The Future of Work

The Board's role in rewiring work:
Questions and considerations for Non-Executive Directors

pwc

# Contents

Solving the future of work is complex - and contrary to its phrasing, not a task that can afford to wait. After an immense dislocation like the pandemic, there's a chance to create a new reality that works better for all. The question now is, how can we do that in the most effective way?

From February to March, we ran a series for Non-Executive Directors (NEDs) who face the challenge of guiding their organisations as they look for their own answer to this question.

In interactive sessions we brought together leading thinkers to engage in eye-opening discussions on the key challenges, opportunities, watch-outs and questions NEDs need to be focused on as they help organisations navigate through this period of uncertainty and emerge stronger.

The virtual series kicked off with critical context setting from Dominic Price, Workplace Futurist at Atlassian. Dominic showed us the reality of investment in the future of work - a fundamental need, not just a nice-to-have - and guided us through the work eco-system, thereby framing the rest of the series:
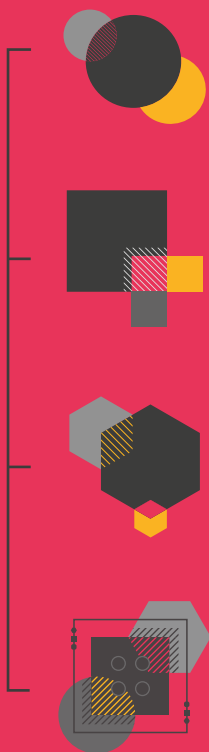
How we make it work: A conversation between PwC Partner Bryony Binns and Salesforce's APAC Employment Counsel, Lori Middlehurst on the strategic choices and trade-offs organisations face as they look to stay a step ahead of risk and legal considerations in a hybrid work environment.

The effect on our workforce: PwC's workforce transformation partner, Ben Neal, and Chief Executive Officer of Faethm, Michael Priddis, explore the significant impacts of technology on the global and Australian workforce and the intricacies and opportunities that lie in workforce planning as we look towards a hybrid work future, at a time when rapid technological change will continue to play a critical role.

Where we work: PwC Real Estate Advisory partner, Tony Massaro and Managing Director of International design studio, Hassell, Steve Coster, discuss why it's imperative that organisations engage with the issue of workspaces far more strategically than in the past, with an emphasis on employee sentiment and applying lessons learned during the pandemic about how people work best.

Our experience of work: Michelle Kam, partner in PwC's Strategy& Practice, NeuroPower Group Chairman and Author Peter Burow, and NeuroPower Group partner Misha Byrne, talk about the importance of employee experience in the success of any organisation's hybrid future of work strategy, and why refining and adapting our approaches to these challenging elements with focus on employee's six cognitive needs is more important now than ever.

To ensure that these fascinating and practical insights are received and applied as broadly as possible, we have compiled the key takeaways into this report, The Board's role in rewiring work: Questions and considerations for Non-Executive Directors

The overriding message from each of the sessions was that there is no time to wait. While there may yet be hesitance among leaders to take bold steps, as they 'wait for the dust to settle' on our post-pandemic 'normal', NEDs must start pushing organisations forward and leaders must start to experiment and trial new approaches - to leadership, innovation, ways of working, how we measure performance, the spaces we work in, and more.

We hope this report helps you identify priority areas for action and start asking the right questions to move the needle in your organisation. After all, as Dr Ben Hamer, Lead, Future of Work, PwC, said in our opening session: "The world of work has been changing fast. And yet it's changing at the slowest rate we're likely to experience for the rest of our lives."

We're looking forward to working together as we each take our own steps forward in this journey towards a better future of work.
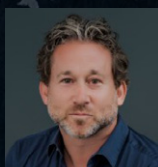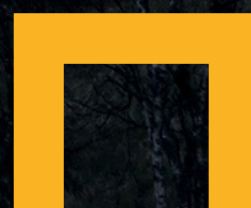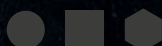
Lawrence Goldstone
Lead Partner, Future of Work, PwC Australia

Peter van Dongen
Chairman, Board of Partners, PwC Australia

> "When employers come to us with plans for their future of work, our task as lawyers is to understand how to best achieve those plans, both in terms of limits set by the laws in place today and also anticipating potential regulatory change. The goal is to work with employers to be clear on what they can do, and how to best achieve that within our current context, rather than just pointing out legal and compliance barriers."
>
> Bryony Binns, Workplace Lawyer, National Workplace Law Lead, PwC Australia

Session 1

Work type: How we make it work

The line between work and home was already disappearing, but that dissolution accelerated with the onset of COVID-19. This, along with the use of alternate forms of resourcing (e.g. onshoring, outsourcing and automation), brings with it critical implications for work type. In all of this, the role of the Board is incredibly important. Organisations face a set of strategic choices and trade-offs as they look to stay a step ahead of risk.

