ICMIF

Insights on enabling a hybrid workforce and the role of the office

8 September 2021

EY

OUR UNDERSTANDING OF THE SITUATION

THE WORK MODEL ACROSS INDUSTRIES WAS FORCED TO CHANGE DUE TO GLOBAL EVENTS.

AS COMPANIES NOW PLAN FOR THEIR RETURN TO OFFICE, THEY NEED TO ADJUST TO A NEW REALITY.

WE ARE EXPLORING INDUSTRY PERSPECTIVES ON WORKING MODELS

> We may design what we think is the ideal model, but compliance rates remain low. Unless the message is clearly articulated, employees won't understand the need to come in. The behaviour of senior executives must match their vision for the future of the organization.

A CONTINUUM OF PERSPECTIVES

Leaning On-Site » Leaning Hybrid / Flexible Model » Leaning Work From Anywhere

Leaning On-Site	Leaning Hybrid / Flexible Model	Leaning Work From Anywhere
Employees expected to be on-site, flexibility treated as an exception.	Employees in a hybrid model, splitting time between office and remote work environments.	Employees have flexibility to work from anywhere.

Future of Work Challenges

Recruitment	Culture Evolution	Onboarding	Process Reimagination	Employee Care	Diversity and Inclusion	Organizational Lens
Recruiting and retaining top talent is an ongoing challenge with increased employee options	Preservation and enhancement of a culture with reduced physical interactions	Appropriately integrate new talent into the organization	Updating legacy/manual processes through digitization, automation, revision, or removal	Reduce employee fatigue, stress, and burnout associated with virtual work	Need to ensure that Diversity & Inclusion is kept front and centre	Business Unit future of work models must align with the greater organization

EY

EMERGING LESSONS FROM RETHINKING WORK MODELS

Missteps

Bottom-up rather than vision-led

A vision allows questions to be asked "with purpose" and expectations to be managed

Narrow ambitions

Real estate savings and meeting new employee expectations are important but not the only considerations

Rethinking work is broader than remote work

Where employees work is only one of many important decisions

Recency and confirmation bias

Lockdown showed many activities can be undertaken remotely but doesn't prove they should be

Co-location isn't just "being in the office"

Co-location is about collaboration, culture, learning and employee experience

Assuming today's technology for tomorrow's needs

Technology and design options will continue to evolve rapidly

Keys to success

Deeply understand your workforce

Identify what they need to be successful and what will motivate them as "whole people" to work in new ways

Virtualize your culture

Identify what makes you who you are how you will sustain it in a hybrid working model

Leadership at all levels

Prepare and enable managers to lead their teams to- and in- a new normal

Double-down on change management

The thoughts, feelings and experience of those we ask to change make or break transformations
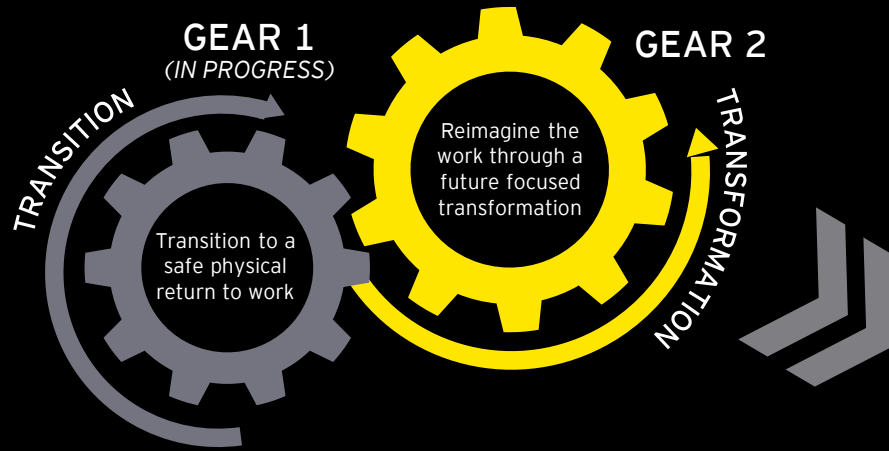
Focus on behavior

