

LEATHWAITE

3 years in 3 months:

The unprecedented switch to a fully virtual workforce that no one thought was possible

Perspectives from Global Risk, Technology and Human Resources Leadership Teams



About Leathwaite



Leathwaite was established with one clear purpose: To create meaningful change through exceptional people.

Guided by our unique company values:

Be Distinctive

You cannot lead by following. We help clients, candidates and colleagues understand why we are different from the competition, and how this makes us best placed to help them achieve their objectives.

Maintain Humility

A culture in which the hierarchy is flat and everyone is open and accessible to others, enables sharing and collaboration. We do not allow title, rank or ego to cloud this thinking.

Compete Together

A great team is bigger than the sum of its parts. By pushing in the same direction and driving towards collective goals simultaneously, we will ultimately achieve more and so will our clients.

Foreword:

// The unexpected period of change that has propelled us into a digital transformation.

When the COVID-19 pandemic hit, it forced companies to transition to a fully virtual workforce - and fast.

While remote working has become more commonplace in recent years, no one could have anticipated the launch of the world's biggest remote working experiment in 2020, nor the impact this is expected to have on the future of work.

Speaking with leaders across a range of industries, a consistent theme has been the pace of change that has occurred in under 3 months - operationally in under 3 weeks - that would have likely taken closer to 3 years in normal circumstances.

The enforced shutdown of physical offices around the world, and the ensuing switch to remote working, has required a pace and scale of business transformation never seen before. It has created a unique opportunity for businesses to demonstrate their ability to adapt under pressure, engage their employees and reinforce and/or enhance a culture of collaboration that is required to shape a new normal.

Inevitably others will have missed the opportunity, through poor leadership and/or organizational disfunction, but this number is low and we have been impressed by how overwhelmingly positive the results of this survey have been in terms of large organizations successfully migrating their staff to remote working.

However, the transition has been so much more than just technology. While 75% of respondents agree that remote working will disrupt the paradigm of traditional working, we honed in on the transition phase to understand the learnings of this mammoth undertaking. We were also keen to understand what challenges companies face long-term, if they decide a large virtual workforce is to be the new normal.

The key statistics:

TECH - THE ENABLERS

77%

were working at home regularly pre COVID-19, most at least once per week, so they were well versed at being effective remotely.

55%

said that hardware availability has occasionally been an issue, versus 36% of the wider group. For technologists this was a much bigger issue than WiFi, which other groups cited as their number one challenge.

HR - THE ETERNAL OPTIMISTS

85%

said they would continue as planned with their hiring agenda - a positive sign amidst this uncertainty.

87%

of respondents believe the impact of remote working will continue to take shape post the COVID-19 pandemic, which will in turn alter hiring and the talent landscape in general.

RISK - IN THE BALANCE

56%

tell us they are working with 100% efficiency, and the vast majority of the balance said their teams are working at 75%.

52%

believe the paradigm of traditional working has been disrupted for good, 28% are unsure about the future of work and a surprising 20% think things will return to the way they were.

Overall key statistics across all functions:

- 34% said the program to mobilize remote working within their organization had been challenging due to hardware shortages but fairly efficient thereafter. This exact same group had more frequent technology issues across the board.
- 100% leaders ranked loneliness in the top 4 challenges of remote working, meaning it's widespread and a very real symptom of the switch to virtual. On the flip side, most organizations have actively encouraged virtual social occasions to promote more communication.
- 86% respondents had issues with home WiFi and internet connectivity, making it the most common technology challenge, although 41% said it rarely occurred and 35% said occasionally. Interesting then that WiFi is cited as the main challenge as opposed to the ability for business processes and controls to pivot to the remote working phenomenon.
- 80% of people in organizations with a 50-100k headcount did not initially know who was running crisis management, which points to poor communication and/or less visibility of senior management in companies of scale.

Introduction: Is COVID-19 the remote working catalyst?

In this study, we reached out to our global community of HR, Risk and Technology executives to understand the successes, challenges and learnings from the migration to remote working. While most organizations had existing remote working policies, never before has the entire workforce, including trading floors and call centres, had to operate from home.

Thankfully since the shock of 9/11, business continuity planning was established as a critical pillar of prudent operational risk management hence so many large organizations seem to have adapted at speed.

