Remote control: *How* finance works, not where, matters most now

For many finance departments, the COVID-19 pandemic has introduced virtual work to a function that traditionally required all hands on deck. For CFOs, this new dimension has also created new leadership challenges, ranging from the need to adapt decision-making to a virtual environment to clarifying performance expectations.

This is not a short-term experiment, either. As businesses grapple with how to reopen safely, it is clear that the move to virtual may have a permanent effect on where finance works—and, perhaps more important, how it works. In fact, in the latest *CFO Signals™ survey*, three-fourths of respondents expect more of their total workforce to work remotely going forward (see Figure 1). And 72% of respondents say more finance work will be conducted remotely post-crisis.

As CFOs brace for that virtual future, they are digesting the lessons of recent months and rethinking the work of finance as it relates to technology, teamwork, performance, and leadership. In this issue of *CFO Insights*, we will discuss what finance leaders can do to manage effectively in a world of remote working, as well as how the concept of creating value may change for finance moving forward.

Technology considerations in the virtual workplace

As the global pandemic spread, many companies embraced virtual collaboration tools and practices to increase corporate resilience and ensure workforce well-being. For many finance departments, that meant closing the books virtually for the first time (see "*Closing time: Preparing for the next*
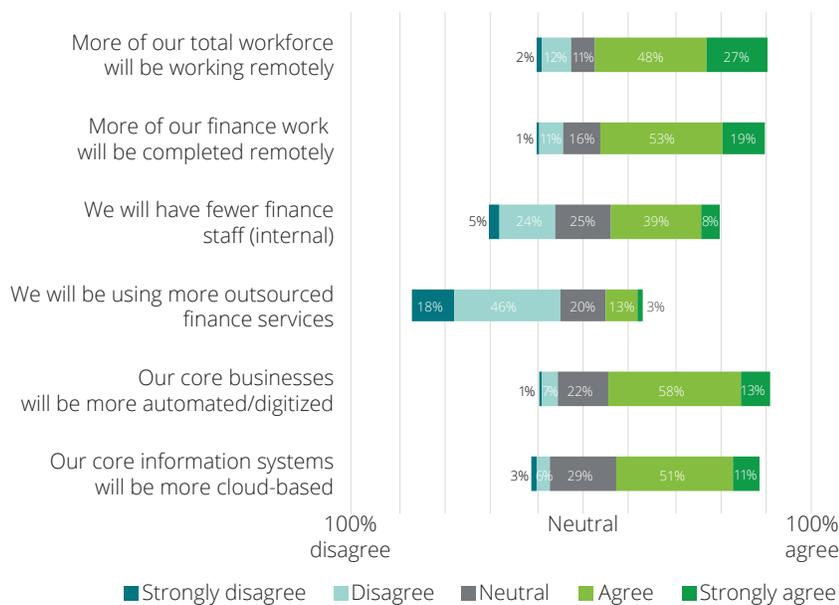
virtual financial close," *CFO Insights*, May 14, 2020), enhancing security protocols, developing a virtualization strategy, and securing the necessary funding for ongoing remote work environments.

Some of the lessons learned along the way, include:

Champion virtual work. In a very short period of time, finance had to expand virtual work capabilities using available tools and leading practices to endorse collaboration, enable productivity, and help ensure culture continuity. For their part, many CFOs realized that they needed to lead by example and invest in laying the groundwork for a more virtual future. In fact, in a *May Deloitte poll*, more than 60% of CFOs said they expect their investments in information technologies for virtual and automated ❯

Figure 1: A year from now, how do you expect your company and finance operations to compare to pre-crisis?
Percent of CFOs selecting each level of disagreement/agreement

	More of our total workforce will be working remotely	More of our finance work will be completed remotely	We will have fewer finance staff (internal)	We will be using more outsourced finance services	Our core businesses will be more automated/digitized	Our core information systems will be more cloud-based
Strongly disagree	2%	1%	5%	18%	1%	3%
Disagree	12%	11%	24%	46%	7%	6%
Neutral	11%	16%	25%	20%	22%	29%
Agree	48%	53%	39%	13%	58%	51%
Strongly agree	27%	19%	8%	3%	13%	11%

100% disagree — Neutral — 100% agree

■ Strongly disagree ■ Disagree ■ Neutral ■ Agree ■ Strongly agree

Source: *CFO Signals*, Q2 2020, CFO Program, Deloitte LLP

business operations to increase. And as they move into recovery mode, many of those CFOs realize that will mean strengthening many of the solutions rushed into place by being more thoughtful and strategic about their deployment, developing the support infrastructure around them, and fully understanding the impact they will have across their organizations.