Identify which behaviors need to stop, start or continue to make new ways of working successful

Align space, people and technology

Hybrid work models require employees to work in new ways, in new places and with new tools; all three must be in harmony

Our approach
Transform as you transition

GEAR 1
(IN PROGRESS)

TRANSITION

Transition to a safe physical return to work

GEAR 2

Reimagine the work through a future focused transformation

TRANSFORMATION

COVID-19 universally impacted the way companies think about the workplace and dispelled myths about productivity and collaboration being central to a *physical office*. Now, the opportunity and challenge is to *rethink the workplace, re-define worker types, and establish a future model for a flexible work environment.* To transform as you transition, organisations will focus on the need for flexibility by creating a comprehensive program roadmap that will support a flexible environment for different Worker Types across the employee lifecycle. There are six key considerations through the three potential lenses as depicted below.

CULTURE & LEADERSHIP

Ensure that the organization supports purpose and culture with new ways of working, building both mindset and skillset; focus on effectiveness of remote leaders and the from-to behaviors needed to evolve.

REMOTE WORK POSTIVE

Determine how roles may change, and what new opportunities will emerge, as a result of the new and collaborative ways of working.

REAL ESTATE & WORKSPACE

Determine need for real estate footprint and use of space for meetings, collaboration, ideation and work with customers. Consider additional RE needs (i.e. hoteling, physical health and safety, disaster recovery sites). Validate location needs, design, and expected usage of onsite space. Establish home workspace provisioning and create "work from home" approach including schedules, workspace reimbursement, and wellbeing.

PEOPLE

PHYSICAL SPACE

TECHNOLOGY
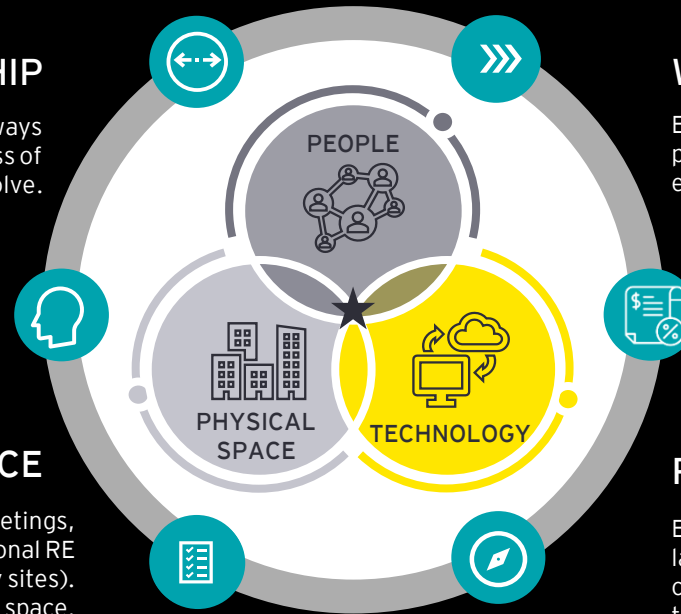
WORKFORCE EXPERIENCE & ANALYTICS

Establish measurement of productivity. Create a new listening platform to ensure engagement and wellbeing, and enhance experiential data to identify the experience enablement.

TAX, PAYROLL & REGULATIONS

Assess tax, payroll and legal / regulatory / compliance implications. Consider Cyber and resilience implications in decision making.

REMOTE WORK TECHNOLOGY

Establish needed home technology including internet standards, laptops, headsets, and associated software for planning, collaboration, file sharing, and video/audio conference and training.

How we are helping our clients to reimagine and reset?

