We are starting to win the fight against COVID-19 in some parts of the world, but we are far from done making hard, consequential choices that will bring the pandemic to a close. The spread of more transmissible and potentially deadlier variants drives home this point. Even after widespread vaccination campaigns minimize COVID-19’s disease burden, the
shift to a new reality will not take place overnight. Instead, countries will go through a complex transition period, governed by ongoing uncertainties about the disease and changing norms.

Elected and public officials have largely set the pace for removing safety restrictions. But as people return to work, restaurants, and other social settings, business leaders will play an increasing and crucial role in this transition from an era we all want to forget to one of both promise and uncertainty.

"Executives will be playing two games at once: both managing through the transition and preparing for the new reality."

For businesses, the stakes are enormous. Executives will be playing two games at once: both managing through the transition and preparing for the new reality. This transition could last six to nine months after vaccinations have minimized the risk of disease—longer in some places, shorter in others. In North America and Europe, it will likely continue until late 2021 or early 2022. (See “A Timetable for the US.”)

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**A TIMETABLE FOR THE US**

In the US, vaccines are expected to be available to any adult by or before early May. By July 4, all Americans who want a vaccine should have had the opportunity to be fully immunized, and the US pandemic could be over by the middle of the summer. Several events could set back this timing, such as low vaccine uptake or unforeseen supply shocks.

Maintaining safety precautions and other measures, such as screening testing, will help prevent outbreaks during this time. Still, most public restrictions on activity
can reasonably be lifted, and most workplaces can open for employees and customers who wish to be on the premises. But it will take months for people to adjust to the new reality. Some employees won’t yet be comfortable working in proximity with others, and many customers won’t be comfortable in crowded restaurants or theaters.

The length of this transition will vary greatly. In the fall, as winter approaches, northern states may experience wider outbreaks, requiring additional safety measures and booster shots to combat variants. If we vaccinate enough people, these outbreaks should be manageable. By late 2021 or early 2022, most of the country will have reached the new reality.

During this transition, CEOs and business leaders will face scrutiny for every decision they make in each region and country where they operate. They will need to empathize with employees and customers, whose emotions will range from pent-up, excited anticipation to dread. Collectively, these leaders’ actions will determine the transition’s length and scope.

It is too early to identify with certainty which actions will succeed and become best practices, so companies must experiment and learn. Businesses that skillfully navigate the unknown will emerge with a more productive workforce, more loyal customers, and a stronger bottom line. Those that get it wrong will lose employees, customers, and revenues—and will damage their brands while slowing our collective recovery.

CHANGE TAKES TIME

It is tempting to think of the virus in near-biblical terms: before and after COVID-19. But that neat separation underplays the challenges of the three distinct phases that characterize how the pandemic will end in each country. (See Exhibit 1.)
The pandemic has been a jarring and monumental year-long event that has taken an enormous toll on health and caused many tragic deaths, altering how people view their place in the world. And the postpandemic workforce will be less healthy—physically, mentally, emotionally, and socially. In the US, 40% of adults report symptoms of depression and anxiety, up from 10% prior to the pandemic; 10% to 15% report an increase in alcohol and drug abuse. Another 10% to 15% report worsening chronic health conditions.

- **Disease risk minimization** is about reducing the impact of the SARS-CoV-2 virus so that it is no more dangerous or disruptive than the seasonal flu. Many nations in Asia-Pacific crushed and contained the virus in 2020. Notwithstanding Australia’s success with that approach, the recent lockdowns in Brisbane underscore why nations will rely on massive vaccination campaigns to prevent future disruptions.

- The **transition** is about managing ongoing scientific and behavioral uncertainties.

- The **new reality** is the postpandemic steady state. Some elements of life will return to a pre-COVID-19 world, while other changes will be permanent.

The pandemic has been a jarring and monumental year-long event that has taken an enormous toll on health and caused many tragic deaths, altering how people view their place in the world. And the postpandemic workforce will be less healthy—physically, mentally, emotionally, and socially. In the US, 40% of adults report symptoms of depression and anxiety, up from 10% prior to the pandemic; 10% to 15% report an increase in alcohol and drug abuse. Another 10% to 15% report worsening chronic health conditions.
The science of vaccines spawned the **beginning of the end of the pandemic**. Our collective emergence on the other side will depend upon human behavior, including how to make people feel safe—in the world and in the workplace—and become healthier and more productive workers. This is largely a project for the private sector.

