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Rethinking the workplace
Hybrid work in
the future of work



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Rethinking the workplace: getting hybrid work right

Rethinking the workplace

Imagine a workplace that enables smooth collaboration, encourages a connected and cohesive company culture, inspires innovation, and drives team performance regardless of location. Imagine a workplace that optimally blends physical offices and virtual spaces. Imagine a workplace that attracts sought-after talent. Imagine making hybrid finally work!

Our rapidly changing work environment, fueled by exponential advances in technology and the COVID-19 pandemic, has impacted the future of work in unexpected ways. More than two years after the outbreak of the pandemic, however, organizations are still figuring out how to meet worker expectations for a future workplace. The challenge is to shift toward a more human-centric employee value proposition and a more seamless employee experience.

These shifts imply changes for any organization within the key dimensions of work, workforce, and workplace. A key driver behind these changes is the evolution of 'hybrid work'. Employees today expect a mix of remote and on-site work. Hybrid work promises a better balance for both organizations and employees, but managing this shift can feel daunting, requiring a deliberate and strategic response from business leaders to holistically reimagine the workplace along three factors: human, digital, and physical.

The hybrid challenge

The COVID-19 pandemic required organizations to go beyond figuring out how to provide more (presumably short-term) flexibility while driving productivity and job satisfaction, fueling the need to fundamentally rethink the nature of work.

By allowing hybrid work, many organizations granted workers the freedom and flexibility to work from home, use coworking spaces, and work in the office. Employees were suddenly given the opportunity to choose where they wanted to work, based on their workday needs (and their personal preferences).

In response, organizations started to 'up their game' and invested in expanding their digital capabilities to offer a seamless experience for employees as they collaborate with colleagues and interact with the organization virtually¹.

While organizations have benefited from improved efficiency, enhanced digitalization, and lower operating costs under new hybrid work models, many employees have reported feelings of fatigue and high levels of anxiety. A study from 2022 found that 40% of workers across 31 global markets were considering leaving their jobs. Of the 68.9 million workers who indeed left their jobs in 2021, 70% quit voluntarily². Dissatisfaction levels are particularly high among Gen Zs and Millennials, with 35% wanting to leave their jobs within two years, even

without another job lined up³. Hybrid work has also increased gender inequality as care work dramatically shifted toward women. A Deloitte Women @ Work 2022 study found that burnout is the main reason nearly 40% of all employed women are actively seeking a new employer⁴.

Maintaining physical and mental well-being, as well as a sense of belonging, is critical to attracting, retaining, and engaging employees. Organizations must therefore address challenges related to hybrid work and reimagine the workplace, focusing on questions such as:

- What does a hybrid work model look like for us?
- How do we evolve culture to cultivate diversity, inclusion, and belonging, while offering the best diversity, inclusion, and belonging practices while offering flexible working arrangements?
- What changes do we need to make to upgrade our digital and physical environment to enable hybrid work?

The response to the hybrid challenge

To manage the shift to hybrid work, organizations must consider restructuring work, freeing up the workforce, and adapting the workplace around three factors: human, digital, and physical.

The human factor

Taking human-machine collaboration to the next level by enabling workers to enhance their capabilities through technology while enjoying greater flexibility through hybrid ways of working

