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Disruption of the Way We Work
June 2020

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COVID-19 Disruption of the Way We Work
Will working from home (WFH) become the new normal?

A survey finds more than two-thirds of companies may be working from home forever

COVID-19

Half of Swiss working from home – and enjoying it

MAY 14, 2020 - 10:55

Google's work from home strategy includes a $1,000 allowance

It still wants to bring workers back to the office over time.

COURT DECISION

Companies must pay share of rent for employees working from home

MAY 24, 2020 - 12:30

WORK

How to negotiate a permanent work-from-home arrangement

Published Wed, Jun 10 2020-2:16 PM EDT

Jennifer Liu
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Business

ING Offers Permanent Work-From-Home Option in Spain

By Charlie Devereux
10. Juni 2020, 15:24 MESZ

Business

Calpers CEO Says Half of Employees to Keep Working Remotely

By Michael McDonald
16. Juni 2020, 18:53 MESZ
Updated on 16. Juni 2020, 19:33 MESZ

Following the outbreak of COVID-19, GEM Consulting has conducted a comprehensive study to shape our understanding of future operating models with working from home (WFH)

Executive Summary (1/3)

From the start of the COVID-19 pandemic, GEM Consulting has conducted an in-depth analysis to understand the opportunities and challenges of **working from home (WFH) for organizations and their future operating models.** We interviewed various business leaders and subject matter experts of different organizations and conducted a study with more than 150 participants across industries and different managerial levels who experienced WFH during COVID-19

The results strongly support our hypothesis that we may well see a significant **disruption of the way we work with fundamentally new operating models emerging** across different industries and businesses. We expect many organizations to find a **new optimal balance** somewhere around 20-60% WFH

1

An emerging new way of how we work

…with multiple benefits for organizations and their stakeholders

- **Positive employee experience across the board**: 75% of participants enjoy WFH, while only 1% does not. ► WFH option is a key ingredient for employee satisfaction, if not a must have for employees in the future

- **Employee productivity increased:** Productivity increased for over 40% of participants and another 40% believe the location does not impact their performance. ► We often heard 'productive people are productive regardless of their location'

- **Significant cost savings:** 75% believe that cost can be reduced, of which 40% believe costs can be reduced by at least 30% ► We believe savings of at least 20% occupancy costs is achievable for most organizations

- **Positive ESG impact:** Over 80% believe that WFH can reduce the carbon footprint, due to reduced commuting and energy usage. ► Organizations will better meet their ESG targets, we believe not only environmental but also social and governmental ones

- **Catalyst for innovation:** More than 90% believe WFH acts as a catalyst for digitalization, 60% believe it can also foster innovation. ► Organizations will become much faster to digitalize their operating models given WFH requires us to collaborate through digital channels

- **Increase in employer attractiveness:** Over 50% believe WFH promotes equality among employees and increases the talent pool for organizations. ► WFH shifts focus on 'output rather than presence and appearance'

COVID-19 was a massive global 'WFH experiment' that has proven it can work for many organizations but will require deep cultural change and leadership

Executive Summary (2/3)

2

COVID-19 has shown that WFH works

…organizations can do it!

- **Successful 'mass experiment':** The COVID-19 crisis showed that large scale WFH (often reaching 90-100%) is feasible for many organizations. ► It is now crucial to process these learnings and develop a long-term sustainable model

- **Infrastructure and tools allow it:** The new technological possibilities (including zoom, skype, cloud) allow WFH, as most respondents agreed with. Many said technology (e.g. hardware or internet) is even more advanced at home ► Organizations will invest significantly to further improve remote working capabilities and will also rethink concepts of how to use existing office space

- **Risks and exposures somewhat change with WFH but are manageable.** ► Organizations will need to review and adapt their oversight, risk appetite and risk management processes to reflect a changing operational environment

3

New operating models will require change in culture and leadership

… while finding the "the new balance" will be key

- **Some 'old school' managers struggle:** Typically people who are younger, lower in the hierarchy and perceive themselves as more productive are more in favor of home office. Overall, WFH poses challenges particularly for traditional leadership and management styles. ► Organizations will need to fundamentally rethink their (virtual) leadership and collaboration models

- **Data, cyber and compliance risks are in focus:** Even though the overall risk level remains similar, some risks gain increased importance. The risks most frequently mentioned were around data protection, cybersecurity threats / fraud and compliance issues ► Key challenges include identification, monitoring and management of these risks.

- **Need for cultural change**: Only 1/3 of respondents capture the feedback of their employees regarding their WFH experience. Many see a changing corporate culture as a key success factor ► A key success factor is to include different stakeholder perspectives and interests to find the new optimal balance and allow it to be adopted by an organization's culture and leadership

Many leading organizations will embrace the new way we work given the business case is very obvious, but it will be key to find the optimal balance and embrace the required change

Executive Summary (3/3)

4

Conclusions and need for action

- **New normal after COVID-19:** The pandemic forces many of us to WFH today and it may also have triggered a revolution of how we will work in the future. Our study has shown that WFH is not only desirable but also feasible for both employers and employees. Even pre-COVID, many office workers already spent significant time working and collaborating in the virtual space (through email, online conferencing etc.). ► The more digitalized our resources and capabilities become, the less relevant physical boundaries to work will be

- **Change for organizations:** Leading organizations need to conduct a holistic analysis to develop a sustainable future WFH operating model. ► occupancy costs can be reduced by 20-30%, employee satisfaction and productivity can be improved considerably and value provided to society (e.g. related to environmental footprint, equality or innovation) can be increased fundamentally

- **Change beyond organizations:** Decision-makers in politics and public service need to reflect and debate on these fundamental changes of the way we work ► political, legal, and economic circumstances – such as tax breaks for home office, incentives for more flexible working models, or promotion of digitalization in our economy and society – will need to evolve

- **Finding the new balance:** We discovered conflicting views between different stakeholder groups. Hence, the identification and resolution of these conflicts should become a priority for organizations adopting WFH models. There this no universal approach or 'one size fits all' operating model. It requires organizations to develop a deep understanding of the various dimensions in WFH – from leadership and culture, people, business and risk management, to processes and technology. ► we have developed a framework to build a new operating model for WFH and recommend our three-step GEM approach:

  1) *Understand*: conduct an initial feasibility study with all relevant stakeholder groups
  2) *Connect*: develop a target operating model based on our proposed framework
  3) *Implement:* embed the new WFH model in the culture and leadership DNA of the organization

