,” was how another respondent put it. By collaborating with departments they previously had no touch points with, people look beyond the boundaries of their own silo and gain a better understanding of what the others are doing and why.

On the other hand, latent conflicts are now erupting

While in some parts of the organization an unprecedented harmony has been established, in others, the knives are out. Many teams and departments are expecting to face rationalization measures. In conflicts, therefore, individuals now defend their own positions more fiercely than ever. A theater manager we interviewed noticed that he is increasingly seeing a return of the “old negotiating reflexes” between the arts and marketing. The artists are now more anxious than ever to insist on the theatrical quality of their performances, which is causing friction with the pursuit of marketability. For the most part, these are latent conflicts that are now emerging. As a result of the stress and pressure the organization is under, it becomes clear where the conflicts between the different local rationalities of the actors lie.

Camps will remain clearly identifiable in the next normal

The crisis is changing relationship dynamics in organizations. In some instances, turf wars have been resolved. People are putting their own interests to the side and focusing on the well-being of the whole organization. In other instances, however, latent conflicts are now really flaring up. Both phenomena provide managers with opportunities in the next normal. First, the new constellations of relationships allow the trust destroyed by turf wars to be restored and new—productive—forms of cooperation to be established. Second, the tensions that erupt reveal underlying conflicts of interest that people may not even have been aware of before.

Questions about relationships in the next normal:

- **What conflicts are productive tensions and should thus be left untouched?**
- **Which of the emerging conflicts should be defused as quickly as possible or decisions made that allow them to be resolved?**
- **How can the permeability of silo boundaries be ensured without having to sacrifice the advantages of a division of labor?**
- **What new forms of cooperation should be put on a more permanent footing so that they can continue to be used in the future?**



From 'Aha' to 'Oh no': The perks of digital collaboration are finally clear—but so are the drawbacks.

Digital Collaboration

As early as late March, a corny joke was doing the rounds on social media: “Who led the digital transformation of your company? Your CDO? Your CEO? No, Corona!” Working digitally in Covid-19 mode was a recurrent theme in all the interviews we conducted. During the crisis, almost all companies have established new forms of cooperation virtually overnight: Remote work, something which has long been a bugbear for many managers must now at least be tolerated. All of a sudden, we no longer have to be physically present to participate in decision-making—because no-one is in the office anyway. Even job interviews, onboarding, business negotiations, and strategy development are now all being conducted via Zoom, Teams, Jitsi, and co.

Digital cooperation is going better than expected

Although these developments themselves are no great surprise, the speed at which organizations have achieved this adjustment is astonishing. Staff report that they are accomplishing so much more at home and meetings have become more efficient because they are being conducted in a more disciplined manner. Working digitally has proven to be an “efficiency machine” free of the frictions of everyday office life, in the words of one respondent. The barriers that were always attributed to digital cooperation turned out to be more

surmountable than imagined when it came down to implementation. Some companies are already developing plans to reduce office space and instead have a larger share of employees work from home.

