How CFOs can learn the ins and outs of the hybrid work model

The Covid-19 pandemic turned bustling offices into ghost towns practically overnight. As employees proved they could work productively from their homes, some finance leaders couldn't help but wonder: Why are we spending so much money on office space, and could that money be better used elsewhere? And even as social distancing became less imperative, some employees still found no compelling reason to return to their offices. The Great Resignation seemed to confirm that large numbers of employees—47 million in 2021[1]—were willing to quit rather than revert to their pre-pandemic work situation, which for many reflected an imbalance between how much time they were spending on work versus their own lives.

But the return-to-office debate may be less divisive than it initially seemed. In a survey of about 1,800 global finance workers, published in May, 22% of workers said they believed their companies should operate in an off-site work model for the following 18 months. By comparison, only 2% of CFOs expected that off-site would be the enterprise work model for 2023.[2] But the hybrid model seems to be situated near middle ground. Almost two-thirds (63%) of employees chose the hybrid model in the May survey.[3] In the *CFO Signals*™ survey for the third quarter of 2022, 86% of CFOs said that they expected their company's workplace model to be hybrid in 2023.[4]

The commitment to a hybrid work model likely requires CFOs, as well as other leaders, to become more intentional about office and work design, and the work itself. The pandemic, which fueled a Great Reevaluation of what employees want out of work, drove talent-related issues—already among CFOs' top concerns, as reflected in the CFO Agenda[5]—into new territory, toward more flexibility and virtual work. And its impact continues to push companies to rethink how work is structured, who (either humans or machines) does it, and where it's performed.

In this edition of *CFO Insights*, we'll explore the logistical and managerial issues CFOs may face to ensure that their organizations' reimagined workspaces are outfitted with the necessary technology and collaboration tools. CFOs may need to fully consider how to make the new hybrid model effective for employees and the enterprise. Transforming an entire function's workforce and way of working, and the work itself, is much easier said than done.[6]

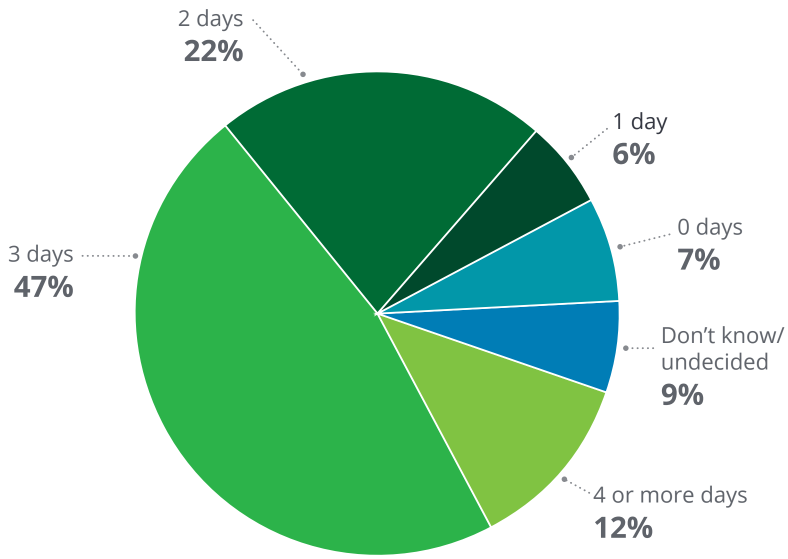
Making work work—wherever it's done

To retain employees, CFOs and their companies may find it helpful to reimagine not just work but rather the work experience. For many, flexible work schedules will likely constitute part of that effort. In the 3Q 2022 *CFO Signals* survey, 71% of CFOs said providing flexibility for work location was the most effective action for retaining talent.[7]

