McKinsey
& Company

This time it's personal: Shaping the 'new possible' through employee experience

In an era of workplace upheaval, companies that create tailored, authentic experiences strengthen employee purpose, ignite energy, and elevate organization-wide performance.

by Jonathan Emmett, Asmus Komm, Stefan Moritz, and Friederike Schultz

As anyone who has led an organization since 2020 knows, assumptions about the nature of work and how it is organized have gone out the window. Employees have shared this sense of disruption: McKinsey research shows that while most people have felt supported by their organizations throughout the COVID-19 pandemic, many have struggled. And while some companies are exploring hybrid working models, many are expecting a full return to the office, setting employee concerns and employer expectations further apart.

How do leaders satisfy all parties in trying to remake the mission? In our view, they have a unique opportunity to listen to their employees and engage them on what matters—now and into the future. Since the pandemic began, McKinsey has surveyed almost 1,000 individuals to assess their views on work and how it has changed. While each respondent's experience is personal and specific to them, common threads have emerged about their career paths.

Workers are hungry for trust, social cohesion, and purpose. They want to feel that their contributions are recognized and that their team is truly collaborative. They desire clear responsibilities and opportunities to learn and grow. They expect their personal sense of purpose to align with that of their organization. And they want an appropriate physical and digital environment that gives them the flexibility to achieve that elusive work–life balance.

Companies are facing an exodus of employees who are exhausted and overwhelmed, questioning what work means, and thinking through their options. Organizations can offer an excellent employee experience (EX) by taking these needs and feelings seriously at such a crucial time.

Providing top-notch EX is not just lip service; it requires a profound reorientation away from a traditional top-down model to one based on the fundamentals of design thinking. This shift allows a company to put its workers first by exploring and responding to how they view their employee journeys, then delivering tailored interventions that focus on critical moments that matter to maximize satisfaction, performance, and productivity. In doing so, companies can become more inspiring, collaborative, and centered on creating an experience that is meaningful and *enjoyable*.

Research shows that people who report having a positive employee experience have 16 times the engagement level of employees with a negative experience, and that they are eight times more likely to want to stay at a company.[1] In this article, we look at how companies can focus on employee experience to help retain and excite the best people, creating value and maintaining a competitive edge as they do so.

How employee experience can shape the 'new possible'

A recent McKinsey Global Institute report notes that the future of work will bring more remote work, an acceleration of e-commerce and digital payments, and the continuing rollout of automation and artificial intelligence (AI).[2] There will be major workforce transitions for millions across the globe, many of whom face a widening skills gap and other challenges. And because more and more roles are becoming disaggregated and fluid, work will increasingly be defined in terms of skills.

At the same time, the pandemic has opened the door wider to a range of workplace changes we call the "new possible."[3] Taking the place of a traditional workplace hierarchy is a model that is more flexible and responsive, built on higher levels of connection. In this approach, organizations work together with their people to create personalized, authentic, and motivating experiences that strengthen individual, team, and company performance.

---

[1] McKinsey Employee Experience survey, 2020.
[2] "The future of work after COVID-19," McKinsey Global Institute, February 18, 2021, McKinsey.com.
[3] We spoke with 350 human-resources leaders about the role of uncertainty in their function. They told us that over the next two years they want to prioritize initiatives that strengthen their organizations' ability to drive change in leadership, culture, and employee experience.

Employee experience takes into account what people value in the broadest sense, acknowledging how life stage, personal circumstances, and even personality type make different propositions attractive for different people (Exhibit 1). Contrary to conventional wisdom, the most motivating answer is rarely just to be paid more. Rather, employees want to feel a powerful sense of agency—being able to influence outcomes that matter to them—allied with a strong sense of identity and belonging. That means agency *in* work and agency *about* work.

Our research shows that different experiences in the three core areas of EX—social, work, and organization—explain most of the variation in how positively or negatively employees view their journey

with their company.[4] Before the pandemic began, a majority of employees—particularly Gen Z workers, surveys indicate—already felt disengaged from their jobs and were placing more emphasis on workplace well-being.[5]

Organizations that design an EX model that is both personalized and supported by digital experiences that augment flexibility create an enduring opportunity to attract, inspire, and keep the best talent. In a world in which so many people are reassessing why and where they work, EX is at the heart of how organizations set themselves apart. Indeed, McKinsey research shows that employees at leading EX companies are more inclined to surpass work expectations, having a 40 percent higher level of discretionary effort.