In summary, the findings of this survey highlighted the following:

Tech executives are well versed in remote working having been early adopters themselves, but with the need to mobilize the wider workforce being so reliant on technology, CIOs have been instrumental in leading the COVID-19 response. With technology being fit for purpose, the swift response from the majority of organizations can be credited to the CIOs work in advance of the pandemic. They have been able to build on pre-existing infrastructure, migrating to virtual platforms and developing remote access to critical tools at pace.

HR leaders, are “the voice of calm” according to an HR leader we spoke to this week. Teams are stretched thin but the overall message is positive: they are hiring as normal, they are operating at a high capacity and across the business, the importance of connection has been felt with many

virtual events set up to help facilitate communication from the top down.

Risk executives have shown the most reserve overall, with no one laying claim to the notion that even the most extreme of stress test scenarios reconciled with what has transpired. However, **after an initial scramble most risk leaders felt their organizations managed to adapt Business Continuity Plan (BCP) plans to ensure a relatively seamless transition.**

Inevitably “non-financial risk” managers have been focused on providing advice and guidance around potential control weaknesses, while financial risk managers have been focused on overseeing the ripple effect on lending portfolios and/or trading opportunities being created by the volatility and dislocation.

What we see overall is a relatively smooth transition to remote working. Companies have been nimble and adopted different strategies to keep employees productive and engaged while maintaining business as usual, as far as possible.

Inevitably remote working has presented both opportunities and challenges, with companies needing to assess and address the impact on company culture, their staff’s ability to unplug, loneliness, productivity and structural efficiencies if a larger virtual workforce is going to prove successful in the long term.

The state of remote working pre-pandemic

64% of overall respondents said they worked remotely on a regular basis prior to COVID-19, with the majority (40%), doing so at least once per week, followed by 20% saying at least once per month.

When breaking this down by function, it's hardly surprising technology executives had the highest penetration of regular remote working, followed by executives in risk, while HR had the least.

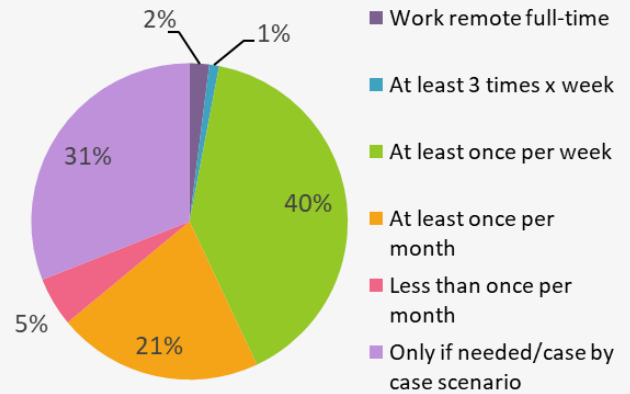
HR leaders instead led the way when it came to only working away from the office as needed, as most HR professionals view being physically present and accessible as crucial to them being their most effective.

That said, just under half of those surveyed from HR said they did enjoy some form of regular remote working, but this is lower relative to the other groups.



31% OVERALL REPORTED THAT BEFORE THE CRISIS THEY ONLY WORKED FROM HOME ON AN 'AS NEEDED BASIS', INDICATING THEY EITHER WORKED IN A MORE TRADITIONAL CULTURE, OR THEY WERE IN A CONTACT POSITION WHICH REQUIRED A PHYSICAL PRESENCE IN THE OFFICE.

OVERALL APPROACH



77%

OF TECHNOLOGY EXECUTIVES WORKED FROM HOME REGULARLY WITH THE VAST MAJORITY DOING SO AT LEAST ONCE PER WEEK.

72%

OF SENIOR RISK RESPONDENTS TOLD US THEY WORKED FROM HOME REGULARLY, 44% OF WHICH SAID AT LEAST ONCE PER WEEK AND 4% WERE ALREADY REMOTE FULL-TIME.

