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People & Organizational Performance Practice

The next competitive advantage in talent: Continuous employee listening

People analytics can provide real-time insights. Here's how leaders can use them to identify critical needs, make decisions more quickly, and strengthen their employee value propositions.

by Alice Damonte, Elizabeth Ledet, Daniel Morales, and Sarah Tobey
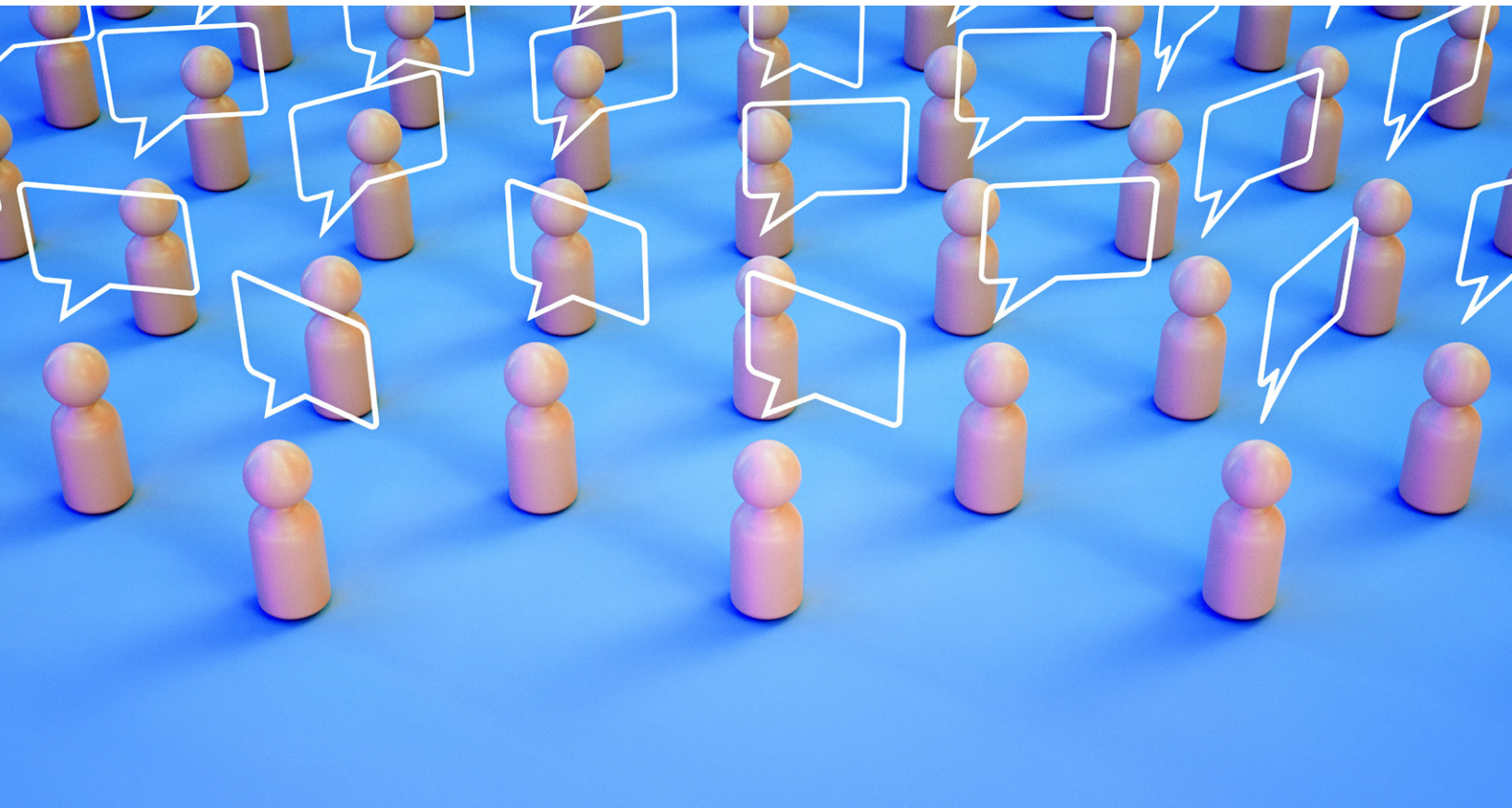
How are your employees feeling? Arguably, there's no question more critical in organizations today. But truly understanding how employees—individually and collectively—feel and what they want has become increasingly difficult, particularly over the past few years.