Exhibit 1

The EX factor: Companies can create a positive or a negative employee experience, which in turn affects business performance.

Nine elements to get right

Social experience	Work experience	Organization experience
1 People and relationships	**4** Work organization	**7** Purpose
Am I seen and treated by my leaders as a significant contributor to the organization?	Do I have clear responsibilities, interesting work, and the resources I need to be successful in my role?	Does my company have a purpose that aligns with mine, as well as processes to which I can contribute?
2 Teamwork	**5** Work control and flexibility	**8** Technology
Do the people I work with every day trust and care for one another to create a collaborative and innovative environment?	Do I complete my work efficiently, with flexibility and positive integration in my life?	Does my company's technology enable me to work efficiently and without friction?
3 Social climate	**6** Growth and rewards	**9** Physical environment
Am I welcome in this community and do I feel like I belong?	Am I given incentives and opportunities that help me learn, grow, and provide for my family?	Are my surroundings safe, comfortable, and human centered?

[4] McKinsey Employee Experience survey, 2020; WorkTrends 2016, IBM/Globoforce Employee Experience Index Study (n = 23,070).
[5] *The employee expectations report 2020*, Peakon, 2020, peakon.com.

Taking a systematic approach to EX

Design thinking, which uses both data and empathy to put employees at the center of the problem-solving equation, is a useful model for leaders to use to help them understand what matters most to their employees. It's the same thinking that has transformed customer experience over the past decade, turning the lens internally to ask the same questions about employees.

There are several factors for success in an EX intervention or transformation, starting with a clear North Star, or measure for success. Also crucial is a commitment to understanding current employee pain points and talent needs, as well as the emotional context of life and work journeys. Finally, these journeys should be enabled by digital tools that free people up to focus on the more creative and engaging aspects of their work.

Three steps can help leaders—and their organization—develop new ways of working, including establishing a cross-functional capability to implement successful EX (Exhibit 2).
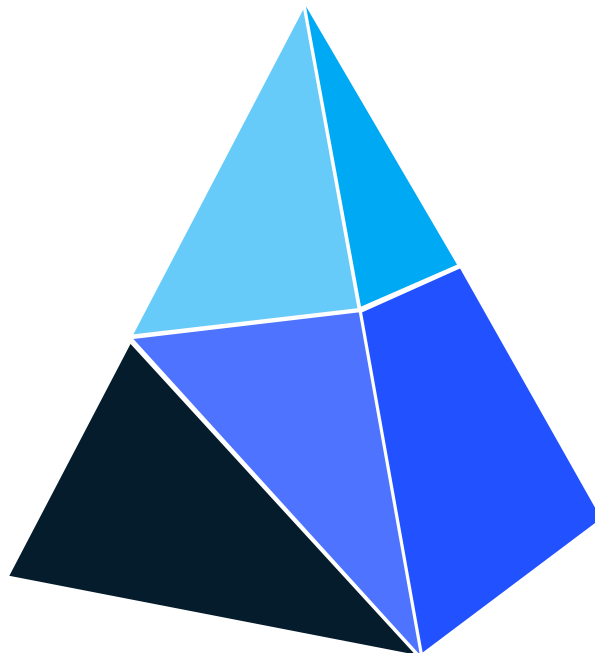
Step 1: Establish a baseline and build on it

This first step is a collective exercise that requires the alignment of senior leaders of all functions, as well as the engagement of the wider organization. It starts with a clear, honest appraisal

Exhibit 2

A systematic approach to employee experience is based on the fundamentals of design thinking.

A three-step holistic plan

A

Build EX aspiration and baseline
Establish a current-state baseline and build aspirations, a shared vision, and a clear direction, including a definition of the value at stake

B

Transform core EX journeys
Use a "discover, design, deliver" approach to structure employee journeys, including in how to redesign, innovate, and implement employee experiences

C

Enable EX transformation
Implement a system for measuring employee experience (EX) metrics to drive transformational change through analytically rigorous performance management; changing mindsets, behaviors, and capabilities; and tech enablement

An honest appraisal of employee needs, supported by data, helps to ensure that a company has a clear-eyed view of the core theme it is driving.

of current employee needs, supported by data as well as by tools and assessments grounded in organizational science.