But the old tools are of limited use in this new situation

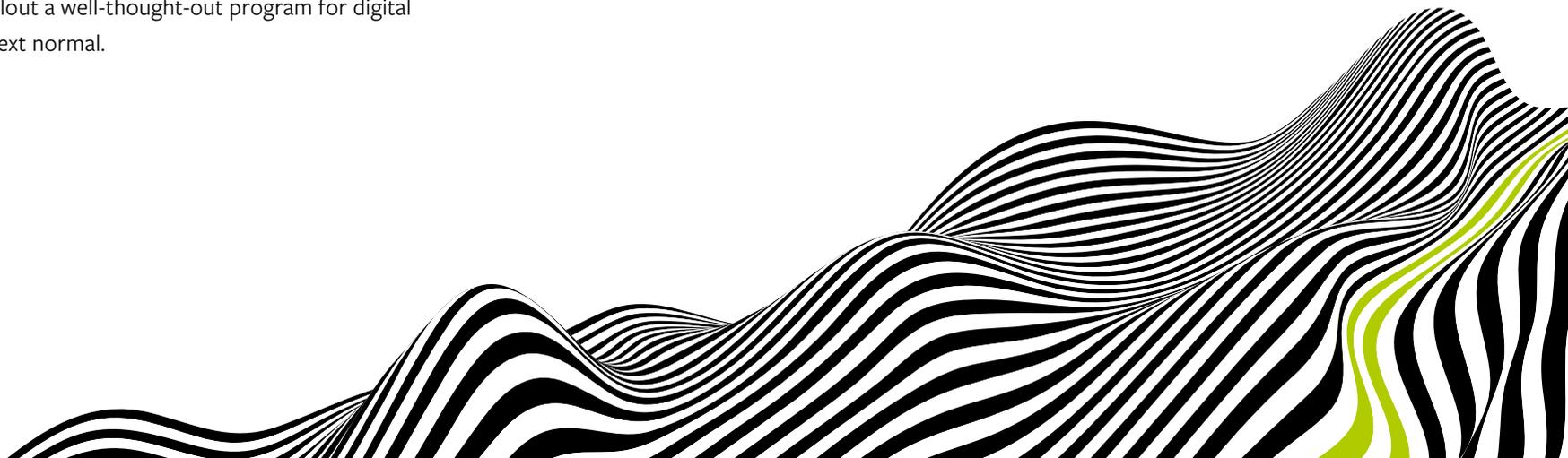
That said, there are also major problems: “Now I’m getting phone calls about every little thing,” is one of the complaints we frequently heard in one form or another. And the above-mentioned efficiency machine is proving insatiable: Now that it is possible to have back-to-back meetings, this is precisely what is happening. Then there are e-mails and telephone calls in between all those meetings until the working day is so full that people find it “ridiculously strenuous”. It has become clear that digital collaboration requires the formalization of an object that cannot be formalized: The work break. Some companies are attempting to replace this with short video chats without an agenda, providing a space for small talk and expressing feelings. In other organizations, digital forums are being set up with the intention of providing employees with an opportunity for exchanges similar to those at the coffee machine. According to our respondents, the success of these ideas depends on the employee’s digital skills and how open he or she is to participate in voluntary digital initiatives.



The challenge is to address the problems resulting from digitalization

During the Covid-19 crisis, organizations have been force-fed digital cooperation. As a result of this intensive experience, it is now clear to everyone that working digitally is not some kind of nightmare scenario but certainly has its advantages. Virtually all of our respondents agreed that in the future, too, there should be fewer meetings where employees have to be physically in attendance. It is accepted that the effort does not justify the benefits and the savings on travel costs are a welcome bonus. At the same time, even the most ardent advocates acknowledge that the costs associated with this new method of working are not negligible: As informality withdraws, it is unable to fulfil its function of the social "cement" within the organization; formality increases and, in the form of e-mails, telephone calls, and video meetings, is perceived as a burden. The crisis provides the testing ground to rollout a well-thought-out program for digital cooperation in the next normal.

Questions about digital cooperation in the next normal:

- **In which areas can working digitally fully replace analog processes—and which will continue to require face-to-face contact?**
 - **How can genuine digital collaboration be created so as to gain the maximum benefit from new opportunities?**
 - **What new regulations are required for digital collaboration—and what would best be left unregulated?**
 - **How can the risk of remote work burnout be prevented?**
- 

3 How Do We Create Value?



Moving targets:
Ecosystems
are rearranging
themselves

Ecosystems

Not only has this crisis served as a catalyst for change in individual organizations but in fact whole organizational ecosystems are shifting, too. Customers are disappearing or setting new priorities; suppliers are experiencing bottlenecks; cooperating partners are dropping off the radar. During the crisis, organizations depend on stable relationships with their ecosystem—and also have to create new ones.

Stabilizing the familiar

Evidently, the first priority is to maintain the ability to act. In the first instance, this means securing existing customer relationships. Orders that have already been placed must be retained and fulfilled wherever possible. However, respondents also frequently told us that customer acquisition was put on the back burner, while the focus on existing customers became a priority. Organizations are driving by sight and concentrating on the low-hanging fruit. The situation is similar when it comes to cooperation partners or suppliers. People rely on what they have always been able to rely on. But, as one of our interviewees put it: “the circle of trust is getting smaller”. There is also the strain put on the relationships within the organizational environment, particularly with those partners whose support is no longer required, often for an indefinite period, or where it is not even clear when that support will be needed again.

