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# Transitioning to the Future
# of Work and the Workplace

Embracing Digital Culture,
Tools, and Approaches

White Paper on the Future of Work Research Study
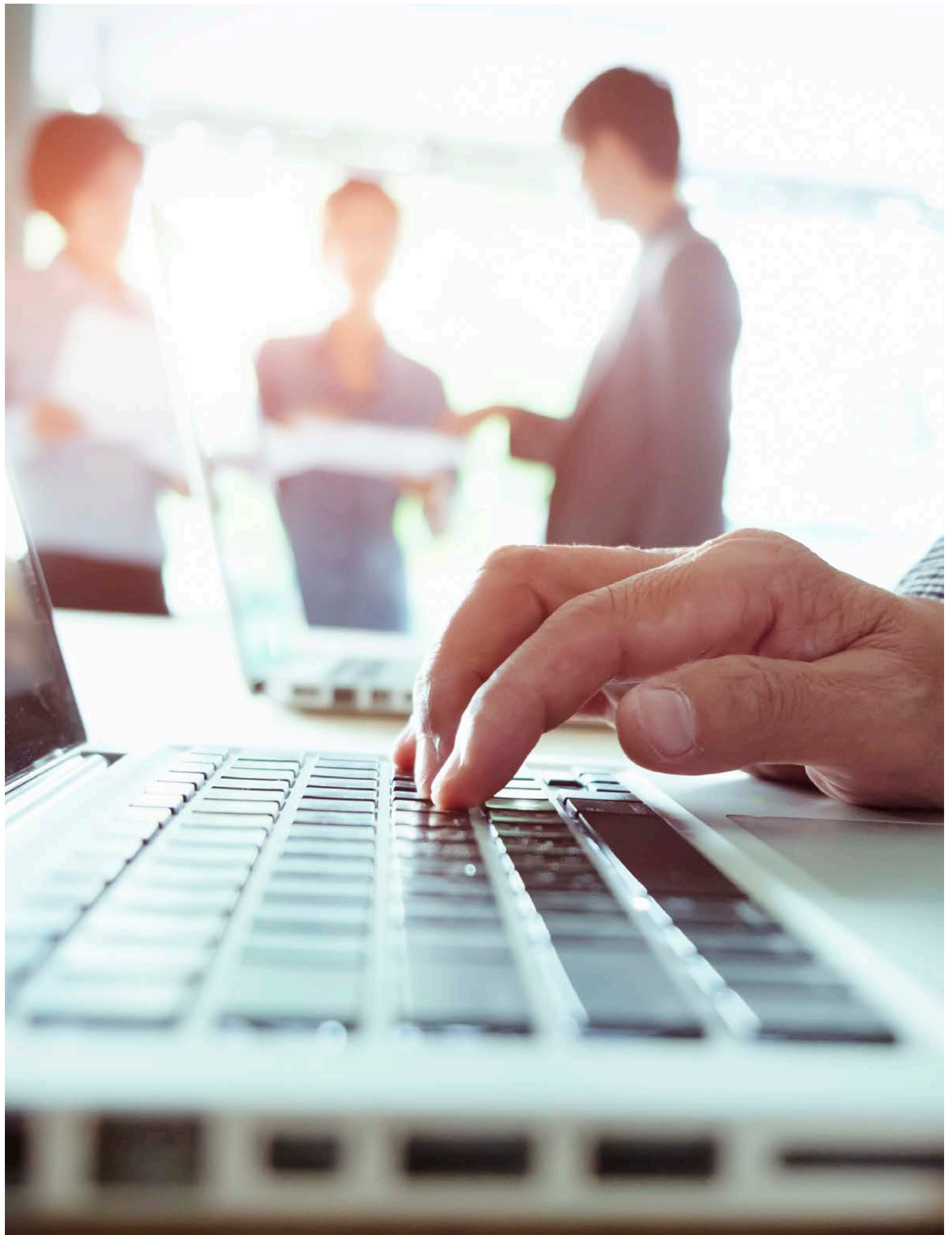
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# Transitioning to the Future of Work and the Workplace

Digital technology is having a profound effect on the 21st century organization. It is fundamentally changing the way we work, the way we manage, where we work, how we organize, the products we use, and how we communicate. Deloitte's own Global Human Capital Trends reports in 2014, 2015, and 2016[1] explore many fundamental changes that are occurring in companies around the world. We are just learning how to use new technologies for our benefit, and in the process, we are uncovering new challenges and opportunities.