The key challenges and opportunities for organisations:

Performance management in a hybrid environment. The traditional model involves attaching value to seeing people working at their desks. Organisations will need to adjust their approach to measuring and managing performance to take account of a new normal in which people are dispersed. Proximity bias (leaders unconsciously favouring workers with whom they have the most direct contact) is likely to be a real challenge that will need to be overcome. Leaders will need to ensure that employees who come into the office are not favoured over those who do not and that leaders are up to the task of managing teams with consideration for these circumstances.

Different strokes for different folks. While remote work became a blanket policy during pandemic lockdowns, organisations now need to look more closely at which policies apply to which employees. For example, there may need to be different rules around flexibility for new employees being onboarded versus long term employees when it comes to coming into the office and/ or working remotely. In a similar vein, some employees may be covered by different awards or agreements, requiring consideration for specific conditions.

Work Health and Safety (WHS) obligations in a home work environment. Organisations conducting a business or undertaking have a general responsibility to eliminate or otherwise mitigate risks and hazards arising out of the conduct of that business, including at a place of work. Organisations need to check in with their legal teams on where their responsibilities begin and end when it comes to health and safety in hybrid work environments, ensuring that the programs and processes that they have in place for the office translate to a hybrid environment, where there is capacity for an employer's obligations to extend to any physical location in which an employee is performing work. Putting in place special provisions to ensure managers are aware of the signs of domestic and family violence, creating mechanisms for employees to communicate concerns, and knowing how to respond in circumstances where this is suspected will also be critical. More information on the responsibilities of organisations when it comes to safety in the home workplace, including a handy checklist of critical steps, can be found at pwc.com.au/irimplications

Balancing change with a need for ongoing flexibility. Organisations must properly document change in order to meet contractual and compliance needs. However, given the pace of change, this needs to be done in a way that retains capacity for flexibility. Employers need to be able to experiment with new models and avoid entrenching change in a dogmatic way. Contracts, policies and procedures to reflect new ways of working should be drafted with this priority in mind.

What questions do NEDs need to be asking?

? **Have we taken account of where our people are working?** There may be ethical risks, cybersecurity risks, and immigration, payroll or labour laws around remote working or intellectual property and confidential information protection risks to consider. For example, immigration laws may restrict a worker's capacity to work remotely from a jurisdiction that is different to the jurisdiction of their employer. Where employees can work remotely out of jurisdiction, it may be difficult to track different obligations that attach to their employment (for example, different payroll tax and long service leave laws as between States and Territories even within Australia), and enforcing business protection provisions, such as restraints or confidentiality obligations, can be difficult when an employee is located in another country.

? **Have we properly considered the terms on which we are hiring people, including those working remotely?** A hybrid workforce may increase the potential to supplement direct employees with contingent or outsourced labour or gig workers. If so, correct characterisation of workers, employment taxes, and business risk all need to be assessed and addressed. For example, non-employed workers don't have the same obligation to a company as an employee, and in most jurisdictions retain ownership of intellectual property created for a client.

? **What's our selection process for who can work from the office, and who can work elsewhere? Are we determining this fairly and in a way that will contribute to positive work outcomes at an individual and organisational level?** There is a risk that differential treatment can lead to unlawful discrimination, which needs to be considered on an ongoing basis in terms of likely and then actual impact. Ensuring decisions are made based on clear and fair principles and empowering team-level decision making is important.

? **Are we adjusting our approach to performance measurement and management? Are we training our leaders to assess employees fairly and effectively in this new environment?** Remote working is likely to make 'soft' relational criteria harder to judge. Performance criteria may need to change to recognise measurable behaviours and outputs that aren't necessarily 'seen', and take account of criteria that are relevant to a person's role being performed in a hybrid working environment.