The search for something new

Our interviews also revealed that there is another side to the coin: Right now, anyone who looks outside the box can develop new business models. Organizations that were already set up for digital communication and business models certainly have a head start. Virtually everyone we interviewed agreed that this new surge of digitalization will be maintained, across all industries and markets. The uncertainty of other players within the ecosystem allows for experimentation. On the surface, this might sound like a paradox, but in fact it is quite logical: Given that the unusual situation eliminates any form of routine or “this is how we have always done it”-type counterarguments, there is now an opportunity to launch bolder projects. Sometimes this also facilitates new partnerships. Those who, through shrewd partnering and networking, already have established contacts that they can tap into have a good starting point. Short-term help and mutual support which, since everyone is going through the same crisis, is given and asked for more readily, can thus develop into co-creation projects and long-term partnerships. Here, too, organizations must act under conditions of uncertainty, as it is difficult, if not completely impossible, to make any long-term plans at the moment. This applies to changes in the interests of target groups, as well as to project implementation, and even to entire fields of activity that used to be important before the crisis but have now been sidelined. It is often impossible to predict whether and how these areas will recover their former significance. Anticipating the shifts within an



ecosystem is difficult enough in calmer times; when the shifting elements do not even know where they are going themselves, certainty is simply impossible. Organizations are left with no other option than to continue patiently observing their environment and to run the risk of making decisions based on informed assumptions. Organizations that take this approach can get it wrong. Those that do nothing will most certainly get it wrong.

Questions about ecosystems in the next normal:

- **Which of the changes in the customer and supplier structure also offer advantages for the future?**
- **What opportunities does the market shakeout provide for the organization itself?**
- **How can the organization already begin to identify the customer needs in the next normal right now?**
- **What discourses within the organization and beyond can help it make constructive adjustments to basic assumptions held in the past?**

Innovation

Innovate or die. This motto has defined the management discourse in recent years. But innovation holds risks: Experiments are expensive, and someone who constantly reinvents themselves can never reap the rewards of their creativity. Companies thus find themselves in a perpetual balancing act between innovation and the familiar. In the next normal, this relationship will be redefined—on the one hand, many innovation projects have been put on the back burner or abandoned outright; on the other hand, innovations are enjoying a covert boom.

Innovation as social evolution

The term ‘innovation’ is used to refer to many things. From a sociological perspective, innovation is a process of social evolution, in other words, a gradual development, the course of which is heavily influenced by the inherent logic of the organization. For an innovation to be successful, it needs to be more than just a good idea, it also has to catch on to the organization. This is a three-step process: variation, selection, and restabilization. Anyone deviating from the established practices, for example by creating a new project or trying out a new way of working, is engaging in **variation**. However, the deviation on its own does not yet count as a successful innovation because ideas also have to be **selected** by others who deem them good or bad and consequently decide whether or not an idea should



**Innovation
is booming—but only
if we refrain from
calling it by its name**

be pursued. That said, the positive assessment of an innovation and the will to implement it are still not enough. Innovations then must become embedded in the organizational routine to make sure no-one forgets about them. The new method of working has to be used and the product has to be purchased. Only then can we say that the idea has **restabilized**.

In the crisis, innovation departments are perishing

Before the crisis, many companies focused on promoting variation. Innovation hubs were created, CDOs hired, or design thinking coaches brought in to develop radical, disruptive ideas. In light of the economic consequences of the crisis, these kinds of projects are now all on the hit list. When facing financial constraints, a multimillion innovation program is simply too expensive. Instead, organizations prefer to concentrate on their core business. Moreover, the legitimacy of innovation is now also suffering: Framing a project as uncharted territory, adventure, or experimentation, which under normal circumstances offers an escape from routines, now arouses suspicion. It is difficult to justify continuing projects, when the outcome is uncertain, now that certainty has become a basic need and around 90 percent of the workforce is on short-time work. Consequently, these projects are frozen, wound down, or at least no longer the subject of discussion, our respondents said. Experiments are now the hot potato that should not be discussed too loudly, and micro-politically, should be avoided like the plague. Things that used to

benefit from being called “innovation” in the past are now being rejected for that very same reason.