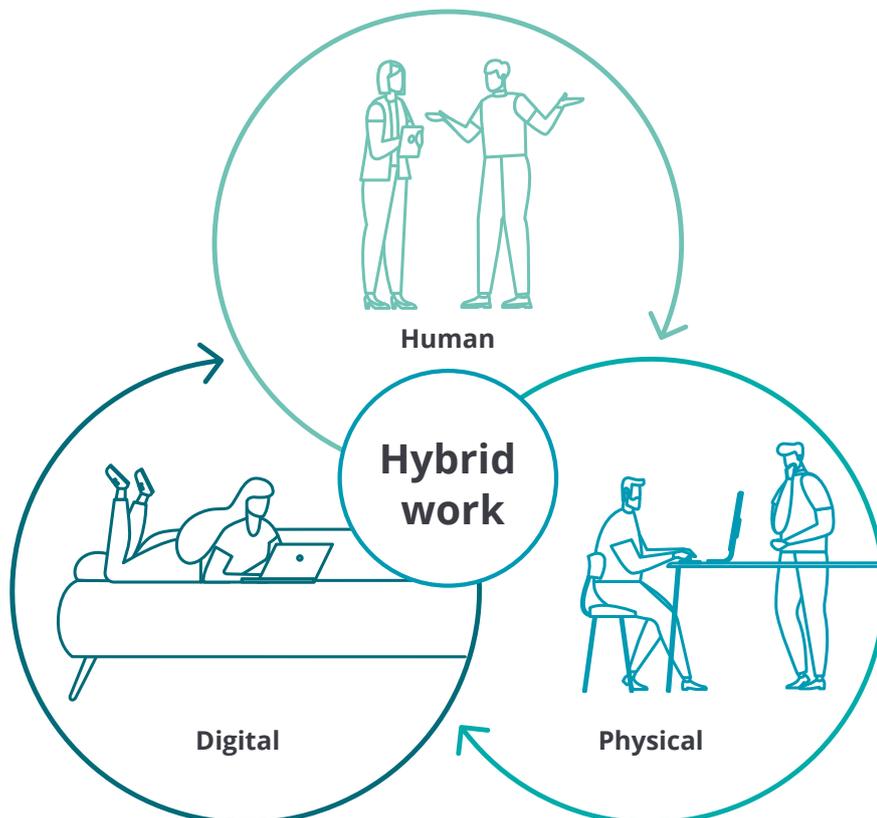
The digital factor

Creating an engaging and inspiring digital collaboration that enhances human interaction, creativity, and the employee experience

The physical factor

Transforming how people engage with their workspace – no matter where or how they work – by seamlessly combining virtual and physical workplaces

Fig. 1 – Three hybrid work factors



Making hybrid work – the human factor

Many employers have worked hard to take the lessons learned during the COVID-19 pandemic and turn them into successful hybrid work models. At the same time, employees shifted their priorities and preferences as they reflected on how they wanted to work and the role that work plays in their lives, leading to the “Great Resignation”.

The way many employees experienced culture at their organization changed during and after the COVID-19 pandemic. It became harder to connect, with some people working from home and some in the office, contributing to a growing feeling of us versus them based on outdated attitudes about the value of working from home. Hybrid work can amplify in-group versus out-group dynamics, which are detrimental to mental health and decrease inclusion and performance⁵.

It is no longer enough to provide employees with the option to work hybrid or fully remote – organizations must consciously make deliberate choices regarding long-term issues such as workforce engagement, inclusion, culture, and learning.

Workforce engagement

Organizations can foster a more diverse and inclusive work environment to better reflect individual workers’ unique qualities, preferences, and needs. Workers today desire more say in shaping their workplace experiences.

Inclusive work environment

Organizations need to provide employees with options for connecting both physically and remotely, ensuring that meetings are inclusive and allow for deeper relationship building.

Purpose-driven culture

An important part of workforce engagement is culture. Organizations must evolve their culture to provide purpose, flexibility, belonging, and well-being.

Continuous learning

Organizations must also fill in the gaps that remote and hybrid working create. A tailored learning strategy can help address the learning needs of employees, from apprentices to seasoned business leaders, and ensure that no one feels left behind.



Questions to kickstart any organization’s thinking about the human factor of hybrid work:

- How can we re-profile our workforce to reflect the future of work?
- How can we offer more flexible working arrangements to access a more diverse talent base?
- What needs to change for our organization to be a place where people want to work?
- How can we empower employees to work when and where they are at their best?
- What do we need to create an employee-centric work experience?
- How can our employees connect with the organization and each other in a meaningful way that makes them feel valued, supported, and trusted?
- How can we guide our organization and our people through new ways of working?



Case

Making hybrid work – A real-life example of the human factor

Creating an impact that matters – how Deloitte developed a tailor-made hybrid work model in Israel and defined a return-to-office strategy for an automotive client.

Need:

To identify the right balance between remote, on-site and fieldwork. To assess needs, preferences, and capabilities using an employee “persona” and role level to shape the future of remote and office work.

Approach:

- Assessed the organization's maturity for remote work by conducting interviews and cross-organizational surveys
- Provided targeted recommendations based on a technology maturity assessment
- Built a thorough understanding of employee needs regarding hybrid work by conducting a persona mapping and role analysis
- Conducted a productivity assessment for remote work teams to look at expected outputs, metrics, and KPIs that shape hybrid work

Outcome:

- Created a hybrid work operating model, defined hybrid work policies and procedures, and designed a detailed hybrid work playbook for managers and employees

Deloitte's client was able to keep the business running, reduce organizational complexity and improve the employee experience (e.g., by reducing unnecessary commute time, allowing flexible working hours, and increasing its focus on diversity).

