

THE GREAT RECALIBRATION:

# ARCHITECTING THE FUTURE OF WORK



# INTRODUCTION

Imagine your employer asking you two years ago if you'd like to work from home for the next 18 months. Or indefinitely. Many would have jumped at the chance.

Others would have cringed, thinking about the dog, the kids underfoot, the distractions, the expensive work clothes collecting dust, and the impact of completely upending the fundamental

psychology of "going to work". For many in society, or at least most in Generation X or older, the idea of work is inextricably tied to the office. They are commuters and social animals who board the train, drink coffee, hop on the bus, start the car, or head to the airport. It's a tradition rooted in the idea of conformity to a shared experience.



*Hybrid working is here to stay for our company. We will never work the same. Our future is different."*

**-CHRO** of a British multinational consumer goods company

But why is the notion of work so profoundly rooted in a location or within a certain time. Even more important than those questions about our past is defining our future – does it need to be this way?



**If we are bold, the COVID-19 pandemic will be the catalyst for the world to rethink preconceived notions of what it means to work and create a model built on the alignment of corporate, societal, and personal values rather than old norms.**

This realization presents a compelling opportunity for HR professionals. Can we reimagine what it means to work? What does it mean to be an employee? Or an employer? What does it mean to go to the office?

As part of our due diligence in grappling with this topic and forming guidance, Capgemini Invent conducted a series of interviews over the summer of 2021 with HR and people leaders from a broad range of industries and company sizes. We sought to understand the pandemic's impact on work and what leaders saw as the most significant opportunities and lessons

learned. The nearly two-dozen interviews were conducted with the top executive in the human resources function, the CHRO or equivalent.

While there were no easy conclusions, the insights gathered guide our teams and clients to develop a strategy for the return to – and re-invention of – work. The following trends reflect the key themes and challenges for these leaders and the role of HR in this new world.

One sentiment was clear – everything has to change.

# TURNING THE PAGE ON OLD NORMS FOR KNOWLEDGE WORKERS

HR professionals have an opportunity to rethink everything. At the very heart of this opportunity is the definition of work itself. As the Director of HR Business Partners at a Fortune 500 energy company noted, “Jobs we have today will look completely different, if not in the next year then in the next five to 10 years.” At its essence, work is the mental or physical effort exerted for a particular purpose. For many jobs, arguably most in an office setting, this definition has no meaningful relationship to where or when the work is done.

Why not define work primarily on a set of relevant key performance indicators, like productivity, meeting deadlines, and quality metrics? Modern knowledge

workers realized long ago that time in the office had little to do with how well they did their tasks, but often management never saw this as an opportunity to design a better work experience.

Fortunately, we have a foundation for this shift. For the last several decades, knowledge workers, particularly in the technology sector, have worked remotely. Predictably, the companies that design laptops, networks, mobile devices, and security software led this trend. Many of these workers are experienced veterans of work-from-home Fridays and video calls from vacation. But even still, there had always been a physical office for meetings and in-person interactions.

Coupled with the success of work from home (WFH) in the technology industry, we must remember one fact: during the pandemic, a huge percentage of workers went remote, an achievement many thought impossible or ill-advised. And, to a large extent, it worked. It would have been heresy if people in the financial sector suggested that traders work from home three years ago. Then it happened.

After facing the immense technological and logistical challenges of remote productivity for the past 18 months, businesses are starting to move from triage to a steady-state. Now leaders are asking fundamental questions. Can we force employees back to work? Should we even try? Will we, can we, require vaccinations? Have we redesigned a safer workplace for them?



# RETURNING TO THE WORKPLACE

In Q4 of 2021, many offices still lay empty or attract minimum attendance. Some people have not yet found a reason to go back to the office unless mandated. It may take years for us to grapple with the fundamental question: why go back to the office?

Answering that comes with a whole host of additional questions:

- Are employees more productive at the office or home?

- Are employees happier at home, therefore, more likely to stay with the company?
- Is WFH a competitive advantage for the company?

What has become clear through research and discussion is that the answers that emerge will most likely be a hybrid-solution, with agility and flexibility as guiding principles for companies re-tooling how their employees work.



*People have come to realizations during the pandemic of what they want to be doing, and thinking, why wait?"*

**- Adriana Bokel Herde,**  
Chief People Officer at Snyk



Both employer and employee must also contend with a core reality:

**There has to be a reason to go back to the office.**

# DESIGNERS OF THE NEW NORMAL

The CHRO of a global consumer goods company noted, “There is no normal anymore.” Across all leaders we interviewed, a common theme emerged when discussing a return to normal: it would not be one size fits all.