? **Have we considered how remote work affects the remuneration of employees? Is pay being adjusted to reflect living costs of their chosen location?**

? **Have we sought help to understand the extent of WHS obligations to employees in a home work environment? Are our leaders fully aware of their obligations to provide and maintain a working environment that is safe and free of risks to health - whether that's physical or mental health - as far as is reasonably practicable?**

? **Have we adapted our approach to onboarding for a hybrid environment? Are we setting people up for success, and in a way that takes account of appropriate performance criteria and WHS obligations?**
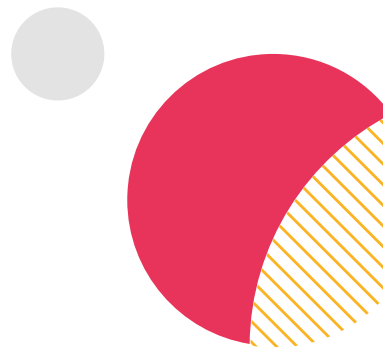
Case study:
How Telstra is using flexibility to boost productivity

During the pandemic, Telstra made the decision to end its use of overseas call centres and move these on-shore in Australia. Like much of the change that occurred during the pandemic, the driver was not one that could have been foreseen, and neither was it one of the usual variables involved in conversations about whether to use on-shore or offshore resources. COVID-19 outbreaks in India and the Philippines had required employees to stay home - but they did not have the connectivity and technology at home to continue to take customer calls. Telstra had to act quickly to ensure business continuity.

However, since making the call to in-source its call centre operators to Australia, Telstra has announced that it will now go a step further. By July 2021, all of its call centre workers in Australia will be working from home. It's a clear example of aligning work type with the appropriate work environment that will enable employees to complete their tasks, while enabling flexibility that can boost job engagement and productivity.

Contacts

Bryony Binns
Workplace Lawyer, National Workplace Law Lead, PwC Australia

Bryony is an employment law specialist practicing within PwC Australia's People & Organisation and Legal teams, where her expertise lies in the legal aspects of managing employees and other personnel in complex transactions, outsourcing deals and other change management scenarios.

Lori Middlehurst
APAC Employment Counsel, Salesforce. NED, Association of Corporate Counsel-Australia

Lori is Salesforce's APAC Employment Counsel, has a distinguished career in both US and Australia, specialising in international employment law, labour law, employee and industrial relations, dispute resolution, diversity and inclusion, immigration, developing globally consistent and compliant programs, processes and policies.

Andrew MacPherson
Global Risk and Regulatory Leader, PwC Australia

Andrew leads PwC's global GRC & Internal Audit business. In this role he leads PwC's focus on Risk & Regulatory across the firm globally, covering our Financial Advisory (Deals, Tax, Legal), Consulting (Strategy, People, Operations, Crisis) and Assurance (Audit, Internal Audit, Risk and Actuarial) businesses.

> The term 'future of work' has allowed companies and governments all over the world to defer action, which is really dangerous, because the issue is well underway. So we really prefer the 'evolution of work', even though this evolution is happening very fast, and in every industry. Then it sounds like something is much more tactical, much more incremental and something that we can engage in today. And acting today is important; in an exponential world the organisations that delay will become ever smaller in the rear view mirrors of the leaders, while the opportunities for those who act are many, real and significant."

Michael Priddis, CEO, Faethm

Session 2

Workforce: The effect on our workforce

Proactive and strategic management of today's workforce is about having the right people in the right places, at the right time – and at the right cost – to achieve an organisation's objectives. It is about the choices that senior leaders need to make and what the workforce and technology implications of those may be. Today this task has been made more urgent – and more complex – by the flow-on effects of a global pandemic and technological acceleration, including automation.

While there's been much media speculation about the impact of automation on the workforce over the last five years, this has often been misleading or overstated. As a result, some 59 per cent of Australians fear that automation is putting people's jobs at risk. Automation does not equate to vast swathes of the population becoming redundant. What it does mean is augmentation of our jobs, or in some cases, a transition to new jobs which require reskilling and upskilling.