42%

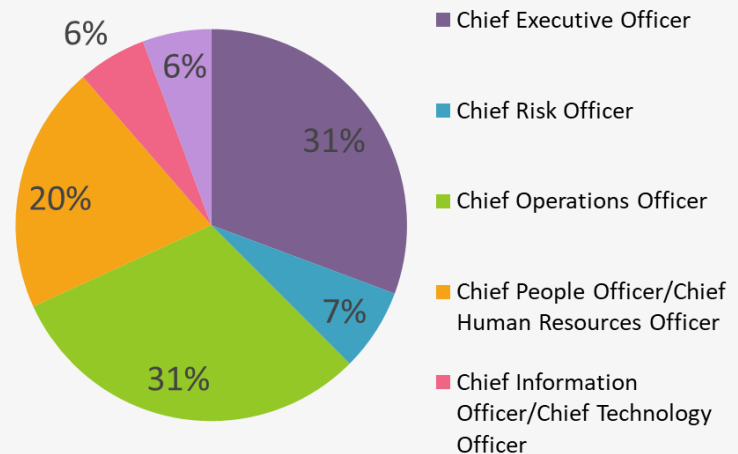
HR LEADERS ONLY WORKED FROM HOME IF THEY NEEDED TO, WHILE 28% SAID THEY ENJOYED THE BENEFIT OF WORKING FROM HOME ONCE PER WEEK.

Leadership in Crisis

Strong leadership is critical to the success of crisis management, and good leaders must over-invest in effective communication to inspire the confidence of their employees.

According to our community, this task is mostly being led by the CEO or the COO during COVID-19. The CHRO comes third overall, however when we break this down by region, interestingly **75% of respondents who said "CHRO" came from North America, and mostly from companies of 1-50K.** This points to the elevated and influential role of HR in this region, and that employee care and wellbeing are high priorities.

Who has led the COVID-19 response at your organization?



80%

OF PEOPLE IN ORGANIZATIONS OF 50-100K DO NOT KNOW WHO IS RUNNING CRISIS MANAGEMENT, INDICATIVE OF THE DECREASED VISIBILITY OF SENIOR MANAGEMENT IN COMPANIES OF SCALE.

13%

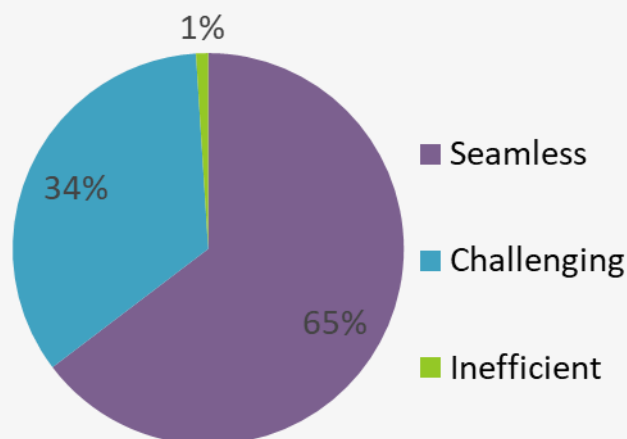
OF THE BANKING INDUSTRY, OUR LARGEST RESPONDENT GROUP, ALSO DO NOT KNOW WHO IS IN CHARGE OF CRISIS MANAGEMENT DURING COVID-19, WHICH SUPERSEDES THAT OF ANY OTHER SECTORS.



RESPONDENTS WHO NAMED **THE CEO** AS LEADER OF THE COVID-19 RESPONSE WERE LARGELY FROM THE UK AND EUROPE. INTERESTINGLY WHAT WE SAW FROM THIS SAME GROUP IS THAT ONLY HALF THINK THIS REMOTE WORKING SHIFT WILL HAVE A LASTING IMPACT ON THE FUTURE OF WORK, DESPITE NEARLY HALF AGAIN WORKING FROM HOME WEEKLY BEFORE THE CRISIS HIT.

The transition itself: mobilizing the workforce

How efficient has the program to mobilize remote working been in your organization following COVID-19?



65% of respondents told us the switch to remote working has been seamless due to existing infrastructure and working practices.

This is consistent with feedback we have received from clients, many of which piloted whole teams or departments working remote before the full extent of the pandemic was realized, in order to stress-test IT infrastructure and operational processes.

Technology and HR respondents were in line with the above, while 44% of risk executives found the transition to remote working to be challenging due to hardware shortages early on, but efficient thereafter. We suspect some risk leaders at financial services firms experienced similar challenges to traders and portfolio managers who we hear initially had obstacles accessing some key systems remotely.