- **Employee Survey:** understands employees' perspective and desired experience
- **Purpose & Culture:** define and establish the future beliefs and values
- **Workforce Resilience Enablement:** equip managers and employees with the capabilities and behaviors to embrace a compelling experience
- **Employee Reference (TrueChoice):** measures what employees value with their preferences, perceived money values, expectations and value gaps
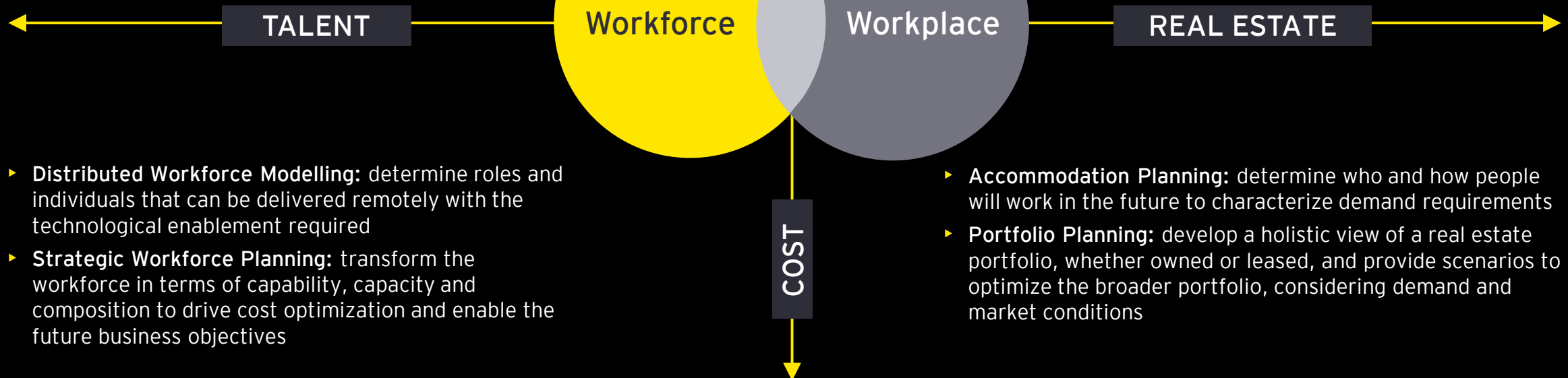
- **Management Consultations:** understand management's preferences with respect to physical on-site working requirements
- **Organizational Consultations:** understand how a distributed or nodal real estate portfolio could function for the business and its people
- **Workplace Considerations:** define the conditions of the physical on-site premise that would have to be in place to ensure a productive yet safe physical working environment

EXPERIENCE

TALENT — Workforce | Workplace — **REAL ESTATE**

COST

- **Distributed Workforce Modelling:** determine roles and individuals that can be delivered remotely with the technological enablement required
- **Strategic Workforce Planning:** transform the workforce in terms of capability, capacity and composition to drive cost optimization and enable the future business objectives

- **Accommodation Planning:** determine who and how people will work in the future to characterize demand requirements
- **Portfolio Planning:** develop a holistic view of a real estate portfolio, whether owned or leased, and provide scenarios to optimize the broader portfolio, considering demand and market conditions

EY

Based on EY's experience, there are 5 key workplace archetypes that can be used as a foundation to accelerate the Future Workplace design

Work as a Place

'The Office' is 'work'

- Large centralized office or campuses synonymous with brands and able to cater to all employees.
- Co-location is the dominant way work is undertaken with limited (1-2 days) of 'working from home' permitted within policy and managerial bounds.

Office as Anchor

'The Office' is central to work and organizational effectiveness but with greater degrees and types of remote work in place

- Centralized or connected office or campuses able to cater to substantial portions of the workforce at the same time.
- Co-location is the dominant way work is undertaken for most, but not all, with a combination of those working some of the time 'from home' and others (particularly non-client serving or administrative) primarily or full time remote.

Office as Connector

'The Office' optimally connects different modes of work, and employee segments, to each other

- Office(s) located & sized for a combination of client and on premise work/teaming. Scheduling to manage space optimally combined with shared offices for project based needs.
- Co-location is a strong, but not dominant component of working experience for a range of employee segments with different forms of relationships to the office. Not all reside in commutable range.
- Flexible work arrangements are more common.

