the BULLETIN

Protiviti's Review of Corporate Governance

Volume 7, Issue 10

The Future Workplace: Getting It Right

In a prior issue of *The Bulletin*, we discussed resilience as the North Star to guide an organization in these unprecedented times.[1] Resilience is an important topic in C-suites and boardrooms because companies are facing the reality of having to adapt and pivot again and again as markets and circumstances change.

No one can reliably predict the future either during or in the aftermath of a pandemic. That's why, when markets finally exit the COVID-19 experience, an organization's capacity to recover quickly in the face of the unexpected, its toughness under fire and its readiness for change will likely count more than anything else to determine its competitive strength.

The Workplace Is Changing

The world of work was changing well before the pandemic. Our latest top risks survey suggests the future of work could well become

the defining business issue of the coming decade.[2] Technology is significantly affecting work, jobs, wages and society at large — and will continue to do so for the foreseeable future. It is impacting how companies design and manage a diverse talent, workforce and technological ecosystem that includes on-demand resources (contractors, part-time and "gig economy" workers) and "digital labor" (technology performing work in lieu of humans) in addition to permanent employees.

Accordingly, organizations across the world face the challenge of upskilling and reskilling countless millions of employees with job functions that are being displaced by

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[1] "Getting There Eventually: Finding Equilibrium in Uncertain Times, Part 2 – Resilience Is the North Star," *The Bulletin*, Volume 7, Issue 8, Protiviti, May 2020: www.protiviti.com/US-en/insights/newsletter-bulletin-v7i8-finding-equilibrium-uncertain-times-part2.

[2] *Executive Perspectives on Top Risks, 2021 and 2030*, Protiviti and North Carolina State University's ERM Initiative, February 2021: www.protiviti.com/CA-en/insights/2021-top-risks-survey.

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Face the Future with Confidence

widespread adoption of artificial intelligence (AI), automation in all of its forms, natural language processing, visual recognition software, virtual reality simulations and other digital advances. The purpose of upskilling and reskilling is to enable displaced employees to perform new job functions created by these same technologies essential to operating the business successfully in the digital economy. Thus, the workplace of the future will call for technological, social-emotional, and higher critical thinking and cognitive skills, especially to face the marked increase in e-commerce behavior.

Our latest top risks survey results also highlighted executives' long-term concern regarding the sourcing and retention of the top talent needed to compete and thrive in a disruptive environment. An organization wins when its workforce is positioned to understand changing customer preferences, reimagine the company's market positioning, integrate emerging digital technologies into the business, execute complex strategies, and reinvent business models that will sustain its relevance and growth over the next several years. This reality is triggering a related strategic concern noted in our survey that companies will not be able to keep pace with the rapid speed of disruptive innovation. It takes a talented workforce to do that.

COVID-19 complicated this picture because companies now have to deal with hybrid work models as they return employees to offices and physical facilities. The pandemic has proven in many industries that employees don't have to cluster physically in the same place to operate successfully. The debate over "When do we return to the office?" has shifted to "Why do we need an office?" Further, we have witnessed an acceleration of workplace redesign. These efforts were driven by necessity during the pandemic, but they continue as more workers return to the workplace. Many organizations are supporting employee flexibility in many areas by offering a virtual work environment.

These developments have created significant change in the workplace. In this issue of *The Bulletin*, we suggest four areas that will present important differentiators for success — **R**esponse to Change, **I**mage of the Future Workplace, **S**trength of Performance and **E**ngagement with Respect. They are captured in an acronym, RISE, to reflect four things every leader and company must address as they facilitate change in the evolving future workplace.

Response to Change

Our society has experienced extreme change in a relatively short period. Organizations that incorporate an understanding of how the pandemic experience has reshaped societal norms and behaviors into their interactions with employees, customers and other stakeholders are likely to display a higher level of empathy for their people. As business leaders reflect on how the events of the past 18 months have affected people personally as well as their employees, customers, and the communities and countries in which they operate, it naturally follows that all these impacts will in some way affect the execution of the business model.