For example, individual contributors may be fine in a home office while innovation leaders in R&D may require physical space suitable for design and collaboration. Several leaders interviewed noted that product development has suffered during the pandemic. We lost in-person interaction over lunch or a late-night session that often led to a design breakthrough. Former CHRO Alison James of BIC observed that there needs to be a way to “engineer the serendipity into the development of relationships and in the ways we work together.”

The new normal must also address the role of automation across the enterprise. Leaders told us that foundational elements, such as workflow processes powered by software, must replace the physical interaction employees have in the office to keep projects on schedule. Where machines don’t replace human effort, humans and machines can work in tandem, powered by AI.

Imagine tasks that can be monitored remotely and analyzed via artificial intelligence, providing humans a decision-making dashboard to guide work remotely. In manufacturing environments outside of the office, leaders we interviewed said we must continue to automate repetitive tasks with robotics and redeploy workers to higher-value roles. They also envisioned a future state where artificial intelligence had a role in making decisions and even directly managing people. New concepts such as “smart factory” take the application of modern technologies to a whole new level, creating hyperflexible, self-adapting manufacturing capabilities. Similarly, digitization is changing the face of retail, banking, hospitality, and a whole range of other industries, necessitating an explosion in skills transformation as the workforces of today and tomorrow will need to continue reinventing themselves.

Beyond addressing the practical issues around the physical work location, we must also build a new employer/employee relationship vision. David Swanagon, Head of People Analytics North America at Ericsson, put it directly: “The future of work = people + machines.” He envisioned a future where employers seek to fulfill their needs by acquiring “work units.” Freelancers, for example, could be deployed as units of work to multiple employers. Perhaps in-demand professionals in the data science or security space could be deployed across numerous companies or projects.



The fact is that the new normal is not something that we will settle into – it must be architected as a competitive imperative. HR professionals must think beyond being a reactive administrative function and be proactive designers of a new work experience.

# MAIN OBSTACLES

A host of obstacles stand in the way as we move forward to the new normal. These range from technological to interpersonal to institutional. Following the emergence of COVID variants, companies are already adjusting plans that seem to have only been finalized in the past few months.

One of the most common obstacles emerging from our conversations was that employee burnout was a real problem even in the most successful work-from-home transition models.

Workers faced the new challenges of combining work and life schedules. One CPO, Kristin Ohnstad of Oxeon Partners, stated “The benefits of remote work are getting a lot of airtime right now, but that’s not the complete picture. Remote work also presents real challenges from a cultural, engagement, learning, burnout, and equity perspective.”

A byproduct of the elimination of the commute is that the workday starts earlier and ends later. People feel an expectation to be working when they used to commute, as the reality of 7:00 AM conference calls ruined the novelty of working in pajamas. Many people complain of being on back-to-back calls all day. As English author Douglas Adams put it: “Time is an illusion, lunchtime is doubly so.”

This has led to burn-out and dissatisfaction, at the same time as we’ve enjoyed more time with our families. Although working from home has improved the work-life balance on one level, it’s also completed the encroachment of work on home life. One company interviewed put guidelines on when people can request meetings during the day and instituted “Zoom Free Tuesday Mornings” to combat the affliction of Zoom fatigue. Another company has institutionalized a “meeting-free week.” This burn-out, combined with a strong labor market, has become a significant challenge for talent retention.



**Talent attrition:** The “great resignation,” as it’s been called, is prevalent as employees reconsider everything from where they live to life goals to what they value from their employers. CHRO of Wagstaff, Dr. Wade Larson said, “When 40 percent of employees are actively interviewing, and 60 percent are looking on Indeed...we are not immune to turnover and need to take immediate action.” Just the act of working from home, disconnected from contact with other employees, has made talent retention even more difficult. It’s much easier to leave a firm where there is little personal connection. A case in point are new employees who joined during the pandemic. It is so much harder for them to understand the culture, network with co-workers, and connect with the company’s purpose and DNA. This results in even higher attrition within the first six to twelve months of joining.



**People development:** Another obstacle is how to deliver developmental activities such as training and mentoring effectively outside the office. The natural mentoring that happens when workers are side-by-side, the words of encouragement after a presentation, and a managers’ body language from a job well done all lose impact over text and video.