Office as a Magnet

'The Office' is not central to work, but is at the centre of organizational development and regularly draws people together

- Office(s) located & sized for a combination of client and on premise work/teaming. Scheduling to manage space optimally combined with shared offices for project based needs.
- Regular Co-location is important but a minority aspect of working experience and most are primarily remote with some segments full and distant.
- Full range of flexible work options by policy / per role.
- Some level of geographical limitation breakthrough in embracing non-local workforce.

Work as an Activity

'The Office' is not an important part of work. Space is fluid and virtual effectiveness is everything

- No (or very small) offices. Shared offices or venue hire when required and all work full remote with employees working from anywhere if legal/tax compliant
- Co-location is the exception. Full range of flexible work options by policy / per role including job sharing
- Geographical limitation is removed with global workforce composition
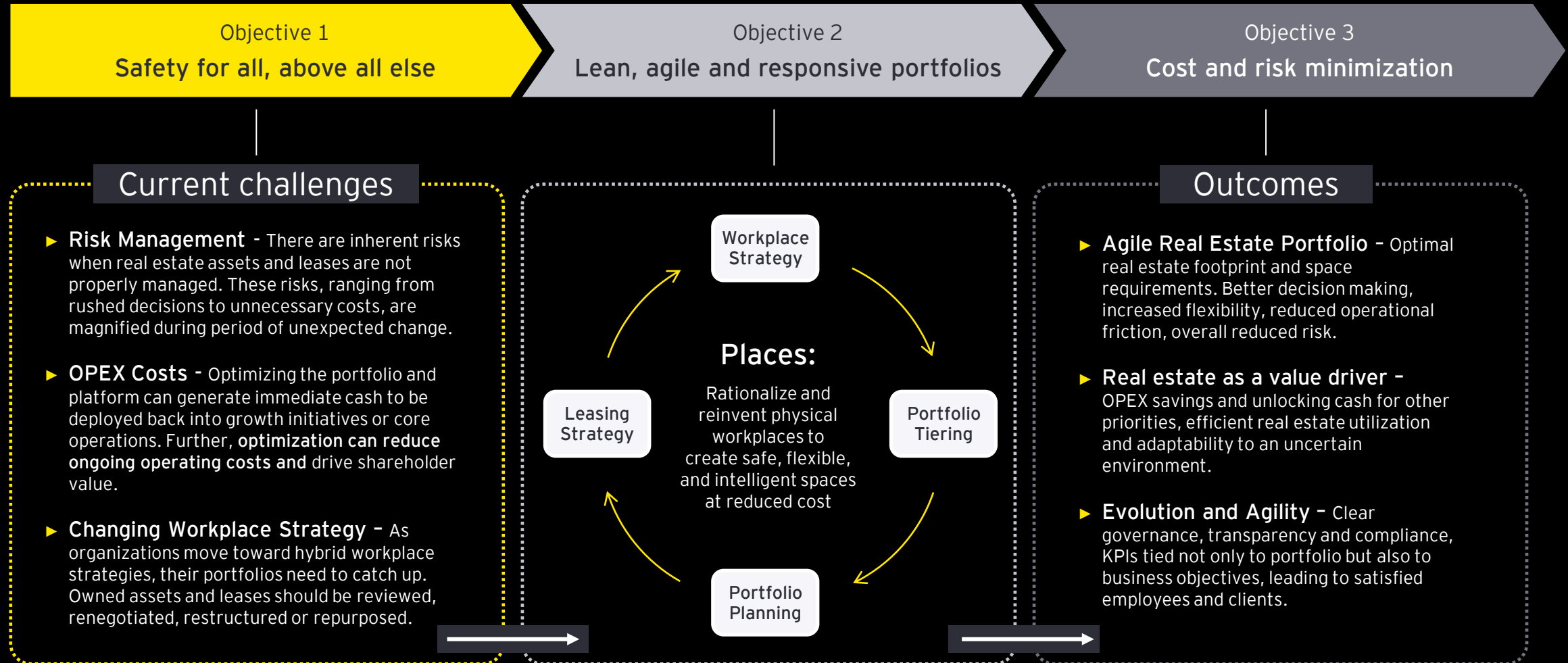
On-Premises ← Hybrid   Models → Off-Premises (Local - Global)

EY

Workplace strategy Reset
Accommodation and portfolio planning during COVID-19

As employers and employees embrace hybrid work arrangements, businesses should assess their real estate footprint and costs, conduct scenario modelling, and redefine their real estate and leasing strategy.