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Selected Key Highlights of our WFH Study

June 2020

Most participants in our study enjoyed WFH and many experienced that it is as effective and efficient (if not even more) compared to working out of the office

Most participants rate the COVID-19 working from home experience positive - and believe their team is also enjoying it

- The results indicate most of the respondents viewed the experience of WFH as positive and believe their employees did so as well

- Surprisingly, only 1% stated that their experience was 'strongly negative' and only 7% considered their experience 'rather negative' mainly due to a lack of social contacts

- These findings strongly support the increasing public perception that WFH has very positive impact on the overall employee satisfaction

Question: How do you rate the overall "working from home" experience during the COVID-19 pandemic?

| 25% | 50% | 17% | 7% | 1% |
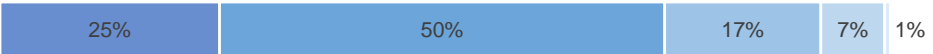
Question: How does your team / employees rate the home office experience?

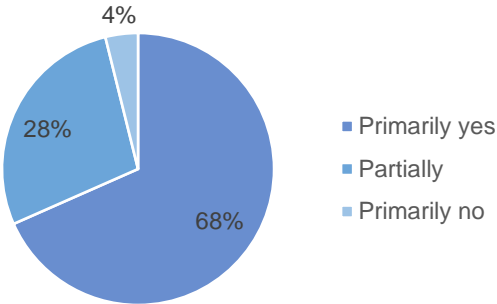| 10% | 55% | 26% | 6% | 3% |

■ Strongly positive   ■ Rather positive   ■ No change   ■ Rather negative   ■ Strongly negative   ■ No Answer

Most jobs can be done at home - with productivity even increasing when WFH

- Almost 70% of participants indicate that their job is suitable to be performed at home and an additional 30% believe it is at least partially possible

- For more than 40% of respondents the perceived productivity of employees increased, whilst only 11% reported a decline in productivity levels when WFH

- Younger and more junior participants perceive their team's activities considerably more suitable (< 39 years: 73% vs. 50+: 56%; staff: 78% vs. senior management: 54%)

Question: Are the activities performed by your team suitable for working from home?

4%
28%
68%

■ Primarily yes
■ Partially
■ Primarily no

Question: How do you judge the productivity of your team / employees from home compared to work from the office?

| 10% | 33% | 43% | 11% | 3% |

■ Strongly positive   ■ Rather positive   ■ No change
■ Rather negative   ■ Strongly negative   ■ No answer

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Participants believe WFH can considerably reduce workplace costs by around 10 to 30%, not only occupancy, but also various other costs could be optimized

WFH could lead to considerable cost reductions

- Most respondents agreed that working from home offers significant opportunities to reduce costs, with only 6% who don't see any opportunity

- Cost savings are expected in the range of 10% to 30% of total workplace cost

- However, there remains significant uncertainty on which costs can be saved

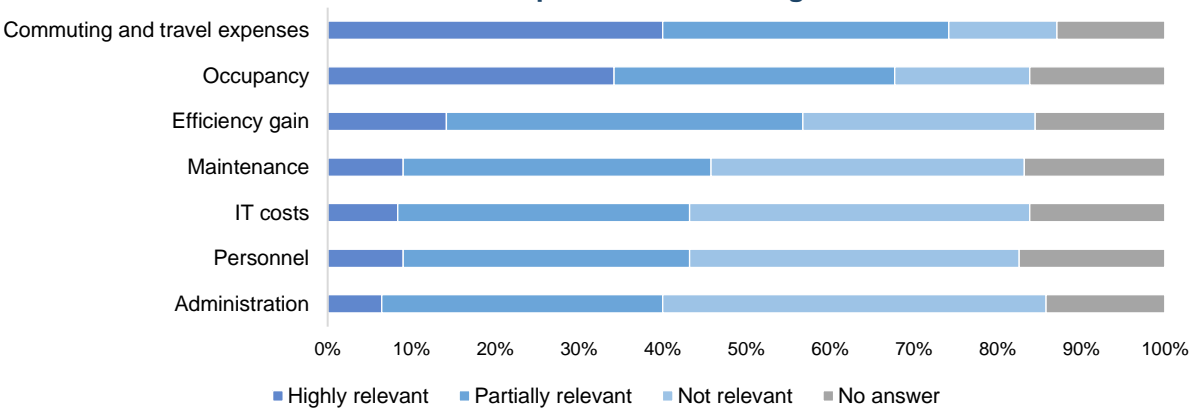- Many of our discussion partners also highlighted that (further) WFH infrastructure investments are required

Question: How do you view the total workplace cost reduction potential for an employee working from home compared to working in the office?

10% or lower	20%	30%	40%	50% or higher	No cost reduction	Don't know / no answer
12%	30%	19%	4%	8%	6%	21%
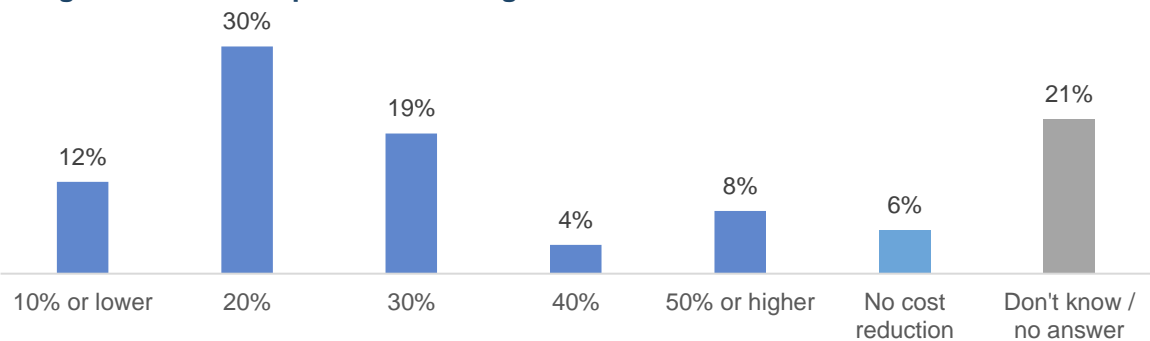
Savings are not only limited to occupancy costs, as other costs associated with the way we work could be reduced as well

- The great majority believes that WFH will help companies to significantly reduce travel and occupancy costs

- Additionally, other costs will also be relevant in realizing cost savings, e.g. IT or personnel costs requiring a detailed analysis of the cost structure and the need for changes

- An increase in productivity and efficiency may allow companies to perform the same activities with fewer resources

Question: What are the most relevant aspects of cost savings?

