

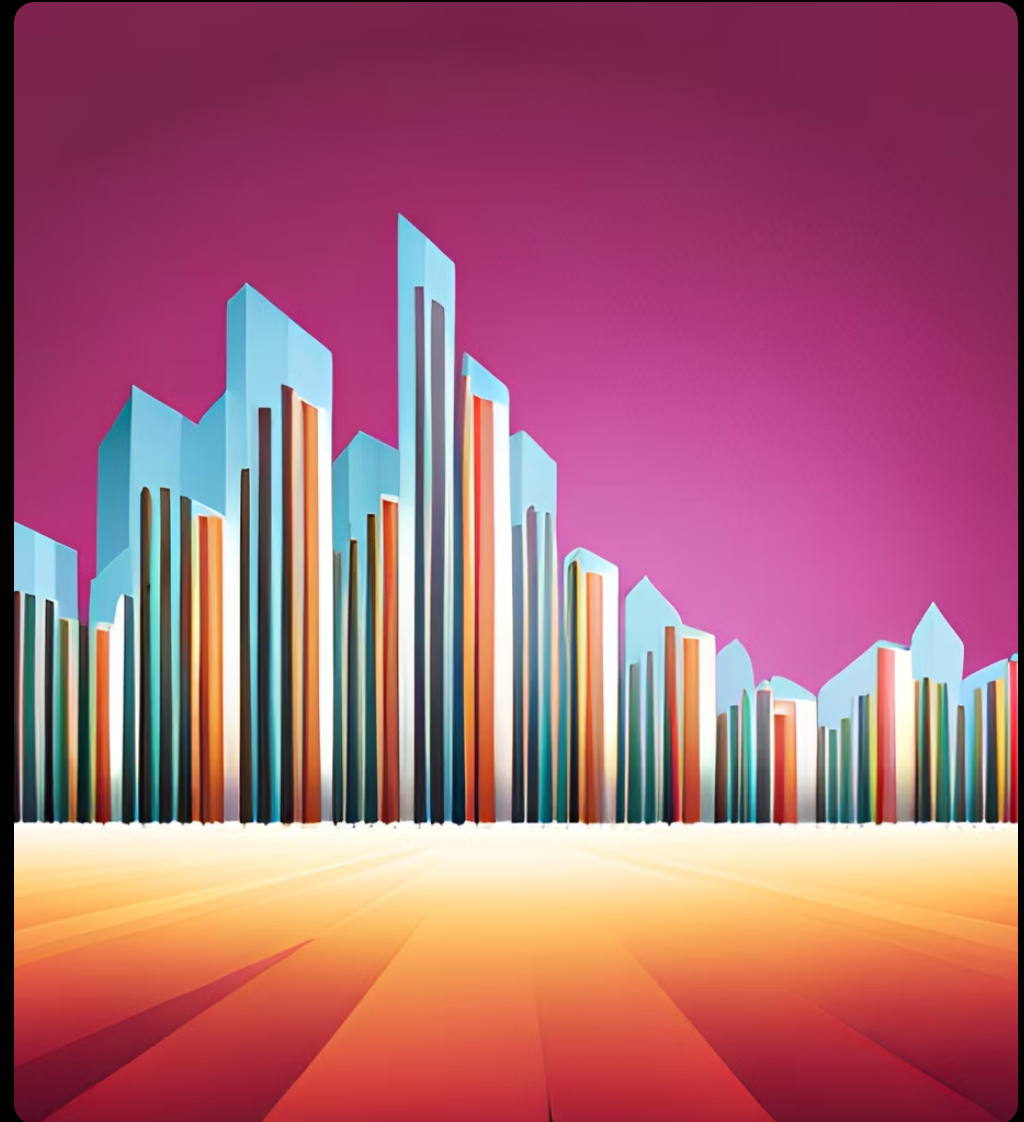
The state of the organisation 2023: Ten shifts transforming organisations – The lessons for the Health Sector

Introduction: The State of the Organisation 2023

Organisations are constantly evolving and changing in response to new technologies, shifting demographics, and changing societal norms. As we look ahead to 2023, we can see ten key shifts that are transforming organisations across all sectors.

These shifts include a move away from traditional hierarchical structures towards more flexible networks, a shift from control to empowerment of employees, and a move towards experimentation and iteration rather than rigid planning.

In this presentation, we will explore these shifts and their implications for the health sector. The shifts are defined by McKinsey & Companies report: The state of the organisation 2023: ten shifts transforming organisations.



Shift 1: Increasing speed, strengthening resilience

Half the respondents in the survey say their organisation is unprepared to react to future shocks. Those able to bounce forward—and quickly—out of serial crises may gain significant advantages over others.

First condition to improve resilience is to move away from traditional hierarchical structures towards more flexible and adaptable networks. This shift allows organisations to respond more quickly to changes in the market or the industry, and to be more responsive to the needs of customers or clients. The more resilient companies has total shareholder returns in 2020 - 2021 is 50 % higher.