Equally, those that experienced challenges around hardware shortages also said they experienced technology issues more frequently across the board, so no doubt the overall robustness and versatility of their technology infrastructure was also a key factor.

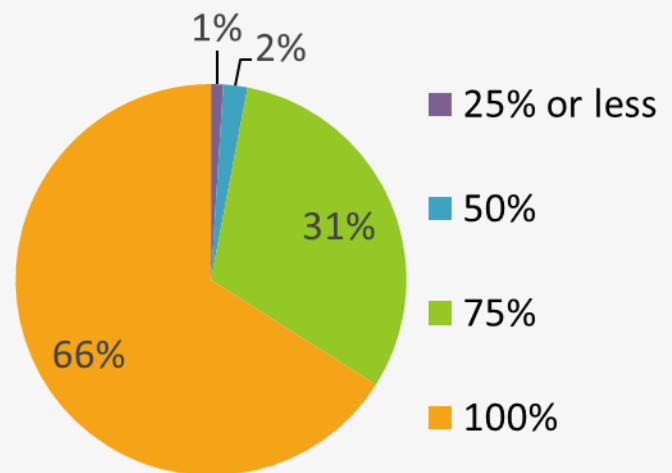
// ONLY 1% SAID THE TRANSITION HAD BEEN INEFFICIENT DUE TO VERY AVERAGE PLANNING.

Re-defining productivity: the age of COVID-19

In what we see as a very positive trend, it appears executives have adapted well to remote working with 66% of our respondents telling us their teams are operating at 100% in the remote environment.

A further 31% said their teams were working at around 75% capacity - again a high proportion and testament to organizational readiness in entering the crisis and the versatility of their staff.

At what capacity is your team is currently operating at?



95%

OF TECH LEADERS ARE WORKING AT 100%

59%

OF HR LEADERS ARE WORKING AT 100%

56%

OF RISK LEADERS ARE WORKING AT 100%

Almost all of the remainder are working at 75% - a very strong result.

// AS WE EXPECTED, TECHNOLOGY RESPONDENTS ARE OPERATING MOST EFFECTIVELY. FOR RISK AND HR PROFESSIONALS, IT APPEARS NOT BEING ABLE TO ENGAGE WITH KEY STAKEHOLDERS IN PERSON HAS MADE WORKING AT FULL CAPACITY MORE CHALLENGING.

The good, the bad and the ugly: What's working and what's not?

All respondents told us the best thing about remote working has been cutting out the commute.

They also agreed that the ability to work from any location was another real benefit of not being tied to an office. This was followed by flexibility around schedule, which many companies have been offering knowing employees are balancing domestic commitments and childcare / home schooling.

WHAT DID YOU RANK AS BEING THE PRIMARY BENEFITS OF REMOTE WORKING?

- | | |
|--------------------------------------|-------------------------------------|
| 1. No commute | 5. More time with family |
| 2. Ability to work from any location | 6. Better overall work/life balance |
| 3. Flexible schedule | 7. Working from home specifically |
| 4. Increased productivity and focus | 8. Employees seem less stressed |

When thinking about the challenges of a remote workforce from a culture and people perspective, both of which are largely fostered in a physical work environment, leaders told us unplugging after hours has been the biggest challenge.

This is also supported by many conversations in recent weeks where people in our network have repeatedly expressed the difficulty of creating boundaries between home and work, and the feeling that they are available around the clock because "it's not like I'm going anywhere".

Distractions at home was a close second for both technology and HR respondents, which is to be expected with schools closed, as well as people being in the home more than usual.

WHAT HAVE BEEN THE BIGGEST DRAWBACKS FROM A PEOPLE/CULTURE PERSPECTIVE?

- | | |
|---|--|
| 1. Unplugging from work | 5. Keeping motivated and engaged |
| 2. Distractions at home, e.g. chores and children | 6. Somewhere to work effectively at home |
| 3. Collaboration with team and/or communication | 7. Overall culture and behavioral shift required |
| 4. Loneliness and isolation | 8. Maintaining company loyalty, culture and values |

Technology: investments paid off

Testament to the dedicated work of CIOs and their teams, the array of technology challenges that might have arisen from a sudden shift to remote working did not come to fruition. By and large, respondents told us technology issues were happening rarely if not occasionally, or not at all.