**DISEASE RISK MINIMIZATION**

We have learned to live with the flu—despite its lethality for some groups, including the elderly—through a combination of vaccinations and behavioral measures. We can also mitigate COVID-19’s disease burden. When we can relax public health measures and return to pre-COVID-19 behaviors without spikes in the number of hospitalizations, and at a rate no more severe than that of the seasonal flu, then we will have minimized the disease risk. Hospitalizations and fatalities will still occur, especially among the unvaccinated population, but for most people COVID-19 will be manageable. Our modeling suggests that more than 65% of the total population, including children, will need to be vaccinated to reach this state.

Countries are at different points on this path. Predominately wealthy nations—including Israel, the UAE, the UK, and the US—have had both the **supply of doses and the throughput** to quickly vaccinate their populations. Notably, as of early April 2021, Israel had already fully vaccinated more than 60% of the total population and 75% of adults. Yet even in these countries, relaxing all public-health measures too quickly can be deadly, primarily because of the spread of variants. Israel, for example, had to impose a weeks-long lockdown during its vaccination campaign. (See “Avoiding Another Unnecessary Wave.”)

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**AVOIDING ANOTHER UNNECESSARY WAVE**

While vaccinations are the cornerstone of ending the pandemic, they won’t end it overnight. Rollouts will take months, potentially years in some regions. Behavior—including the willingness to be vaccinated—will determine how many people are hospitalized and die even as vaccines become widespread. Our epidemiological modeling of vaccinations, social interactions, and intensive care unit (ICU)
occupancy illustrates this connection. We estimate that maintaining current levels of social interactions and mask wearing for two to three months, and then relaxing current restrictions over time, could reduce future peak ICU occupancy by more than 75%. (See the exhibit below.)

We conducted this modeling in late March 2021 as US governors and political leaders began to lift public health measures. We asked, What would happen if social interactions increased by 10% and mask wearing reduced by 25%?

We made the following assumptions: We estimated that 20% of the population had received at least one dose of a vaccine, and that almost everyone vaccinated at that point could be considered among the health vulnerable, including nearly all residents of long-term care facilities. We further assumed that 30% of the population had immunity as a result of recovering from COVID-19 infections and that the US would administer 3 million vaccinations daily until 70% of the adult population was fully vaccinated—one dose for the Johnson & Johnson vaccine and two doses each for Pfizer and Moderna. On the basis of early evidence from Israel, we assumed that a vaccinated individual is 97% less likely to end up in the hospital, and we ran two scenarios in which vaccines reduce rates of transmission—one by 85% and the other by 100%. This distinction between transmission rates
did not materially impact peak ICU capacity in our modeling. Finally, we assumed that individuals older than 60 years of age would not change their behaviors prior to being vaccinated.

We then ran several scenarios to understand both the pace and the timing of the increased social contacts and reduced mask wearing, modeling eight different permutations. First, we compared what would happen if the increases occurred overnight versus linearly over 60 days. We then looked at what would happen if the increases began immediately or in one, two, or three months.

In wealthy nations, hesitation about receiving the vaccine remains a concern. Around 30% of US adults remained vaccine hesitant as of mid-March this year. The top two sources of hesitancy are concerns about side effects (cited by 54% of hesitant adults) and belief that approvals and trials went too fast (39%). (See Exhibit 2.) Hesitancy may be even stronger in Europe, where 35% of adults in Germany and 60% of adults in France expressed reservations about vaccination as of late December 2020.
Many lower- and middle-income countries, however, have yet to secure sufficient vaccine supply for their health-vulnerable populations, let alone their entire adult populations. These countries will largely depend on wealthy nations, which have prepurchased enough supply to vaccinate their populations twice over, to help them vaccinate their people. We estimate that the US alone, for example, will have 200 million excess doses by July. These doses could save more than 500,000 lives—roughly as many as COVID-19 had taken in the US through February.

**THE TRANSITION**

Yet even once the disease risk is minimized, the pandemic will not end with the flip of a switch. The transition starts when companies are once again open for business, in whatever form that entails, and will last six to nine months as they test and learn from new approaches. The conclusion of the transition will be defined more by stability—a sense that the ground is no longer in danger of shifting underfoot—than familiarity.

