

Public & Social Sector Practice

# The future of federal work

How can the federal government think about remote work and the workplace environment—and communicate changes to its workforce?



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**Recent trends are transforming** the nature of work, workforce, and workplace. This poses significant risks but also creates opportunities for organizations to reimagine their promise to employees.

As the federal government prepares for the next normal in work, leaders must consider a number of pressing questions. What is their vision for the work, workforce, and workplace? Should they bring employees back? How can they communicate policies? What might the real-estate footprint—and the larger workforce environment—look like? What can they learn from the private sector and early movers? What is the role of the manager? In this episode of *McKinsey on Government*, McKinsey partner Megan McConnell discusses how the federal government can most effectively approach the return to work. This conversation has been lightly edited for clarity.

**Francis Rose:** Welcome to *McKinsey on Government*. Each episode examines one of the hardest problems facing government today, along with solutions from McKinsey experts and other leaders. I'm the host of *McKinsey on Government*, Francis Rose.

Organizations of all sizes in the public and private sectors are reopening their workplaces or thinking about how to do that. The federal government has some unique issues to deal with as it does so. That's the subject of *McKinsey on Government* this week with Megan McConnell, a partner with McKinsey.

Megan, welcome. Thanks for joining me today. We talked on the podcast a couple of weeks ago about when the pandemic will end.

The place to begin for us now is what does the end of the pandemic look like in the federal workplace environment? What will people be coming back to, or will they be staying home (or in their remote locations) six months from now or a year from now or two years from now? What does the future look like at the rank-and-file level and at the managers' level?

**Megan McConnell:** Thanks for having me. To answer that question about what it will look like, I don't think that there will be a stark end. I think we all

expect some form of executive order or some signal from the administration that things are reopening or headed back to normal.

If I was sitting in a worker's shoes, I would hope that, prior to that end, there's clear communication about the new expectations. And if I'm sitting, currently, in my home office, I'm hoping that those expectations are not what they used to be. I'm hoping that there is a great deal more flexibility afforded, in terms of telework policies or even, potentially, having fully remote jobs that will allow me to keep what I've enjoyed about working from home and still mitigate the risks that I've experienced, whether that's feeling that I wasn't going to be as creative with my team or wasn't feeling as included with my associates at work.

## Breaking old habits

**Francis Rose:** How does a manager resist the temptation of saying, "Well, we're kind of going back to normal, so we're going back to the same telework policies or remote-work policies that we instituted before the pandemic"—those policies that we've learned, over the last 14 months, everybody hated?

**Megan McConnell:** Two ways I think that happens. The first one is I would not leave that up to the individual manager. And from all the conversations that I've been having with different federal agencies and hearing how the Office of Personnel Management is thinking about this, we do not believe that this is going to be the case.

We do believe that there are going to be overarching policies. For example, we know the US Department of Agriculture has come out and said that they're reverting to the telework policy of the Obama administration, which was quite liberal in terms of allowing up to four days a week.

So that's two times per pay period in which you had to be in the office. And from there, USDA leadership is helping individual agencies recognize that the work is quite different, given how heterogeneous the department is. They're helping agencies set up the standards and the guidelines.

The second part of this, though, is giving managers a framework or a way of thinking about remote-work policies. Because what we know from research is that the most productive teams are the ones where the manager leads them in establishing their own norms and work practices. And so helping managers have the tools to do that, and then offering the support at an agency level for managers to implement those changes, will be critical. Otherwise, it's quite naive to leave it up to individual managers.

**Francis Rose:** I would argue, though, Megan, that if you go back to what we had in the Obama administration, the policy was one thing, and the execution was something else. The employees would say, anecdotally, "Yeah, I know that's what the policy says, but that's not what my boss is open to hearing about."

I wonder if we think—or if you're hearing—that the last 14 or 15 months have changed enough people's minds at the midlevel that this problem won't be an issue this time around. Or might we find ourselves in that same situation where people are going, "OK, well, most everybody's got vaccines, and they should all just come back and do things the way that we want them to." Because there is that disconnect between what the policy says and what my boss or my boss's boss actually wants me or us to do.