As an example, we envisioned availability of hardware might have been topical when COVID-19 hit, but 32% said never, 25% said rarely and 36% said occasionally. Naturally, our technology executives ranked slightly higher in this category with 56% saying hardware issues were happening occasionally, but perhaps the broader population were not aware of this.

Also accessing folder and files, which has been cited as a historic remote working issue for some people, seems to have resolved itself as 47% said it was never an issue.

Home WiFi and internet connectivity have been the most persistent issue for our respondents, though the numbers are still low:

10% SAY THIS WAS A
FREQUENT ISSUE

35% SAY IT WAS
OCCASIONALLY ISSUE

41% SAY IT WAS
RARELY AN ISSUE

14% SAY IT WAS
NEVER AN ISSUE

The Cons: What have been the biggest drawbacks from a tech perspective?

	Never	Rarely	Occasionally	Very frequently
Availability of hardware – we do not have enough laptops etc.	32%	25%	36%	7%
Logging in – our systems are struggling to let everyone log in at the same time	29%	45%	20%	6%
User knowledge and retraining – people need constant training and support	28%	49%	19%	4%
Home WiFi and internet – home connections are not strong enough	14%	41%	35%	10%
Accessing folders and files – our network is difficult to access	47%	31%	19%	2%

Creativity through crisis: keeping employees engaged

Have you implemented any specific strategies to keep employees engaged and productive during this time?



TECHNOLOGY

- A lot more communications on every medium.
- Frequent team stand-ups and reach out's.
- Daily check-ins & video calls; talking openly about specific challenges people are experiencing.
- Being even more flexible in working hours e.g. handful of people are working one day at a weekend rather than during Mon-Fri to balance childcare responsibilities with their spouse.
- Innovative team building sessions.
- More "personal" communication.
- Social events, pub quizzes, daily 15 minute meetings, great use of video conferences, weekly updates from the CEO.
- Smart tools such as the skype whiteboard, virtual 'hothouse' sessions.
- Frequent surveys, regular standups, email/all hands on updates - all in all, a focus to 'over-communicate.'

RISK

- Virtual pub sessions for the whole practice (c. 40 people) on Friday evenings.
- Daily calls with leadership team; weekly check-ins with regional Risk organisation; fortnightly check-ins with global Risk organisation.
- A virtual happy hour via Webex with videos to celebrate successes.
- Frequent contact from line manager, senior management, and other colleagues to ensure engagement and wellbeing.
- Reduced non-essential meetings - reassessment short term priorities - increased video communications and virtual town halls.

HR

- Virtual happy hours, weekly update calls and periodic small group "coffee breaks" all to foster connectivity and engagement; updated collaboration software.
- Employee happy hours, photo competitions from the founders, top lists of favorite recipes, podcasts and TV shows - anything we can think of to encourage togetherness!
- Have set up a Corona microsite where we post all relevant info, including benefits, childcare etc. We also host weekly global townhalls with the CEO and COVID-19 steerco.
- We have established ways of working in groups to focus specifically on strategies for creating a 'new norm' in home working. It covers a range of topics from tech, team engagement, maintaining a sense of fun, productivity, volunteering and learning.

Social Conscience: giving back & paying it forward during COVID-19

Giving back: Is your company doing anything to support and give back to employees at home?



TECHNOLOGY

- Allowances for office furniture, dual monitors, work around childcare.
- Lots of communication from the CEO, plus holiday carry-over and extra entitlement.
- IT allowances.
- Extended paid time off for dependent care, enhanced volunteering policy, expense policy for home working kit, site visits by engineers for staff to improve home broadband/WiFi.
- Clear message to prioritize family.

RISK

- Time off for volunteering.
- Optional paid leave for up to 3 weeks to care for children and parents.
- We've engaged medical services staff to man a hotline to answer employee questions and direct care resources, and have provided specific support for families with infected members to assist with family care.
- Charity donation matching for COVID-19 related causes.
- Funding available for office equipment (chairs, second monitors, etc.).
- Lots of regular communication to help people feel part of the community. Copious use of video conferences on Microsoft Teams.