In the health sector, this shift can be seen in the move towards more collaborative care models, where patients are at the centre of a network of healthcare providers who work together to provide the best possible care. This approach allows for greater flexibility and adaptability in responding to patients' needs.



Shift 2: 'True hybrid': The new balance of in-person and remote work

Since the COVID-19 pandemic, about 90 percent of organisations have embraced a range of hybrid work models that allow employees to work from off-site locations for some or much of the time. It's important that organisations provide structure and support around the activities best done in person or remotely. More 4 of 5 employees who have worked in hybrid over the past two years want to retain them.

True hybrid is the move away from strict control and towards empowerment of employees. This shift recognises that employees are often the ones closest to the customer or client, and are therefore best placed to make decisions that will benefit the organisation.

In the health sector, this shift can be seen in the move towards patient-centred care, where patients are empowered to take an active role in managing their own health. This approach can lead to better outcomes for patients and a more engaged workforce.



Shift 3: Making way for applied AI

AI is more than just a potential opportunity to boost a company's operations; it can also be used to build better organisations. Companies are already using AI to create sustainable talent pipelines, drastically improve ways of working, and make faster, data-driven structural changes. Organisation used an average of 3.8 AI capabilities in 2022, double the 1.9 used in 2018.

Organisations are also shifting away from fixed roles and responsibilities towards more fluid and adaptable ones. This allows employees to be more responsive to changing circumstances and to take on new challenges as they arise.

In the health sector, this shift can be seen in the move towards cross-functional teams that work together to provide care to patients. This approach allows for greater collaboration and flexibility in responding to patients' needs.



Shift 4: New rules of attraction, retention, and attrition

People are revising their attitudes both to work and at work. Organizations can respond by tailoring employee value propositions to individualized preferences in ways that can help close the gap between what today's workers want and what companies need.

Organisations are moving away from rigid planning and towards experimentation and iteration. This shift recognises that the future is uncertain, and that the best way to prepare for it is to experiment and learn from failure. 39 % of respondents from 7 countries say they are planning to leave their jobs in the next 3 - 6 months.

In the health sector, this shift can be seen in the move towards evidence-based medicine, where treatments are constantly evaluated and refined based on the latest research. This approach leads to better outcomes for patients and a more efficient healthcare system.



Shift 5: Closing the capability chasm

Companies often announce technological or digital elements in their strategies without having the right capabilities to integrate them. To achieve a competitive advantage, organisations need to build institutional capabilities—an integrated set of people, processes, and technology that enables them to do something consistently better than competitors do.

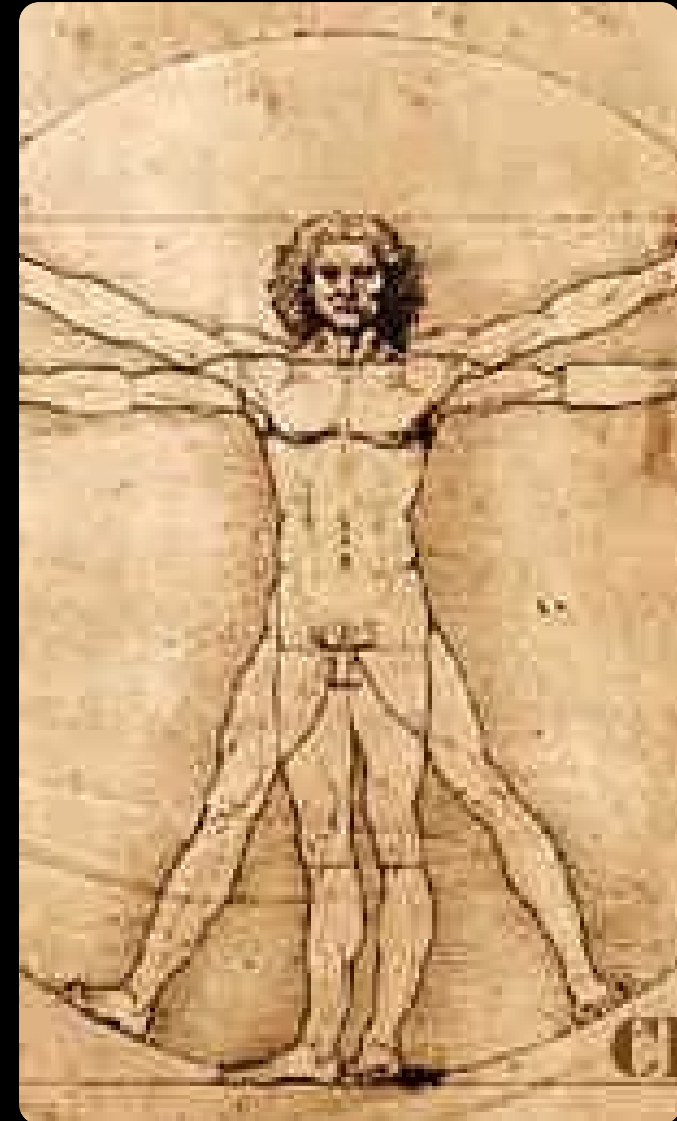
Only 5 %of respondents say their organisations already have the capabilities that they need.