In terms of their own finance teams, almost one-half (47%) of the CFOs who participated in the 3Q 2022 *CFO Signals*™ survey said they expected the majority to work on-site three days per week, with 22% indicating two days a week. Twelve percent said they expect most of their finance teams to work on-site four or more days per week, while 6% indicated just one day per week. Just 7% said that finance employees would spend zero days working out of a traditional office (see Figure 1).[8]

Figure 1. Office work

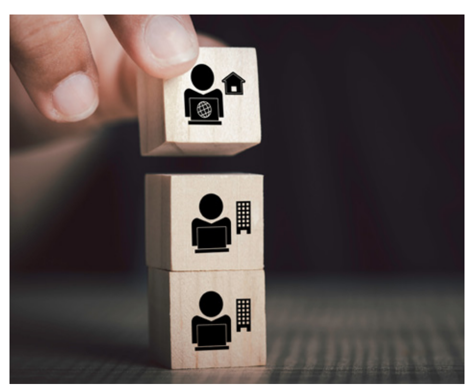
How many days per week do you expect the majority of your finance team to work on-site (N=111)*



Source: *CFO Signals*™: 3Q 2022, CFO Program, Deloitte LLP

Whether finance teams are working on-site two, three, or even four days a week, CFOs may need to shift how they view their teams' work, who populates their teams, and where work is happening, especially in the competitive market for finance skills. The following are some potential building blocks of a hybrid-friendly finance function:

- **Implementing a shared digital environment.** The finance workplace is no longer where the worker happens to be. Rather, it's the shared digital environment and collaboration tools used by a team. The finance function should be characterized by a digital workflow enabling remote work and virtual collaboration.
- **Accessing an on-demand or offshore workforce.** The ability to tap into specialized and nuanced capabilities has become a top priority in a dynamic landscape where continuous innovation and agility have become strategic imperatives. Once more of a novelty, freelancing and gigging have gone mainstream, with some CFOs bringing aboard such workers during crunch periods, for example, quarterly and year-end closes. Some companies also have used offshore talent as a resource to help meet peak demands.
- **Focusing employees on higher-value work.** Several types of rote tasks, including accounts receivable and payable, can now be done more efficiently using robotic process automation or ERP bolt-on modules. That can leave finance teams with more time for strategic work that adds value—not only to finance but to their careers and the business. The 3Q 2022 *CFO Signals* survey found that CFOs who have altered, reduced, or streamlined the types of work their finance teams do—mostly through such steps as driving digital transformation/automation, leveraging technology, implementing ERP transformation, and improving or standardizing processes—realized several benefits. The top three impacts: more time spent on higher-value activities (78%), greater use of technology and automation (71%), and deeper insights into the business (34%). Surveyed CFOs also cited cost reductions, faster access to information, and higher-quality data.[9]
- **Training managers to think more expansively about work—and workers.** Besides continuing to manage the creation and maintenance of high-performing teams, finance leaders also now need to tackle a new layer of talent management challenges. The complexity involved in supporting connection and collaboration, as well as tracking shifting schedules, requires creativity, ingenuity, and reinvention.
- **Communicating authentically and often.** There is no such thing as communicating too often when leading a virtual team. While leaders should make themselves available, they may also need to learn how to build trust with their teams, empowering them to take action and show initiative. The lack of visual cues or only partly visible body language may require leaders to be intentional in their virtual interactions. (See "Remote control: How finance works, not where, matters most now," *CFO Insights*, May 2020.)



CFO as chief workforce experience officer

For employees, recent years have illuminated what they value most in their work lives. Whether suffering from burnout or chronic screen-induced exhaustion, many workers emerged from the pandemic with newfound priorities based on their personal goals and overall well-being. Employees' heightened expectations of trust, well-being, and authenticity at their jobs now play a significant role in their decisions about whether to stay or to keep looking, according to a Deloitte survey of US and global finance workers and leaders.[10]

In the 3Q 2022 *CFO Signals* survey, nearly two-thirds of surveyed CFOs cited providing career development and more clarity in growth opportunities (63%) and increasing salaries (62%) as effective actions in retaining talent. More than one-third (34%) found fostering a stronger sense of purpose to be an effective tactic, with 24% finding value in creating a stronger work community (see Figure 2).[11]

Interestingly, raising bonuses, increasing health and welfare benefits, providing or increasing stock options, and reducing workload appeared less effective in retaining talent.