The world has changed, and the most successful organizations emerging from pandemic-related disruption are likely to be those that adapt to the business realities of changing stakeholder interests. Crossing that bridge necessitates an understanding of evolving norms and behaviors. Only then can a company find its desired equilibrium in the post-pandemic marketplace.

For example, people have a different worldview today than they had before the global health crisis. Employees are more concerned about wellness and mental health. They

want a voice and a choice on where they work and when. Diversity, equity and inclusion have emerged as table stakes, and companies must get on with the execution of actionable plans reflecting a meaningful commitment to make a difference. That means focusing more attention on women and underrepresented minorities, who have been hit disproportionately hard by the pandemic.

Employees want meaning, purpose and challenge in their work. They want better work-life balance. They want to grow, be treated fairly and contribute in a work environment where they feel respected, rewarded and safe. Most importantly, they want to face the future with confidence, and that entails receiving the training, coaching and work experiences they need to skill themselves continuously as job functions evolve.

Rather than return to what "was" in the workplace prior to the pandemic, companies must embrace what "is to be" consistent with these dynamics. The opportunity for leaders is clear: Demonstrate authenticity, integrity and empathy by putting the lasting impacts of the COVID-19 crisis on people and communities into perspective, acknowledging change as a constant, and preparing their people and organizations to embrace inevitable change with the necessary skilling, technology, tools, collaboration and teaming. Leaders must also address diversity, acting with selflessness and listening to understand, because the answers are not always clear, and some experimentation may be necessary.

Real listening requires actionable data. Using confidential, anonymous surveys, committing to address employee feedback, openly sharing feedback results, and engaging employees in designing and implementing necessary improvements can only make the workplace better and stronger. Compelling and reliable data provides an impetus for change. Engaging

employees so that all voices can be heard in the process facilitates and cements change. In this environment, strong leaders ask more questions than they have answers for, and they're committed to act on what they learn. They "walk the walk" on core values.

The process of responding to change is important because there's a direct correlation between an engaged workforce and a positive customer experience, which ultimately impacts brand image and reputation. While leaders will be known in the market by the adversity outcome they achieve, they will be known as much, if not more so, in the workforce for the process by which they respond to adversity. This is about trust, which lays the foundation for strong, resilient cultures that act as a magnet for talent.

Image of the Future Workplace

Leaders should create a vision that paints a clear view of the future — a picture they can share, and which can be understood by everyone in the organization. As the world of work evolves, leaders must decide on workplace design and implement creative strategies around managing people and talent in what, for many companies, is likely to be some form of hybrid model of remote and in-person work involving permanent employees, on-demand resources and digital capabilities.