Making hybrid work – the digital factor

At the beginning of the COVID-19 pandemic, it became painfully clear that there was a lack of appropriate hardware, software, and standardized tools for collaboration, which led to inconsistencies in working together. Hybrid work amplifies this problem, requiring new technologies to create a level playing field between workers at the office and those who work remotely. Today, there is still a tangible disconnect between on-site, fully remote, and hybrid employees, with many people not feeling fully included in meetings⁶.

To address this challenge, organizations are first of all equipping workers with the right digital technologies: videoconferencing and chat/messaging tools, knowledge sharing applications and shared folders, real-time whiteboarding, and digital brainstorming applications.

But having the right tools is not enough to tackle issues of digital overload and digital burnout⁷. What makes a real difference is providing workers with an inclusive environment. This is why organizations go beyond ensuring seamless virtual collaboration

based on modern technology available to everyone and focus on establishing a new work etiquette that helps people feel included and empowered to participate.

Furthermore, organizations must focus on establishing a true social enterprise where people work productively with technology to create lasting value for themselves, their organizations, and society at large. This means that organizations must ask themselves how they can leverage the environment that technology creates to humanize the world of work.

By using areas of artificial intelligence technology such as machine learning, organizations can build 'superteams' of people and intelligent machines to elevate human capabilities and unleash human potential. Organizations can also leverage virtual reality technology to create a more immersive learning experience that helps workers get easy and attractive access to training to acquire the skills for mastering new tasks more quickly⁸.



Questions to kickstart any organization's thinking about the digital factor of hybrid work:

- How can we increase the acceptance of digital technologies among workers who prefer office work?
- How can we use technology to support worker well-being and foster a sense of belonging?
- How can we enable our employees to take full advantage of new tools to work productively in a hybrid environment?
- What can we do to help our employees embrace hybrid work?
- How can we optimize our tool landscape to create a seamless hybrid work environment?
- What cybersecurity challenges do we need to consider?



„Since the workplace is no longer a specific place, we need to design work experiences even more deliberately – and bring new value to our office spaces“

Maren Hauptmann
Partner | Portfolio Lead Human Capital



Case

Making hybrid work – A real-life example of the digital factor

Creating an impact that matters – how Deloitte helped define the future of work for a law firm in Luxembourg with a strong focus on on-site office work.

Need:

To identify the right balance between remote, on-site, and fieldwork. To assess needs, preferences, and capabilities using an employee 'persona' and role level to shape the future of remote and office work.

Approach:

- Conducted a Workplace Occupancy Scan to understand office space usage, employee preferences, and collaboration models
- Conducted interviews and related activities to build technology use cases
- Designed and implemented a survey to understand employee pain points, future-of-work scenarios, and persona-level differences
- Conducted benchmarking activities to investigate client situation vis-à-vis the market and identify key trends
- Held co-creation sessions to develop future work models

Outcome:

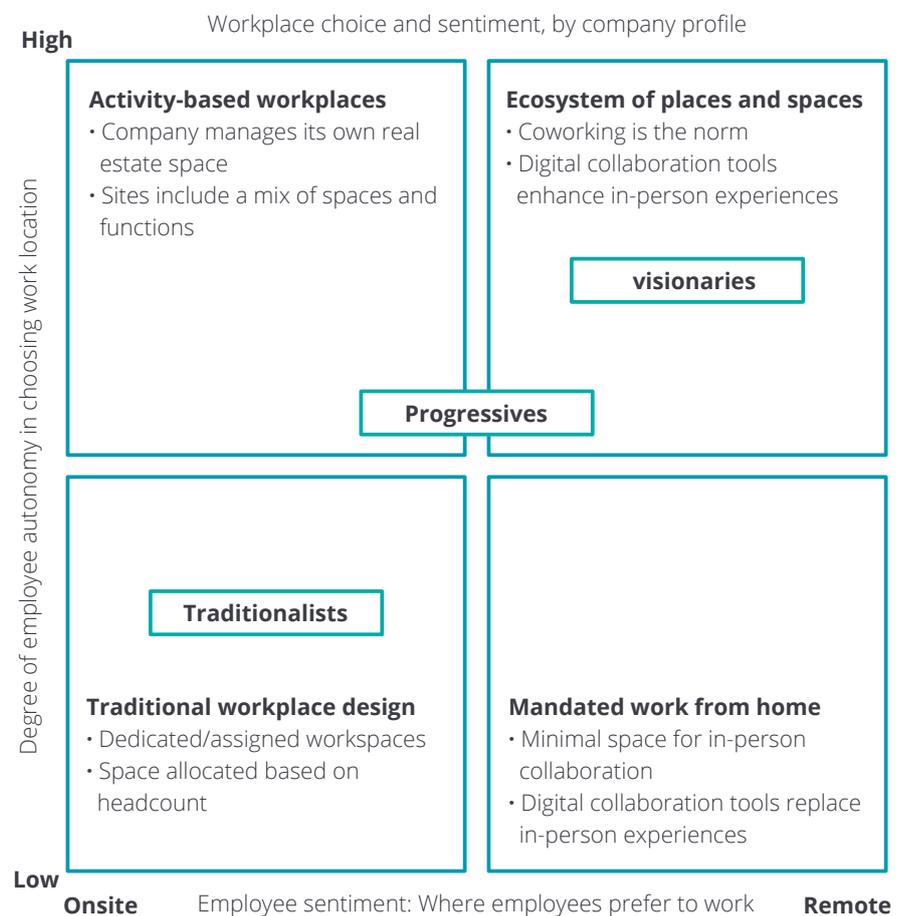
- Identified 30+ technology use cases (e.g., smart contracts, chatbots, mobile apps)
- Created recommendations based on an impact/complexity analysis
- Created a matrix for prioritization of use cases and built a roadmap to support them
- Provided recommendations on office space planning and developed scenarios that would account for 27% to 42% of the space saved, while creating new space for enhanced collaboration