**Regulatory changes:** Government policies and regulations must evolve to fully realize a new vision of work. For example, tying healthcare historically to employers dramatically limits the flexibility for freelancers or groups of freelancers to form groups to provide services to many corporations simultaneously. As long as traditional work models enjoy this structural advantage, it will be challenging to rebuild a new model.

Today will be one of those days when even my coffee needs a coffee

# LESSONS LEARNED

The primary lesson we heard was that this is a time where HR leaders must step-up and re-think everything. There are opportunities and imperatives to reinvent.

Companies may consider WFH as a core benefit offered to new employees to maintain competitiveness. For example, work from home was a reward for trusted employees who needed flexibility in the past. Now that many companies have proven the work from home model, many employees simply expect it.

But as effective as many WFH efforts were, we learned that many things are more difficult over video conference. The distance and de-personalization of video meant that those voices who were hesitant to speak up in person due to shyness or a lack of confidence in their ideas were even more likely to hide behind the technology and not give their opinions. Companies run an increased risk to both decision-making and goals of inclusion when alternative views go unheard.

Socio-economic factors, such as access to bandwidth and the physical space employees occupy, can create new challenges for diversity and inclusion when work becomes reliant on access to an optimized work environment.

Distance also opened the door wider to multitasking during meetings, meaning knowledge workers may be physically on camera but mentally elsewhere. Details can be missed when critical personnel are only half paying attention. Employees must feel obligated to engage fully despite the temptation of multitasking.

# THE WAY FORWARD

This new hybrid model will impact the way leaders think and change the way work is conducted. This will require organizations to enter into a new social contract with employees providing the right balance between performance, autonomy, benefits, and flexibility. As we stride forward into this new reality and assess the opportunities for CHROs to build a new model of work, macro issues should guide strategic thought and more tactical initiatives that should be considered today.



# WHERE HR LEADERS SHOULD FOCUS STRATEGIC CONSIDERATION



## Operating model

“The future could be a crazy ride, since no one knows exactly what it looks like,” the CHRO of a Global Consumer Goods Company told us. A necessary first step is HR functions becoming future-fit. This is easier said than done given the pace of change in the world of work. On top of that, there’s a workforce with increasing expectations around consumer-grade, hyper-personalized experiences.

It is almost impossible to know what the changing workforce and business needs might be. Many CHROs we spoke with therefore shared their efforts in moving to agile operating models, where HR functions are designed around “running the service” and “shaping new experiences” and “managing a portfolio of initiatives.” This aligns with the shift we’ve seen in HR functions reserving some capacity for responding to changing needs flexibly and continuously reinventing new, more personalized HR services and people experiences.



## Compensation

Compensation has become a significant discussion point for both new and existing employees. Many employees moved away from urban areas to more rural parts of the country to ride out the pandemic and have decided to remain. In many cases, employees enjoyed a much lower cost of living in these adopted homes.

In the aftermath, we see states and municipalities grappling with tax issues over remote workers. Who gets to tax these urban refugees? Further still, companies are asking themselves why they are paying a metropolitan area competitive wage when their employee now lives in the country. In the past, compensation

was often a function of the cost of living linked to a work location rather than correlated to the value an employee brought to the company.

Continuing in this old paradigm may prove a critical mistake for employers. While paying someone less for the same job in rural Ohio vs. NYC is advantageous to the company, isn’t it discriminatory to the rural employee doing the same job? Should location be a factor? Yes, probably, but companies must develop compensation guidelines for the digital world, which consider a broad range of variables.






## Company culture

Company culture is critical to employee productivity and is a significant factor in employee retention. Remote work makes it challenging to maintain the interpersonal relationships that allow the company culture to develop and thrive. In fact, studies have revealed that the single most crucial factor for retention is having a close personal relationship at work.

Much that is manifested in corporate culture is about rituals and shared experience and these were upended by radical change. Close attention must be paid to creating the same level of intimacy and connection in the remote workplace experience as is naturally experienced

in a physical office. A CPO for a large pharma company said that it introduced a happy-hour concept to celebrate each team member's birthday. Another CHRO highlighted a wellness series being launched recently and another company launched a personal enrichment scheme in which every employee was allowed to spend \$250 in any personal upskilling initiative, ranging from yoga to learning a new language or musical instrument.

Given the importance of establishing these human connections, many companies are now introducing dedicated roles for wellness, team connections, and communities.