Commuting and travel expenses
Occupancy
Efficiency gain
Maintenance
IT costs
Personnel
Administration

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

■ Highly relevant ■ Partially relevant ■ Not relevant ■ No answer
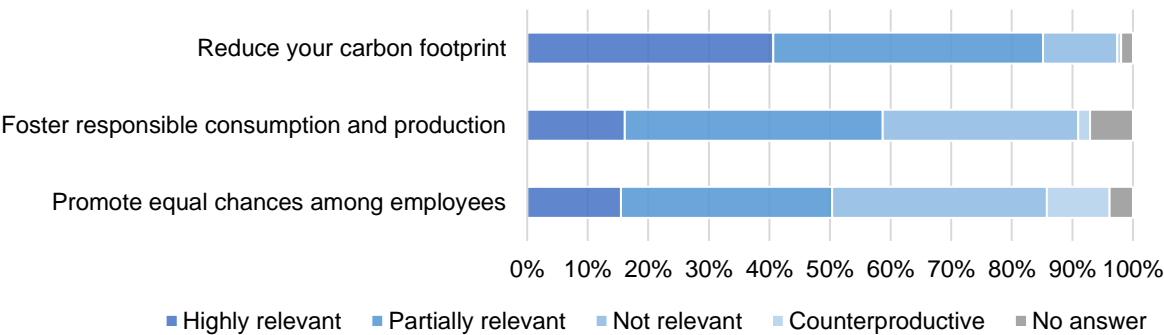
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Respondents see various additional benefits of WFH, including ESG improvements, acceleration of digitalization and increased attractiveness of employers

WFH can improve ESG considerations

- More than 80% of respondents believe that the CO_2 footprint can be further reduced with increased WFH. Reduced commuting, less business travel (as one manager puts it: "Flying will be an exceptional need in the future") and less required office space may be the key driver for this

- Around 60% believe WFH will foster a more responsible approach to consumption and production while 50% believe it may also promote more equal opportunities for employees

Question: How relevant do you consider a continuous increased home office setup to...

Reduce your carbon footprint
Foster responsible consumption and production
Promote equal chances among employees

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

■ Highly relevant ■ Partially relevant ■ Not relevant ■ Counterproductive ■ No answer

Participants believe there exist other considerable benefits of WFH

- More than 90% predict that WFH will further accelerate digitalization while over 60% believe it will go along with an increased level of innovation

- As the need to commute is reduced, 50% think that this can increase the attractiveness of an employer and hence increase the potential talent pool

Question: What other positive impact is in your opinion associated with increased working from home?

Digitalization boost
Innovation increase
Increased talent pool

0% 20% 40% 60% 80% 100%

■ Highly relevant ■ Partially relevant ■ Not relevant ■ No answer
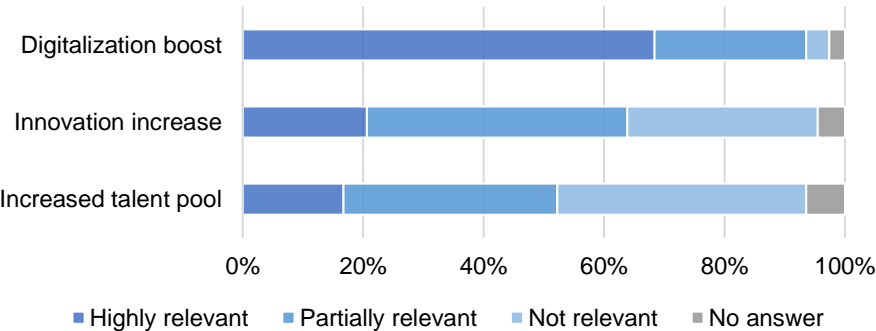
The technology available today allows us to significantly improve our ability and effectiveness to WFH – but organizations will need to adopt new technology

Availability of appropriate collaboration tools enabling WFH

- Recent development of sophisticated and widely available communication tools support a WFH model

- This view is supported by 94% of participants with only 2% believing the tools are inadequate

- Our interviews showed that communication within meetings and calls work well while informal communication and remote socializing tools can be improved

Question: Do you have the appropriate collaboration tools (e.g., MS Teams, Skype, Zoom) to effectively work from home?

5% 2%

94%

- Primarily yes
- Partially
- Primarily no
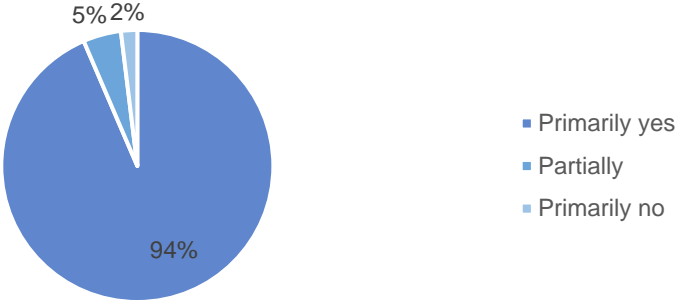
Other technological infrastructure mostly sufficient, with some improvements required

- Above 70% report that their technical infrastructure is already sufficient for WFH

- About ¼ believes that further hardware and ergonomic workplace improvements are needed

Question: Does your home office technical infrastructure (e.g., hardware, remote access) allow you and your team to work efficiently from home?