HR

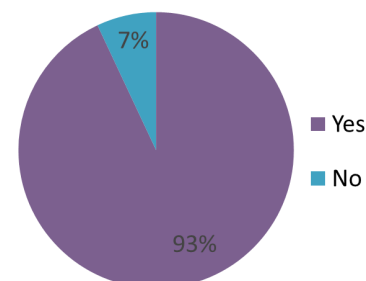
- We gave everyone \$200 to spend on tech set up if needed. We have expanded our EAP. We have HR office hours where we take any questions. We have listed a number of volunteering opportunities on our microsite. We allow for completely flexi-hours, so if you need to help your kids homeschool in the morning, you can do your work around that.
- Flexibility around work - very much output orientated rather than schedules. We understand that many staff are juggling work with child/elder care responsibilities.
- Employees received a shipment with hand sanitizer and disinfectant wipes delivered to their homes.
- Gifts and recognition (e.g. Fortnum & Mason hampers, days off for special contributions, flexibility for employees with caring responsibilities, etc.).
- Pre-paying annual bonuses in advance, on a quarterly basis.

Hiring: if remote working at scale is achievable, shouldn't we be hiring too?

Are you being given or giving out enough resources to support business as usual?

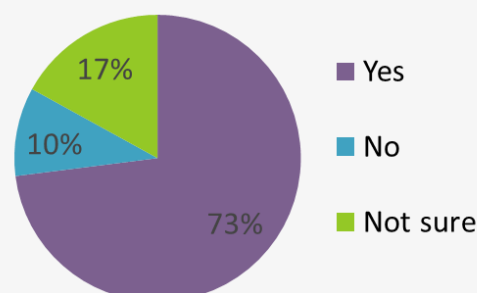
An overwhelming majority of respondents said enough resources have been provided to allow them to remain operational and effective.

This points to leaders ensuring their teams have received an appropriate level of support and flexibility to perform their duties.



Only 7% of respondents felt that they had not received enough transitional support

Are you willing and able to recruit and on-board (assuming social distancing becomes the norm for several weeks, or even months)?



85%

OF HR LEADERS SAID THEY WOULD CONTINUE WITH THEIR HIRING AGENDA - A REALLY POSITIVE SIGN IN A TIME OF UNCERTAINTY.

We were very pleasantly surprised that such a high proportion said they are willing and able to recruit and on-board, despite the obvious logistical challenges.

Indeed to date, our own experiences support this view. The vast majority of retained search processes have continued remotely towards completion, and we have also seen a few clients complete virtual "end-to-end" processes.

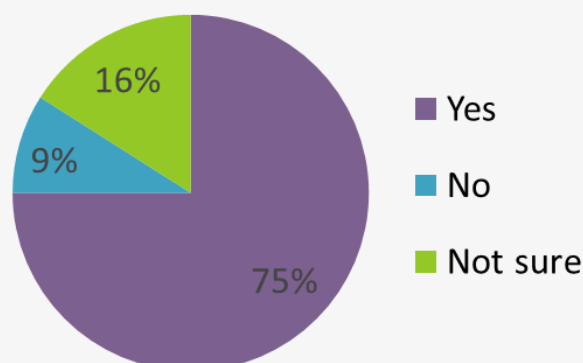
48%

OF RISK LEADERS SAID THEY COULD AND WOULD HIRE, BUT ALMOST AS MANY (40%), SAID THEY WERE NOT SURE.

Of those that responded "not sure" overall, nearly half were from the banking sector and just over half also found the efforts to mobilize remote working as challenging - reflective of a group of respondents that are still finding their feet.

Concluding thoughts:

Do you think this new remote working model will change the paradigm of traditional working for good?



The vast majority of our respondents (75%) said they expect the traditional working environment to be permanently disrupted. Based on a number of conversations in recent weeks, we believe this is an accurate reflection of current market sentiment.

Several clients tell us they are already reviewing their real estate strategies, and even where cultures did not support remote working previously, it is going to be difficult to say “no” to requests in the future, given employees have been enabled to do so and in most cases proved they can do very effectively. It therefore seems increasingly likely flexibility will become the new norm, not the exception as it has been for most organizations in the past.