Making hybrid work – the physical factor

When the pandemic forced employers and employees into fully remote work, vast office spaces lay completely abandoned, the sheer rationale of their existence in question. Many organizations were quick to calculate sometimes drastic potential savings. The move to hybrid work now challenges organizations to rethink the purpose of corporate offices, as office and workplace design play an increasingly important role in enabling hybrid work.

The increasing degree of employee autonomy will shift the office from a simple traditional place for work to a place for collaboration, cooperation, and networking to facilitate emotional interaction – requiring more workshop and team areas (for both informal and formal use, as well as internal and external use with clients). In some instances, organizations that prioritize flexibility may provide employees with coworking memberships while acknowledging the potential risk of weakening their organization's culture.

Fig. 2 – Determining where people will likely depend on business needs and employee preferences



Source: Deloitte analysis.

It is essential that organizations rethink their office and workplaces within the context of hybrid work.



Activity-based working models – where employees can choose the most suitable workplace based on their current activity (e.g., video call, team meeting, individual/concentrated work) and move flexibly through their work environment – are seen in a positive light, especially by Gen Y and Z and thus by the majority of today's active workforce. The workplace needs to foster innovation and new ideas, which require more space for creative thinking and brainstorming.

Flexibilization of the office footprint will become key: by reducing the footprint to core office locations supplemented by flexible coworking options, less space is needed. New workplace concepts not only increase user satisfaction but can also improve space utilization. Studies show a potential to reduce the amount of space per employee by up to 20% by leveraging an activity-based workplace concept⁹.

'Smart buildings' also provide opportunities (e.g., smart access control, user application, room booking systems, lighting control, and sensors) to contribute to more flexible, innovative, and sustainable offices. As sustainability becomes increasingly relevant in society and organizational strategies, office concepts and buildings must take the environmental, social, and governance impact into account¹⁰.



Questions to kickstart any organization's thinking about the physical factor of hybrid work:

- Why will employees still come to the office in the future?
- Will offices still be needed in the future?
- What types of office space do our employees need?
- How can we create more attractive and suitable hybrid working environments?
- How can our office of the future be optimally integrated into increasingly virtual collaboration?
- How can we leverage smart building opportunities?
- What role will the metaverse play for us?





Case

Making hybrid work – A real-life example of the physical factor

Creating an impact that matters – how Deloitte helped define a workplace and office concept for the office of the future of an insurance company and supported its cultural shift toward new working environments.

Need:

- To change the way of working at its new HQ and to rethink future working models and the purpose of its office location. Deloitte supported the client by helping it define and operationalize a future-proof, hybrid workplace and office strategy for all its approximately 300 employees.

Approach:

- Developed a vision and strategic goals for the “office of the future” as well as the “hybrid working mode” in joint workshops
- Assessed the client’s organization and conducted an employee survey to build a persona approach
- Designed guiding principles for the future office concept and the future of work
- Defined requirements for the workplace, smart building, and digital workplace
- Held user workshops to validate user requirements
- Assessed the need for change toward the future of work with regard to work, workplace, and workforce

Outcome:

- Tailored vision, goals, and workplace concept for the client’s office of the future, including promotion of cross-departmental collaboration, hybrid working, activity-based working environments, and flexible spatial structures
- “Office of the Future” strategy and plans for architects and specialist planners
- Change and communication concept to prepare employees for hybrid working as well as their new office concept
- Future of work roadmap considering client’s transformation journey and a setup

What to do next?