1%

28%

72%

- Yes, no problem

- Ok, but improvements required

- No, not at all
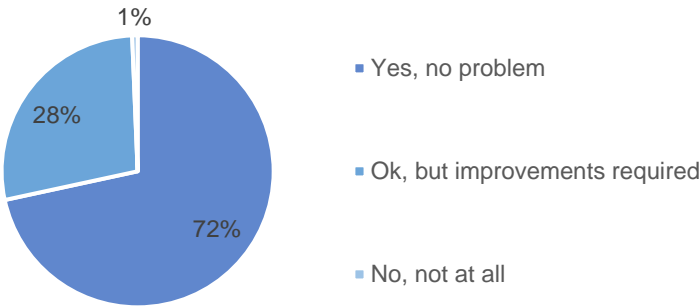
While the overall risk profile is believed to remain unchanged in a WFH setup, selected key risks such as cybersecurity and data protection become more relevant

Risks can be managed – majority believes overall risk stays unchanged compared to working from the office

- Over 65% believe the location has no influence on the overall risk level of their job. 15% believe WFH can reduce risks while 18% believe that working from home might increase risks

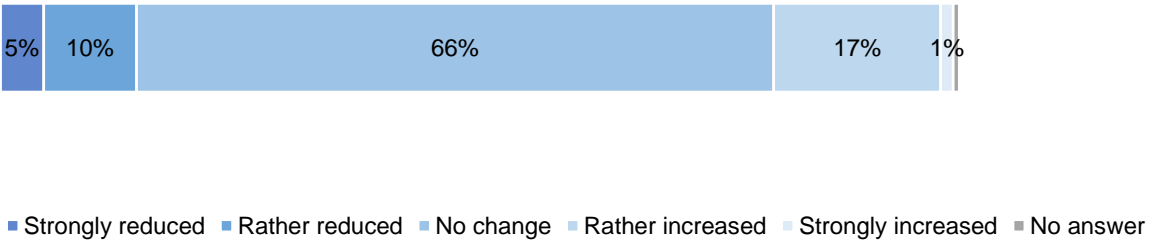- Junior participants are more likely to see a risk reduction while senior management believes WFH will increase risk. Furthermore, female participants rate WFH as considerably less risky than male participants

Question: How do you rate the overall risks associated with home office compared to work in the office?

| 5% | 10% | 66% | 17% | 1% |

■ Strongly reduced   ■ Rather reduced   ■ No change   ■ Rather increased   ■ Strongly increased   ■ No answer

Data protection and cybersecurity threats are the most relevant risks

- Even though overall risk stays similar, individual risks can considerably increase and require further mitigation measures or controls mechanisms

- Almost 80% report that cybersecurity threats and data protection are relevant risks associated with WFH. Other risks as compliance issues also get mentioned as being relevant in more than 60% of the cases

- Special attention should be paid to these risks, however as the survey shows other risks can also be relevant in some cases

Question: Which non-financial risks are most relevant to you in the context of working from home?

Reputational damage
Legal risk
Employee oversight
Other operational risk(s)
Compliance issues
Cybersecurity threats / fraud
Data protection

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

■ Not relevant   ■ Partially relevant   ■ Highly relevant   ■ No answer
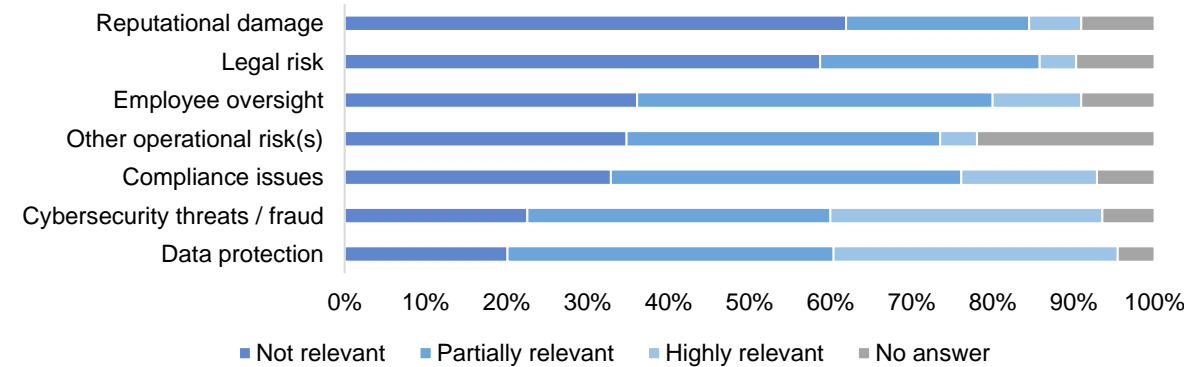
No size fits all – an optimal operating model is likely to contain between 20% and 50% WFH, but may highly vary among and within different organizations

Literally all participants believe that their optimal working model incorporates some degree of WFH

- There is a consensus among over 80% of respondents that an optimal WFH percentage is in the range of 20-50%

- However, there exist no "right", or one size fits all model, but it is rather an individual case-by-case assessment

Question: What percent of working from home is optimal in your opinion?
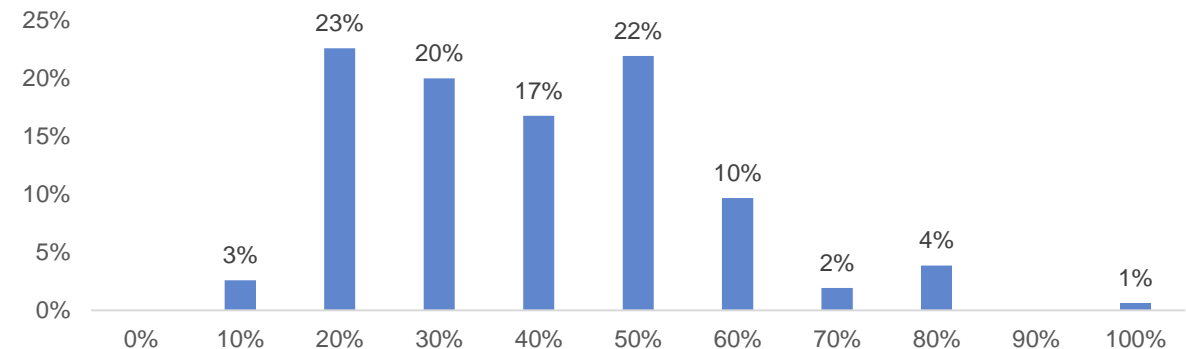
Which is considerable higher than pre-COVID-19, but lower than during the pandemic

- The results show a high discrepancy between the working behavior pre-COVID-19 and during the pandemic. While very few worked from home before, WFH has peaked during the crisis

- Both extremes, almost 0 or almost 100% WFH generally does not seem sustainable (and is also not desired as shown above)