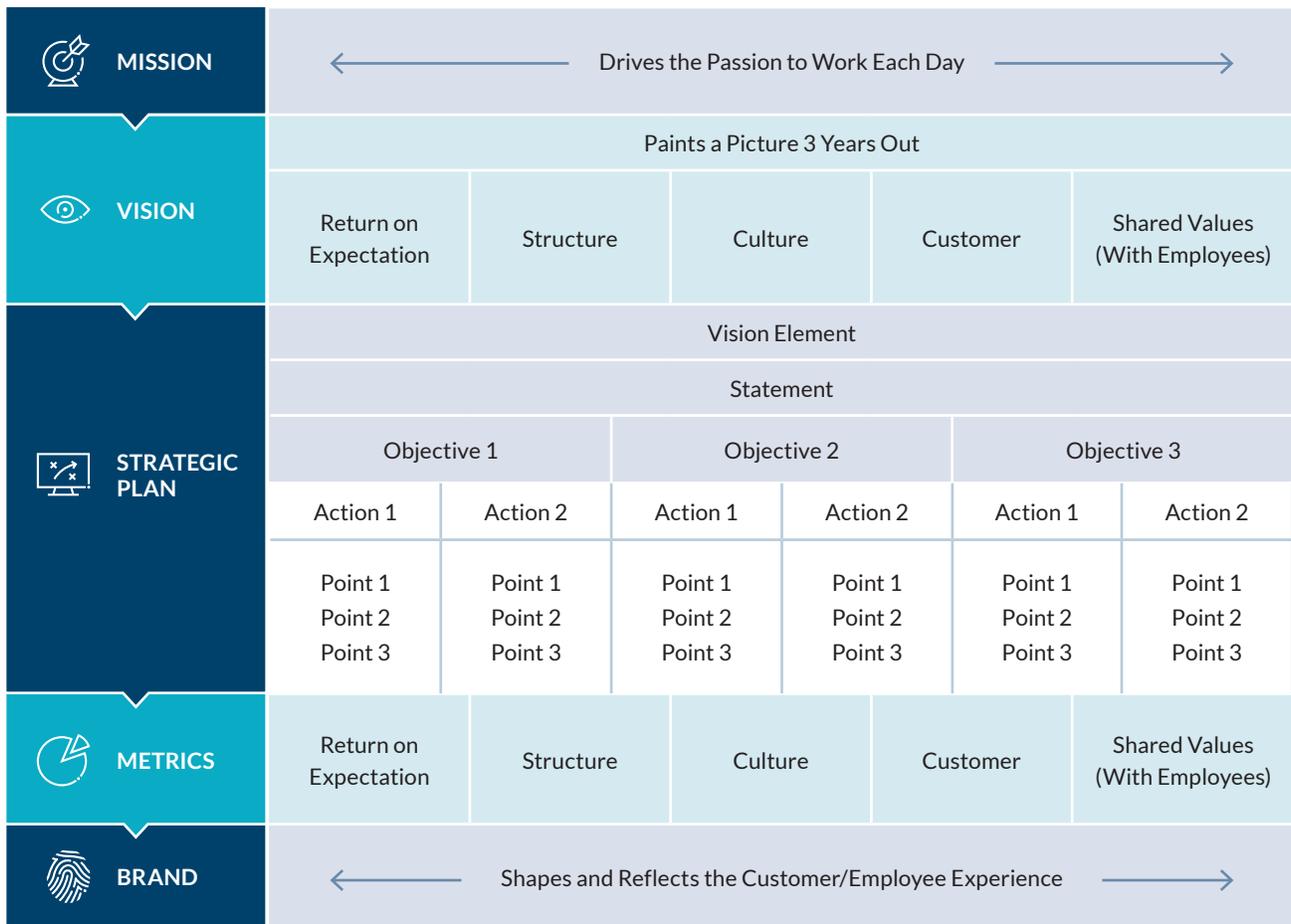Some of the questions of the day, as organizations reimagine the workplace of the future, are illustrated below:

- How will this evolving workplace be managed? As we innovate to automate work, how do we manage change and sustain the organization's culture?

- How will we address the pandemic's disproportionate impact on women and minorities?

- How will we ensure that our people can adapt to change?

- Have we evaluated the skills we need to embrace new technologies and face the digital marketplace? Have we translated our assessment of skills gaps into refining the criteria around hiring new employees as well as learning and development programs for existing employees?

- How will we know whether our talent management model is effectively aligned with our strategy?

- How are we addressing the market's increasing expectations toward employee wellness?

- What metrics should be used to ensure we're on track?

These questions are essential, given the forces that are already shaping the decade ahead: changing customer preferences; employee well-being and work-life balance; de-risked, more resilient supply chains; geopolitical shifts; increased focus on environmental and social issues; and the broadening of corporate purpose from shareholder interests to stakeholder interests. These forces are impacting the fundamentals underlying each industry differently, making a resilient and agile talent base a strategic imperative.

While learning from the past, leaders should look forward when formulating their future workplace vision, building the foundation for their communications, strategy-setting, talent management, and metrics, measures and monitoring.