Respondents told us the biggest advantages of working from home have been cutting out commutes, and more flexible schedules. On the flip side, the lack of boundaries between work and home life has been challenging. Many have felt lonely after being detached from the inherent social aspect of being in an office environment, hence the need to strike a balance between both is key. No doubt when social distancing is no longer required, this issue will be less acute as currently many people are grappling with isolation in both their professional and personal lives.

Much is yet to be determined in terms of the long-term impacts on productivity, but most leaders expect this “experiment” will facilitate permanent change.

While many companies have been forced into a new virtual existence they did not think possible pre-COVID 19, only 1% claimed total inefficiency and poor planning through the transition, a remarkably low number given no company has claimed to have planned for a pandemic with such far reaching consequences.

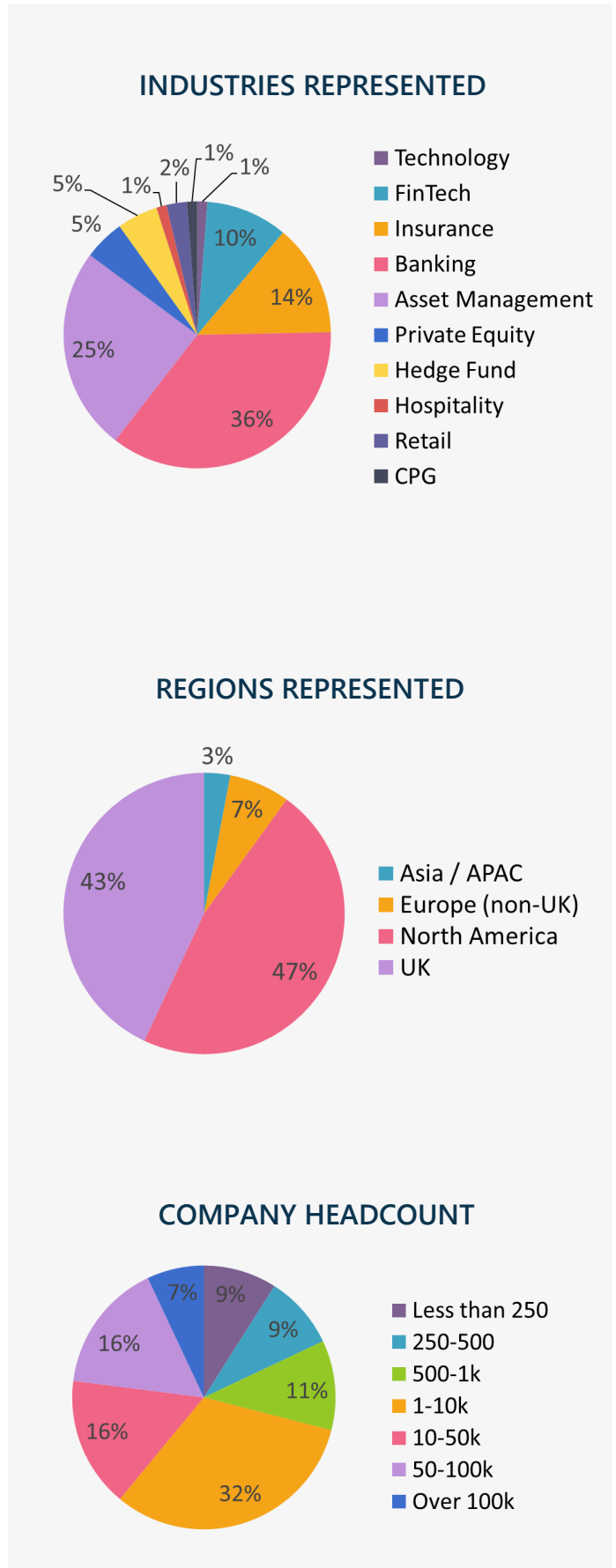
// THE FACTS SPEAK TO
THE TRANSITION TO
A FULLY VIRTUAL
WORKFORCE HAVING
BEEN A RESOUNDING
SUCCESS.

Appendix: Who did we speak to?

The majority of our respondents are based in North America and the UK.

Industries represented were largely from financial services, with banking being the largest group, followed by asset management and insurance.

32% of those polled came from companies with 1-10K employees, but after that the respondents were split fairly evenly between smaller companies with under 500 staff, companies with 10K-50K and those with 50k+ people.



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