Questions: Pre-COVID-19, what percentage worked regularly from home? What percentage of your team worked from home during the peak of the COVID-19 pandemic?
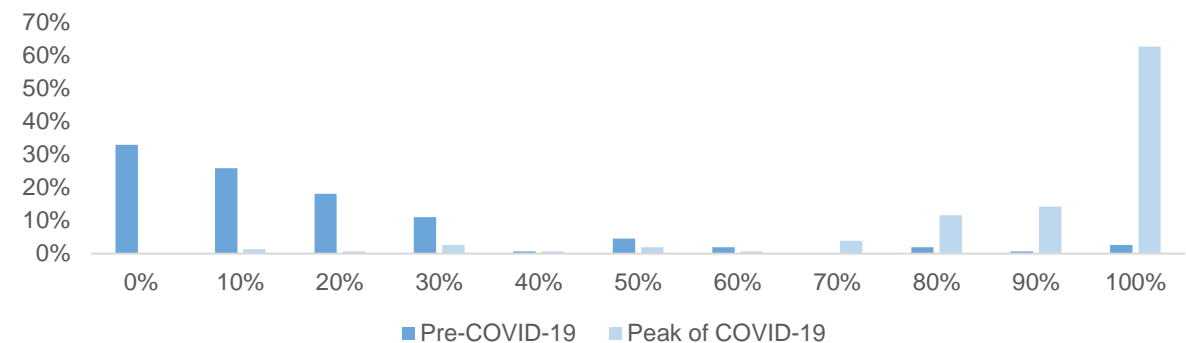
The views and the perceptions of WFH are very positive although heterogenous – most likely also within a similar environment – by the example of hierarchy

Lower hierarchies are enjoying WFH considerably more…

Question: How do you rate the overall "working from home" experience during the COVID-19 pandemic?

	Strongly positive	Rather positive	Neutral	Rather negative
Senior Management	13%	60%	17%	8%
Middle Management	20%	47%	22%	9% / 2%
Staff	41%	43%	11% / 5%	

- Strongly positive
- Rather positive
- Neutral
- Rather negative
- Strongly negative
- No answer

… believe their team is more productive…

Question: How do you judge the productivity of your team / employees from home compared to work from the office?

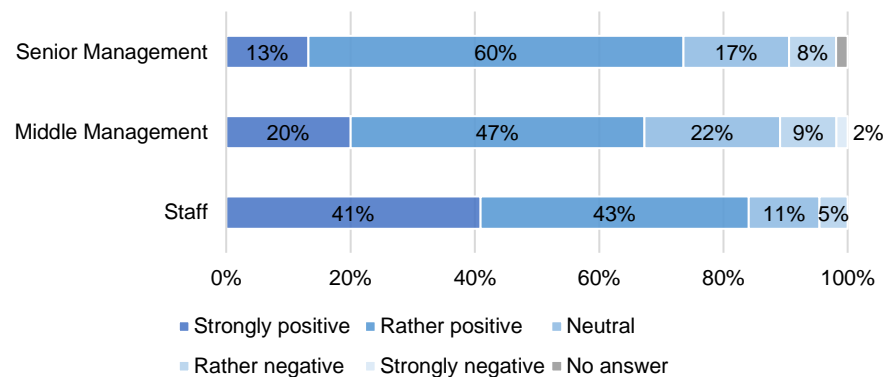|	Strongly positive	Rather positive	No change	
Senior Management	13%	23%	42%	19%
Middle Management	7%	29%	51%	13%
Staff	9%	47%	38%	

- Strongly positive
- Rather positive
- No change
- Rather negative
- Strongly negative
- No Answer
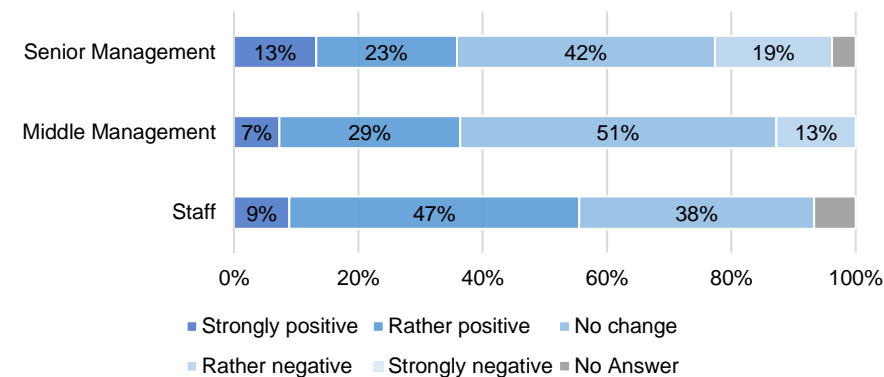
… believe their job is more suitable to be done from home…

Question: Are the activities performed by your team suitable for working from home?

	Primarily yes	Partially	Primarily no
Senior Management	55%	40%	6%
Middle Management	73%	24%	4%
Staff	80%	18%	2%

- Primarily yes
- Partially
- Primarily no
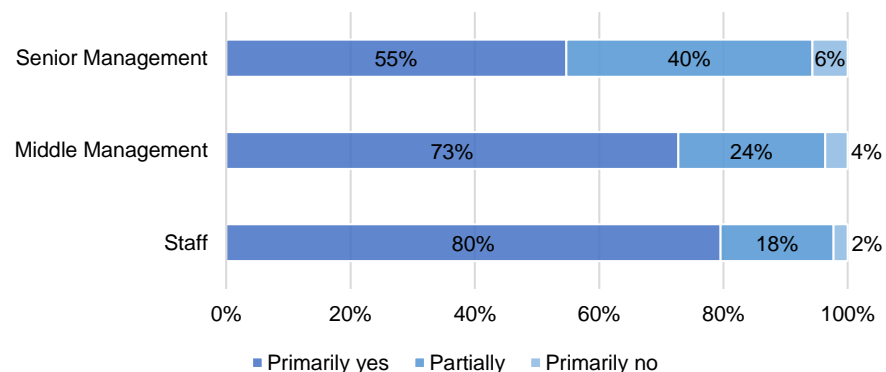
… and see less risks associated with WFH

Question: How do you rate the overall risks associated with home office compared to work in the office?