Plan for software-defined network architecture and virtual data centers.
In the new environment, CFOs have also had to work with CIOs to plan for networks that can sustain new patterns of traffic and support more remote work. Going forward, a software-defined network may be required to provide a strong foundation for virtualization; it can also help prevent data center bottlenecks by segmenting different types of traffic. In addition to supporting remote work, virtual desktop interfaces can permit staff to access their work desktop from remote (including offshore) locations. (see "Virtualization: Lessons for Enabling Remote Work.")

Aggressively shift to the cloud. Given that cloud-based services can be accessed from

anywhere, anytime, and from almost any device, they have become "go-to" solutions for many companies. Cloud computing can offer virtual workspace in which employees can share ideas, track progress, and work from a single, updated source of data either individually or collectively. In addition to agility, cloud providers can scale up and down quickly to meet the needs of remote work and relieve traffic on corporate networks. Indeed, cloud investments do not seem to be slowing anytime soon: in the Q2 2020 *CFO Signals* survey, 62% of respondents expect core IT systems to be more cloud-based a year from now.

Provide support and ensure ecosystem resiliency. Another lesson from the rapid shift to virtual has been that remote employees require not just the right equipment, but also the right support and training. That may mean adding virtual tools to an IT help desk so that remote employees can get personalized help or ensuring adequate processes are in place to acquire, use, and secure equipment. At the same time, CFOs have to understand potential limitations and ensure IT support

(e.g., password resets, ability to skip parts of the workflow) should the crisis impact the ability of employees to complete key tasks. It's also important to have contingency plans for disruptions at service providers, especially for ensuring the continuity of critical business services.

Finance team considerations for the virtual workplace
For many finance teams, the move to virtual was both swift and unexpected. The reality of its staying power, however, has challenged long-held perceptions about what it takes for finance to be productive and valuable. And for CFOs, balancing the needs of the team and the individual team members from a distance may have added new wrinkles to day-to-day leadership.

Some of the lessons learned along the way, include:

Embrace agile principles. Agile is a way of working that focuses on people over process, with emphasis on iterative planning and incremental delivery of work. It aims to meet business objectives and deliver value by focusing on gradual changes and proactive communication. By instituting short daily "stand-up meetings" (no virtual chairs required), for example, teams can stay up to date with an agenda focused on what was accomplished yesterday, what will be accomplished today, and what might impede progress.

Make work portable—and secure. As many organizations have discovered, technology isn't just about providing the infrastructure for remote work. It is also about enabling the very future of work itself. The sudden push to digitize, for example, in order to achieve the scalability and consistency necessary for operating remotely, will further reduce manual processes. At the same time, with much of the workforce homebound, it is critical to have a playbook for professionals to conduct remote work, providing reminders of functionality, encouraging good cyber practices, and offering tools to be effective and secure.

Enforce—and respect—boundaries.
Working from home can foster a work-life imbalance, given the always-on connectivity

enabled by digitization. In fact, an analysis by Nord VPN found that in the US, many people are working three hours longer as a result of the shift to working from home.[1] Against this backdrop, finance team members may need room to pause, reflect, think, and focus to regain their balance. Professionals also need to be reminded that they can disengage, which is necessary for long-term well-being.

Focus on well-being. The strain of having to learn practices and tools that remote work can require, the loss of personal connections, and the fear of the future can lead to employee disengagement. Employers can provide resources for reinforcing a work-life boundary and setting up an appropriate home office, while also orchestrating all-hands discussions about well-being, mental health, meditation, and even home-based exercise. Meanwhile, team members can help one another by proactively checking in and having friendly competitions to partake in activities that promote well-being.

Leadership considerations for the virtual workplace

In the virtual environment, leaders should develop different skills in order to understand the context of their teams' and peers' communications, as discussed by Alex (Sandy) Pentland, faculty director and founder of MIT Connection Science, in a recent interview (see Context Is Key When Leading Virtually). Professor Pentland notes that as many companies adapt to new remote-work arrangements, executives are finding that their existing leadership style doesn't always translate. Still, through their actions and attitudes, they can challenge perceptions that "face time," "presenteeism," or visibility in the office equals performance.