Shift 6: Walking the talent tightrope

Business leaders have long walked a talent tightrope—carefully balancing budgets while retaining key people. In today’s uncertain economic climate, they need to focus more on matching top talent to the highest-value roles. McKinsey research shows that, in many organizations, between 20 and 30 percent of critical roles aren’t filled by the most appropriate people.

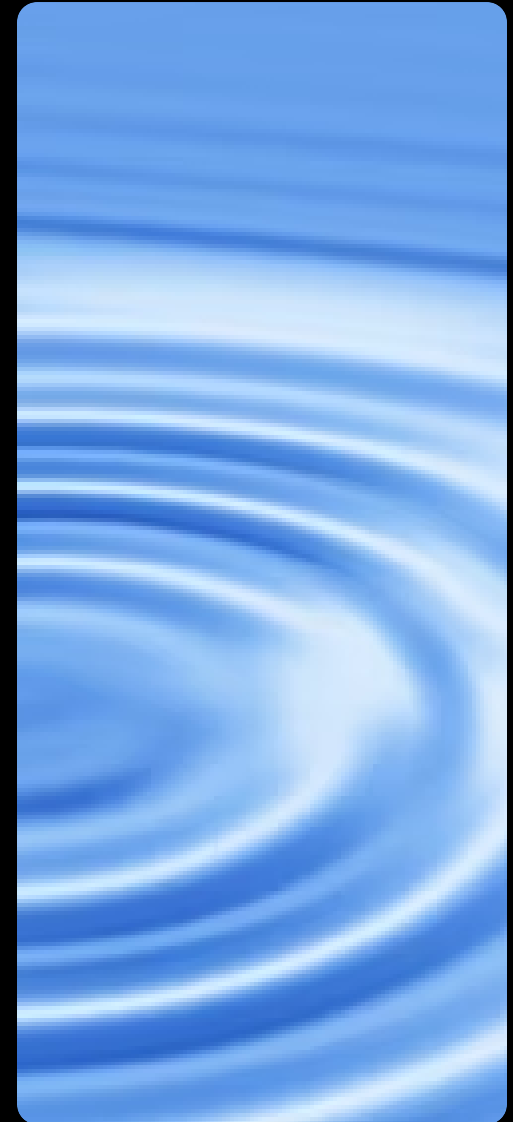
The highest performers in a role are 800% more productive than average performers in the same role.



Shift 7: Leadership that is self-aware and inspiring

Leaders today need to be able to lead themselves, lead a team of peers in the C-suite, and exhibit the leadership skills and mindset required to lead at scale, coordinating and inspiring networks of teams. To do that, they must build a keen awareness of both themselves and the operating environments around them.

Only 25 % respondents say their organisations' leaders are engaged are passionate, and inspire employees to the best-possible extent.



Shift 8: Making meaningful progress on diversity, equity, and inclusion

Many organisations are prioritising diversity, equity, and inclusion (DEI) , but in many cases, the initiatives aren't translating into meaningful progress.

To realize DEI aspirations, leaders will need to identify opportunities to make progress both in their organisations and in their communities and broader society.

Less than 70% of respondents say their organisations express transformative DEI aspirations, only 47% say they have the infrastructure to realise their DEI aspirations.



Shift 9: Mental health: Investing in a portfolio of interventions

About nine of ten organisations around the world offer some form of well-being program. But global health and well-being scores remain poor. Organisations need to refocus their efforts on systematically addressing the causes of mental-health and well-being challenges; one-off and incremental fixes won't be enough.

Employees facing mental - health and well - being challenges are 4 times more likely than others to want to leave their organisation.



Shift 10: Efficiency reloaded

More than one-third of leaders in our survey list efficiency as a top three organisational priority. Boosting efficiency is about more than managing immediate crises or getting the same work done with fewer resources; it means more effectively deploying resources to where they matter the most.

Some 40 % of respondents point to complex organisational structure as a cause of inefficiency, and a similar proportion cites unclear roles and responsibilities.



Conclusion: Lessons for the Health Sector

In conclusion, the ten shifts transforming organisations have significant implications for the health sector. By embracing these shifts and adapting to the changing landscape of organisations, healthcare providers can improve patient outcomes, engage their workforce, and provide better care.

The key takeaways from this presentation are the importance of collaboration, empowerment, adaptability, and experimentation. By focusing on these areas, healthcare providers can position themselves for success in the years ahead.



References:

1. McKinsey & Company, The State of Organizations 2023: Ten shifts transforming organisations, available at <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/the-state-of-organizations-2023> [Accessed, 09 June 2023]
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