Throughout the 1990s and early 2000s, global telecommunications, data networking, and the Internet moved business to a new era originally called electronic business or e-business. Today, several decades later, we have moved beyond this reality in some areas of business, while others remain largely unchanged.

Business operations have made formerly unimaginable advances using these modern technologies to become more efficient and productive than ever in diverse areas of business, such as customer, product, and enterprise operations.

Arguably, the technology advances of this new era may have had a net negative affect on our ability to communicate and collaborate. Work, which used to fit relatively neatly into hierarchical organization structures, now more closely resembles a web that crosses structures, P&L boundaries, legal entities, cultures, time zones, and languages. Adding complexity, the lines across industries are blurred. Project teams are spread across the globe. Responding to rapidly changing threats and opportunities requires dynamic allocation of people's time and the organization's resources. Organizing all of these activities is time

consuming for most and overwhelming for many. Today leaders, managers, and other knowledge workers struggle with proliferation, information overload, and attention fragmentation.

The pace of communications has increased exponentially. In previous generations, dictated memoranda typed by assistants were issued typically a handful of times a week. Today, many managers, leaders, and knowledge workers wake up each morning and scan tens or hundreds of emails and texts before they get out of bed. Communication volume has increased from all directions. Internally, tracking the status of work takes countless emails, status meetings, and phone calls. Systems and sensors all around us track operations and produce data as never before. Externally, customers and partners are increasingly informed, empowered, and vocal. At the same time, so-called productivity tools have replaced many executive assistants who used to sort, filter, organize, and block wasteful communications.

With all this change, some things remain constant. Organizations, filled with people, still exist to unite around a common purpose, common values, strategic objectives, and getting things done. People remain the most critical asset of most organizations—but are increasingly in the shadow of machines and in a maze of technologies. Individuals are still bound by hours in the day and their mental ability to process information. Work (done by computers and people) must be coordinated to create maximum value. Organizations still need great leaders, managers, and employees at all levels to get things done in an efficient and effective way. We believe there is tremendous unrealized value from this new era yet to be claimed in how we communicate and collaborate in the future work environment.

### C-Suite Perspectives on the Future of Work

To better understand how executives are thinking about these changes, Deloitte conducted an anonymous survey, entitled Future of Work, of 245 C-level executives in September 2016.

The survey responses included respondents from small companies (revenues less than $50 million) to large (revenues greater than $10 billion). The responses also reflected a range of geographic regions, namely the US and Canada, Europe, Latin America, Middle East and Africa, and Asia Pacific (not including China).

The results of the survey confirmed that the C-level leaders surveyed do see the future of work and workplaces as a crucially important topic and are aware that new technologies will lead to changes in how work gets done as well as to their roles as leaders.

Our survey identified six themes that the C-suite needs to give attention to:

1. Culture is critical—and grows in importance with scale

2. Communication, collaboration, and connectivity are being transformed

3. Millennials (and Baby Boomers) are driving the pace of change

4. Business benefits are real—this is about getting things done in an increasingly competitive, interconnected, and fast-paced world