Some of the lessons learned along the way include:

Assign clear purpose to meetings; actively seek feedback. CFOs are known for being good at looking around corners to see what is coming. But in the virtual environment, according to Professor Pentland, the basis of that ability—strong personal relationships—is often skewed due to the lack of visual cues or the inability to read body language. To compensate, he suggests that leaders should be very intentional in their virtual interactions. For

Recognizing the psychological impacts of virtual work

In a recent interview, Surinder Kahai, associate professor of information systems at SUNY Binghamton, noted that working virtually, and particularly having to suddenly shift to that work mode, can generate significant stress and anxiety for leaders and their workforces. Kahai added that leaders would do well to address that stress and anxiety in order for their staffs to continue to enjoy their jobs and be productive. Here are a few excerpts from that interview:

What are some of the psychological challenges of remote working?
The first one is certainly the challenge of not having a traditional boundary between home and work. [One reason is] there's much more email communication. One of my former students said he is working more because he has nothing else to do given the shelter-in-place rules. Some are also working harder because they do not want to be left behind. In [addition], many of us are being asked to do things differently. That can be uncomfortable too, and as a result, people can become more anxious, stressed, and fatigued.

What can leaders do to help improve psychological well-being as their staffs work remotely?
Leaders should be aware and acknowledge that this sudden shift to virtual work is likely to be quite stressful. Besides acknowledging that this period is different and stressful, leaders should model desired behaviors. We know from our own research that telling people to do things differently does not necessarily work; what works more effectively with others is role modeling. This means that, as a leader, you should not work really long hours, send emails late in the evening, and then tell your staff to take a break.

What other psychological factors would you consider in virtualizing work?
In virtual work, it is especially important to be conscious of attributions and assumptions that may be wrong and cause misunderstandings or poor decisions that could be costly to your company. Leaders should work extra hard to be aware of making assumptions and have exploratory conversations to understand why certain outcomes occur. This is especially difficult when the urgent crowds out the important and people are in the midst of responding to a crisis.

What can leaders do to cope with the transition to the virtual work environment?
First, recognize and be aware that the shift to virtualization is hard. Second, recognize and leverage the strengths of your team to help you lead through this transition. Perhaps there is someone who is a good storyteller or good at organizing social connections. Third, make time for yourself to be a more effective virtual leader. Just as self-awareness and situational awareness are key to effective leadership, mindfulness practices such as breathing exercises and meditation can help leaders navigate this difficult time more effectively.

example, be clear about the goal of any meeting or exchange and actively seek feedback. Ask a team member to take notes and check to make sure that any messages are being received accurately.

Foster one-on-one connections. In the virtual environment, one-on-one conversations take on perhaps greater importance. For example, in group on-line calls, leaders might miss the critical signals needed for decision-making. Professor Pentland suggests that leaders may

need to spend more time on one-on-one conversations with perhaps a larger number of people to gather critical information. Managing remotely also could require them to spend more time preparing for and reflecting on discussions to ensure they correctly contextualize information and create an organization with the right information flows and workforce participation patterns to be effective. Moreover, group online calls also can mask employee issues and concerns. By reaching

As companies look beyond the pandemic, it falls to CFOs to absorb the lessons learned virtually and reimagine how, where, and what is work.

out to individual employees—and not just to direct reports—leaders can help alleviate employees' concerns and stress.

Create your own team of teams. General Stanley McChrystal (Ret.) writes in his book, *Team of Teams: New Rules of Engagement for a Complex World*, about how to restructure teams to create "shared consciousness."[2] Create such a consciousness by, again, reaching outside direct reports to assemble a leadership team or by assigning those on your leadership team to secondary roles on other teams. As Professor Pentland suggests, use those structures to foster the open sharing of information and the capture of signals at multiple levels. Then to tap into how specific teams or sub-groups are perceiving issues, one strategy, according to Professor Pentland, is to reserve part of a day, such as a Friday morning, for shorter one-on-one meetings that foster individual connections among team members.

Establish support networks; show appreciation. Remote work can be isolating and could lead to psychological challenges. That is why in times of social distancing, it is important for leaders to help their people maintain their mental well-being and equilibrium. According to Professor Pentland, there are two factors vital to maintaining mental health in a virtual world: having someone to talk to and having someone who can help when a person has a problem. Also, without in-person exchanges, people tend to misread signals and perceive positive or neutral feedback as negative. That is why it is important to show appreciation.

