

CAPCO | DIGITAL

COVID-19: EMBRACING BETTER WAYS OF WORKING IN THE 'NEW NORMAL'



COVID-19: EMBRACING BETTER WAYS OF WORKING IN THE 'NEW NORMAL'

COVID-19 has required firms to rapidly embrace remote working. This presents a unique opportunity to embed new ways of working in preparation for the 'new normal'.

Despite the existence of robust frameworks, strong employee demand and proven benefits, at the beginning of this year new ways of working had yet to be widely adopted. However, over the past two months, we have seen companies shift abruptly to remote working arrangements, in some cases literally overnight.

Initially this was typically viewed as a temporary measure to ensure that firms and their employees could continue to operate effectively in the short-term. There was a sense of 'treading water' until the eagerly awaited end of lockdown was announced and business as usual could resume. But as the weeks have passed and government measures have been extended, there has been a growing realisation that this new way of working is likely to persist for the longer term.

As they look to the future, financial services institutions can expect to move through three distinct phases as they refine remote working, plan how they will reintegrate employees, and

begin to lay the foundations for a workforce of the future and a more holistic talent strategy.

The first **rapid response** phase is a business continuity-driven adoption of remote working, and at this stage is mostly complete. The priority for firms now is the second phase of **adapt and enhance** in order to optimize ways of working.

The focus should be on enhancing the effectiveness of remote work, maintaining employee wellbeing, upskilling teams on remote collaboration to ensure key milestones are still hit, and ensuring that tooling is in place to allow teams to do their jobs. These should not be 'sticking plasters' that will leave institutions with a COVID legacy to solve for but rather robust strategic enhancements.

Finally, the third phase is the transition into **the 'new normal'** that will emerge post-COVID, and the potential pivots required as part of that journey. Central to that is a reimagining of what the workforce of the future looks like and an openness to embracing a new model of business as usual.

CHART #1 - THE COVID-19 RESPONSE PHASES



So why this pre-COVID resistance to the adoption of new ways of working? After all, prior to enforced remote working, employees almost universally saw it as an attractive benefit, with no less than 99% stating they would choose to work remotely, at least part time, for the rest of their careers [2019 State of remote work report Buffer.com]. Productivity concerns had been cited a key concern, but the data did not seem to back this up, with 85% of companies saying greater location flexibility led to an increase in productivity [Wundamail 2019 State of Remote work Survey].

Either way, the tone of the conversation has now changed – perhaps forever. Jes Staley of Barclays recently stated that “the notion of putting 7000 people in a building may be a thing of the past”. Forecasts from Global Workplace Analytics undertaken and published in April 2020 suggest that 25-30% of the workforce will be working from home for multiple days each week by the end of 2021.

“This is not how I envisioned the distributed work revolution taking hold,” Matt Mullenweg, chief executive of WordPress and Tumblr owner Automatic, recently noted. Mullenweg’s company

is already ‘distributed’, and he predicts the changes could also offer “an opportunity for many companies to finally build a culture that allows long-overdue work flexibility”.

Employee choice is also expected to shape the ‘new normal’ – indeed, it would be naïve to think this will be dictated by employers alone. Will employees want to go back to the way they worked prior to the crisis, having productively worked remotely for an extended period? Will staff challenge employers regarding the benefits of being present in the office? What might this mean from an HR, risk and cost base perspective?

There remain many unknowns and an even larger number of variables that will influence what happens next – and by extension, engagement with new ways of working. But there is also a certainty that things will not simply revert to pre-COVID conditions. Companies that can offer their workforce the right tools, culture and operating structure to help employees through this transition to the new normal will emerge more focused, resilient and better positioned to prosper in a new competitive landscape.

CLARITY AROUND POST-PANDEMIC BAU IS YET TO EMERGE - BUT WILL VARY ACROSS ORGANISATIONS BASED ON THEIR CULTURE AND DIGITAL MATURITY.