But innovations are winners as long as we avoid calling them by their name

The big surprise, however, is that, at the same time, innovations are in fact enjoying a golden age. Because so many conventional structures are being dismantled, organizations are seeing changes left, right, and center. The introduction of a comprehensive system of remote work, new meeting structures, and the slack period of some teams and departments have triggered a flood of new ideas and processes. According to our respondents, virtually all organizations are experimenting with new methods of working, organizational models, and product ideas in their search for some kind of solution to the new situation. Thus, a whole host of variations has appeared unnoticed. Since every idea could help an organization get out of this tight spot and cope better with the crisis, these days selection is also less stringent. It is possible to try anything out. And anything that helps can stay. The only condition: “whatever you do, don’t call it innovation!”

Restabilization in the next normal?

So, innovations that come from the digital office corridors and are labeled creative remedies instead of exciting discoveries are at an advantage when it comes to legitimacy. Under the current circum-



stances, they are seen in a favorable light, or at least not rejected, in other words: they are selected. However, this does not yet mean they are stable. For example, a good experience with new meeting structures is not in itself enough of a reason not to abandon this new approach and go back to the kind of meetings that put the whole team to sleep. Nothing is better at getting us to forget about an exciting new alternative than a long-established routine. An organization therefore needs to be committed to replace an old routine with a new one. That said, not every new innovation has earned this honor. Some changes are perhaps expedient when everyone is in crisis mode, but calmer times expose significant weaknesses. One of the most exciting challenges for organizations now is to explore possible innovations and decide which will survive in the next normal, and which will not. “We only have a small window of opportunity in which structures are malleable. Then the concrete will set again,” was an apt description provided by one of our interviews.

Questions about innovation in the next normal:

- **What new mechanisms and arenas have produced innovations during the crisis—and how can these be secured moving into the future?**
 - **How can the (still) covert innovations of an organization be revealed?**
 - **How can innovative ideas be prioritized and how can decisions be made about what should be made permanent and what should be put to rest?**
 - **How can the initiatives that are needed for the future but have faltered during the crisis be given new momentum?**
- 

4

How Do We Present Ourselves?

Purpose

Before the crisis, the search for a purpose was all the rage. It was a mandatory part of an organization's toolkit to have an overarching "Why?" regarding its actions and to articulate a concise mission statement. The common cause was seen as a motivating force to get people to "go the extra mile" or to serve as means of mediating disputes by encouraging all those involved to refocus on the common goal.

Purpose narratives like this were unable to withstand the crisis. It is evident that if an organization had to work to identify an "artificial" purpose, which first had to be found and established, this will not survive now. What remains is what drives every commercial enterprise—the maintenance of value creation. For the members of the organization, too, one particular purpose of their work has come the forefront, an objective which in purpose-driven organizations was previously only treated as a side issue. Namely, securing the survival of the organization.

From poetry
to a new sobriety:
When "survival"
becomes
the purpose

Against the backdrop of this disillusionment and a focus on "the bare survival of the organization" or with members concentrating on securing their own jobs, the floweriness of purpose narratives in the form of creative workshops, motivating shout-outs at the start of the week, and discussion rounds to encourage staff to internalize the organization's common goal come across as total anachronisms. Securing the survival of the organization is now purpose enough. Anything that does not contribute to this goal is swept aside.

In the midst of the crisis, the purpose is clear

To postulate an organization's survival as its purpose also carries risks, however. The aim of securing your own livelihood can only spur people on if they see this very existence as jeopardized. Acting under the shadow of a perceived threat can only drive people for a limited period and in certain circumstances may even have the opposite effect; it can create a fear of making the wrong decisions, ones that just make everything worse. What is more, attentive managers also notice that this type of clear-cut purpose makes it difficult for them and their staff to withdraw from it, to distance themselves as individuals and to operate on the strength of their own resources. This results in processes of normalization and fatigue that desensitize members of an organization to the survival rhetoric as an end in itself.



Although the organization still continues to function, the impression of everyone pulling in the same direction fades.

Even before the crisis has come to an end, it is apparent that organizations need a new narrative and a new direction. A return to the old poetry of purpose seems unlikely as its decay has exposed it as superfluous. Languishing in a state of high alert, on the other hand, will either make us all ill or it will wear off.

The post-crisis era needs new narratives

Various members of organizations we interviewed described how the “making a virtue out of necessity” mode generated creativity. Particularly when the roles that had been part of the old routine no longer seemed useful, this generated the motivation to create new areas of responsibility. At the start of the crisis, when the old business areas ground to a halt, this motivation stemmed from a search for new ways of creating value. The translation of this creativity into a new narrative and a new direction holds potential for organizations— if they can go on to develop the experiments they conducted during the crisis into stable programs.