5. New digital tools are dramatically changing how we use our screen time

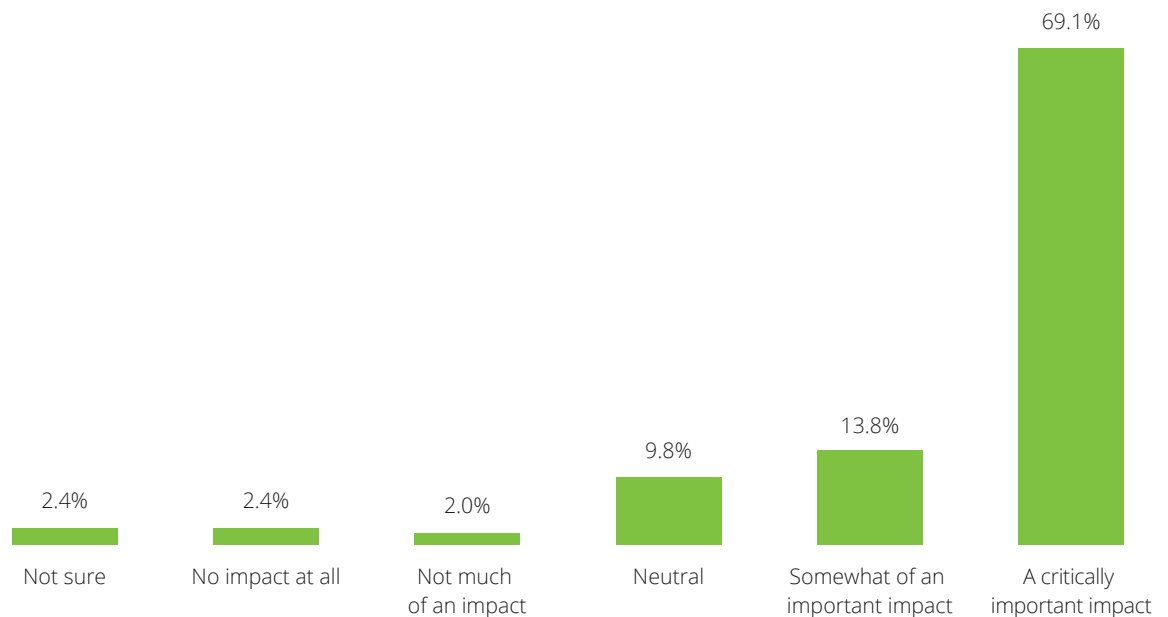6. Leading networks and teams, not hierarchy

In this paper we investigate each of these themes further, drawing on the results of our survey and other analyses that inform the discussion.

# Culture is critical

Our survey showed that C-level executives across geographies and varying company sizes have a shared vision of the future of work. More than two-thirds (69 percent) of those surveyed believe that company culture, especially transparency in internal communications, will have a critically important impact on their organization's ability to realize its mission and vision.

Our own research by Bersin at Deloitte has shown that culture is a perennial top concern of executives,[2] and the growing interest in employee engagement is part of the same focus on how to build a sense of belonging in a workforce that is increasingly dispersed, global, and mobile. The larger the company, our results show, the more important this issue becomes.

**Q4.  What impact does your organization's culture have on the ability of your organization to realize its mission and vision? (Select one)**



| Not sure | No impact at all | Not much of an impact | Neutral | Somewhat of an important impact | A critically important impact |
|----------|------------------|-----------------------|---------|----------------------------------|-------------------------------|
| 2.4% | 2.4% | 2.0% | 9.8% | 13.8% | 69.1% |

Note: Numbers do not add to 100% due to rounding

Another piece of research[3] reflects the importance of the way people feel at work, with a majority of respondents prioritizing the importance of feeling welcome and included at work. Engaging people in the organization, making them feel part of something special, and having a network that enables them to realize their ambitions are factors leaders are increasingly paying attention to as they struggle to balance the demands of growing the top and bottom lines while needing to attract and retain the best talent possible.

Surprisingly, in contrast, only 14 percent of our respondents felt that culture has no, little, or a neutral impact on their ability to realize their vision and mission.

This is skewed to smaller companies, where scale may not yet have focused attention on this need, but the response suggests that as they grow, they will need to address it. These companies should be aware there is a downstream effect to waiting, as research[4] has shown a lack of leadership participation in developing a strong corporate network, whether via technology or other interactions, can lower levels of employee engagement.

> **LESSON #1:** Pay attention to culture; help ensure leaders actively participate in its development and dissemination.

# Communication, collaboration, and connectivity are being transformed

Cultural transformation will be needed over the next five years, as only 14 percent of leaders who responded to our survey are completely satisfied with their organization's current ability to communicate and collaborate. In addition, leaders are actively monitoring their progress, a sign of culture's strategic importance.

Communication and collaboration challenges are growing as those in the workforce become more "untethered"[5] and fluid in the roles they undertake and in their interactions with others.

37 percent of the global workforce is now mobile, 30 percent of full-time employees now do most of their work outside of the employers' location, and 20 percent of the workforce is composed of temporary workers, contractors, and freelancers.[6]

Fortunately, the rapid development of increasingly digital technologies is enabling a massive change in how to accomplish better communications, collaboration, and connectivity across this increasingly diverse population. This is a critical strategic priority for 65 percent of the leaders we surveyed.