	Strongly positive	Rather positive	No change	
Senior Management	11%	49%	30%	6%
Middle Management	9%	51%	33%	5%
Staff	11%	66%	14%	7%

- Strongly positive
- Rather positive
- No change
- Rather negative
- Strongly negative
- No Answer
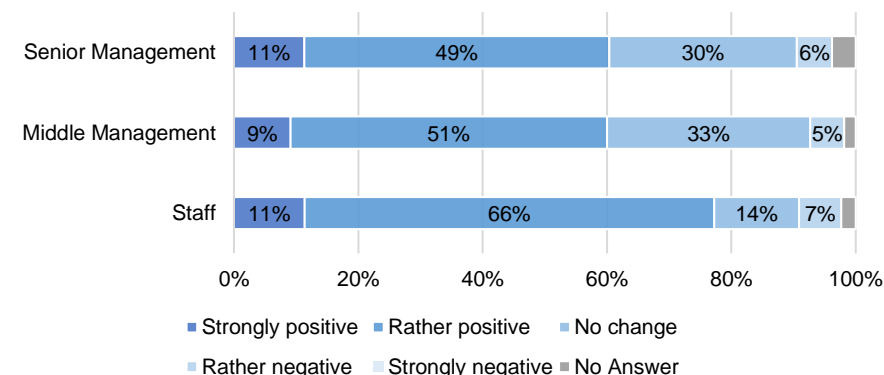
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GEM Approach for Organizations to Find the Optimal WFH Model

June 2020

GEM suggests organizations to review their operating models strategically and factor in all relevant dimensions and stakeholders

Partial working from home - how it works
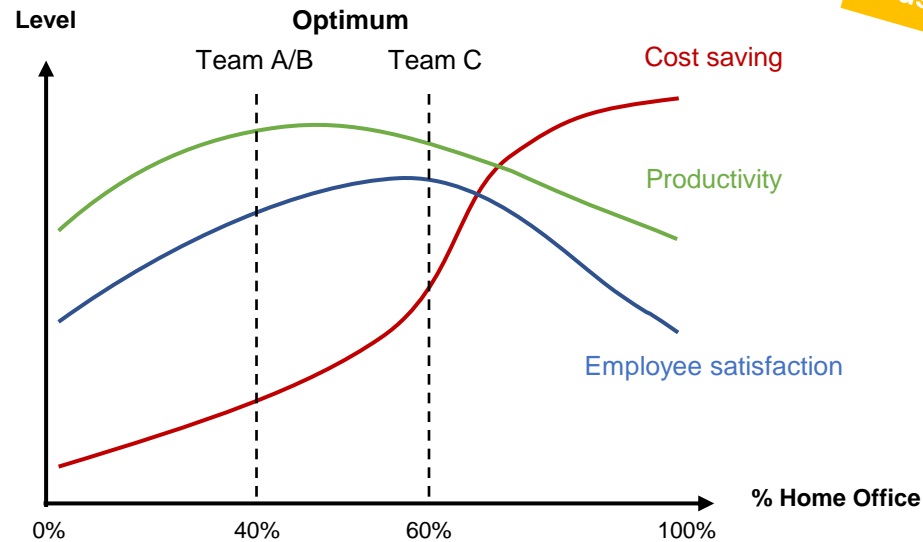
People split their work time between days at the office and days at home

Organizations need to determine the optimal solution and the right balance within and across teams / departments
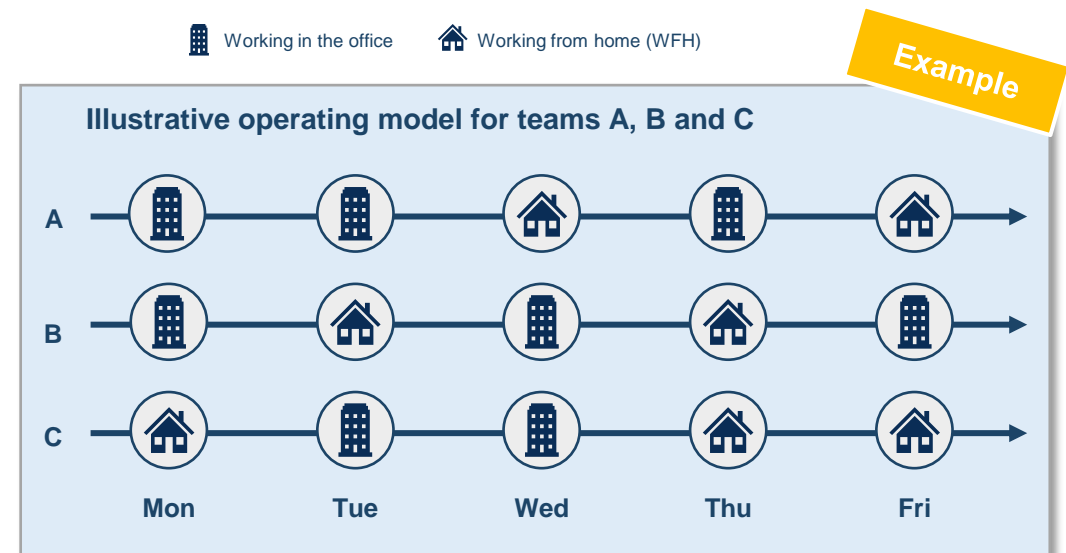
Implement split-office model considering balancing onsite vs. digital/virtual collaboration that is most effective across teams

Limited building capacity will require optimal level (and processes) of utilization

GEM proposes a comprehensive framework to allow organizations to take a holistic approach in developing their future operating models (i.e. not just as a cost case)

Leadership & Culture

- Virtual leadership
- Leadership effectiveness
- Governance
- Shorter decision process
- Motivation
- Team spirit
- Performance assessment
- Output orientation
- Corporate identity
- Agile
- Communication
- Meeting culture