Companies may have used annual surveys in the past to understand what's going on with employees, identify and characterize emerging workplace trends, and act quickly to seize opportunities or address any issues. But in reality, annually taking stock is not enough anymore.

The pace and complexity of work has continued to increase in the wake of the COVID-19 pandemic. Working teams have become more agile. Hybrid models and gig and project work have become more prevalent. Employees' expectations of their employers continue to evolve, and many have expressed the desire for more flexibility, connectivity, and fulfilling and purposeful work alongside traditional compensation and benefits.

At a time when organizations are facing wave after wave of disruption rather than occasional upheavals, the traditional survey approach is no longer sufficient. It should be supplemented by a continuous-listening strategy—a process driven by people analytics and supported by a people analytics team for capturing employee sentiment in both the short and long terms.

Through this continuous-listening process, business leaders can both monitor the pulse of the organization at the moment and create an ongoing dialogue with employees. Such a dialogue can engender trust and partnership and can spur long-term improvements to employees' workplace experiences and performance, as well as companies' ability to retain top performers.

To understand what a continuous-listening strategy looks like and how to build and staff such a strategy, consider our experience at McKinsey.

In March 2020, at the beginning of the COVID-19 pandemic, McKinsey closed its offices and switched to a remote-work model. Employees' personal and professional lives had been significantly altered, and we were keen to quantify and address their needs in a way that was timely and effective and that rigorously protected their privacy. Here's what happened next.

Leveraging the power of people analytics

McKinsey had already established a strong people analytics team that was collecting data through an annual employee survey and using advanced analytics to generate longer-term predictors of employee satisfaction and performance. The team was well positioned to support data-driven decisions about important talent issues. Now faced

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with crisis, leaders needed to push that capability further to access more immediate employee sentiment in addition to the foundational longitudinal data. In essence, leaders needed to build a continuous-listening strategy that would allow them to quickly identify important changes that were affecting colleagues in the moment and determine how to address them. A key component was a weekly pulse survey.

A weekly pulse check
Leaders began to send a simple but effective survey made up of just two or three questions to all colleagues across the global organization each week. The first question in the pulse survey asked colleagues how they were feeling, with multiple-choice answers; the second prompted a free-text response. When more information was needed about, say, perceptions about professional

development or work–life balance or inclusion, a third question, with multiple-choice answers, was added (Exhibit 1).

The people analytics team combined these data with existing employee information, anonymized them, and, using advanced analytics, pinpointed colleagues' key concerns during the height of the pandemic period. These included financial and childcare concerns and the impact of remote work on mental health, inclusion, and productivity. Through the pulse survey, leaders were better able to understand the relative importance of various issues to different groups of colleagues (depending on role, tenure, geographic location, and parental status, for instance). Using these data, they could target interventions where they would have the most impact while protecting employees' privacy.

Exhibit 1

A weekly pulse survey for employees is a key component of McKinsey's continuous-listening strategy.

Pulse survey, illustrative

The team continues to send the pulse survey. Results are shared with employees weekly, reiterating how their contributions can help leaders identify and shape changes and reinforcing the shared responsibility of colleagues at all levels of the organization to monitor and improve the culture (Exhibit 2). To date, McKinsey's pulse survey has recorded more than one million responses from more than 40,000 employees across 140 offices around the world. It has collected feedback from more than 90 percent of the firm's employees.

But, as McKinsey has learned, the pulse survey doesn't just *happen*. Such an approach requires robust data management and IT systems, analytical expertise, and leaders' time and attention.