Virtual *is* the next normal

When the pandemic will end remains uncertain. For 60% of finance chiefs in the *CFO Signals* survey, the expectation is that achieving a pre-crisis level of operations won't happen until mid-2021 or later (see Figure 2). And when it does, many agree that more work will take place in a virtual environment—often by choice. In fact, about 70% of CFOs say those who can continue to work remotely will have the option of doing so.
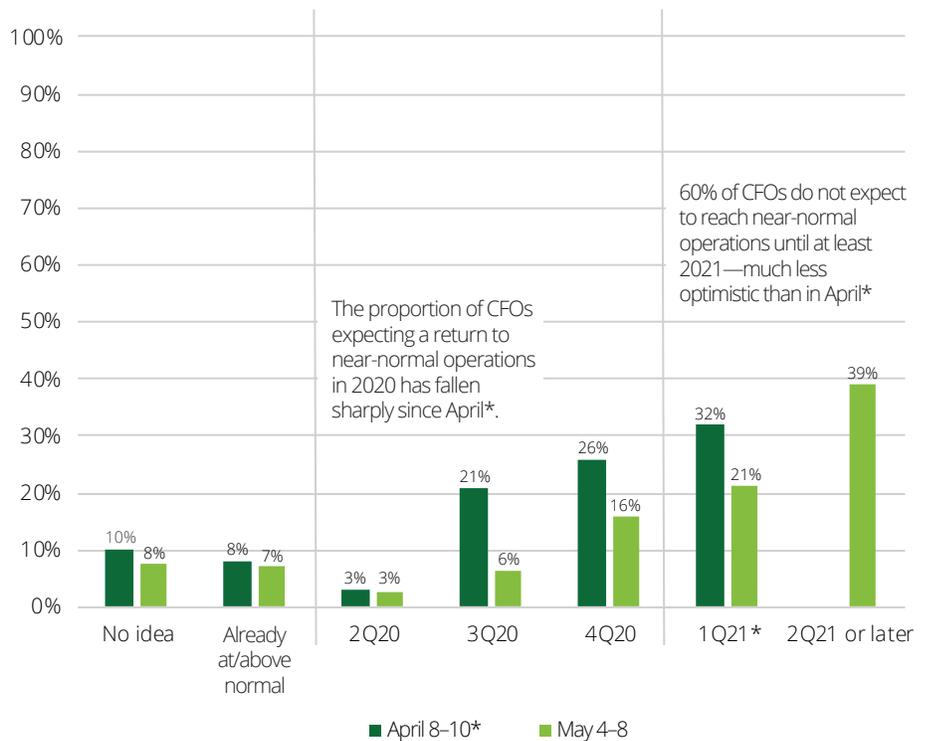
What that means is that while some employees will return onsite, others will be able to continue to work remotely or engage in a hybrid model. In all those environments, though, the lessons of the last few months can serve CFOs well as they both lay the groundwork for the return to work and the "future of work." For example, as CFOs prepare to resume operations, it might be wise to convene teams now to assess what worked well in the virtual environment and develop plans to maintain desired behaviors. And as talent will likely remain a top concern in the next normal, CFOs should consider capitalizing on the pivot to virtual to track any talent gaps (e.g., areas that require digital skills) that became evident in this environment and then team with human resources to develop plans to mitigate those gaps.

Success with remote working is a shared responsibility among employees, managers, and leadership. It calls for a relationship of trust and respect, open communication, and clearly defined deliverables. And as companies move from responding to thinking what recovering from this pandemic will look like, it falls to CFOs and other leaders to absorb the lessons learned amid the pandemic and reimagine how, where, and what is work. ◀

Figure 2: What is your best guess for when your company will return to a pre-crisis (or near-normal) level of operations?

Percent of CFOs selecting each option/timing

The proportion of CFOs expecting a return to near-normal operations in 2020 has fallen sharply since April*.

60% of CFOs do not expect to reach near-normal operations until at least 2021—much less optimistic than in April*

■ April 8–10*   ■ May 4–8

*CFOs from 113 large North American companies (public and private) responded to a supplemental COVID-19 poll between April 8 and April 10. For this poll, respondents' choices ended at 1Q21 or later.

Source: *CFO Signals,* Q2 2020, CFO Program, Deloitte LLP

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Endnotes

1. "Working From Home: VPN Use Reveals Longer Hours And May Hide Privacy Threat," Zak Doffman; Forbes, March 2020.

2. *Team of Teams: New Rules of Engagement for a Complex World,* General Stanley McChrystal, US Army, Retired, with Tantum Collins, David Silverman, and Chris Fussell; Portfolio/Penquin, 2015.

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