	DEGREE OF CHANGE	LIMITED CHANGE	MODERATE CHANGE	EXTENSIVE CHANGE
IMPACT AREA	Employee choice	Majority of employees return to work in the same patterns as pre-COVID	Increase in requests for remote working, given it has proved its feasibility during the pandemic	Employees look to employers offering 'newer' ways of working and leave those organisations not offering such flexibility
	Employer response	Remote working allowed as necessary or on request	Remote working proactively offered to particular segments of the workforce	Remote working embraced and enabled across the workforce, and used extensively by staff
	Location of work	Office workers return to the office with the same frequency – no tangible impact to long term office / location strategy	Remote working / rotation patterns enabled for specific teams	Remote working fully enabled. Implications for longer term planning around physical footprint, fixed overheads and global travel expenses
	Organisational structure	Traditional pyramid structure kept in place to ensure successful project execution	Some business units adopting more progressive frameworks and structures, such as Agile	Streamlined agile structure fully implemented and focused on smaller project teams and their results
	Leadership framework	Traditional leadership frameworks and styles, large programmes command and control, and approval gates	Teams move to a more agile, accountable and empowered framework	Focus moves to team accountability and a fail fast approach, with only strategy remaining centrally coordinated
	Workforce construct	Full-time employees make up the majority of the workforce	Management and key divisions remain full time but increased use of freelance workers	Full-time employees becoming the minority as organisations make extensive use of freelancers on an 'as needs' basis
Resulting Scenarios	Ways of working revert predominately to where they were pre-COVID. We see limited long-term changes in behaviours, strategies or workforce planning (except for adherence to government guidelines around social distancing).		Both employees and employers implement remote working based on balance, productivity and cost savings. Remote working is widely implemented within those organisations that are culturally ready for it and/or for those workers most suited to it.	Employees view 'remote' as the default option. Employers look to implement it to realize long-term cost savings and to attract/retain talent. These organisations embrace agile to ensure productivity is maintained in a remote environment.

WHAT SHOULD COMPANIES DO?

- Ensure your teams are **thriving rather than surviving** in the new environment – and if not, create the culture, instil the behaviours and implement the tooling they need. It's also essential to protect your teams' mental health and wellbeing.
- **Maintain productivity** across key programmes by rapidly deploying agile and ensuring high-risk or critical programmes are kept on track by leveraging ways of working practices.
- In parallel, **plan proactively** for the reintegration of those elements of the workforce whose return is business critical. Don't wait for government mandates to commence your scenario planning and evaluate your options.

- Finally, **grasp the opportunity to reimagine the art of the possible**. Organisations can emerge from the crisis with an enhanced employee value proposition in place alongside a fresh perspective on cost reduction opportunities.

As we emerge from the initial and any subsequent lockdowns, firms will need to strike the optimal balance between adhering to government guidelines, respecting the desires of their workforce and delivering on their own goals. Those financial institutions that grasp the opportunity to reassess, reengineer and reimagine their workplace in a proactive fashion will be best placed to offer a differentiated employee value proposition, and will also reap the benefits of increased efficiencies and ultimately a significantly lower cost base.

SOURCES

- Jes Staley quoted in the Financial Times - Office model hangs in the balance after Covid – May 3, 2020
- Matt Mullenweg quoted in The Guardian - March 13, 2020: <https://www.theguardian.com/technology/2020/mar/13/covid-19-could-cause-permanent-shift-towards-home-working>
- Future workplace statistics: <https://globalworkplaceanalytics.com/>
- State of remote work: <https://buffer.com/state-of-remote-work-2019>

AUTHORS

Sarah Carver, Managing Principal

sarah.carver@capco.com

Alla Gancz, Partner

alla.gancz@capco.com

ABOUT CAPCO

Capco is a global technology and management consultancy dedicated to the financial services industry. Our professionals combine innovative thinking with unrivalled industry knowledge to offer our clients consulting expertise, complex technology and package integration, transformation delivery, and managed services, to move their organizations forward.

Through our collaborative and efficient approach, we help our clients successfully innovate, increase revenue, manage risk and regulatory change, reduce costs, and enhance controls. We specialize primarily in banking, capital markets, wealth and asset management and insurance. We also have an energy consulting practice in the US. We serve our clients from offices in leading financial centers across the Americas, Europe, and Asia Pacific.

To learn more, visit our web site at www.capco.com, or follow us on Twitter, Facebook, YouTube, LinkedIn and Instagram.

WORLDWIDE OFFICES

APAC

Bangalore
Bangkok
Hong Kong
Kuala Lumpur
Pune
Singapore

EUROPE

Bratislava
Brussels
Dusseldorf
Edinburgh
Frankfurt
Geneva
London
Paris
Vienna
Warsaw
Zurich

NORTH AMERICA

Charlotte
Chicago
Dallas
Houston
New York
Orlando
Toronto
Tysons Corner
Washington, DC

SOUTH AMERICA

São Paulo

WWW.CAPCO.COM



CAPCO | DIGITAL

© 2020 The Capital Markets Company (UK) Limited. All rights reserved.