Technical and data capabilities

Transforming survey data into insights that leaders can use requires close partnerships among data engineers, data scientists, analysts, translators, and the leaders themselves. Indeed, behind the pulse survey instrument is a diverse set of data sources (behavioral data, digital exhaust,[1] and demographic data) and a team made up of engineers who can combine these data sets quickly and seamlessly. They use advanced analytics, including natural-language processing, to glean insights from integrated and unstructured data sets.

Critical to this team are analytics translators who work closely with McKinsey leaders to shape pulse survey questions, interpret the resulting data, and

Exhibit 2

Pulse survey results are shared with all employees on a weekly basis.

Pulse survey results, illustrative
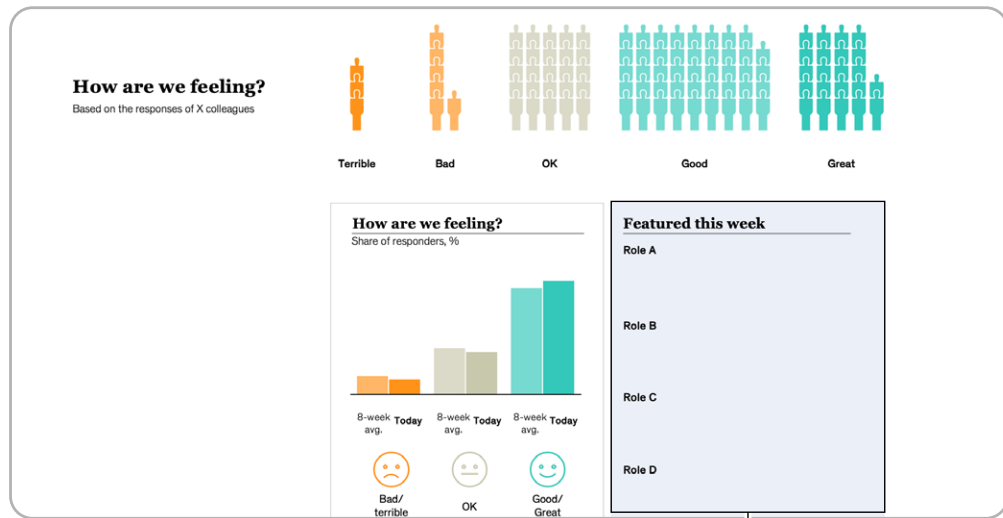
Each week, the people analytics team spotlights findings from different colleague communities to provide a detailed view of employee sentiment

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[1] "Digital exhaust" refers to the residue—information or data—that internet users may leave behind through their use of various applications.

provide recommendations. This translator role, while relatively new in many organizations, is important for securing the success of a continuous-listening strategy. Individuals in these roles must be able to navigate complex organizational dynamics and serve as the liaisons between the analytics team and the business at large. The translators must ensure alignment among all relevant stakeholders. They must be able to synthesize the wealth of data generated and develop compelling, data-driven narratives that can highlight for business leaders any clear concerns or opportunities.

In response to demand from managers, the people analytics team built a self-service portal through which pulse-survey-driven reports can be filtered by date, population, and other characteristics.

The portal also allows users to compare the reports with longitudinal data to guide real-time decisions (Exhibit 3).