Objective 1	Objective 2	Objective 3
Safety for all, above all else	**Lean, agile and responsive portfolios**	**Cost and risk minimization**

Current challenges

► **Risk Management** - There are inherent risks when real estate assets and leases are not properly managed. These risks, ranging from rushed decisions to unnecessary costs, are magnified during period of unexpected change.

► **OPEX Costs** - Optimizing the portfolio and platform can generate immediate cash to be deployed back into growth initiatives or core operations. Further, **optimization can reduce ongoing operating costs and** drive shareholder value.

► **Changing Workplace Strategy** – As organizations move toward hybrid workplace strategies, their portfolios need to catch up. Owned assets and leases should be reviewed, renegotiated, restructured or repurposed.

Workplace Strategy

Leasing Strategy

Places:
Rationalize and reinvent physical workplaces to create safe, flexible, and intelligent spaces at reduced cost

Portfolio Tiering

Portfolio Planning

Outcomes

► **Agile Real Estate Portfolio** – Optimal real estate footprint and space requirements. Better decision making, increased flexibility, reduced operational friction, overall reduced risk.

► **Real estate as a value driver** – OPEX savings and unlocking cash for other priorities, efficient real estate utilization and adaptability to an uncertain environment.

► **Evolution and Agility** – Clear governance, transparency and compliance, KPIs tied not only to portfolio but also to business objectives, leading to satisfied employees and clients.

EY

Work Reimagined Survey 2021 – Emerging Trends
(16,000+ responses)

Employees think they and their employees have responded well so far...

In spite of the challenges posed by the pandemic, employees remain positive about their work

▸ **86%** of employees rate their job satisfaction at 6 or above on a scale of 1 to 10 ; **60%** of employees rate their job satisfaction at 8+

▸ **93%** of survey respondents are likely to "Stay" with their current organization for at least the following 12 months

Employees are broadly positive about the impact of remote working

▸ **49%** of employees believe their company culture has changed and got better since the beginning of the pandemic (with a net +17% positive score)

▸ **70%** agree that the productivity for their job can be accurately measured by their company irrespective of where they work