The reasons for a transition include rational concerns around the many scientific unknowns involving the virus, its variants, and vaccinations. Children under age 16, for example, are not yet approved for vaccines. And we still don’t understand the duration of recovered and vaccinated immunity, the level of effectiveness of various vaccines against all the new variants, or the availability and timing of booster shots, which seem increasingly likely.

The experience of Australia, one of the few nations to crush an outbreak, is instructive for estimating the length of the transition: despite months of few cases, Australians have yet to return to normal activity. (See Exhibit 3.)
In New South Wales, where the mask mandate on public transit was only recently lifted in Sydney, public-transit mobility remains more than 25% below January 2020 levels. Meanwhile, Victoria experienced a second wave around July and August of 2020, further delaying the resumption of activity. Public-transit mobility remains down by more than a third, while retail and workplace mobility remain more than 10% lower than in January 2020.

Australia, of course, did not have the benefit of vaccinations to protect people during its reopening. People in countries and regions with high vaccination levels may be more willing than Australians to resume activity.

The complexity of human behavior raises the stakes for CEOs and business leaders as they consider how swiftly to move through the transition. Leaders will need to answer such questions as:

- How can we understand what’s succeeding as we experiment with new working models, and can we use those achievements as an advantage in the race for talent?
On the basis of the lessons from Australia and emerging best practices in the US and elsewhere, we have identified several concrete actions for business leaders to take. These actions fall into two categories: how leaders will manage the return of remaining in-person activities over the next six to nine months, and how they will plan for and shape their future operations in the new reality.

As they take these actions, companies must redouble their efforts to communicate. The success of any change program depends on how well stakeholders understand the goal, the plan, and the uncertainty. Companies that are transparent in their thinking, simple in their plans, and honest about their uncertainties can engender trust and loyalty.

From Pandemic to Endemic COVID-19

As disease risk is minimized, and society comes to terms with endemic COVID-19, businesses need a plan for the safe resumption and expansion of all in-person activities. Any plan should include three broad moves.

Define milestones and timelines across a range of scenarios. While the future of work will be more hybrid than before the pandemic, many businesses aspire to have significant shares of their labor forces return to work in person. Companies should
develop phased transition plans that can be tailored to local health conditions, the nature of the work itself, employee preferences, and customer choices. Effective planning during periods of uncertainty, as we wrote a year ago, requires leaders to build scenarios to account for the shifting dynamics and complex elements that are part of the COVID-19 landscape.

As part of these plans, companies will rely on metrics and targets—such as local hospitalizations, case counts, and employee vaccination levels—to trigger the resumption of various activities involving travel, on-premises employment, and conference attendance. They should share this data with their people to create transparency and build trust. Already a wide variety of approaches to these transition plans is emerging. (See Exhibit 4.)

**Encourage employee vaccinations.** Businesses will play a critical role in driving vaccine uptake. They can use a variety of mechanisms, as both Dollar General and Kroger have done, to educate and encourage vaccination among their employees—including paid time-off, stipends, onsite vaccination, informational resources, and other incentive programs. Most US businesses seem to be waiting until vaccines receive full FDA approval,
which could happen later this year, before considering mandating vaccinations for large parts of their workforce. Some appear ready to require proof of vaccination for employees who want to work onsite or for suppliers and contractors who interact with their employees. Norwegian Cruise Lines, for example, plans to require vaccines for all passengers and crew.

Other companies are supporting vaccination rollouts in their communities. America’s Health Insurance Plans and Blue Cross Blue Shield have committed to vaccinating 2 million senior citizens in the US’s most vulnerable communities. JPMorgan Chase, Lyft, Anthem, and United Way are partnering to provide 60 million free rides to and from vaccination sites.

Vaccine uptake will be an ongoing issue. Businesses should plan to extend their vaccinations programs and efforts beyond this year, given the likely necessity for booster shots.

Create a health and safety plan. Even with widescale vaccination, testing still matters. It will probably be the centerpiece of many companies’ health and safety plans. Citigroup, for example, has announced a plan to provide rapid, at-home screening tests to employees. Testing can both prevent small outbreaks from becoming larger ones and help make up for the shortfall of people who decide not to get vaccinated. Our modeling work for a national government suggests that testing 3% of asymptomatic individuals every day is the equivalent of vaccinating 20% of the total population.