More broadly, it requires leaders to articulate the direction and scale of ambition for EX and define the value at stake. This helps ensure that a company has a clear-eyed view of the core theme it is driving, rather than just a vague idea of how to improve performance with a one-and-done response.

For example, one company wanted to focus on financial performance and customer impact. Looking across all levels of the organization, the company identified leaders in both functions and developed an EX plan to transform how these individuals experienced key moments in their journeys, such as onboarding and their first few months as leaders. This exercise helped the company attract and keep more people who thrived in these roles.

Another organization's North Star was to become the best place to work in a digital age, so it developed a tailored EX with a focus on digital and AI talent.

Step 2: Identify and transform employee journeys

Design thinking involves a "discover, design, deliver" cycle that involves a deep understanding of a particular employee journey over a relevant stretch of time. For most product- and customer-service journeys, that cycle is shorter than those of employee journeys—and often only applicable to their main components. For instance, the onboarding journey in a role may take as long as a year to play out completely, longer than a typical product journey. But the process is otherwise remarkably similar.

To implement a successful EX model, companies need to get the following two design elements right:

Personas
EX designers, like their product and service equivalents, analyze employee journeys by building clearly defined archetypes—what we call personas—to plot out important moments.

Based on data- and empathy-driven descriptions of hypothetical people, personas can be used as tools to redesign the experience in areas that employees find lacking. They reflect who employees are—background, age, level, and tenure—and where they sit in the organization, as well as what their particular needs, behaviors, and attitudes are.

For example, a persona could be based on a role such as a nurse practitioner in a healthcare system. This person exhibits a strong work ethic but has been working nonstop since the pandemic began

and is burned out. Despite trying her best, she can't support her team the way she would like to and needs time to reenergize so she can coach and support the people she works with, who are similarly exhausted.

EX designers, working hand in hand with employees, can build these insights into a persona and, in turn, design "edge cases"—that is, places where redesigning employee journeys has the most value. Support for employees in roles such as nurse practitioner could include flexible paid time off, well-being support, and more opportunities for team engagement.

A global technology leader wanted to emphasize inclusivity, so it developed personas based on observed behaviors and the personality types represented among its workforce. By mapping personas, it found that introverts were often booking meeting rooms just to have lunch in peace and to have a chance to recharge. This exercise set a number of priorities for reimagining the workplace, from the canteen to the conference room, and led to

a dramatically different new headquarters design. Performance and satisfaction measures improved in parallel, with some tasks being completed 30 percent more quickly.
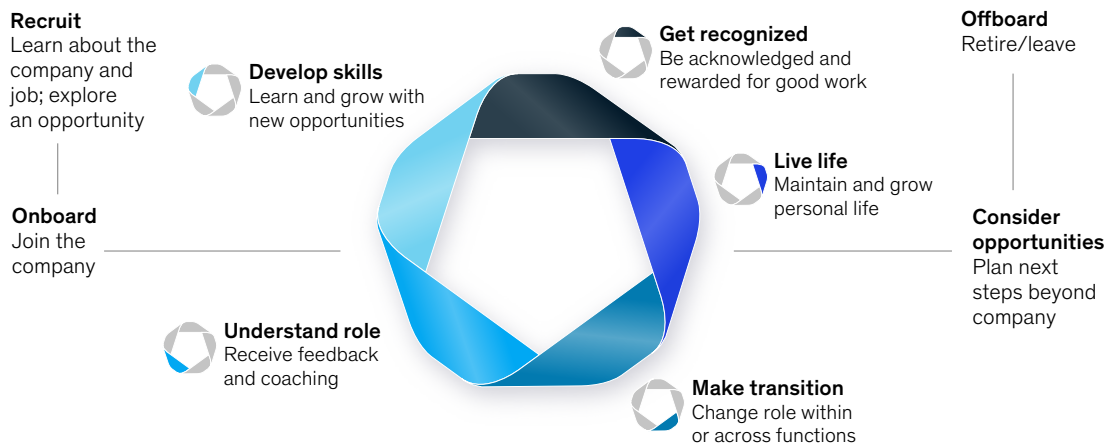
'Moments that matter'

Once EX designers, working closely with employees, create personas, they can then define "moments that matter." These steps in an employee life cycle are inflection points that, if designed well, can create a disproportionate uplift in experience. They also map pain points that can then be addressed (Exhibit 3). Moments that matter will vary by company, but they also fit within the same relatively consistent set of employee journeys in most organizations.