 *If you take the team out of teamwork, it's just work. Now who wants that?"*

**- Matthew Woodring Stover,**  
American novelist



 *The future of work should encompass a deep focus on culture, empathy, wellness, and helping employees blend life and home with a commitment to job, team, and the organization."*

**- Samantha Howland,** Chief People Officer at Gannett



## People analytics

Dr. Wade Larson of Wagstaff said, “We have the data, but we need better systems.” Data must inform an intelligent HR function to meet new challenges. Employers must consider both the qualitative and quantitative aspects of data analytics in workforce management. From a qualitative standpoint, companies should better profile the success factors around employee acquisition and retention. Not all employees are suited for work-at-home roles, just like all managers may not be suited to manage a remote workforce. Understanding the success factors and risks in advance can improve outcomes and reduce the downsides and cost associated with bad hires.

From a quantitative perspective, understanding the numbers behind seasonal demand can drive hiring timelines and priorities. It can also help balance the workforce and set expectations for new hires and contractors around employment duration. Advanced analytics leveraging AI can be harnessed to introduce continuous listening and two-way feedback loops, uncover workforce trends, and identify risks. But this work is complex and requires a strategic initiative to develop a dashboard approach to gathering and reporting key data metrics.



# WHERE COMPANIES MUST ACT IN THE SHORT TERM TO SEIZE OPPORTUNITY AND MITIGATE RISK

## 1 Review the employee journey

Employees today are transitory, staying with companies for a handful of years to build skills. The acceleration of remote work makes this even more pronounced.

The way we nurture long-term skillsets or how firms do succession planning must be in alignment with a more transient, digital workplace. Re-evaluating all the touchpoints and how they change in a remote work paradigm can identify the opportunities and critical risks associated with managing employees from a distance. These include all aspects of the employee journey including hiring, onboarding, developing, retaining, and offboarding.

## 2 Upskill leaders and managers for remote work

Employees who become managers are people who did their jobs well and are promoted to manage people in that function. In the office environment, the physical interaction, mentoring opportunities, and relationship loyalty built through personal contact serve as an anchor in the manager-employee relationship.

In the remote paradigm, really getting to know one's team and their needs, wants, and ambitions is much harder. Companies must immediately evaluate and create a roadmap for upskilling managers at all levels with additional training. Teaching managers how to leverage technology as an enabling tool to connect with remote employees is critical.

## 3 Evaluate real-estate investments

COVID-19 accelerated trends in open-office concepts and collaborative design that were already well underway. The imperative now is to fully determine how physical locations best support employees. In addition to the cost reductions associated with no longer planning for peak office use, companies are rethinking how to utilize their spaces best. How can offices be more human-centric? Can spaces foster collaboration vs. solo work? An evaluation of office space must also include a strategic plan around a hub and spoke design. Where should there be main offices rich with resources for collaboration and client experiences vs. spoke locations to support clusters of workers farther from urban areas?

# THIS IS A MOMENT OF TRANSITION

Corporations have a window of opportunity right now to consider and orchestrate cross-functional missions with people at the center. The people equation should encompass the experiences of employees, customers, channel partners, and any other relevant stakeholders. Executives can recognize that the employee and customer are two sides of the same coin, with technology playing a pivotal role in many of their experiences. Using people analytics, HR leaders can meaningfully focus on employee segments and even scrutinize down to the individual level.

This new way forward is a blue-sky opportunity for companies who wish to turn the perceived adversity of working from home into the competitive advantage of hybrid work. HR can become a proactive force within the organization and manage through this time of change. It can become the designer of a new vision of the workplace which challenges the conformity of defining work by a place or time and embrace technology to enable the free exchange of labor between employee and employer, creating a new working paradigm.

“*The future is completely open, and we are writing it moment to moment.*”

- **Pema Chodron**, Buddhist teacher







## About Capgemini

Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of 300,000 team members in nearly 50 countries. With its strong 50 year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering and platforms. The Group reported in 2020 global revenues of \$19.3 billion.

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### For more details contact:

#### Liz Kiehner

Vice President

Head of Organizational Strategy & Purpose

#### Tyler Duff

Vice President

Head of Global Workforce & Organization Practices

#### Simone Nesar

Manager

Workforce & Organization

#### Yvette Zzauer

Manager

Workforce & Organization

#### Meredith Dworsky

Associate Consultant

Workforce & Organization

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