That said, four out of the five top actions—excluding increasing salaries—require managers who possess the skills to understand and meet their employees' individual needs. For instance, one employee may be training for a triathlon, while another is studying to earn a CPA license. And child-rearing or care-giving responsibilities that became more visible during the pandemic—sometimes in the middle of online video meetings—haven't diminished.

Acknowledging and addressing what employees now want out of work—and the sacrifices they are willing to make for it—no doubt will challenge finance leaders to keep pace. (See sidebar, "Age gap: The generational divide on the future of finance work.") The complexity and nuance involved in handling such people-related issues will likely elevate talent and workforce experience issues, warranting attention from the finance leadership team. For the CFO, such added responsibilities may be the equivalent of adding the additional duty of serving as finance's chief workforce experience officer.

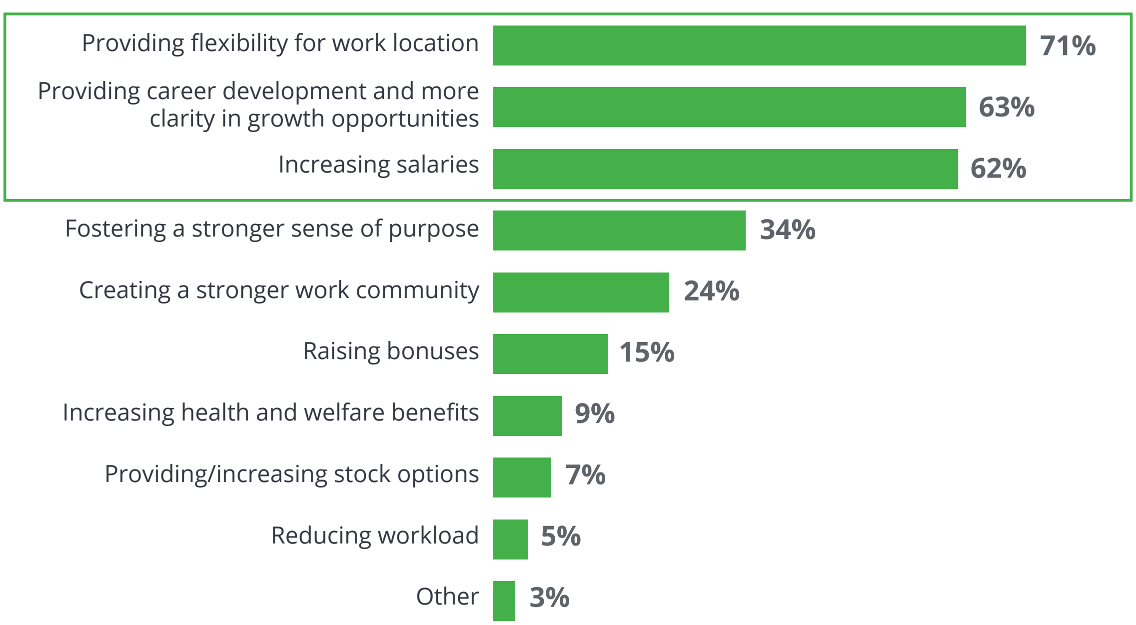
Redefining company culture

In a workplace where employees are coming and going, a distinct company culture—of connectedness, trust, and communication—can't be signaled by the presence of a foosball table. By deploying technology such as Augmented Reality (AR) and Virtual Reality (VR), companies can create immersive communication experiences—transporting employees to virtual meeting rooms—CFOs can level the playing field between remote workers and office dwellers.