In our current context, people working from home for more than a year may find themselves isolated, so companies can use surveys or other data to find ways that would allow employees to gather safely more often. Or, for example, employees might fear that they are missing out on career advancement because they haven't been in the office. In response,

Exhibit 3

Employee experience can be shaped in each part of the employee journey.

Typical 'moments that matter,' sample company

Recruit
Learn about the company and job; explore an opportunity

Onboard
Join the company

Understand role
Receive feedback and coaching

Develop skills
Learn and grow with new opportunities

Get recognized
Be acknowledged and rewarded for good work

Live life
Maintain and grow personal life

Make transition
Change role within or across functions

Offboard
Retire/leave

Consider opportunities
Plan next steps beyond company

companies can increase the cadence of interactions that employees have with their boss and set up a chat channel to alert workers of new opportunities company-wide.

Journeys, and moments that matter in particular, vary significantly based on personas and company context. It is therefore crucial to work with employees to identify these moments and their related pain points. Having employees help define personas reinforces the "human touch" aspects of the work and helps create meaningful impact.

Colleagues who have experienced these moments can be enlisted to help develop prototype solutions in focused design sprints, along with piloting in a single business area or function for rapid feedback and modification. A key part of designing these prototype solutions is to consider the role that digitization and digital tools play in fundamentally changing what work means for people. Digital portals instead of paper filing, virtual focus groups, rapid prototyping—these measures allow people to focus on more engaging work activities.

Companies can then create a series of key performance indicators to measure and track satisfaction over time, gauging impact and driving continual improvement. Part of this shift includes augmenting the capabilities of HR teams, whose mandate already emphasizes employee-centric policies. In essence, the process of listening to employees and monitoring progress should be a seamless digital experience guided by a human touch.

A commitment to fact-based analysis also distinguishes EX excellence from good intentions. For instance, one global software company used its impressive technology capacity to enhance EX digitally. It identified behavioral employee personas and prioritized a number of critical moments that matter for performance and satisfaction. Using context-specific personalization, employees are guided and supported in real time as they experience annual performance reviews and significant role changes or life events. The company not only leveraged digital tools, such as a virtual avatar, to give personalized, real-time feedback to employees but also used virtual-reality technology to strengthen immersion and empathy during annual performance reviews.

Step 3: Equip the full organization for an EX transformation

After identifying personas and moments that matter, the final step involves implementing systems that let the organization scale EX—through better data, measurement, systems, and capabilities. While HR is a central partner here, tools and resources are put in the hands of employees and managers to transform their experience. The changes to operating models and performance-management systems are linked to business performance so that organizations can assess financial impact.

One major European agrichemicals player accelerated its EX journey in just three weeks with a series of three sprints, engaging employees to help identify and map priority journeys and moments. In addition to a complete redesign of two moments that matter, the team was able to create a full road map for improved EX across the organization, along with resource requirements and measures for financial impact.

In another example, a global heavy-vehicle OEM reimagined its digital dealership through a global employee-experience transformation. The new cocreation approach was adopted across markets by a record 90 percent of dealers. The redesign took ten minutes off the average work order and helped employees to deliver truly proactive customer service.

Success factors: The big picture

Regardless of industry or geography, an organization can create a distinctive EX strategy

by first defining what its goals are and how EX supports business impact for the company. It should also avoid a cookie-cutter approach to employee journeys by marrying rigorous analytics with personalization, developing appropriate personas, and focusing on moments that matter that resonate with the workforce.

In addition to these fundamentals, successful EX also creates a balance between top-down guidance and letting employees create their own destinies. Everyone is in on the journey, including a coalition made up of finance, operations, and IT, among other functions; these groups are partners in change management and implementation from the start. Finally, data is at the center of how organizations can continually measure impact and course correct as needed.

Now more than ever, people are thinking hard about where and why they work. The best employee experience is not meant to be yet another organizational process. EX means pinpointing important moments in an employee's journey and making them more positive, fulfilling, even joyful. Doing so can help companies attract the best people, motivate them to perform, and augment feelings of loyalty. A successful EX culture, in turn, accelerates growth and creates competitive advantages.

Focusing on employees is long overdue. Organizations can seize this moment to do and be more for their people, as well as for their shareholders and customers. How each company manages this opportunity may shape its perception as an employer—both internally and externally—for years to come.