- • • **Alignment of Foundation**

MISSION	← Drives the Passion to Work Each Day →				
	Paints a Picture 3 Years Out				
VISION	Return on Expectation	Structure	Culture	Customer	Shared Values (With Employees)
	Vision Element				
	Statement				
STRATEGIC PLAN	Objective 1		Objective 2		Objective 3
	Action 1	Action 2	Action 1	Action 2	Action 1	Action 2
	Point 1 Point 2 Point 3	Point 1 Point 2 Point 3	Point 1 Point 2 Point 3	Point 1 Point 2 Point 3	Point 1 Point 2 Point 3	Point 1 Point 2 Point 3
METRICS	Return on Expectation	Structure	Culture	Customer	Shared Values (With Employees)
BRAND	← Shapes and Reflects the Customer/Employee Experience →				

Over the last 18 months, it was necessary for many organizations to innovate in a fraction of the time required before the pandemic. New channels, products and services generated fresh revenue streams. More efficient processes, collaboration tools, increased use of business-to-business (B2B) technologies and flatter organizational structures have all led to increased connectivity with customers, employees and ecosystem partners that may not have been possible in the pre-pandemic era.

In crafting a vision of the redesigned workplace, it's important to sustain this level of nimbleness and teaming and perpetuate the attributes of resiliency and decisiveness into the post-pandemic world. More importantly, it's critical for everyone to be aligned to the vision of the work environment that becomes the so-called "new normal."

In articulating a compelling future workplace vision, leaders should consider the following:

- **Define the return on expectation.** Traditionally, "return on expectation" is a metric for measuring whether learning and development programs are successful in meeting stakeholder objectives. In the context of workplace redesign, however, this metric concept is broadened to address the results that the organization desires based on the transformation investments it intends to make. Teaming and collaboration efficiencies, decision-making velocity, innovation speed-to-market, and customer-facing empowerment are examples.

- **Define the structure of the workplace.** What does the operational structure of the organization's workplace look like and how will it function? Where will employees work? If a hybrid model is intended, what will it look like and how will it affect workstreams, teaming and collaboration? What's the expected mix of permanent employees, the contractual fringe, outsourcing arrangements and the use of the flexible workforce once the pandemic is history? What are the current plans to implement AI, machine learning and other technologies to automate work? What skills are needed to maximize these technologies? If there are gaps, how are we sourcing these skills and what training and work experiences are needed to reskill and upskill our people? These and other questions around structure will help company leaders provide clarity to employees about the evolving workplace and their role in making it successful.

- **Understand and sustain corporate culture.** Management should understand the impact of the redesigned workplace on the organization's culture and determine what must be done to sustain the desired attributes of that culture. Conversely, some workplace design decisions may be necessary for no other reason than to sustain cultural advantages. That may mean more communication and training.

- **Focus on the customer experience.** Management should evaluate the experience customers have when they interact with the organization. This entails understanding what customers value most (e.g., their ever-changing preferences, needs and expectations). Answer the question: "Why would customers choose our product or service over others?" In other words, what makes the company's brand different? Lack of clear answers suggests a need for increased customer focus.

- **Deliver on shared values.** Define the human capital and talent management required to support and ensure the strongest employee experience consistent with the company's core values.

The above considerations are ultimately a branding play. An engaged workforce with a strong customer focus and culture that attracts and retains talent provides a powerful foundation for delivering on the organization's brand promise.

\\ Strength of Performance

It's one thing to lead the evolution of the workplace with authenticity, integrity and empathy as well as craft a vision for the workplace of the future. It's quite another to deliver strong performance, for that is where success or failure is ultimately determined. Leaders need to be concerned with not only how to get teams back together but also how to create an environment that fosters the greatest strengths of every team member and supports the highest level of collaboration and performance.

A high-performance team is like a race car pit crew. Each crew member has their respective role and understands how their role and the roles of their teammates contribute to the overall mission in all possible scenarios. There is no dead weight. The crew's performance makes or breaks the overall race performance. With a relentless focus on the customer, leaders must think through the type of organization required to create the highest level of performance possible both now and into the future.