Employee testing should not happen in isolation from other mitigation measures. Masks continue to be the most cost-effective health measure, and mask mandates will continue to make sense in many settings, even if that means people must wear masks in the office for a while longer.

A full health and safety plan should account for mental health as well. Companies can consider expanding health plans to include benefits, such as counseling, and creating more flexible sick leave policies. Starbucks, for example, now offers free virtual therapy sessions.
Embrace the New Reality

Executives must play the two games simultaneously; they cannot wait six to nine months until they start to plan for the new reality. While leaders may have an understandable desire to return to the familiar, they need to recognize that the baseline has shifted. The transition period is an opportunity for leaders to intentionally experiment and reimagine what work should look like, using fresh thinking, data, and engagement with employees and other stakeholders.

Define and shape the future of work. To optimize return to in-person work in the coming months, business leaders must define a vision for the future while recognizing that their decisions will establish long-lasting precedents. A company that exempts certain employees from on-premises work, for example, may be creating de facto policy. Leaders’ own actions will also set precedent. By going to the office every day, an executive of a company with a hybrid model may make other employees uncomfortable working from home.

CEOs and other leaders of large, complex organizations cannot envision every conceivable work arrangement or accommodation that may make sense. Therefore, they must clearly define principles to guide the managers below them in the organization as new challenges and questions emerge.

While the future of work will look different across working environments, most businesses will wrestle in some fashion with the office environment. About 35% to 40% of the US workforce is based in offices. (See Exhibit 5.) The pandemic has proved that working in
the office is not essential, even if it is preferable for certain roles and activities. Not surprisingly, some tech companies, including Twitter and Square, are using remote, hybrid, and other creative working models to attract top workers.

Yet despite the popularity of remote and hybrid work models during the pandemic, we do not yet understand any long-term consequences—from sustainability to performance management—that may result from them. Companies have a rare window to develop practices, tools, and training to improve team effectiveness and culture with these models as they shape the new reality.

Leaders will also grapple with a whole other set of questions about the future of work. For example, how will flexible working hours, reductions in business travel, and new teaming and communication models be permanently incorporated into operating models? The role of meetings is also in flux. (See “The Future of Meetings.”)
Holding meetings mostly online over the past year has made it clear that we use meetings in three ways: to share information, discuss, and decide; to ideate, cocreate, and innovate; and to connect and build relationships.

Generally, we’ve seen big improvements in the first use: flattening hierarchies, encouraging dialogue, cutting back on travel time, and allowing for coaching to happen in real time.

The second has been a mixed bag. Digital natives would argue that some of the newer tools allowed for better brainstorming, but many of us found that creativity and innovation were inhibited.

And for the third—meetings were never the best way to build relationships. That mostly took place in our time together outside of meetings.

As we head back to the office, the last thing we want to do is make a total return to the old meeting format. Instead, let’s test new approaches. We can push most of our meetings to virtual formats to keep the benefits we experienced this past year—even when the majority of participants are in the office. We can then use the newly found free time for longer breaks, lunches, and dinners to kick around ideas, socialize, and build bonds.

If leaders start by making these moves, we’ll send a strong signal that we want to capture and build on what we’ve learned over the past year.

Beyond personnel considerations, businesses will have to reevaluate their physical footprints. Most businesses will still need some office space, but how much? And if its primary purpose is to foster collaboration, will layouts be more open and perhaps even outdoors? What about companies’ green agendas? The transition offers a generational
opportunity to work toward net-zero agendas while addressing employees’ desire for shorter commutes and less travel.

**Listen to employees, customers, and suppliers when defining the new reality.** Over the next several months, leaders can reset the business while improving employee engagement, customer satisfaction, and cost structure. These changes are more likely to succeed when people have a say in shaping their future as employees, customers, suppliers, and so on. Amid so much uncertainty, companies should lean on their sensing capabilities to understand what their employees and customers are looking for in the new reality. Verizon, for instance, is launching large-scale surveys to understand their employees’ desires and concerns. The insights from these exercises will help the company develop pilot programs for new permanent ways of working.