**Megan McConnell:** I agree with you. I think it will be key to get out ahead of the policy change and not

assume that a policy change, in and of itself, is going to be enough. What managers really need—and what we see is working well in the private sector—is organizational support to make these changes. That includes things like tactical skill building. If you were a manager prepandemic, the way you managed was that you generally had an office. It overlooked ten to 15 cubicles of your team sitting in front of you. You knew when they came in in the morning.

You knew that Dionne came late on Tuesdays because he had physical therapy to treat a knee injury. You knew that Debbie leaves on Friday afternoons to pick up her kids and go to their soccer game. Right? You also knew when everyone's birthdays were because someone brought in a treat.

You understood what your employees were doing because you saw them. You saw them, and they could step into your office, poke their heads in, and give you information. It's a whole new skill to manage remote workers in a hybrid team. People, I believe, fundamentally, can adapt and learn, but we have to offer them the support to do that.

There are specific skill-building programs that can be used; there are technological tools and collaboration software that can support this. But managers need all of that ecosystem in place in order to make the policies go from theoretical to practical for them.

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## Communication is key

**Francis Rose:** You talked earlier about the necessity for clear communication. I've heard that from other experts too—that this will be critical through the “come back to the office” phase and the subsequent period of time, when people get readjusted to whatever the next thing is.

I have four things that I wrote down as you've been talking, and I want to give them to you rapid fire. Who should be communicating with whom? In what direction should that go? Should it be horizontal as well as vertical? What does that look like?

**Megan McConnell:** For the communication, it is important to have the guidelines on what we're going to do come top-down. “This is the collaboration software that we're going to use. We've chosen Zoom for Government. We've chosen Microsoft Teams. We've chosen Skype.” It doesn't really matter, as long as it's clear. And then “this is how we, as an agency, are going to implement the department-wide telework policy. Everyone will be in the office on Mondays. Those are the days we're going to collaborate. We'll figure out the other four.” From there, once you have those top-down guidelines, that's when manager to employee communication—direct employee, so still top-down but also horizontal—can come in and there can be a discussion across the team.

“What's the work we're doing? How have things changed? What practices and norms do we need to put in place? What works for that team, over there, isn't going to work for our team. Our team cannot be in back-to-back meetings all day because we're actually the HR recruiting team, and we need to spend our time talking to candidates.”

**Francis Rose:** How often should that communication be happening? Can one overcommunicate in this kind of environment?

**Megan McConnell:** This might be controversial: I'd say you cannot overcommunicate at this stage, especially because we are still virtual, and we know that communicating effectively in a virtual model

takes two or three more repetitions than in an in-person model. There is research to back that up.

In terms of all big changes, communicate, communicate, communicate at the beginning. Run the risk of overcommunicating, and then you can get into a steady rhythm and cadence. I do think it's quite important for the regular check-ins to happen to take stock.

You won't get it right out of the gate. The more that there's a feeling that people can express how they are feeling at work—how productive they're being, what's working and what isn't—the sooner you will get to that highly productive model that takes the best of remote work and hybrid work and mitigates the risks that we have seen come up through the pandemic.

**Francis Rose:** How granular should that communication be, Megan? Is it possible for there to be too much detail as you're communicating with people?

**Megan McConnell:** I think the key to communications is having a direct message and then saying it until you are sick of saying it. That is best-practice communications, especially in a top-down model.

There's also the risk of, say, an undersecretary telling a recruiter for the HR team or benefits how they're going to do their work, which just doesn't make a lot of sense. It's also probably not a good use of that undersecretary's precious time. In terms of the level of detail, this is where we've advised our clients that it is very important to delegate as much as possible of the tactical day-to-day down to the teams, and then trusting but verifying that this discussion is happening at a very detailed level between managers and their direct reports. But giving guidance that is too detailed will usually backfire.

**Francis Rose:** Would the same level of tactical versus strategic communications in other areas make sense here? Should the same people who do the tactical, boots-on-the-ground stuff be the same

people who are doing the strategic communication here? Or maybe I'm thinking about it too hard; maybe I'm trying to be too prescriptive.

**Megan McConnell:** I think the key is that the communication can't come from a separate entity. It actually has to come from the leaders and the managers themselves. They certainly should have professionals helping them along the way, but these are really conversations about how are we going to work together to accomplish our mission to get something done?