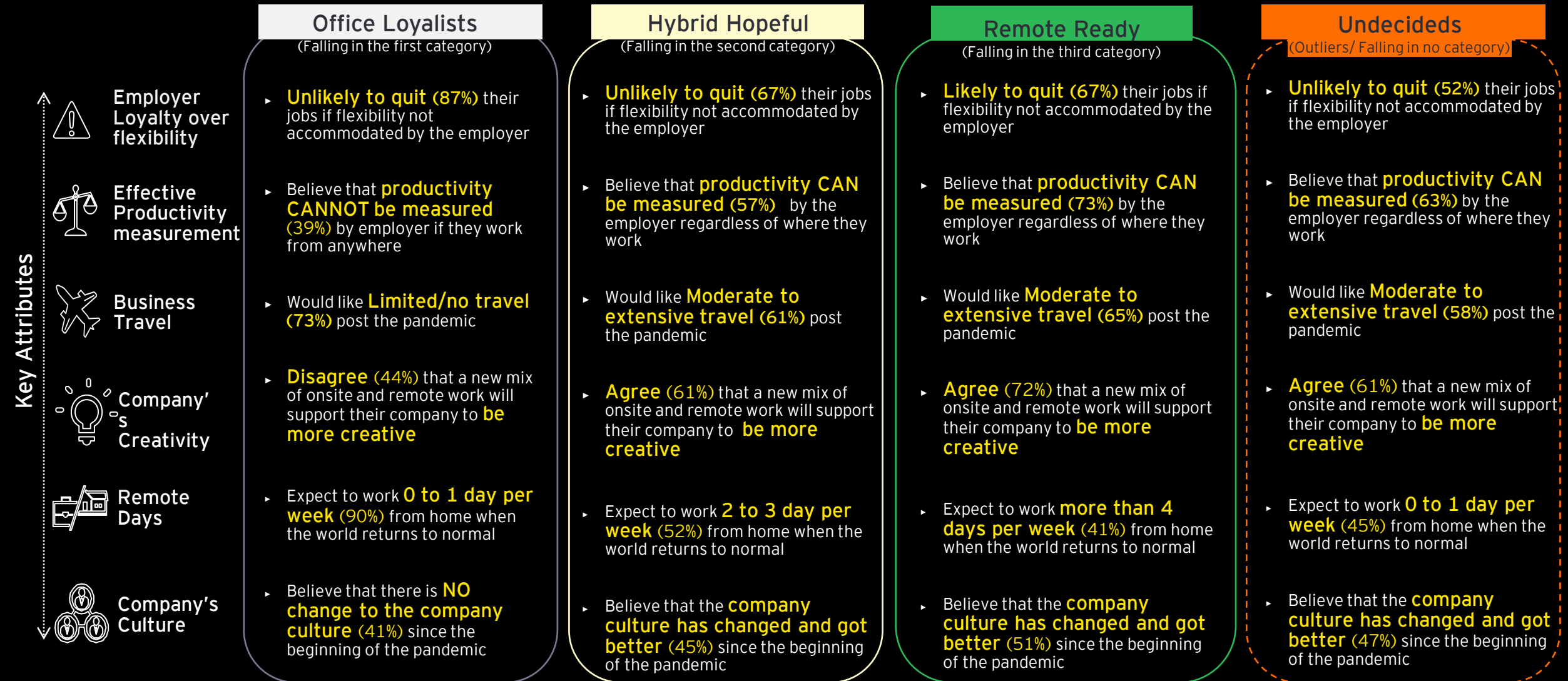## But they demand permanent flexibility going forward and are prepared to quit if they don't get it...

▶ **9 out of 10** employees want flexibility in where and when they work

▶ **One third** of employees want their employers to offer shorter working weeks

▶ On average, employees want to work between **2 and 3 days remotely** after the pandemic

▶ **A majority (53%) of employees are prepared to quit** if they aren't offered the flexibility they want; with **Millennials 2x as likely** as Baby Boomers to quit

Some things have changed permanently, but other pre-pandemic behaviors and preferences will remain...

▶ **Two-thirds** of employees want to continue business travel post-pandemic (this was 49% in past survey)

▶ **A fifth** of employees would still want to work fully (5+ days) in the office post-pandemic

Key Personas/ Archetypes emerging from the Index scoring

62% of the survey respondents could be categorized under three discrete personas namely the Office Loyalists, the Hybrid Harbingers and the Digital Nomads/Remote Renegades. The remaining 38% of the survey population falls in the undecided/I don't know pool
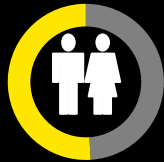
Key Attributes