Demonstrating the impact of continuous listening

The measure of success with any continuous-listening strategy is its relative impact on the decisions that leaders and employees need to make. Several core themes relating to employees' personal and professional lives have emerged from the findings from McKinsey's pulse survey.
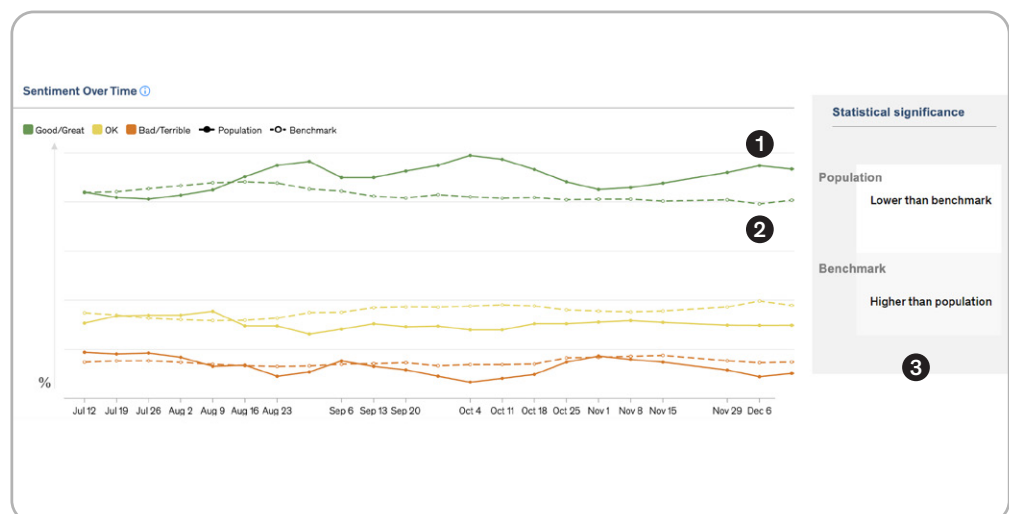
Employee experience
Through the pulse surveys, the people analytics team has gained a clearer view of how different

Exhibit 3

Self-service tools associated with the pulse survey allow managers to track employee sentiment over time for any subgroup.

Pulse survey subgroup-level results, illustrative

1 Selected population (eg, specific office, branch, remote-working model)

2 Selected benchmark comparison (eg, total, region, country)

3 Results complemented by significance tests to help managers identify high-impact situations

colleagues were experiencing working at McKinsey. While most consultants and employees have reported high satisfaction with their roles, enthusiasm about their work and the organization, and sustainable lifestyles, others have shared their need for support. Managers wanted to address these needs in real-time. Through the self-service tool, they were able to do just that.

Managers can use the portal to track the sentiment of colleagues within their teams and subgroups and quickly address any changes. Further, as analytics translators recognize significant changes in the pulse survey data, they can deliver these insights to senior leaders through weekly reports. With these insights, leaders have been able to explore and introduce new ways of working and guidelines to address the needs of those colleagues with lower levels of satisfaction, enthusiasm, and work–life balance.

Team health

To offer leaders and managers more of a team-level perspective on the employee experience, the people analytics team rolled out a manager alert

capability. It combines pulse survey results and other employee data to identify issues that certain teams and groups may be experiencing—for instance, concerns about overly long working hours and a lack of opportunities to connect as a team.

Every two weeks, leaders and managers receive alerts that include an overview of these potential concerns, as well as the specific teams and groups that may be experiencing them. Leaders and managers are using the alert tool to identify emerging challenges before they turn into deeper issues, facilitate more constructive team conversations, and guide teams toward more sustainable norms and practices (Exhibit 4).

Connectivity and remote work

Toward the end of 2020, McKinsey, like other companies, sought to identify an optimal model for returning to the office. Initial data from the pulse survey showed that only a subset of employees—mostly new joiners and more junior employees—reported excitement for returning to a fully in-person model. Many colleagues expressed a preference for a hybrid

Exhibit 4

Manager alerts combine pulse survey results and other data to surface possible issues or concerns at the team level.

Manager alert tool, illustrative

Data inputs
- Pulse survey sentiment and trends
- Pulse survey free-text comments
- Metadata and digital exhaust[1]

Algorithm
- Combined at team level
- Teams with concerns identified

Output
- Alert team managers via email
- Team managers given access to tools to facilitate focused team discussions

Process repeats every 2 weeks

[1] 'Digital exhaust' refers to the residue—information or data—that internet users may leave behind through their use of various applications.

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model that would address their needs for development, connectivity, collaboration, and flexibility, as well as heads-down, focused work time.

The team analyzed colleagues' contexts, needs, and preferences to develop collaboration archetypes. Through this work, it gained several critical insights—for instance, how much time colleagues should spend in person, which activities might be most impactful while colleagues are together, and how best to motivate colleagues to shift to an optimal model, taking into account the needs of each community.