The people who best know what that looks like are people doing the work themselves, so this is one case where I strongly believe you cannot outsource the communications. Not having the perfect answer—but still talking about it—is much better than trying to hold back for the perfect answer.

**Francis Rose:** I used the word “prescriptive” a moment ago, and that was the last thing that I wrote down for this rapid-fire round. How prescriptive should that communication be? How much should it be someone telling the employee, “This is how we're going to do it,” and how much of it should be guidance that's not quite as much like an order?

**Megan McConnell:** I think it's important to have prescriptive guidelines, so, as I mentioned before, “This is the collaboration software we will use. These are the core working hours—10:00–2:00—when we expect everyone to be online.” Don't have too many of those, but set out the things that are going to actually give you the stable backbone on which individual teams can pivot and make decisions for themselves. This may feel quite different from what we had before, especially in the federal space, where everyone is treated the same, everyone is working the same, policies are applied the same. But in this instance, it doesn't make a lot of sense to try to standardize everything, so let's have these specific guidelines that make the playing field even so that people don't feel they are being unfairly treated or have an advantage.

But from there, let teams decide how they want to operate. To your earlier question about how frequently they should be talking, they need to report up the chain about how it's going. They also need to be regularly held accountable for the mission metrics, the outputs that their team is supposed to deliver—and have regular performance conversations about how is this working and what needs to change?

## Reevaluating the workplace environment

**Francis Rose:** Before we started recording, I mentioned to you I was interested in pursuing a line of thought about what the real-estate footprint of a company might look like. And you suggested that I broaden that concept to thinking about the entire workplace environment, which I think is smart because the workplace environment will encompass everything.

It will encompass the little piece of space that I have in the office; it will encompass the conference space that we use when I'm collaborating with my group. And that environment will probably look different than it did in February of last year.

My workplace environment is also wherever I work remotely, if I start to do that more or start to do it almost completely. So how does one think about that at an enterprise level in a holistic way? And how does one think about the way that impacts how you're designing job descriptions, how you're designing a team, and how you're making those communications that we just talked about?

**Megan McConnell:** So if we thought about the workplace environment, I think the premise is how can we make people as productive as possible in the office, at home, and on the road? If you're a TDY<sup>1</sup> —or let's say if you're on a personal trip to your in-laws and you would rather be working in your home office than spending time with them.

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How does the employer make the employee as productive as possible in each of those circumstances? That involves a couple of things. One is still the physical footprint. From all of the surveying that we’ve done, fewer than 10 percent of employers are interested in not having an office anymore.

You’ve heard of the folks on Twitter and some others that have said, “We’re going to go fully remote. No one’s coming back.” But in general, the return to work will involve the office. The question—rightly so—is what is the purpose of the office?

If it’s no longer for people to do individual work in individual rooms or individual cubicles because they can do that at home or elsewhere, then the office really becomes about collaboration, innovation, and creativity—creating those informal interactions and those formal interactions.

So you would imagine rethinking that office workspace and, potentially, also rethinking the office footprint. You could see a much wider but lighter footprint: fewer office headquarters and many more satellites.

I was talking to one colleague of mine, and we were discussing this idea of could there be federal WeWork spaces of sorts in cities around the country, which get us out of Washington, DC, but where any federal worker in Minneapolis, Minnesota, or Lincoln, Nebraska, could go into an office and have access, and it didn’t matter what agency they were from?

Rethinking that footprint and also getting it out of Washington, DC, could make us more productive, give us access to more talent, and make us more resilient. The other big piece here is the tech tools and the collaboration tools that are supporting someone who is on the move. In corporate America, it is standard to be issued a laptop and standard to be issued a phone. Those connect to your email; those connect to your shared drives; those let you access the important documents and information that you need at any step along the way. And that will be critical in terms of what are governments giving their employees to enable this.

**Francis Rose:** That “federal WeWork” idea is really interesting to me, Megan, because government gets crushed all the time—especially the federal government—for not being innovative and not being forward thinking. I remember—it’s got to be at least ten years ago and it’s headed, probably, toward 15 years ago—that the General Services Administration used to host remote-work locations. I think there were six or seven of them around the Beltway. People who worked remotely could go there no matter what agency they worked for. It wasn’t just for GSA. You could go there and work instead of driving all the way downtown. I want to say there was also one in Springfield. There were different places around the Beltway.