Key Attributes	Office Loyalists (Falling in the first category)	Hybrid Hopeful (Falling in the second category)	Remote Ready (Falling in the third category)	Undecideds (Outliers/ Falling in no category)
Employer Loyalty over flexibility	▸ **Unlikely to quit (87%)** their jobs if flexibility not accommodated by the employer	▸ **Unlikely to quit (67%)** their jobs if flexibility not accommodated by the employer	▸ **Likely to quit (67%)** their jobs if flexibility not accommodated by the employer	▸ **Unlikely to quit (52%)** their jobs if flexibility not accommodated by the employer
Effective Productivity measurement	▸ Believe that **productivity CANNOT be measured (39%)** by employer if they work from anywhere	▸ Believe that **productivity CAN be measured (57%)** by the employer regardless of where they work	▸ Believe that **productivity CAN be measured (73%)** by the employer regardless of where they work	▸ Believe that **productivity CAN be measured (63%)** by the employer regardless of where they work
Business Travel	▸ Would like **Limited/no travel (73%)** post the pandemic	▸ Would like **Moderate to extensive travel (61%)** post the pandemic	▸ Would like **Moderate to extensive travel (65%)** post the pandemic	▸ Would like **Moderate to extensive travel (58%)** post the pandemic
Company's Creativity	▸ **Disagree (44%)** that a new mix of onsite and remote work will support their company to **be more creative**	▸ **Agree (61%)** that a new mix of onsite and remote work will support their company to **be more creative**	▸ **Agree (72%)** that a new mix of onsite and remote work will support their company to **be more creative**	▸ **Agree (61%)** that a new mix of onsite and remote work will support their company to **be more creative**
Remote Days	▸ Expect to work **0 to 1 day per week (90%)** from home when the world returns to normal	▸ Expect to work **2 to 3 day per week (52%)** from home when the world returns to normal	▸ Expect to work **more than 4 days per week (41%)** from home when the world returns to normal	▸ Expect to work **0 to 1 day per week (45%)** from home when the world returns to normal
Company's Culture	▸ Believe that there is **NO change to the company culture (41%)** since the beginning of the pandemic	▸ Believe that the **company culture has changed and got better (45%)** since the beginning of the pandemic	▸ Believe that the **company culture has changed and got better (51%)** since the beginning of the pandemic	▸ Believe that the **company culture has changed and got better (47%)** since the beginning of the pandemic

EY

Key demographic characteristics of the three major Index personas
Attributes such as generation, job role and caregiving responsibilities influence employee choices
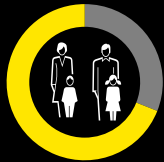
Office Loyalists
(Falling in the first category)

Are most likely to be women
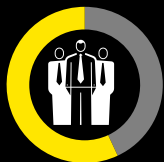
51% vs 45% Hybrid Hopeful & 43% Remote Ready

1.4x more likely to belong to Gen X (born 1965-80)

43% vs 30% Overall

Do not have caregiving responsibilities

69% vs 51% Overall

Are individual contributors (job level)

69% vs 45% Overall

1.7x more likely to have a customer facing organization culture

41% vs 24% Overall

Hybrid Hopeful
(Falling in the second category)

Are most evenly split between men and women

54%/46% men/women

Are evenly split between older and younger generations, with **49%** born before 1980 and **51%** born after 1980
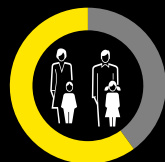
Do not have caregiving responsibilities

60% vs 51% Overall

Are evenly split between being either managers/leaders **49%** & individual contributors **51%**

Are evenly split between being "essential" **50%** and "non-essential" **50%** employees during COVID-19

Remote Ready
(Falling in the third category)

Are most likely to have caregiving responsibilities

52% vs 40% Hybrid Hopeful & 32% Office Loyalist

Are most likely to describe their organisational culture as **focussed on Quality & Innovation**

53% vs 44% Hybrid Hopeful & 34% Office Loyalists

Have at least a 30 min commute to the office (16% at least 1 hour)

61% vs 55% Overall

Are most likely to work in Banking & Financial Services or Technology

**1/3** work in these sectors vs 25% overall

Are interested in relocating

71% vs 61% Overall

EY

DESIGN CONSIDERATIONS - PEOPLE AT THE CENTER

Anchor design decisions in a comprehensive understanding of your people's individual, relational, and environmental experience.