Using facts and data to fundamentally rethink work

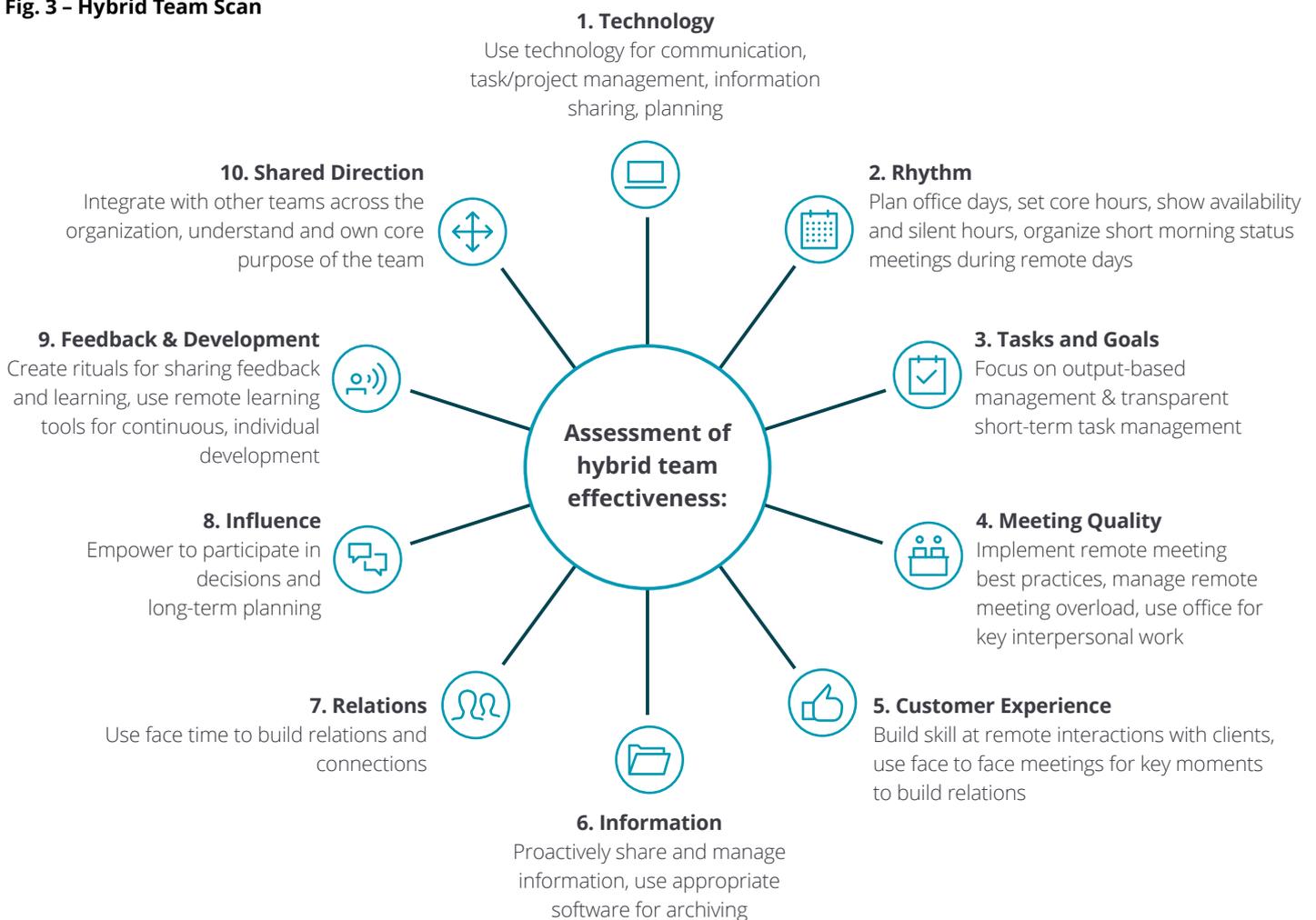
Data driven organizations have greater understanding of how to manage their workforce. And today organizations face the following dilemma: Can the effectiveness of hybrid work really be measured? Employee satisfaction and opinion surveys are usually used to analyze the health, effectiveness, and engagement of an

organization. The results of such surveys give insight into individual opinions aggregated as high-level results, but they typically lack a team perspective.