And while physical location may no longer be a barrier to recruitment, onboarding in the remote realm poses new challenges. There's far less opportunity for employees to learn by watching, tacitly absorbing an organization's work style through spontaneous interactions. CFOs may find it prudent to reallocate some budget dollars earmarked for sending employees to outside conferences to sponsoring bespoke internal learning events that tackle the function's priorities and build culture and belonging.

Figure 2. Building a retaining wall: What it takes to keep employees

Which three actions have you found to be most effective in retaining talent at your organization? (N=110)*



Source: *CFO Signals*™: 3Q 2022, CFO Program, Deloitte LLP

Designing a new workplace strategy should involve weighing some critical considerations. What follows are five nuts-and-bolts questions that CFOs may need to address as they map out a workplace evolution:

1. What could be the potential financial opportunity of an increasingly boundary-less mobile workforce—and how does finance partner with HR to realize it?
2. What savings could be found by moving to different location set-ups in an organization with an increasingly remote workforce?
3. What are some of the corporate and employment tax challenges associated with employees working in different tax jurisdictions?
4. What can changes in hiring practices and regulations mean for diverse and equitable hiring efforts?
5. As the office begins to play a new role, how can we rethink in-person gatherings to ensure that such get-togethers are additive to the employee experience?

Freedom to choose

In a Deloitte survey of 275 executives, 39% said they expect a reduction of physical workspace by up to 20%.[12] That presents a significant challenge—one among many, in the transition to hybrid—and the implications may be best dealt with ahead of time. Better for the business to redesign in advance, rather than wait to manage any fallout.

CFOs should play a key role in analyzing costs and assessing long-term value, as companies look to adopt a hybrid model that meshes virtual and physical work as seamlessly as possible. Rather than providing static jobs, organizations can focus on using skills to unlock value, boost agility, and give employees increased agency, choice, and equity.[13] Consider asking: What *don't* we know about the needs of our finance workforce? A definitive answer isn't likely to be found through a standard HR engagement survey.

What do leaders need to do instead? Ask. And listen. Such methods will likely pay off no matter where you happen to be located.

Age gap: The generational divide on the future of finance work

When re-thinking the workforce, work, and the workplace, CFOs would be well-advised to meet employees where they are. One problem, however, is that they likely aren't all in the same place. And gaining an understanding of what employees want requires translating an almost infinite variety of individual priorities into a limited number of viable options.

Consider, for example, the clashing perspectives among different generations of employees.

In addition to surveying global finance workers and leaders, Deloitte's *2022 Finance Workforce survey* also conducted ethnographic research.[14] By isolating and analyzing respondents by generation, it found some pronounced differences among baby boomers (15% of respondents), Gen X (24%), millennials (40%) and Gen Z (11%).

For example, 34% of baby boomers (ages 58 to76) believe that 100% of work should be done onsite, a higher proportion than other cohorts. Gen Z (25 or younger) also prefer traditional offices, while millennials (26 to 41) and Gen X (42 to 57) want to work mostly remotely.

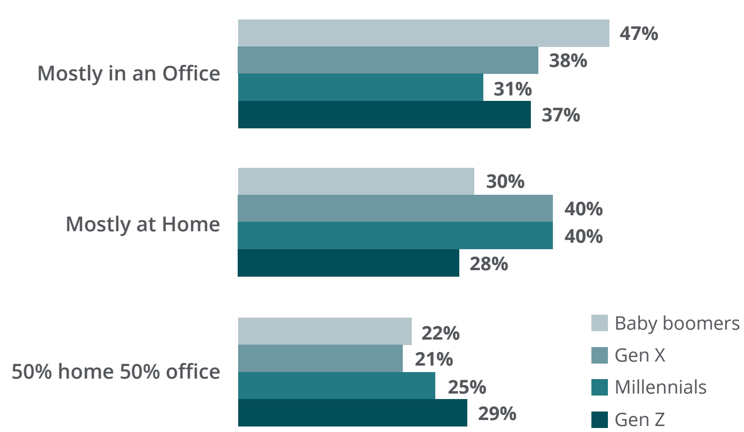
The millennials also most value flexibility in their roles—setting them apart from the other cohorts. Gen Z values upward mobility, even more than recognition and benefits. Baby boomers appreciate upward mobility least of all, but value meaningful work. Gen X most wants compensation.