There may also be a disconnect between what leaders want and what employees want. Late last year, we surveyed 120 organizations in Australia. Senior leaders reported that in a postpandemic world they expected a third of their remote employees to be back in the office five days a week. But only 15% of employees said that that was their preference. Employers are largely focused on practical improvement, such as digital tools and new working models, while employees are looking for more informal contact with coworkers and more affiliation activities.

Many benefits that employees value—such as onboarding, development, affiliation, and connectedness—have suffered in remote environments. Companies that listen to employees, give teams what they need to thrive, and find the right incentives will be in the best position to retain and recruit talent. The answers won’t be the same for all employees. Business leaders will need to identify new employee segments, or personas. And they will have to ensure that their solutions are equitable. For example, a company that formerly provided onsite childcare would negatively—and disproportionately—affect working parents if it changed to a remote-only model.

This approach also applies to customers. Companies that engage customers to understand how their preferences have changed and adapt their offerings to meet new preferences have an opportunity to improve their businesses. For example, Woolworths, a
supermarket chain in Australia, expanded its curbside pickup and e-commerce operations during the pandemic—and grew sales by more than 10%. Despite the low numbers of COVID-19 cases in Australia, customers have continued to prefer these options. Businesses in some industries will have a harder time during this transition than those in others. (See the sidebar “The Uncertainty of Travel and Entertainment.”)

### The Uncertainty of Travel and Entertainment

The travel and entertainment industries face some of the greatest uncertainties in reaching the new reality.

Demand in both industries plummeted during the pandemic. When disease risk becomes minimized, these industries will likely face tremendous pent-up demand from consumers who are eager to spend discretionary income on leisure. The exact timing and size of this demand remains uncertain. And it will vary significantly across the sectors—even as they face a common set of challenges.

If business travel does not return to prepandemic models, airlines and hotels will need to find ways to close the revenue gap. Both business and leisure customers will want to feel safe. United Airlines, for example, wants to see mandatory vaccination across the travel industry. MGM Resorts is opening onsite vaccinations for employees and entertainers and offering guests a premium service for in-room COVID-19 testing. Royal Caribbean will launch a cruise with fully vaccinated passengers and crew from Israel in May and offer additional fully vaccinated cruises in the Caribbean this summer.

Health passes issued on the basis of recent tests or vaccination records will also likely be in the mix, especially for international travel, despite significant political pushback in the US. It may fall to the private sector to build technological solutions and partner with the public sector to create the necessary environment to implement them.

Hiring may present an even greater challenge for these businesses. Many employees in the travel and entertainment industries have already left, so businesses may well struggle to secure talent—especially if a surge in pent-up
demand occurs. Cruise lines, for instance, have seen a huge talent loss among young employees. Yet this also creates fresh opportunities for companies to experiment with new hiring models and to reset their employment norms. Princess Cruises, for example, is now hiring 200 office positions after a yearlong review of its operations and organization.

**Purposefully experiment, measure, and adapt.** The workforce of the new reality will be different from the workforce of the old reality. The only way to get the new one right is to continuously adapt through experimentation and measurement. Companies will need **the right data, processes, commitment, and mindset.** They should rigorously track how small changes in their operating models affect team effectiveness, engagement, culture, and business outcomes. This test-and-learn process will allow companies to act with agility in the face of uncertainty.

**THE NEW REALITY**

The new reality will occur after different periods of time in different places, subject to local disease conditions and how quickly people adjust during the transition. Life and work may look and feel different, but people will eventually become comfortable doing the things they used to do—with minimal safety precautions and no concern about the risk of contracting COVID-19. Some people in some regions have already reached this stage (perhaps prematurely). In other regions, the virus still needs to be brought under control. And even after the virus is no longer much of a public health threat anywhere, some people may need yet more time to adjust.

Some behaviors are likely to change permanently. Mask wearing and social distancing, for example, may persist even when they are no longer mandated. Businesses must figure out what all these shifts mean for their operations and work cultures. Once COVID-19 becomes no more dangerous than the flu, these issues will eventually fade away. How successfully we manage the transition—how purposefully we take the opportunity to change how we relate with and support customers, employees, and society—will determine how swiftly that day arrives, and who is best positioned when it does.
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