For surveyed leaders, putting in place more efficient decision-making structures and tools (42 percent) and allocating more employee time and resources to innovation by making current processes more efficient (41 percent) were the two most important changes in culture they expect to see within the next two years.

Jeffrey Joerres, former CEO of Manpower, put it like this: "Parsing of work is not new—think of outsourcing call centers, tagging photos, or using contractors. However, dynamic parsing *is* new and will become mandatory. The ability to rapidly shift the location of the work according to skill availability and criticality will be the competitive advantage."[7] This means communication, collaboration, and connectivity are more critical than ever. About three in five (59 percent) of our survey respondents believe transparency in communications is a critical priority for achieving their organization's goals.

**LESSON #2:** Companies should be proactive in creating greater transparency in their communications, and adopt new systems and policies to help drive this strategy. Also, it is important to reinterpret corporate culture to take greater account of digital in the workplace, even if for no better reason than to reduce the risk of losing employees, productivity and, potentially, customers.[8]

# Millennials (and Baby Boomers) are driving the pace of change

Not surprisingly, there has been a lot of focus on the influence of Millennials on the way talent is recruited and developed, given that by 2020 they will constitute 50 percent of the workforce. But we also cannot ignore the fact that Baby Boomers are working longer, often into their 70s and 80s. So, the need to manage across generations remains as important now as it ever was, if not more so.

However, the changed expectations of the Millennials, coupled with opportunities to have greater choice in how, where, and when they do work, point to leaders needing to enable networks across the organization. Almost four in five (78 percent) of executives surveyed believe, for example, that generational differences in employees' expectations will drive an increased emphasis on devolved collaboration.

This is particularly important given only a third of Millennials feel their organization is making the most of their skills and experience,[9] and 66 percent expect to leave their employer in less than five years.[10] The priority executives give to this topic is a recognition they are aware of the problem and see it as a real challenge to find and retain top talent, particularly in the Millennial population.[11]

**LESSON #3:** To keep Millennials, companies should place greater emphasis on nurturing and developing their people, creating interesting and purposeful work, and building an environment with career flexibility and tools that enable employees to collaborate and exchange ideas transparently.

# Business benefits are real—this is about getting things done

Communication, collaboration, and connectivity are at the core of much of what the C-suite believes will drive the major changes in the future of work. The reason for investing heavily in these aspects of work is the belief they represent hard business benefits for their companies.

When asked to identify the most important benefits from greater levels of collaboration, 57 percent of executives surveyed cited identifying and exploiting new business opportunities, while 48 percent cited increasing rates of innovation.
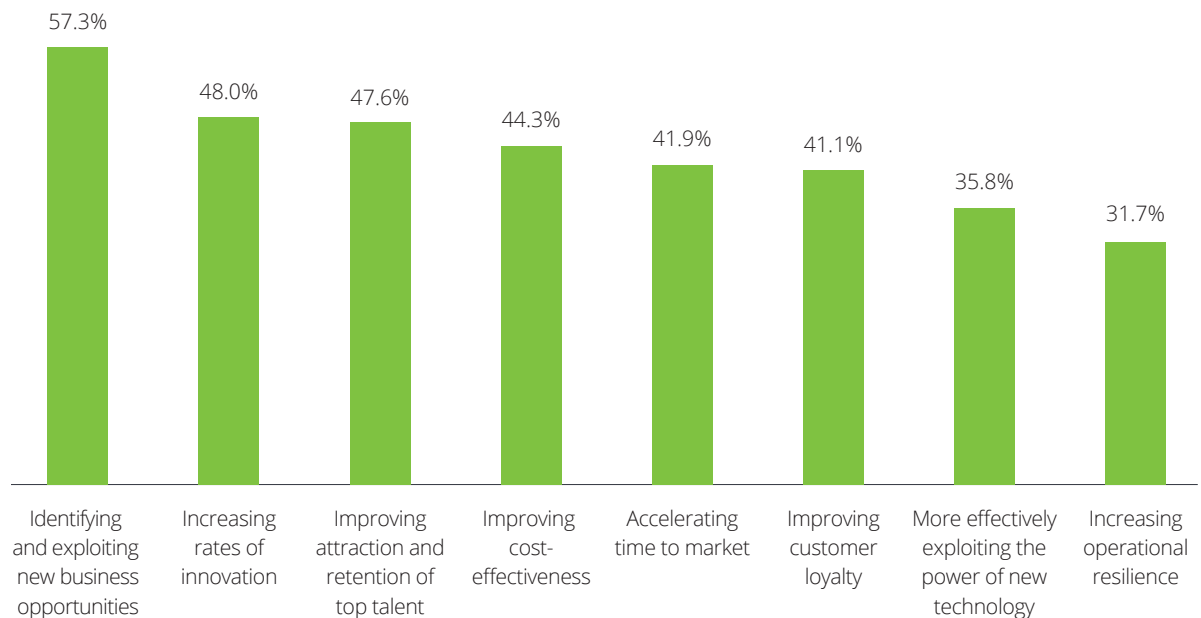
Another survey shows that 65 percent of employees responding believe opportunities for growth and innovation exist outside the office location—further emphasizing the need for providing tools that enable networks and collaboration across locations.[12]