This requires a shift from the idea of automation as a disruptor to a business as usual (BAU) approach to re-skilling and upskilling. Upskilling for the digital world has become a priority for society, organisations and governments. Each and every person deserves to have the awareness, understanding and capability to adapt to technological change and business must play a key role - both to sustain competitiveness but also to ensure we are not to exclude entire elements of society from the workplace.

For NEDs, the key is to systematically - and in a sophisticated and deliberate way - enable your organisation to build strategic workforce planning into normal business planning and strategy processes. This means continually looking beyond the five-year horizon and considering the workforce implications of every operating model, strategy or technology choice made. When undertaking workforce planning, NEDs should be asking their organisations about: the data-backed insights that provide a view of workforce composition and performance; the workforce risks and where the organisation is investing to get the greatest return; and the practical interventions for closing the gap between workforce supply and demand, over multiple time horizons and scenarios.

The key challenges and opportunities for organisations:

It's been called the 'future of work' – but it can't be deferred. Too many organisations have taken a 'wait and see approach' on workforce planning, hoping to learn from the leaders and be fast followers. Yet with the impact of automation, AI and data, the change curve for those on this journey is exponential. In Michael Priddis' words, organisations risk becoming "small dots in the rearview mirror" of their competitors unless they act now.

Making long-term workforce planning an organisational priority and finding a better balance between near and long-term planning and strategy. Many organisations today give the responsibility for strategic workforce planning to the HR function and focus too much on near term issues of affordability and capacity. There is a lot of wheel-spinning around this debate and more beyond-the-horizon focus is needed. NEDs need to help their organisations lift that debate up a level, ensure that the business has accountability for workforce decisions, and give due consideration to the capabilities that are needed to deliver now and into the future, as well as how that will change and evolve along with our work.

Moving beyond the once-a-year strategy retreat. The acceleration of change and the convergence of technologies, along with the impact of a global pandemic, means boards and management teams need to be regularly considering how these rapidly changing dynamics might impact their organisations. Even when the future is known, scenario planning is a key activity that leaders should undertake intermittently. This helps organisations understand and anticipate alternative paths, drawing out alternative future states and the workforce implications.

Enabling the skills transition. The workforces of a majority of organisations are not prepared for what's coming three, five or ten years out. Once organisations have assessed their needs and determined a strategy, organisations face the challenge of delivering on this transition in capabilities, which may include a significant upskilling or reskilling program.

What questions do NEDs need to be asking?

? Do we have the right capabilities and skills in our organisations to deliver on our strategy for the future? If not, do we have an upskilling/reskilling plan in place?

? Has our organisation made workforce planning and strategy part of BAU planning and strategy processes, with dedicated teams working on this topic?

? Do we have the requisite workforce planning capability and maturity to drive this?

? Do we understand the macro drivers and labour market trends that may support or inhibit realisation of our workforce strategy?

? Are we limiting ourselves to annual or bi-annual strategy days, or are we structuring more opportunities to explore the changing dynamics that are affecting our business?

? Are we continually looking to – and beyond – the horizon by at least five years?

? Have we conducted scenario planning exercises to explore the potential impact of changes that may occur in the future and how we would respond to them?

? Are we using data to make decisions about whether to retrain and redeploy employees whose roles have changed or been made redundant?

? As an organisation, have we determined what our investment and commitment to enable workforce transition is?

Case study:
Zurich's reskilling programme that's saving jobs and business costs

Organisations can be much more strategic in using data to solve organisational challenges. Data from industries all over the world shows a very simple business case for reskilling as a key part of a holistic workforce strategy: It is cheaper to retrain and redeploy than to shed workers.

In November 2020, Zurich announced a mission to retrain 3,000 UK employees to prepare them for future roles, showcasing how to undertake retraining at scale. The company has invested almost £1 million ($1.8 million AUD) into reskilling initiatives in 2020 alone, which will look to cover two-thirds of its workforce over the next five years and future proof roles against redundancy. The retraining program was designed after workforce analysis conducted alongside Faethm's AI analytics platform identified 270 robotics, data science and cybersecurity roles that could go unfilled by 2024 if employees aren't prepared for the future of work. It's predicted that the long-term upskilling of home-grown talent in areas such as robotics, automation and innovation could also save the business £1 million) in recruitment and redundancy costs alone.

Contacts

Ben Neal
Workforce Transformation Partner, People and Organisation, PwC Australia

Ben is the lead partner for PwC's Workforce Transformation consulting business in Australia, with expertise in strategic human resource management, research, policy development and implementation.