Employees want to know they matter. This means listening, understanding and adapting to shifting behaviors, values and needs. It means higher degrees of personalization, predictability and authenticity. A high fidelity listening strategy offers ongoing insight into what people are experiencing so that organizations can "fill the white space" between hire and exit. These insights will help drive engagement, communications, and overall talent strategies.
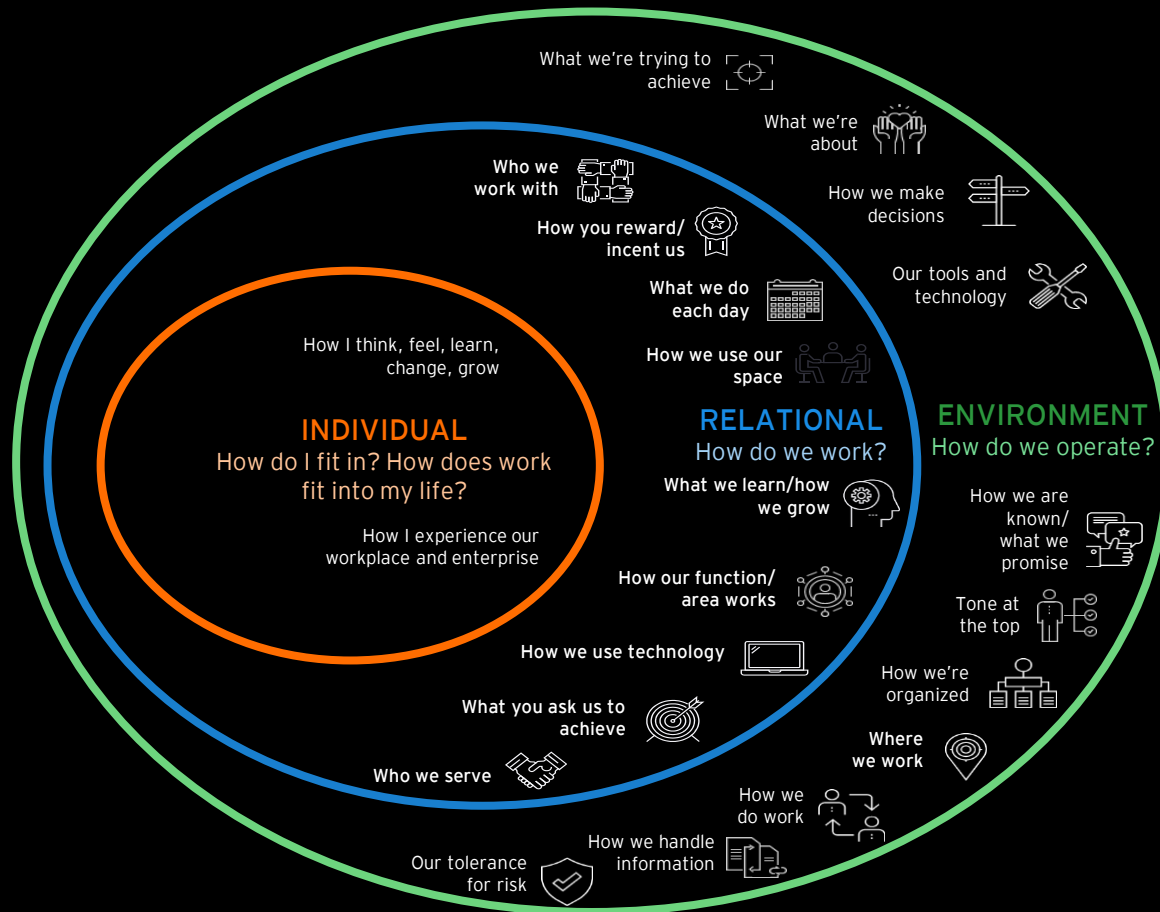
Individual

ME Considerations
▸ Stay engaged and motivated
▸ Be and feel connected
▸ Feel valued and heard

Relational

WE Considerations
▸ Have tools to collaborate
▸ Expectations of success are clear
▸ Incentivized and recognized

Environment

HERE AND NOW Considerations
▸ Policies and procedures enable the new way of working
▸ Leadership provides support
▸ The environment enables teams to execute on their expectations

EY

EY | Assurance | Tax | Strategy and Transactions | Consulting

About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.
EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. For more information about our organization, please visit ey.com.

ey.com