The culture required to support the future of work will demand more efficient processes, particularly different decision-making structures and carefully selected tools. Almost half (48 percent) of executives surveyed predict increased levels of collaboration will enable better attraction and retention of top talent.

> **LESSON #4:** Be clear about the benefits you are targeting and ensure your decision making structures and business processes are aligned to deliver them.

**Q13. Which of the following will be the most important outcomes you expect from increased levels of collaboration? (select all that apply)**



| Category | Percentage |
|---|---|
| Identifying and exploiting new business opportunities | 57.3% |
| Increasing rates of innovation | 48.0% |
| Improving attraction and retention of top talent | 47.6% |
| Improving cost-effectiveness | 44.3% |
| Accelerating time to market | 41.9% |
| Improving customer loyalty | 41.1% |
| More effectively exploiting the power of new technology | 35.8% |
| Increasing operational resilience | 31.7% |

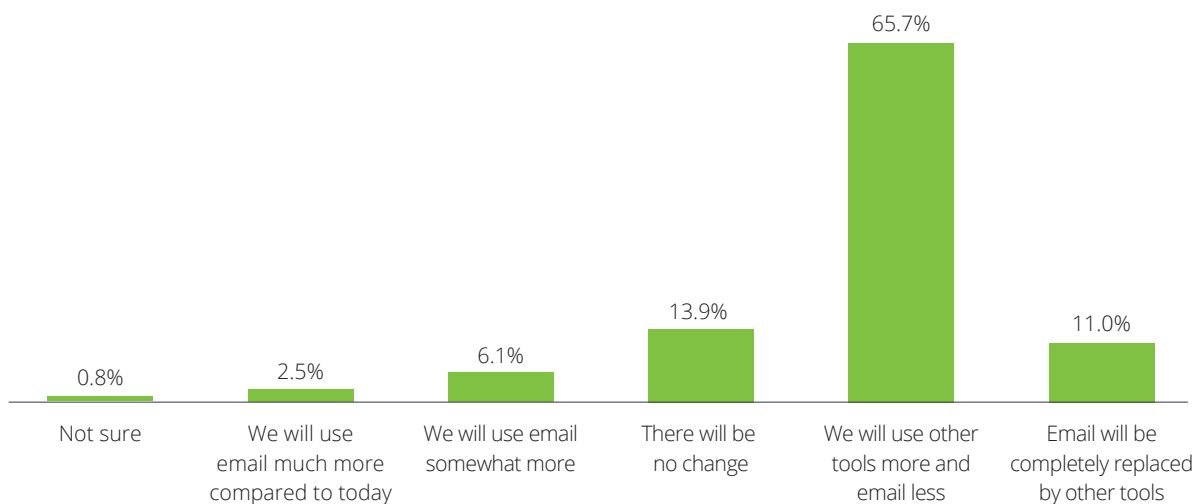# New digital tools are dramatically changing how we use our screen time

We have already referenced many of the changes that are coming, but the changes are not just about remote and more distributed working. There will also be adjustments to the working week itself as it continues to shrink (as predicted by economist David Levinson).[13] These are all factors driving the need for increased efficiency.