Michael Priddis
CEO of Faethm

Michael is CEO and founder of Faethm and a member of the World Economic Forum's Global AI Council. A PwC collaborator, Faethm is a fast growing, Sydney-based enterprise SaaS AI scale up and the world's data source for the Fourth Industrial Revolution and the Future of Work.

> "In the end, organisations get the physical workplace that they deserve. Because if you invest in it and think about it deeply, you can create something that is super powerful for your organisation, but it requires you to do the work. And you know, you can't get fit by watching someone else do sit ups."

Steve Coster, Managing Director, Hassell

> You have to think about what kind of work you're doing, the type of workforce that you need to do the job, and then the place that you need for that workforce to perform effectively. All of that comes together to deliver on the experience of work."

Tony Massaro, Partner, Real Estate Advisory, PwC Australia
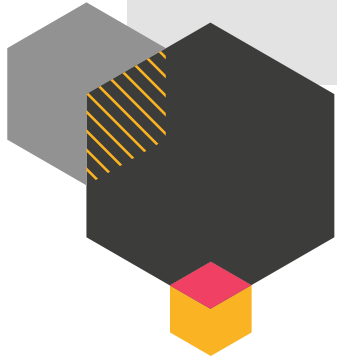
Session 3

Workplaces and spaces: Where we work

Workplace strategy and workplace design have been a topic of discussion for forward-looking organisations for a long time. Then COVID-19 thrust the issue suddenly but firmly onto the front pages of the news and the agendas of CEOs everywhere.

After more than a year of remote working for many, research consistently shows that the office isn't dead - employees want flexibility but certainly do not want to get rid of the office altogether. Asked 'what would your ideal work environment look like?' some 76 per cent of Australian respondents said they would like either wholly virtual work (16%), mostly virtual work (25%) or a mix of face to face and virtual work (35%).[1] The challenge now for organisations is to engage with their employees' preferences and the strategic role the office can play far more effectively than in the past, in order to ensure they create workplaces that are worth the cost of the commute.

[1] In 'Upskilling hopes and fears', Australian data, PwC, 2021.

As they look ahead, many leaders are asking similar questions:

- Which employees are going to want to come back into the office?

- Is now the right time to get rid of vacant office space?

- How often will employees want to go into the office - and for what types of tasks?

- What does this mean for the role of the offices and the kind of spaces that we need?

- How do we keep our people connected if they're not in those offices all the time?

- What do we do about my forward obligations to property in real estate, in the context of all of that?

As you look ahead, it's critical that any discussion about workspaces includes a focus on the role of culture, the nature of work, digitisation and the workforce of the future. The longer you can give yourself to engage with your workforce and understand their preferences and work patterns, the better you can build a real alignment between corporate objectives and people's preferences and create a place (or places) that facilitates both.

The key challenges and opportunities for organisations:

Understanding that the office isn't dead - but it will be different in the future.
Research by Hassell shows there has been a significant reduction in the number of people who want to work exclusively at the office and an increase in the numbers that would prefer to work in a mixed way, or at home. However, the least preferred option was for no office at all.[2] Going forward, people will want and expect flexibility, variety and choice over how they use the office and other places to get their work done. Doing nothing - and calling for a full-scale return to the office - is an option, but it will result in a loss of competitive advantage and impact your organisations' EVP.

Moving from short to long-term thinking.
There's a lot of noise at the moment as organisations consider how to adapt their workplaces in the short term to respond to the impact of the pandemic and the current demands of bringing workers back to the office. The question is what to do now, and how to set a pathway that will allow your organisation to build on what has been learnt during the pandemic and add value, rather than acting quickly and missing out on opportunities.

Putting the cart before the horse by asking, 'How much space will we need?'.
Defining your approach to property/ real estate will come about as a result of exploring the relationship of your organisation to its strategy or purpose, its culture, the type of work that people are doing. Prioritise the need to make the office worth the cost of the commute and make the question 'How much space do we need?' the last question asked, not the first.