As shown in the chart below, high-performance teams have a one-team, one-vision mentality and are unified in their direction and focus. They're open and transparent in their communications. They're inclusive. They collaborate and share knowledge freely, and they measure and monitor their performance. They are founded with a strong commitment to the success of the organization and the value they bring to the customer. Each team member understands what the organization's brand and core values stand for and is engaged in protecting the brand, living the values and delivering on the promise underlying the brand.

• • • Five Attributes of Strong Performance

FORMATION	ALIGNMENT	COLLABORATION	INNOVATION	DELIVERY
One Team	Unified Direction	Open Communication	Knowledge Share	Measurable Success
• Commitment • Values • Focus on People • Understand Customer Experience • Team "Why"	• Mission • Vision • Strategy • Metrics • Brand	• Audiences • Messages • Tools/Channels • Effective Meetings • Consistency • Transparency	• Blended Cross-Functional Team Idea Sharing • Blended Team Process Mapping of Future State • Feedback Loop for Continuous Improvement	• Talent Available • On Time • On Budget • On Scope • Quality/ Satisfaction • ROI Expectations Met

Alignment is vital to strong performance. Leaders should focus on aligning their people, processes and supporting technologies with the organization's mission, vision, strategy, metrics and underlying brand promise. A customized collaborative environment that engages people and fosters knowledge-sharing internally and externally adds yet another powerful dimension to strong performers. High-performance teams innovate through design thinking; everyone has a mindset to recognize innovation opportunities, formulate creative ideas, and transition ideation to process, product and service improvements. Finally, a focus on delivery drives teams forward to achieve exceptional results.

As management focuses on the evolving workplace, these five attributes of strong performance — team formation, alignment, collaboration, innovation and delivery — should be supported through the change enablement process.

Engage With RESPECT

Effective leaders know that to earn respect, they must give it. Respect has many components, as the chart on the right suggests. If companies are going to come together in the post-pandemic era and be ready for any change that comes their way, their leaders must practice RESPECT each day. Leaders must be at the forefront of setting the example.

The change process is often derailed because one or more of these elements are not given sufficient consideration. Patience is a classic example. Many leaders expect that since they understand the vision and do the best they can to present it to the organization, individual employees understand it, too. Patience is warranted during the change process because it takes time for individuals

to gain awareness of and assimilate the vision, understand how it impacts them and appreciate how to make a difference given their respective roles. Often, this awareness and understanding — and the resulting buy-in — are only achieved after many iterations of communication and reinforcement efforts.

• • • **Changing Together Is All About ...**

R	RESILIENCE
E	ENERGY
S	SUPPORT
P	PATIENCE
E	ETHICS
C	COURAGE
T	TRUST

RISE When Implementing Significant Change

Will the human resources and talent management models of the past suffice for the future workplace? Think of it this way: In an environment of disruptive change, several essential ingredients are paramount in the management of human capital, especially over the next several years: trust, an innovative culture, a relentless customer focus, a diverse and inclusive workplace, a digitally capable organization designed for speed, and appropriately skilled employees. Given that, how are people and talent management functions adapting?

Change is never easy and represents the ultimate test of leadership. The effects of changes in the workplace will impact employees differently, as every individual faces different circumstances in their respective lives. How employees are engaged will impact the customer experience. The success in upskilling and reskilling employees as new technologies transform the nature of work performed by humans will have a huge impact on the communities and geographic regions in which the company operates. Finally, all of these impacts will affect the brand image and reputation of the business.

We have recommended that leaders RISE to meet the challenge presented by the evolving future workplace. RISE reflects four important differentiators for leaders and their companies as they drive change — **R**espond to Change, **I**magine the Future, **S**trong Performance and **E**ngage with RESPECT. The companies that redesign their workplace and engage their workforce to align with the needs of customers and other external stakeholders will be positioned to compete on trust in a marketplace that places a premium on it.

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