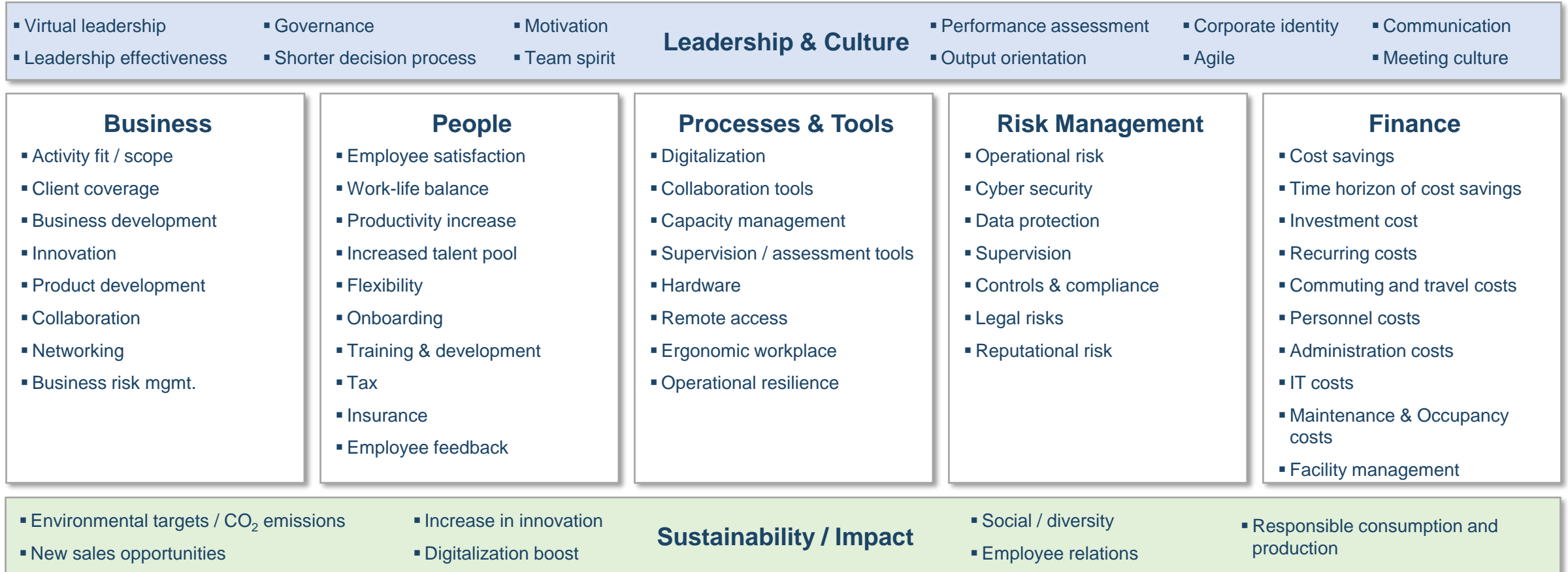| Business	People	Processes & Tools	Risk Management	Finance
- Activity fit / scope	- Employee satisfaction	- Digitalization	- Operational risk	- Cost savings
- Client coverage	- Work-life balance	- Collaboration tools	- Cyber security	- Time horizon of cost savings
- Business development	- Productivity increase	- Capacity management	- Data protection	- Investment cost
- Innovation	- Increased talent pool	- Supervision / assessment tools	- Supervision	- Recurring costs
- Product development	- Flexibility	- Hardware	- Controls & compliance	- Commuting and travel costs
- Collaboration	- Onboarding	- Remote access	- Legal risks	- Personnel costs
- Networking	- Training & development	- Ergonomic workplace	- Reputational risk	- Administration costs
- Business risk mgmt.	- Tax	- Operational resilience		- IT costs
	- Insurance			- Maintenance & Occupancy costs
	- Employee feedback			- Facility management

Sustainability / Impact

- Environmental targets / CO_2 emissions
- New sales opportunities
- Increase in innovation
- Digitalization boost
- Social / diversity
- Employee relations
- Responsible consumption and production

Complexity of the problem requires multiple-phased approach with differing scope and analysis-depth

GEM proposes three phases follow an initial scoping workshop – from a feasibility study over a detailed operating model development phase to an implementation roadmap

GEM Approach

understand   *connect*   *implement*

Scoping workshop

| Feasibility study | Operating model development | Implementation roadmap |

Scoping workshop	Feasibility study	Operating model development	Implementation roadmap
• Scoping workshop **with relevant stakeholders** • Consensus on **guidelines and boundary conditions** of feasibility study	• **Make or Break - Consensus on suitable WFH scenario** for your organization • Agreement on **focus topics of operating model development phase**	• Detailed **insights in all relevant aspects** of WFH • Agreement on WFH **operating model to be implemented in your organization**	• **Comprehensive understanding** of the implementation plan • Agreement on the **most efficient implementation approach** • **Execution of quick wins**
≈ 1 day	≈ 2 – 4 weeks	≈ 6 – 8 weeks	≈ 4 – 6 weeks

Our feasibility study follows a set of clearly defined actions resulting in answers to the key questions

	1 Is my business / activity suitable to be performed from home?	**2** Are my people and our culture ready to implement working from home?	**3** Is my infrastructure enabling working from home?	**4** What is my (financial) benefit?
Key actions	▪ **Content-related review** of different departments and functions by our experts ▪ Conduct interviews and a survey to collect **employees' self-assessment** ▪ Analyze **selected success story** within a similar business	▪ **Mapping of employee characteristics** and link them to relevant research indicating WFH suitability (e.g. GEM survey) ▪ **Interviews with employees and management** to acquire specific insights ▪ **Employee questionnaire** capturing your people's **experience during COVID-19 shut-down**	▪ Assess **employee's perspectives** based on COVID-19 experience with a survey ▪ Analyze **infrastructure requirements** per function / department / team ▪ Benchmark with **best-in class infrastructure**	▪ **Review of relevant documents** (e.g., rental agreements, employment and service contracts) to identify the potential scope of action ▪ High-level analysis of **required investment and financial benefits** ▪ Grading of **other benefits** by relevance for your organization
Answers you can expect	▪ **Analysis of WFH suitability of in-scope activities** ▪ Consensus on **departments / functions most suitable** (which can be e.g., used for a pilot project)	▪ **Degree of fit** between employees / culture and WFH ▪ **Agreement on specific topics and concerns** which need to be addressed during the operating model development phase	▪ Consensus on the definition of the **target infrastructure set-up** ▪ Documentation of **actual vs. target infrastructure** set-up and key gaps	▪ **Financial impact range** ▪ Overview on the **key levers of profitability** ▪ List of other potential **key benefits** for your organization