Understanding and balancing the needs of different cohorts within your workforce.
Research shows that women and men had significant differences in their preferences for returning to the office, as did managers and those being managed.[3] Being aware of these and giving them fair consideration and weighting is key.
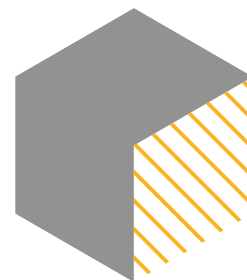
[2] Daniel Davis, 'The workplace beyond 2020', Hassell, accessed 20 April 2021, https://www.hassellstudio.com/conversation/the-workplace-beyond-2020
[3] In 'Changing Places: How Hybrid working is re-writing the rule book', PwC, 2021

Being aware that people naturally undervalue the intangibles of work. When redesigning your workplace, be conscious of this bias. Employees are much more likely to think about their tasks and productivity than about the intangible, social, incidental things that go into making their work work - or simply making it enjoyable. Things like a great office to work in, a great team culture, flexibility to do their work such that it fits into their life easily, and team celebrations. It's important to keep this in mind when considering workplace strategy.

Overcoming silos in strategic thinking. As you develop your workplace strategy, teams involved must be holistic and integrated, with the ability to discuss the role of technology, workforce, property, culture, IR implications and more.

Embedding flexibility into property portfolios. Increasingly we're seeing the stratification of property portfolios into a smaller amount of very core symbolic high value space, a middle tier of space, which is more flexible and generic with shorter lease terms, and a third tier of on-demand space, such as pay-by-the-hour or co working spaces. Amid this shift, the key is to ensure you have flexibility in your property portfolio.

Learning from others, while understanding there are no one-size-fits-all solutions. Each organisation must figure out their hybrid workplace strategy for themselves, based on their own employees' needs, preferences, aligning this with their business strategy and long-term goals.
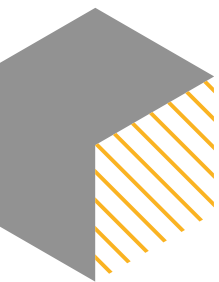
What questions do NEDs need to be asking?

? Do we have a workplace strategy? And if not, have we considered how we can develop one in line with our organisational strategy?

? Have we engaged our employees to ensure they have what they need in order to perform their roles and add value? Have we considered how this may have shifted or could shift?

? Are our spaces fit for purpose and 'worth the cost of the commute' for our people, based on a clear understanding of how people want to use the office?

? Does our workspace reflect and symbolise what our organisation stands for?

? Have we factored in some of the more lasting impacts of COVID-19 and positioned ourselves to be more resilient in the face of the next pandemic (e.g. the integration of touchless technology)?

? When it comes to our workplace strategy and decision-making, do we have team silos? Is everyone who needs to be in the room, in the room?

? Have we developed a clear policy on working from home - one which would clear up uncertainty amongst employees and details the level of support for employees to set these spaces up?

? Are we on top of the 'third spaces' where our people might be working and potential considerations and risks (e.g. data security)?

? If we're not already, how can we experiment and learn from others?

Case study:

From standard office to sought-after industry venue

Multidisciplinary engineering firm Arup works in the built environment sector. They trade on the knowledge capital of their professional engineers and their expertise and the collaborative knowledge based culture that they bring to the projects that they are part of. Pre-COVID, they created a workspace that would be a demonstration of that knowledge based collaborative culture and a venue for the whole industry to come into to collaborate.

"

When you walk into this space, you can see project meetings going on all around you, you can hear their studio presentations going on in the space and you can listen in to the knowledge sharing that's going on around you. They've gone from a normal sort of office to being an industry venue that hosts a wide range of industry forums, more than one event a day on average across the whole year. And as a result, their clients and collaborators are coming in and out of this space all the time. It's a space that represents the firm to the market."

Steve Coster, Managing Director, Hassell

Source: Arup Melbourne, designed by Hassell in partnership with Arup. Photography by Earl Carter.

Contacts

Tony Massaro

Partner, Real Estate Advisory, PwC Australia

Tony leads PwC's Real Estate Advisory team in Sydney, which delivers innovative property solutions to clients through lead advisory support encompassing strategic advice, acquisition and divestment support, property finance support, and investment management.

Steve Coster

Managing Director, Hassell

Steve is Managing Director of international design firm Hassell. He leads the firm in designing the world's best places - places people love.

"

We need to move from just focusing on the individual's empowerment and happiness to the strength of our networks in our organisations. If we do that, we'll be able to respond well in the big reset."