The future working environment will require a shift in how we communicate and collaborate, with 76 percent of executives surveyed predicting a move away from email and toward more sophisticated digital tools. These digital tools will be critical enablers for increased cross-cultural teaming. In fact, 72 percent of respondents see virtual teaming capabilities across cultures as becoming significant and normative in the next five years. Collaboration strengthens relationships, so the choice of technologies should ideally allow for relationship-building activities as well as efficient communications.[14]

But tools alone are not the answer: We have seen the statistics of how much time we spend on email (on average 25 percent of the day answering emails), and checking our mobile phones (on average 150 times per day), but this is not necessarily driving productivity up—we may feel more productive, but that is often not the reality.[15] So, as companies move from email to other tools for communicating, collaborating, and connecting, they will need to develop the right cultural context and adapt workplace policies and processes to help ensure the new environment and expectations enable successful adoption of whatever digital capabilities are implemented.

> **LESSON #5:** Start the shift to new collaboration tools, but help ensure workplace practices and employee expectations are aligned with the new capabilities that are available.

**Q12. Five (5) years from now, what role do you believe email will have as a form of communication within your organization? (select one)**



| Not sure | We will use email much more compared to today | We will use email somewhat more | There will be no change | We will use other tools more and email less | Email will be completely replaced by other tools |
|---|---|---|---|---|---|
| 0.8% | 2.5% | 6.1% | 13.9% | 65.7% | 11.0% |

# Leading networks and teams, not hierarchy

We have seen that expectations of leaders are changing not only in terms of how they interact and engage with their employees but also in how they see their role changing.

Our sampling of C-level executives showed that just over 40 percent of respondents expect they will increasingly place more focus on facilitating the exchange of ideas , the flow of conversations across the organization, and providing greater autonomy at team and individual levels. This shift from "top-down" to what we might see as "alongside" is a crucial component of the equation.

As we noted earlier, and is now commonplace in management literature, unless leaders are role models of the target environment, limited or no progress will be made. The shift to facilitating an empowered network after years of being in a more directive mode is a big one. As Jeffrey Joerres said in his interview on the future of work, "As we look to the future, role modeling of behaviors is going to be more important than training."[16] In the highly networked, more fluid organizations of the future, leaders from the C-suite down will need new ways to communicate with employees and keep a pulse on their organization.

Being in the flow of what is happening in their organization, rather than waiting on management reports that are time delayed, often by weeks, can enable an immediacy of communication and opportunities to motivate employees in real time. This shift also presents opportunities to intervene more effectively as management tracks performance of work teams and projects through the use of enterprise-wide collaboration platforms. The high level of transparency that is now possible also encourages and supports a higher sense of personal accountability, whereby problems are owned, rather than put aside for someone else to solve. This is not to ignore concerns about privacy, morale, and trust that can arise from a more transparent environment,[17] but given appropriate care over these factors, the potential benefits can be substantial.

> **LESSON #6:** Leaders can often underestimate the benefits of social tools at work[18] and need to be educated in how to use collaboration and business social tools for improved communication, collaboration, and connectivity.

# Conclusion

This survey suggests that at the top of companies, executives, particularly in larger companies, recognize both that the future of work will be very different from the way things have happened in the past and that their roles need to adapt to the new organizational environments they will be leading.

At its core, work in future will be more networked, more devolved, more mobile, more team-based, more project-based, more collaborative, more real-time, and more fluid. The challenge will to be make sure it is not more complicated, confusing, or overwhelming. This will require better and different ways to communicate, collaborate, and network. Large multi-nodal fluid networks will rely increasingly on new pathways for information to be exchanged and lessons shared, leaning heavily on new, enabling digital technologies. Equally, if not more importantly, it will require leaders to act increasingly as network architects and role models for the new ways of working. Done well, after decades of aspiring to the idea, the future of work offers the opportunity to provide the most engaging and motivating environment we have yet experienced.

# A note on geography and company sizes

We were surprised at the level of consistency of response we received across company sizes and different geographies. The main differences we saw in responses based on size were that smaller companies were less likely to see tools and changes in processes and technologies as important and that they placed less emphasis on employee mobility, but this was true only of the smallest group (less than $50 million in revenues) in the sample. Our hypothesis is that as companies grow past a critical mass, efficiency of process, communications, and networks become increasingly critical. This is something to note for any small but high growth company.

There were some small variations by geography, but only in a few areas. Companies in Europe placed more emphasis on the importance of cross-cultural working and slightly less on the importance of devoting resources to innovation. In LATAM, companies showed a slightly higher degree of focus on reducing hierarchy than other geographies.

# Endnotes

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Note: This research study was commissioned by Facebook

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