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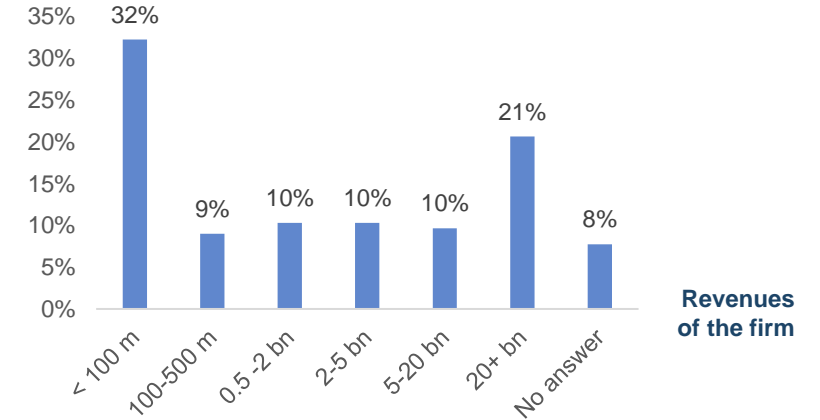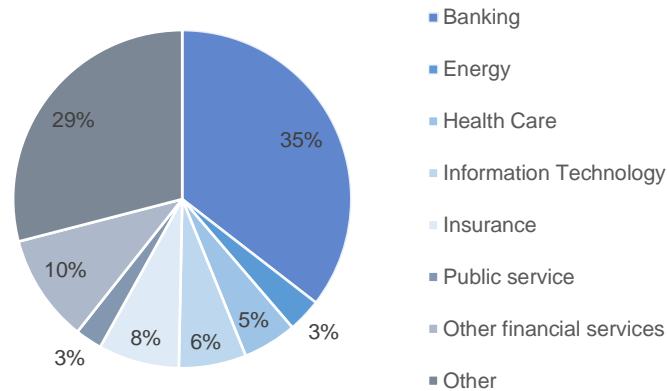
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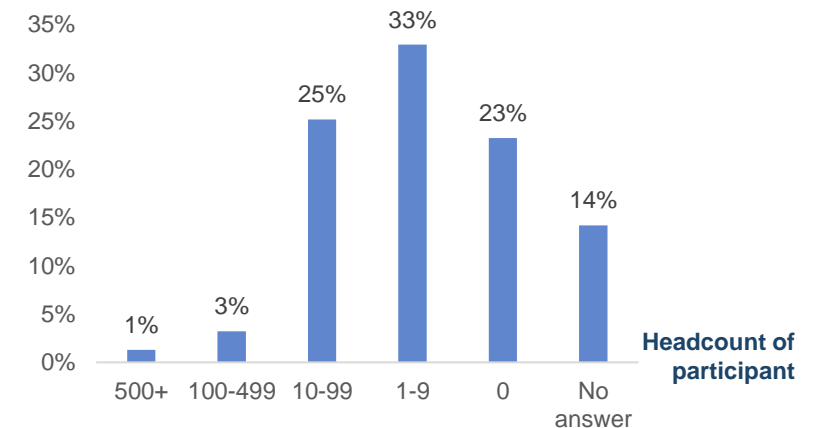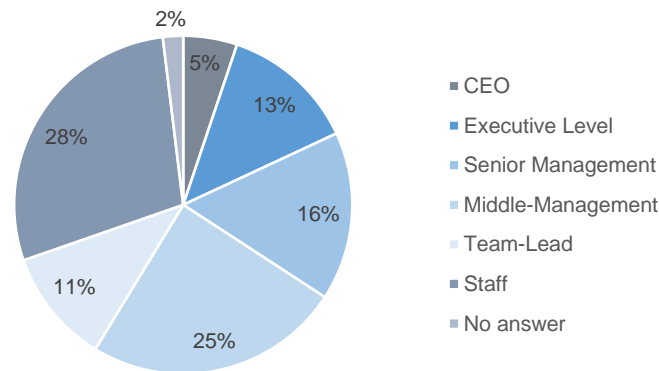**Appendix**

Who participated in the survey? (1/2)

By which companies are participants employed?

- Majority of participants is active in the financial industry with around ½ of responses from either banks or other financial service companies

- Other major industries with office jobs (e.g. information technology, health care, insurance) make up the other half of the sample

- The firm size is rather polarized, with around 1/3 of small companies (<100m in revenues) and 1/5 of large companies (20+bn in revenues)

Pie chart legend:
- Banking — 35%
- Energy — 3%
- Health Care — 5%
- Information Technology — 6%
- Insurance — 8%
- Public service — 3%
- Other financial services — 10%
- Other — 29%

Bar chart — Revenues of the firm:
- < 100 m: 32%
- 100-500 m: 9%
- 0.5 -2 bn: 10%
- 2-5 bn: 10%
- 5-20 bn: 10%
- 20+ bn: 21%
- No answer: 8%
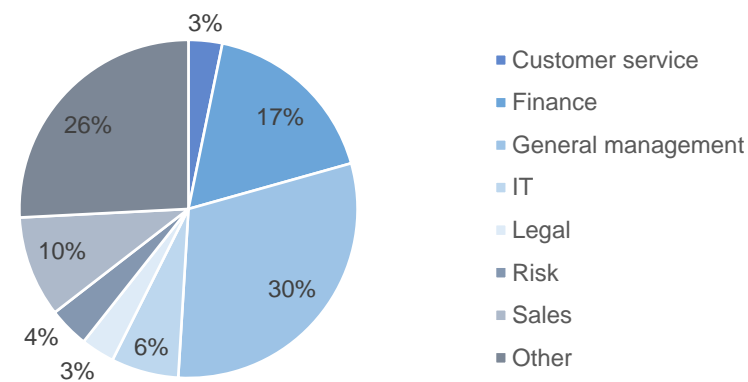
What is their position?

- Wide range of seniority levels participated, with around 1/3 of higher seniority (CEOs, executives and senior management), slightly above 1/3 of medium seniority (middle management and team lead) and 1/4 of staff

- Over 60% of participants hold people responsibility, thereof almost 1/2 has responsibility of over 10 people

Pie chart legend:
- CEO — 5%
- Executive Level — 13%
- Senior Management — 16%
- Middle-Management — 25%
- Team-Lead — 11%
- Staff — 28%
- No answer — 2%

Bar chart — Headcount of participant:
- 500+: 1%
- 100-499: 3%
- 10-99: 25%
- 1-9: 33%
- 0: 23%
- No answer: 14%

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Who participated in the survey? (2/2)

What is their job function?

- The most stated job functions include sales, finance and general management, together making up >50% of the sample

- The «other» category is mainly composed of asset management or project management related jobs

Pie chart with values: 3%, 17%, 30%, 6%, 3%, 4%, 10%, 26%

Legend:
- Customer service
- Finance
- General management
- IT
- Legal
- Risk
- Sales
- Other

What are their personal characteristics?

- 73% of the participants are male while 26% are female

- Slightly less than 60% of respondents are under 39 years old, with the majority being between 30 and 39 years

Pie chart with values: 1%, 26%, 73%

Legend:
- Male
- Female
- Diverse
- No answer

Bar chart:
- < 30: 10%
- 30-39: 48%
- 40-49: 25%
- 50+: 17%

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