This could also present an opportunity to merge commercial value creation with the creation of individual and social values, instead of corporate activity hiding behind invented objectives that deviate from these. And, out of this, a new direction can emerge. But this should not be the only source of new direction. One final point to bear in mind is that the newly adjusted strategy formulated in the heads of

the key players can protect the purpose from being overloaded. Depending on what path the organization chose to get through the crisis, and depending on what their stated purpose was before the crisis, a different, even more refined narrative will develop to provide the organization with new direction.

More questions about purpose in the next normal:

- **How do we get out of the state of high alert?**
 - **How can we use purpose to create cohesion—and when can strategic decisions provide direction?**
 - **Which subsequent narrative can be conducted already—and where can the purpose be broadened again now?**
 - **Which of the new directions that have emerged will retain their validity after the crisis—and how can we maintain the focus on value creation?**
- 



Dead or alive?
New Work
is under scrutiny

New Work

2020 started with high hopes for the New Work movement; it almost seemed as though the discourse was finally established. For anyone who wanted to trial new forms of collaboration in their company or to understand the extent to which they could benefit from agile processes, there was no getting around New Work. Our interlocutors vividly described how getting to grips with New Work seemed almost imperative for anyone who wanted to continue being taken seriously on the labor market, for instance.

On the one hand, New Work is ubiquitous these days ...

One might think this development would have been accelerated by the measures taken against the pandemic. If we place the questions from the previous chapter alongside a collection of popular New Work topics, the similarities are striking: Working from home is standard, decentralized cooperation models are being taken more seriously than ever, ideas and initiatives from the middle of the organization are given space to thrive, and silo mentalities are making way for cross-functional working. Even the core elements of agility, such as iterations or driving by sight, have become useful means for continually readjusting objectives during the crisis.

On the other hand, it is seen as an unnecessary façade

It is easy to overlook a crucial difference, however: While the New Work movement saw itself as an interconnected system with the goal of revolutionizing the world of work, it is now being dismantled into individual tools, the application of which is aimed quite pragmatically at securing the survival of the company. What was once innovative and bold has quickly become normality during the crisis. That said, key elements of New Work have fallen by the wayside. The notion that work should be a positive and fulfilling experience is seen as a first world problem: “All this talk about New Work is just a waste of time. What really matters is whether or not we have a job.”

In our interviews, various narratives were described that push New Work out of the spotlight. Job security is undoubtedly the most prominent; the desire for efficiency not far behind. Even before the crisis, New Work was accused of producing too many buzzwords yet few tangible actions. As a result, ideas and proposals that march under the New Work banner tend to be rejected these days—irrespective of how useful the proposal really is.

In the next normal, we will have to ask ourselves to what extent the New Work discourse can— or indeed must—be revived or what new forms of discourse are needed instead.



Questions about New Work in the next normal:

- **What exactly did we want to achieve with New Work initiatives?**
- **Which of these objectives are still relevant today?**
- **What topics are being promoted today and under which banner?**
- **Where can we identify opportunities to use New Work objectives to connect with new discourses and initiatives?**

What Happens Now?

*What tensions is your organization dealing with?
What are the unresolved issues that concern you in
this process? What (digital) tools do you use to
tackle this? What perspectives from this study might
help you to find solutions to your specific challenges?
We are excited to receive your feedback and would
be happy to develop the topics with you in more detail.
Please get in touch. We would love to hear from you.*

NextNormal@metaplan.com **NextNormal@haufe.com**

The authors of this study are:

Sebastian Barnutz, Lene Baumgart, Zeljko Branovic,
Finn-Rasmus Bull, Lars Gaede, Wiebke Gronemeyer,
Isabell Hager, Frank Ibold, Jens Kapitzky, Claudia Langen,
Carmen Lopera, Kai Matthiesen, Johanna Meschede,
Marcus Meyer, Judith Muster, Christoph Nahrholdt,
Thorsten Schaar, Thomas Schnelle, Jonas Spengler,
Helen Taylor, Bennet van Well, Ines Vogel, and
Anna von Bismarck.

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