The attraction at that time was that the broadband people had in their homes was not nearly as good as what you could bring to a business location. That’s

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<sup>1</sup> Temporary duty assignment.

not the case anymore. But, essentially, it sounds like what you're suggesting is something that, to some degree—if anybody remembers—the government already knows how to do. They did it once before. And bringing that back and then scaling it across the country sounds like what the potential solution there could be. Am I hearing you right?

**Megan McConnell:** Yes. And I think, to your point, this approach could solve a slightly different problem: access to systems that the government doesn't feel comfortable giving people access to on any given laptop or just through a VPN.<sup>2</sup> The second problem solved would be offering opportunities for collaboration, either across agencies or a cohort that's all working remotely.

Let's take the Minneapolis example. Employees could still meet in an office to whiteboard, to host a meeting, or to host meetings with local industry groups—if, for example, they were working in agriculture and they were talking to major consumer-packaged-goods companies. So, I think there are many different things that you could do in these office spaces. But, yes, I think it's about starting to use that muscle that they had used previously.

## Lessons learned

**Francis Rose:** I wonder what cues federal agencies should be taking—either just for ideas or for watching how strategy implementation happens—from big companies in the private sector. A lot of the banks on Wall Street have said that everybody's coming back, and they've set a date. "You have to be back in the office by X date. And if you don't want to do that, that's fine." But not all companies doing that, and I think it will be interesting to watch what that means for employment patterns and to watch what that means for the economic success of the areas where those big companies are.

**Megan McConnell:** I think, in general, the federal government can learn a lot from industry, and the government doesn't necessarily need to be the fastest mover. It can learn lessons. And, certainly, what industry is doing changes the marketplace in which governments are operating, which is the other reason to look at it.

I think staying aware is really important, especially as we think about talent and how these companies are changing the talent marketplace and what workers expect—especially the next generation of workers. But, interestingly, we don't find huge disparities between the interest in hybrid work from Gen Zers up to baby boomers. Everyone is interested in this model, so paying attention to what those companies are doing is really important to understand how they are fundamentally changing expectations in the talent market.

The second thing is thinking about how the government can experiment or where it can take the least amount of risk from a real-estate standpoint—playing around with leases, thinking about the different kinds of spaces you could do versus massive renovations—as this starts to play out. Because I don't think we know what the next normal is going to be, exactly. We know it's going to be different, but to what degree and what kind of real estate is fit for purpose for government—I don't think we know that yet.

**Francis Rose:** We're starting to run out of time, Megan. You said earlier something that I think is really important for everybody to understand through this process: "We're not going to get this right out of the gate." Where do you think the biggest potential is for somebody to make a mistake? What actions would you suggest that someone take to avoid that mistake—to make as few mistakes as possible as this all starts to happen?

**Megan McConnell:** I think the biggest mistake that could be made is going straight back to where we

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<sup>2</sup> Virtual private network.

were before. If you think about what we've been able to do in this great work-from-home experiment, the government has been incredibly adaptable and resilient; they moved everyone home.

I think the real risk is in trying to go backward—because the rest of the world isn't going backward. If the federal government is the one that is trying to do that, it makes it seem more out of touch with the world. It causes great talent attraction and retention issues.

We know that 30 percent of all American workers say if they had to go back to the office five days a week, they're finding a new job. So the cat is out of the bag. And there are real potential advantages here in productivity, in resiliency, and in the talent marketplace. It would be a shame to let this moment go by.

**Francis Rose:** Megan McConnell, thanks for a great conversation. It's a brave new world we're looking into, and it's wonderful to get some insight into it. Thanks very much.

**Megan McConnell:** Thank you so much for having me.

**Francis Rose:** You've been listening to *McKinsey on Government*, a presentation of McKinsey. Our next episode's in a couple of weeks. You can subscribe to *McKinsey on Government* everywhere you get your shows. I'm the host of *McKinsey on Government*, Francis Rose. Thanks very much for listening.

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