Why is team-focus the key? We observe a fundamental shift in how people interact with each other. Whereas the leader-employee relationship has traditionally been emphasized, the importance of team

dynamics is growing. Effective management and measurement of the effectiveness of hybrid or remote work requires focusing on the teams themselves.

Fig. 3 – Hybrid Team Scan



Data on team effectiveness and on a sense of belonging is crucial for companies to build scenarios for the coming years. We asked 20,000 people what made them feel part of a remote/hybrid team, with the following results:

- shared direction,
- feedback,
- development,
- influence,
- relationships.

These areas used to be considered responsibility of the team leader, but it is now the interdependence between team members that creates the sense of belonging.

Clients we advise often agree that hybrid work models are here to stay, but leaders find it difficult to decide the details and set the rules. It is important for organizations to understand that old ways of thinking and measurement won't work in the hybrid environment.

The differences between teams calls for flexible approaches, and employees themselves should be applied, and the employees themselves should be involved in creating suitable ways of connecting with each other. This includes deciding, for example, the number of days they want to meet in the office, the way they want to interact in person, how many days they need for deep work. This includes defining the structure of team days at the office so that people don't come in just to have a day filled with remote calls, which creates understandable frustration.

We also found that benchmarking teams within and between organizations is extremely helpful to identify which groups work effectively and which need support to perform better. The graph below illustrates our approach to the assessment of hybrid team effectiveness.

Areas 1 through 5 represent factors which are easily noticed and have a direct impact on productivity (i.e., use of technology for communication, use of office space, task management and planning, meeting quality, and client engagement).

Areas 6 through 10 have a high impact on sense of belonging and organizations' long-term performance. These areas are less obvious and often overlooked when implementing remote or hybrid work models. But they may pose greater challenges as organizations move into the future of work (i.e., setting a rhythm for the working day, building relations, team participation in decision-making processes and long-term planning, sharing feedback and peer learning, connecting with other teams in the organization and its overall objectives).

Access to reliable data supports decision making with organizations. One of our clients said: "The project gave us a map of the organization. We understood what hybrid model each team would prefer, and why. The Board could review the way of work and make decisions to approve or change it according to business needs. Cascading those decisions to teams was easy because they were all based on business needs and the voices of our people."

Investing in hybrid work metrics sometimes helps quantify issues that wouldn't be otherwise identified. "There were signs that some of our teams were struggling with

hybrid work. We just didn't know which ones, nor what their main challenges were. This is what the research helped us to understand, with a great degree of granularity."

Conducting regular hybrid team metrics (i.e. two or three time a year) gives the organization an insight into the effectiveness of the solutions implemented and shows any changes in team performance. This provides the CHRO and the boards with hard data for creating effective business strategies.



Case

Using facts and data to fundamentally rethink the nature of work and build hybrid team cohesion – A real-life example

Creating an impact that matters – how we supported a technology company by identifying the right set of KPIs to successfully manage work in a hybrid environment, attract talent, and take metrics on an ongoing basis.

Need:

To understand how to effectively adapt the performance management system to match the needs of the organization and employees in a hybrid work context. To engage all levels of the organization in the right dialog with the right insights

Approach:

- Created powerful communication that helped everyone in the company develop a mindset that they were choosing to be a hybrid-based company
- Used Hybrid Team Scan, a powerful online tool based on ten areas of 'hybrid team effectiveness' delivered to all employees using Qualtrix
- Analyzed data, provided reporting, and assessed the effectiveness of hybrid work models currently in place
- Surfaced key challenges and pain points at organizational and team levels
- Identified options for hybrid work model improvements on an ongoing basis

Outcome:

- Delivered a comprehensive foundation, enabling executives and managers to launch and fine-tune essential hybrid activities based on data intelligence
- Allowed for a deeper understanding of employee preferences and personas
- The client was able to benchmark how well his/her organization was doing in comparison to other companies moving into hybrid, creating clear priorities to retain talent
- Identified key options to update the performance management system in a hybrid work context
- Deloitte's client was able to launch multiple initiatives to enhance hybrid working

For you to rethink the workplace and move toward hybrid work with confidence, your organization should measure its readiness in each of these areas.

For a balanced and complete strategy, you will then need to move one step further and consider digital and physical factors that impact your shift to hybrid. And as the workplace continues to evolve post-pandemic, so too will your hybrid work model.

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