Growth and learning
In late 2021, the pulse survey showed a decline in experience sentiment among some client-facing employees who had joined within the previous six months. Through an archetype analysis, the team identified a group of new hires who were receiving less coaching in the new hybrid environment. As a result of this analysis, McKinsey leaders established several new initiatives focused on purposeful apprenticeship and increased resources for new learning programs—for instance, a revamped onboarding curriculum and digital-learning support for new joiners.

In other instances, leaders have used pulse survey data to assess the ROI from various training programs, differentiating the programs' impact according to the skills being developed and whether programs were being delivered online or in person.

Inclusion
One week, the pulse survey asked employees about behaviors that reflect courageous inclusion—that is, engaging with curiosity, sharing openly, and empowering others. Employees' experiences were varied, according to survey data. To identify potential roadblocks to inclusivity and recommend ways to incorporate more open sharing, the people analytics team used natural-language processing to analyze colleagues' free-text submissions.

A consistent thread throughout the survey comments was the need for a psychologically safe environment as a precondition for actively pursuing inclusivity and for experimenting and learning from mistakes. McKinsey's leaders tied this theme to broader people data. In this way, they were able to target recommendations to specific areas of the firm and further reinforce the firm's culture of inclusion across geographies and populations.

Individual outreach
The weekly pulse survey platform provides a means by which employees can reach out to a leader in times of need in a way that preserves their confidentiality, since pulse-survey-related correspondence is never tied back to an individual. Survey participants need only click on a link within the survey, and the request is forwarded to a relevant contact in their region. The response time is typically within 24 hours from the time of the original request. Over the past three years, the people analytics team has facilitated about 3,000 of these requests.

Childcare
COVID-19-related lockdowns in 2020 magnified our colleagues' caregiving challenges. Leaders were concerned about the health of McKinsey colleagues and their families, as colleagues tried to juggle parenting, schooling, and remote work. Insights from the pulse survey data prompted leaders to make a fast and data-informed decision to make resources available to support colleagues' childcare needs and allow them to work from home more comfortably. More recently, leaders expanded McKinsey's parental-leave policy in locations that were facing the biggest childcare challenges.

Mental health
A core benefit of the pulse survey is its anonymity. Creating such a safe space for employees to voice their opinions proved invaluable when leaders asked colleagues how the company could better support their mental health. The people analytics team used free-text analytics to structure and quantify

colleagues' written submissions about specific mental-health-related topics that were top of mind for them and then identify potential solutions.

Solutions resulting from the analysis have included events dedicated to acknowledging the stigma associated with mental health and discussing ways to access virtual therapists and other forms of digital support, as well as physical-fitness resources. The firm has also established month-to-month part-time programs that allow employees to flex their working days in situations of special need.

Worldwide events

The pulse survey platform has proved particularly valuable when news—global health emergencies and local crises, for instance—breaks and leaders need to understand quickly which colleagues are affected and how to help. Through pulse surveys, colleagues can share their real-time reactions to external events, and leaders can respond in turn by,

say, organizing townhall discussions about the event, providing updated crisis-related information, and offering information about fundraising efforts.

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In the current fast-paced talent market, the companies that adopt a continuous-listening strategy stand to build a distinct competitive advantage. They can transform their understanding of employees' needs and address them in real time, increasing the likelihood of higher performance, higher engagement, and higher retention. Under this approach leaders will, of course, need to continually monitor and collaborate with technical experts and other key stakeholders across the organization to generate insights, consider changes, and make them. But the results are worth it. A continuous-listening strategy can create outsize impact and long-term value, regardless of organization or industry.

Alice Damonte is a data analytics specialist in McKinsey's Milan office; **Elizabeth Ledet** is a partner in the Atlanta office; **Daniel Morales** is a people analytics and strategy leader in the Washington, DC, office; and **Sarah Tobey** is a people analytics director in the New York office.