Similar proportions of Gen Z (37%) and millennials (30%) believe the number one change in finance over the next three to five years will be data analytics, as it shifts from the finance function to business managers. Boomers don't agree; they see compliance as the number-one change.

Some generational differences make logical sense, of course. Depending on a person's phase of life, the home office may remain as quiet as a library or as loud and distracting as a parade. But what about those Gen Z'ers, who were practically born with headphones and screens? They still think of their workplaces as critical sources of social interaction—which, after all, can't be replaced by technology. Completely.

Figure 3. Age-old differences

What type of physical environment do you believe your finance organization SHOULD operate in during the next 18 months?



Total does not equal 100% as "other" category is not shown

Source: "Deloitte 2022 Finance Workforce Survey," Deloitte Consulting LLP

End notes

1 "Roughly 47 million people quit their jobs last year: 'All of this is uncharted territory,' " CNBC.com, Feb. 1, 2022.

2 *Deloitte 2022 Finance Workforce survey*, Deloitte Consulting LLP, May 2022.

3 Ibid.

4 CFO Signals™: 3Q 2022, US CFO Program, Deloitte LLP. A total of 112 CFOs participated: 74% from public companies and 26% from privately held firms.

5 "The CFO Agenda," CFO Program, Deloitte LLP, 2022.

6 "Crunch time series: The finance workforce of now," Deloitte Development LLC, 2022.

7 CFO Signals™: 3Q 2022.

8 Ibid.

9 CFO Signals™: 3Q 2022.

10 "Crunch time series: The finance workforce of now," Deloitte Development LLC, 2022

11 CFO Signals™: 3Q 2022.

12 "2021 Return to Workplaces survey," Deloitte Development LLC, 2021.

13 "Skills: The new workforce operating system," *Capital H: Human Capital Blog*, Deloitte Consulting LLP, 2021.

14 *Deloitte 2022 Finance Workforce survey*, Deloitte Consulting LLP, May 2022.

Contacts

Jessica L. Bier
Managing Director
US Human Capital Finance Transformation Leader
Deloitte Consulting LLP
jbier@deloitte.com

S. Casey Caram
Principal
Human Capital Consulting
Deloitte Consulting LLP
ccaram@deloitte.com

Rolf Epstein
Partner
Lead CFO Program Germany
Deloitte Consulting GmbH
repstein@deloitte.de

Patricia Brown
Managing Director
US CFO Program
Deloitte LLP
pabrown@deloitte.com

Ajit Kambil
Managing Director & Research Director
US CFO Program
Deloitte LLP
akambil@deloitte.com

Dr. Udo Bohdal-Spiegelhoff
Partner
Lead CHRO Program Germany
Deloitte Consulting GmbH
ubohdal@deloitte.de

About Deloitte's CFO Program
The CFO Program brings together a multidisciplinary team of Deloitte leaders and subject-matter specialists to help CFOs stay ahead in the face of growing challenges and demands. The program harnesses our organization's broad capabilities to deliver forward thinking and fresh insights for every stage of a CFO's career—helping CFOs manage the complexities of their roles, tackle their company's most compelling challenges, and adapt to strategic shifts in the market.

For more information about Deloitte's CFO program visit our website at:
www.deloitte.com/us/thecfoprogram.

Follow us @deloittecfo

Deloitte CFO Insights are developed with the guidance of Dr. Ajit Kambil, Global Research Director, CFO Program, Deloitte LLP; Josh Hyatt, Manager/CE Journalist, CFO Program, Deloitte LLP; and Jon Birger, Manager/CE Journalist, CFO Program, Deloitte LLP.