Peter Burow, Chairman and Author, NeuroPower Group

At Atlassian, we're trying to support our leaders a lot, because we believe in them as force multipliers. A good leader for us can positively impact 40 or 50 people, and bad a leader can negatively impact 40 or 50 people. So we're trying to get that leadership level right, because we believe they can be a genuine force multiplier for good. But we're also accepting that each of them has to personalise that development around their own situation and their own struggles."

Dominic Price, Work Futurist, Atlassian

Session 4

Our experience of work

Our experience at work is made up of a medley of intangible but critical components - from culture to leadership to ways of working and the spaces we work in and the people we encounter. With the widespread shift to hybrid working amid the COVID-19 pandemic, the employee experience has only become more complex to manage. Leaders face the challenge of creating a consistent and compelling employee experience across geographical boundaries and multiple locations, and are confronted with the question of what role they should play in facilitating this.

With experience at the centre of a successful approach to the future of work endeavours, refining and adapting the way we manage these challenging elements is more important now than ever. At the heart of this is our emerging understanding (built on hard neuroscience) that our brains have consistent 'social cognitive needs' that must be catered to if we're going to triumph in the hybrid work future. Evidence shows that office life has traditionally brought with it a variety of 'energy sources' that feed these needs. From shared rituals that trigger a release of serotonin, to public praise that brings with it a burst of dopamine, to celebrating success together that can cause adrenaline to rise, to informal chats by the coffee machine that create connection and a boost of oxytocin.

These brain chemicals, in turn, can impact our ability to think logically, deliver creative insights, improve focus, support courage and persistence in the face of adversity or challenge and, crucially, show understanding and empathy for others in the workplace. They can also impact our wellbeing in the workplace - at a time when remote work can make it harder to identify who is struggling.

As organisations move forward, creating a positive and engaging employee experience demands that leaders must look to intentionally create ways to meet their people's cognitive needs without relying on the usual levers.

The key challenges and opportunities for organisations:

Remote and hybrid workers have lost the enabling environments they used to rely on. Our remote work experiment has confirmed that elements of the work environment or experience that have traditionally been viewed as 'nice to have' are actually critical to the performance environment we've created around our people and ourselves, supporting and engaging our social cognitive needs. As one example, how much an employee feels they belong impacts on their serotonin levels. When serotonin levels are healthy, we feel a sense of calmness and safety. This in turn switches off the fight or flight response and can help with more logical, structured thinking. Yet, working remotely, many of the subtle but consistent serotonin triggers (like the feeling of 'belonging' and comfort sitting with your team in a familiar spot) are now missing. To help keep brains working at their best we need to be more intentional about how organisations respond to this 'remote gap' and support people's needs when their environments and circumstances have changed.

Redesign for the new normal. What worked when most employees were office-based may not work at all in an environment where many people are doing their work online. The experience is different and the outcome will be different. We need to re-design processes, activities, and ways of working for the new normal, catering for the physical and virtual work environments.

Thinking about the health of organisational networks, not just individuals. By nature, remote, flexible working doesn't build close relationships in the way in-person working does. Because we only 'see' the people we're directly interacting with, individuals struggle to understand the broader network of relationships that make up the business as a whole, and the effort build new relationships is significantly higher Yet performance in an organisation is all about the health of networks and networks are only as strong as their weakest links or members. If you're wondering why your teams internally are not having the impact they should, it could be because in the transition to remote work, key relationships have dropped away and hidden silos are emerging. Just as we expect sales teams to work consistently to build effective relationships with clients, work may now need to be done internally to build this muscle within organisations, starting with using robust data to identify weak spots.

Finding ways to stimulate creativity and innovation. In remote work environments, doing anything that involves set processes, like administrative work, is relatively straightforward. Employees can usually follow processes as they've always been done face-to-face and, indeed, many whose work focuses on operational delivery have found benefits in the relative control and lack of distraction they find in working from home. By contrast, creative work and innovation has taken a hit. Many incidental interactions that give rise to new ideas and the supportive work environments to enable collaboration are missing now that people are not meeting face to face. And it can be much harder to build the comfort with others that you need to enable free expression, constructive discussion ('creative friction') and aligning views. If your business depends on people coming together to solve complex challenges, you need to consider how your people are finding ways to reintroduce tthe creative spark, and to re-learn how to create collaboratively.

Discovering how to best uncover those who are struggling - and provide support. Often, organisations are only finding out that their people are not coping too late. The subtle reactions that used to cue us into someone struggling are nearly invisible in a video call, telephone or text message. And for those who are uncomfortable expressing, hiding what's going on (or, as some would misguidedly say, 'trying to stay professional') is much easier. Compounding this 'online empathy gap', we know from the data that people's experience of remote/hybrid work varies enormously with their personal circumstances. This means that in a hybrid work scenario, trust building will be key so that people feel comfortable opening up about challenges they may be having. Developing capabilities in your leaders to close the empathy gap and build team habits that enable everyone to support each other will also be critical to sustaining your culture and the wellbeing of your people.

Building leaders of tomorrow who are ready for the challenges of leading a hybrid organisation. The changes that have taken place during the pandemic necessitate another look at how organisations engage in succession planning and create the leaders of tomorrow, through leadership development. More than ever, leaders need to be able to understand the cognitive needs of their people and the new levers that they can use to support and engage them.

What questions do NEDs need to be asking?

? Are we looking at how remote/hybrid working is impacting our employees' experience of work?

? How do we get information about how healthy and happy our teams are?

? How are we energising and inspiring people - and making room for creativity?

? How do we balance efforts to do this with the need to solve for burn out, uncertainty and stress, as boundaries blur between work and home life?

? Are we just measuring individual performance or are we measuring the connectivity and the collaboration between individuals?

? Do we understand the most important performance networks within our organisation and are we helping people to curate and strengthen these?

? Have we determined what the evolving role of leadership means in our organisation and what are we doing to ensure we set our leaders up for success in a changing landscape?

? Are we adapting our succession planning and leadership development to ensure that we are creating leaders who are ready for the challenges of leading in a hybrid environment?

? Are we consciously focused on finding way to help leaders build trust with their people and 'close the empathy gap'?

? How strong is our reputation as a supportive 'remote work' organisation – how well placed are we to compete for talent in a post-pandemic, flexible world?

Case study:
Mining data to understand and improve people connections

PwC Australia engaged in organisational network analysis to discover the strength of the networks within the company. Using data mined from our systems, we analysed the quantity and quality of connections between individuals and how this affected the flow of information within the organisation.

> What's really powerful for us is that we've now been able to segment our workforce to really understand where there are hotspots of individuals who are not well connected and where there are hotspots of individuals who are extraordinarily connected. So we now want to help connect those individuals who are not well connected and for those individuals who have extraordinary amounts of connections, we also want to make sure that they aren't suffering burnout or potential fatigue as a result of managing their networks."
>
> **Michelle Kam, Partner, Strategy&, PwC Australia**

Contacts

Michelle Kam
Partner, Strategy&, PwC Australia
As a Partner at Strategy&, Michelle Kam focuses on helping organisations solve complex transformation, people and organisational challenges, ranging from leadership alignment to organisational transformation, people strategy and workforce of the future to talent analytics.

Peter Burow
Chairman and Author, NeuroPower Group
NeuroPower Group is the culmination of over 25 years of Peter Burow's work in evolutionary psychology, social psychology, best practice management theory and social cognitive neuroscience.

Misha Byrne
Partner, NeuroPower Group
Misha is a specialist in the human dimension of change management, supporting large organisations as they adopt new technologies. A neuroscientist by background, he has a passion for data-driven, evidence-based behavioural change and personal performance techniques.

Take the next step

For more information about the topics in this paper, or to talk about how we can help you steer the future of work, contact us:

Peter Van Dongen
Chairman, Board of Partners
+61 2 8266 3378
peter.van.dongen@pwc.com

Lawrence Goldstone
Lead Partner, Future of Work
+61 424 299 014
lawrence.goldstone@pwc.com

Dr Ben Hamer
Lead, Future of Work
+61 437 159 517
ben.hamer@pwc.com

Caitlin Guilfoyle
Senior Manager, Future of Work
+61 412 410 262
caitlin.guilfoyle@pwc.com

With special thanks to contributing organisations: Atlassian, Faethm, Hassell, NeuroPower Group and Salesforce.

The Future of Work